

# Community Wealth Rediscovered

## Knowledge for Poverty Alleviation



Dr. Serafin D. Talisayon • Jasmin P. Suministrado  
Anna Mae Morallas-Basarte • Ferdinand Fuelles • Fe Evelyn Garcia



CONTENTS

HELP

EXIT

©COPYRIGHT 2008 by Center for Conscious Living Foundation, Inc. and Peace Equity Access for Community Empowerment Foundation, Inc. All rights reserved. This publication may be freely quoted only for non-commercial educational and research purposes and provided proper acknowledgment or citation of the source is duly made.



# CONTENTS



## **Acknowledgment** **Foreword by Daan Boom**

### **A. Knowledge for Poverty Alleviation**

1. Introduction: “Poor” Communities Have Intangible Wealth
2. Intangible Assets in Development Literature
3. The KPA framework: An Open Door for Collaboration
4. A Cross-Case Analysis of KPA Applications

### **B. Cases**

5. Lessons and Challenges of Sustaining Water Projects in Informal Communities by Ferdinand G. Fuelles
6. Integrated Health Initiatives for Two IP Communities in Surigao del Norte by Anna Mae Morallas-Basarte
7. Bridge Financing for Education in Northern Samar by Fe Evelyn B. Garcia
8. Feeding the Future: The Case of Lamut, Ifugao by Ferdinand G. Fuelles
9. Microfinance: Building Financial Capital Through Structural Capital by Anna Mae Morallas-Basarte
10. AFON Social Franchising Revisited by Fe Evelyn B. Garcia

### **An Invitation: Next Collaborative Steps**

- About the Authors
- About the Case Writers
- Production Team
- Navigating the e-book



*To our partner communities and organizations, we extend our deep appreciation for sharing in our mission of reaching the poorest communities. We hope this book contribute to our work and common aspirations.*



*To our children*

Kellyn Clarice  
Danilo Sebastien  
Elias

Gabino Michel  
Juan Philippe  
Pia Francesca  
Gian Carlo

Paolo Romano  
Nicole Marie

Ezekiel “ Kiel ” Sta. Rosa-Denzon

Arielle Sta. Rosa-Denzon

Ariadne Sta. Rosa-Denzon

Alyssa Sanial-Gois

Mia Gabrielle Torres-del Rosario

Amberly Erin Singian-Gopalan

*for being our inspiration  
in helping create empowered communities  
and a poverty-free future,  
this book is dedicated to children like you.*

-- The CCLFI Family

## ACKNOWLEDGMENT

The publication of this book is indeed a collaborative undertaking. PEF, CCLFI, the authors and case writers would like to acknowledge the contribution of the following:

Mr. Daan Boom, Director, KMatters of Netherlands and Former Head, Knowledge Management of Asian Development Bank, for his thoughtful introduction of this book;

Dr. Eduardo Gonzalez, Professor of Philippine Studies, Asian Center, University of the Philippines and ex-President, Development Academy

of the Philippines, for his insightful comments on earlier drafts of the KPA chapters of this book;

Officers of the six partner institutions whose names appear at the end of each case study and whose projects are featured in this book, for sharing their data, their insights, and their time to ensure the accuracy and completeness of their respective case studies;

All project personnel and community partners presented in this book, whose names are found

after each case study, for sharing a part of their lives in the interviews and focused group discussions;

Ms. Carmela Ariza-Deiparine, for facilitating the development and validation workshops of the six case studies;

All the members of the CCLFI and PEF families who brought us to this moment in time, for a challenging yet fulfilling journey together.

## FOREWORD

A new economy emerged in the last quarter of the twentieth century on a worldwide scale: an economy based upon knowledge. The traditional view was that economic development depended on natural resources, labor and capital accumulation.

A knowledge-based economy, however, has different distinctive features from an industry-based one because the former is fundamentally dependent upon its capacity to generate, process and adopt information efficiently. It must be said that information and knowledge have always been critical components of development since the dawn of mankind.

The evolution of technology in the last century, however has largely propelled the productive capacity of society to generate and disseminate information quickly on a global scale. The advancement of knowledge has since then contributed to the improvement of standards of living in many parts of the world. However, many societies have not been able to sufficiently benefit from the availability of information and knowledge to improve their standards of living.

The common perspective in applying knowledge management (KM) for development is to optimize the identification, sharing and use of knowledge by local communities and for development workers.

It is evident that knowledge gives farmers the technical know-how to use information that raises productivity. It gives health care workers the know-how to better deal with illnesses. It gives governments the know-how to draft policies that will enable businesses to prosper. The population then shares in the benefits gained.

It is also known that many of the current problems of raising the standards of living in certain societies are partly due to the latter's lack of absorptive capacity and inability to apply available knowledge. It is for instance widely known how to capture and preserve water and prevent HIV/AIDS but these processes have not yet trickled down to people on the ground because of a variety of reasons.

One of the reasons is that the broad pool of information and the knowledge value chain

are poorly managed. Knowledge holders like farmers or skilled local promoters are not recognized, as such, and their knowledge does not get captured or disseminated to others in the community.

Community knowledge is also not widely disseminated to other communities. Knowledge and communication flows in communities and networks in rural areas are often interrupted or disturbed. Information about health, crops and product quality is often not handed over to those who should make decisions and take action.

Different languages and perceptions, e.g., regarding product quality and how to do things, complicate communication and understanding along the knowledge value chain between the local community and the technical experts.

This publication "Community Wealth Rediscovered: Knowledge for Poverty Alleviation," proposes an additional perspective: that using and sustainably building intangible assets of communities result in higher project success.

Many examples in this publication illustrate why knowledge for development is important and why local communities have not benefited enough from the wealth of knowledge that they already have and what is already available to them.

Through the collaborative efforts between CCLFI.Philippines and the Peace and Equity Foundation, a new framework is proposed to locate and apply knowledge more effectively in

local communities. By reviewing case studies on poverty alleviation, the authors have identified success factors in the recognition, application and diffusion of knowledge and why some approaches have succeeded.

It has resulted in this publication, which outlines new insights on how the application of a new knowledge-based framework can increase the chances of success of anti-poverty projects in local communities.

The authors have succeeded in analyzing the current problems and developed the Knowledge for Poverty Alleviation (KPA) framework that addresses poverty alleviation.

**Daan Boom**

*Director, KMatters, Netherlands  
Former Head, Knowledge Management,  
Asian Development Bank*



# Knowledge for Poverty Alleviation



CONTENTS

HELP

EXIT



# 1 “Poor” Communities Have Intangible Wealth

## STARTING INSIGHTS

The San Dionisio Credit Cooperative in Parañaque City was a very small cooperative of twenty-eight members in 1961 with a start-up capital of only PhP 380. Today, it is among the biggest and most successful cooperatives in Southeast Asia with total assets exceeding PhP 1 billion in 2007<sup>1</sup>. What went right in this successful cooperative?

We invited Ka Hermie Hernandez, one of the leaders of the cooperative, to the Asian Center, University of the Philippines in 1983. These were his words then:<sup>2</sup>

*“...dito sa kooperatiba, hindi pinag-uusapan kung ikaw ay mayaman. Ang pinag-uusapan ay kung ikaw ay marunong makipagkapwa, makisama.”* [In our cooperative, what matters is not your wealth but your ability to empathize, to cooperate.]

*“What counts as true collateral is not property, nor land, nor money in the bank*

*but character, ang iyong pagkatao.”* [What counts as true collateral is not property, nor land, nor money in the bank but character, your essential qualities as a human being].

This very successful cooperative has a leader who sees the value of intangible assets (in this case “social capital” and “human capital”) over and above tangible assets and clearly distinguishes between the two.

As of the end of 2007, the Peace and Equity Foundation (PEF) had provided loans, equity and/or grants for 952 anti-poverty projects. From among these, PEF has identified a few outstanding projects. One of them is a water and sanitation project for an upland cultural community, the T’bolis, in South Cotabato, Mindanao Island, in the Philippines.

Let us take a glimpse, a short vignette, of T’boli life after the project:

*A small boy, aged nine or ten, cut a twig from a medium-sized tree with a rusty bolo. In a few seconds, he managed to fashion*

*it into a pedal for his ageing bicycle that leaned on the wall of a shanty. There was visible glee in his eyes as he looked at the result of his ingenuity – the wooden pedal – before he took off his shirt to take a bath beside a communal tub nearby. After a hurried bath, he was astride his bicycle, speeding past other children and adults gathered for some conversation on a cold Tuesday morning.*

*Around the communal tub where the boy had taken a bath, some mothers were washing clothes. A few school children were fetching water while others were taking a bath, too. Water was flowing continuously; everyone could have his/her fill of one of nature’s life-giving elements. Because of the communal tub, the lack of clean water for households had ceased to be a problem for residents of Sitio Lamla, Barangay Kematu of the T’boli town in South Cotabato.<sup>3</sup>*

What went right in this successful project?

Let us now look at this project using a new lens: intangible assets. What we will see is that

the T’boli community actually possesses, and had used well for this project various forms of wealth (see the plus “+” items in green boxes in Table 1): stakeholder and social capital, human capital, access rights to water, and technology and infrastructure.

The T’boli community is not really “poor.” They do have and they used their intangible assets well to achieve project success!

## TANGIBLE AND INTANGIBLE ASSETS

What are the “intangible assets”? What is “social capital” and “stakeholder capital”?

Kiyosaki proposed to redefine the accounting term “asset” as *anything that can generate regular income to its owner*.<sup>4</sup> For example, a family car is normally considered as an “asset.” However, Kiyosaki argues that a family car only generates regular expenses and therefore should not be classified under “asset.” Consistent with Kiyosaki’s redefinition of asset, indeed, intangible assets can and do generate regular income. Kiyosaki’s redefinition is consistent with the economists’ definition of “capital” as a factor of production.

**Table 1. ANATOMY OF SUCCESS AND VULNERABILITY**  
Assessment of various forms of capital used in the water/sanitation project for Tbolis

### SUCCESS FACTORS

#### Stakeholder/Social Capital

- + Support from NGO
- + Skills and track record of NGO in development, including grant sourcing
- + Support from NGO founder who has become Vice Mayor
- + Trust of the people on the NGO and its founder
- + Support from two corporations
- + Goodwill from adjacent barangay who donated labor
- Political factions linked to ethnicity, Ilonggo vs Tboli

#### Technology and Infrastructure

- + Technology of water system design
- + Technology of toilet bowl and system design
- + Water and sanitation infrastructure

#### Human Capital

- + Organizational skills of NGO
- + Labor donated by community
- + Leadership of some project participants
- + Prior capability building efforts by NGO for PO
- + – Management skills of PO which took over water system (mixed)

#### Access rights

- + Access rights to spring water, donated by owner of spring

### RISK FACTORS

#### Cultural Capital

- + Dagang practice or cooperative self-help
- Prevailing worldview that water is a free public good, including practice of open access
- Some weakness in cooperative and sharing culture, e.g. failure of some families to share cement
- 40% unwilling or late in payment of water fees

#### Structural Capital

- + Control given to PO instead of barangay council
- + Prior needs assessment
- + – Clarity of project benefits to beneficiaries (uncertain)
- + – Unclear about actual “felt needs” by community (NGO-centric needs assessment?)
- Water fees introduced only after water system was started
- No connection between fee paid and amount of actual consumption

#### Natural Capital

- + Relatively clean water in identified spring from hill
- Denudation of watershed above spring
- Some consumers at higher elevation

Following Kiyosaki, indeed, there are many things that we possess or are accessible to us which, on closer examination, do give us regular income. Examine closely the examples below; and exercise stretching your concept of “asset” and “capital”:

All the examples given above, except for “public infrastructure,” are usually not entered in the accounting books. They are not usually assigned money values. In the language of accountants, they are “intangibles.” When they are assigned money values and entered into the books of accounts, they become “tangible” (note that the term “intangible” has nothing to do with something being less solid or difficult to touch). We can observe that if something has no money value or is not being measured, many people tend to ignore it or to give it less importance. Tangible assets tend to be less visible to most of us. We need to stretch our mental models and gain “new eyes” to better recognize and appreciate these intangible assets.

The above illustrations show that intangible assets can and do generate tangible incomes!

**Table 2. Illustrations of a Broader Concept of “Capital”**

Types of Capital	Regular Income
Natural capital:	“My livelihood depends on fishing from this coastal area.”
Technology + structural capital:	“We take turns guarding our Marine Protected Area because this is where small fishes can safely grow, allowing for a regeneration of the fish stock in our coastal area.”
Social capital:	“When I was a child, my godfather used to give me a cash gift every Christmas.”
Customer capital: (“Stakeholder capital” is more generic)	“My customers keep coming back to me because they trust me and this keeps my sales figures up.”
Human capital:	“The Philippine economy gets remittances from its overseas workers amounting to \$15B yearly.”
Public infrastructure:	“This new road makes it easy for me to sell my products to the town center every week.”
Human capital + access to cultural-historical-geological assets:	“I earn an income working part-time as an English, Niponggo and French-speaking tour guide in the Tagbilaran-Panglao-Southern Bohol area.”
Cultural capital + indigenous crafts:	“Our Moriones tradition boosts our tourist income every March.”
Access right via a formal agreement:	“The Kalahan Educational Foundation-DENR lease contract gives us usufruct rights over ten thousand hectares of our ancestral forest lands.”
Traditional access right:	“I gather firewood from the communal forest every Saturday.”
Indigenous knowledge:	“Knowing the forest intimately enables the Ayta to find food for himself and to survive there for many days.”
Structural capital:	“My PowerPoint presentations help make my workshops more worthwhile for my clients.”

Thus, ignoring them would only work to our disadvantage. To a large extent this explains why many successful anti-poverty projects are successful. As we will learn, the six case studies of successful anti-poverty projects in Chapters 5-10 will demonstrate this. They suc-

ceeded so well because they fully used the intangible assets of the community! This is one of the eye-opening principles behind the Knowledge for Poverty Alleviation or KPA framework.

## GROWING IMPORTANCE OF INTANGIBLE ASSETS

Something is similarly and surprisingly true in the corporate sector.

The global economy is undergoing fundamental changes. In the last two to three decades, the market values of many corporations have consistently grown way over their book values. In the United States, market-to-book ratios of listed companies average around 5:1 while in the Philippine stock market they average about 4:1.

The book value or net worth of companies is arrived at as: tangible assets minus the liabilities. The market value is approximately the book value plus the value of intangible assets. What we are seeing in the global economy is an interesting phenomenon: *intangible assets have become more important than the tangible assets as repositories and creators of market value.*<sup>5</sup>

Parallel to these changes is the observation that more wealth (measured in GDP and GNP) are now being created in the global economy from services than from either the industrial or agricultural sector. Note that the services sector

is more knowledge-intensive. Thanks to the Internet and e-commerce, and the escalating prices of oil, trading in services has been growing faster than trading in commodities.

Knowledge, an intangible commodity, has become the most important resource in the global economy.

When we buy gasoline, less than 50% of what we pay is for energy; much of the rest goes to knowledge (exploration services). When we buy a laptop, only a small fraction of what we pay is for the metals, plastic and other materials in it (which is just the scrap value of an inoperative laptop); the greater portion of what we pay is for knowledge. Some medicines are very expensive due to years of R&D services that went into their development, not the actual amount of chemicals in the pill or tablet at the time you buy them. Because hard copies cost more money, people will buy fewer books and more e-books. More and more, we are buying and selling knowledge.

No wonder, author and Harvard Business Review Editor-in-Chief Tom Stewart said that production is “dematerializing.”<sup>6</sup> London School of

Economics Professor Danny Quah said that the global economy is becoming “weightless.”<sup>7</sup>

## KNOWLEDGE-BASED DEVELOPMENT

These fundamental changes in the global economy prompted some economists, development managers and government policy makers to re-think their assumptions.

For example, the World Bank proposed a knowledge-based framework at the national level, namely, the Knowledge-Based Economy (KBE), and a corresponding methodology for its measurement, the Knowledge Assessment Methodology (KAM).<sup>8</sup> KBE consists of four pillars, education, science and technology, and innovation, ICT infrastructure and economic incentive regime. The first three are factors that have been observed to significantly influence national factor productivities.<sup>9</sup> KAM consists of corresponding national data elements that are readily available for longitudinal and cross-sectional comparisons.

In a technical note from the Asian Development Bank, the sustainable development (SD) dimension was added to KBE, and the result is

the Knowledge-Based Development (KBD)<sup>10</sup> framework (Table 3).

Some Asian governments use the term “knowledge-based society” to stress the fact that their goal is not only to transform the economy, but

**Table 3. Knowledge-Based Development Framework**

Development of three forms of Intellectual Capital	Economic Domain (~KBE of World Bank)	Social Domain	Natural Domain
Education (development of human capital)	Education for a skilled workforce	Education for total human development	Education for sustainable development
New Policies, Innovation (development of structural capital)	Policies, economic incentive regime, and technological innovations	New institutions and protocols for peace, equity and human rights	Environmental technologies, e.g., renewable energy technologies
Building Networks (development of stakeholder capital)	Institutional and physical networks, e.g., IT infrastructure	Social networks, social trust, cultural integrity	Agreements to protect and sustain planetary life support systems

also the entire society. For example, Thailand’s IT 2010 speaks of a “knowledge-based society and economy” which is for “overall national economic and social development.” E-Korea Vision 2006 aims at “qualitative accomplishments... throughout society rather than a quantitative expansion of the Internet.” E-Japan Strategy aims at creating a “knowledge-emergent society.”

Other formulations of KBD are premised on the objective of providing local communities with access to information or knowledge that they need, or on the objective of facilitating knowledge sharing among development workers and development institutions.

On the other hand, this present formulation of KPA aims to bring together two recent and powerful paradigms of action, knowledge management (KM) and sustainable development (SD), and to apply the combination at the local level. KM is premised on the fact that value creation is depending more and more on the management of intangible assets such as knowledge. SD is premised on the fact that

projects and enterprises are sustainable only if the economic, environmental and social objectives are pursued together.

The SD discourse that culminated in the 1992 Rio Summit where 118 countries adopted the landmark global agreement called Agenda 21, is rooted in widespread development experiences, that sustainability depends on the preservation and the enhancement of all three forms of capital: social capital (community cohesiveness, trust, relationships, local values, local support systems, etc.), natural capital (biophysical support systems in the natural environment) and economic or financial capital (economic benefits, participation in management and control, ownership). The conventional SD wisdom is that economic growth if pursued at the expense of social and natural capital is an undesirable kind of development that eventually will not be sustainable in the long run.

Inspired by fresh insights into why successful anti-poverty projects are so, two Philippine NGOs –the Center for Conscious Living Foundation, Philippines (CCLFI.Philippines) and the Peace and Equity Foundation (PEF) –started

working together in 2007 to craft a better way to design, implement and evaluate community-based anti-poverty projects. We asked the question why successful projects are so, and how new insights can increase the likelihood of success of the next anti-poverty projects. We wanted to compare the success factors that we saw with the collective experiences of other development workers who are also fighting poverty.

The following review of relevant development literature is an attempt to build upon what others have discovered, and to craft a better way to help the poor.

## ENDNOTES

- <sup>1</sup> <http://www.newsflash.org/2004/02/ht/ht006914.htm>
- <sup>2</sup> Talisayon, S. D., A. C. Beringuela, S. L. Mendoza-Silva, E. J. Damaso and M. F. M. Batacan (eds), (1991). *The Doers Talk and the Talkers Listen*. Quezon City, Philippines: Asian Center, University of the Philippines.
- <sup>3</sup> H. Marcos and C. Mordeno (2007). *From Wells of Misfortune to Springs of Health and Hope: A case study of two community-operated water systems in the Municipality of T'boli, South Cotabato*. Quezon City, Philippines: Peace and Equity Foundation.
- <sup>4</sup> Kiyosaki, R. and S. Lechter (2000). *Rich Dad, Poor Dad*. Clayton, Victoria: Warner Books.
- <sup>5</sup> Talisayon, S. (2006). *99 Paradigm Shifts for Survival in the Knowledge Economy: a Knowledge Management Reader*. Parañaque City: CCLFI.Philippines.
- <sup>6</sup> Stewart, T. (1997). *Intellectual Capital: the New Wealth of Organizations*. New York: Doubleday.
- <sup>7</sup> [http://www.unesco.org/courier/1998\\_12/uk/dossier/txt11.htm](http://www.unesco.org/courier/1998_12/uk/dossier/txt11.htm)
- <sup>8</sup> See <http://www.worldbank.org/kam>
- <sup>9</sup> Chen, D. and C. Dahlman (August, 2004). *Knowledge and Development, a Cross-Section Approach*. World Bank Policy Research Working Paper 3366. Washington, D.C.
- <sup>10</sup> Asian Development Bank (2007). *Moving Toward Knowledge-Based Economies: Asian Experiences (a Technical Report)*. Asian Development Bank, September.

### DEVELOPMENT FRAMEWORKS AND INTANGIBLE ASSETS

The definition of poverty has evolved considerably in the last decades.

Traditional income-based or expenditure-based measures of poverty were proven insufficient to capture over-all well-being. As a result, asset-based measures emerged.<sup>11</sup> The assets considered here were initially of the tangible nature, such as savings, land and other productive resources. However, with the widening definition of assets, even their intangible counterpart started to be considered. The Ford Foundation, for instance, provides a broad definition of assets: *an array of resources that enables people and communities to exert control over their lives and participate in their societies in meaningful and effective ways.*<sup>12</sup>

Two other approaches to poverty alleviation draw appreciation for the highly intangible aspects of well-being. The first, which is heavily influenced by the works of Amartya Sen<sup>13</sup>,

posits that well-being is a function of “capabilities” or what a person can “do” and “become.” These capabilities cover a spectrum of functions and achievements, from the more basic “being well-nourished,” to the more complex “having self-worth” and to “being able to participate in the community.” It argues that poverty is the lack of the capabilities (the means) to improve over-all well-being (the end)<sup>14</sup>. The poor are therefore not only those that are “economically poor” but also include those that are deprived from “being” and “becoming.”

The second approach puts forward the concept of “social exclusion”<sup>15</sup> or “social inclusion” to state it positively. While the capability approach focuses on a wide range of individual capacities, social exclusion emphasizes social processes that alienate people along three broad dimensions economic, political and civic/social/cultural<sup>16</sup>. Because people are alienated, they are barred from accessing resources that have the potential of taking them out of poverty<sup>17</sup>. Again, the poor here are not only defined in terms of financial poverty; the poor are those that have been excluded from the

mainstream of society—economically, politically, and socially.

With the changes in the definition of poverty came the evolution of frameworks and models of poverty alleviation and development.

Increasingly, frameworks paid greater attention to the “intangibles.” Note for instance the different measures introduced by the United Nations Development Programme that combined educational attainment and health, with per capital income, to arrive at the Human Development Index and the Human Poverty Index. Note as well the combination of the social and natural dimensions with the economic dimension in what is now popularly called “sustainable development”<sup>18</sup>.

The Millennium Development Goals, considered as *the most broadly supported, comprehensive, and specific poverty reduction targets the world has ever established*<sup>19</sup>, also reveal how the international community appreciates the intangible aspects of poverty. With the exception of the first goal which is related to



income or the acquisition of tangible assets, the other seven goals all pertain to intangible assets – education (goal 2) and health (goals 4, 5, and 6) form part of human capital, empowerment (goal 3) is part of social capital, environmental sustainability (goal 7) is critical for maintaining natural capital and global partnership (goal 8) forms part of stakeholder capital or what may also be called bridging social capital.

Parallel shifts in thinking can be observed at the local level.

First, we can observe a movement away from the tangible, which oftentimes communities lack, to the intangible, which often exists abundantly in the local setting. Second, from a predominantly needs-based perspective, community development practice moved to more asset-based or strength-based approaches. We can list here at least seven frameworks that embody these two shifts:

1. **The Asset-Based Community Development (ABCD)**, proposed by the Institute for Policy Research at the Northwestern University<sup>20</sup>, highlights the existing assets of the community and emphasizes the recognition

and mobilization of these strengths to create economic opportunities. It also draws on participatory approaches to development, collaborative economic development and strengthening civil society to develop them as citizens charting their own direction as opposed to clients of development projects<sup>21</sup>.

2. **The asset-building framework** now employed by the Ford Foundation<sup>22</sup> is premised on the idea that building individual and community assets increases resilience and provides long-term stability and security that are requisites for permanent poverty reduction. It focuses on the following assets: financial assets, natural resources, marketable skills, public assets, social assets, and effective community services and institutions.
3. **The Sustainable Livelihoods Approach (SLA)** developed by the Department for International Development (DFID), U.K. takes into account factors such as the vulnerability context of the poor, strategies used by the poor to cope with economic shocks, the asset pentagon (financial, human, social, physical and natural) of households and the

community, and the structures and processes affecting livelihoods in the community<sup>23</sup>.

4. **The Community Capitals Framework** developed by the North Center Regional Center for Rural Development<sup>24</sup> was based on a research on the characteristics of entrepreneurial and sustainable communities where it was discovered that successful communities paid attention to seven types of capital: natural, cultural, human, social, political, financial and built. The framework can be used to measure what the community currently has and examines what potentials exist and what forms of capital are needed in order to bring about a desired state.
5. **The Peace and Conflict Impact Assessment (PCIA)**,<sup>25</sup> most useful in conflict-prone areas, anticipates and evaluates the potential and actual impact and unintended consequences of a development project on the state of peace in the area. It is based on the premise that projects cannot bring about positive impact and change in a community if relationships (social and stakeholder capital) drop to or remain negative.

6. **Hernando de Soto**<sup>26</sup> proposes that various forms of sanctioned access to public goods is a form of community asset, and
7. **Jeffrey Sachs**<sup>27</sup> identifies various forms of tangible and intangible assets that local communities either own or can use for poverty alleviation.

These frameworks share many similarities. All these recognize that communities do have an anthology of tangible and intangible assets. All of these approach development from the perspective of building from existing strengths. All emphasize the role of social assets or capital in building social and economic enterprises.

Empowerment is also a concept commonly espoused in most of the asset-based approaches. This is generally defined as the provision of the rights, capability and authority for individuals and groups to freely make their own choices. At the heart of empowerment is the concept of participation. Much has been written about this concept, and evidences do point to the importance of participatory approaches in project success<sup>28</sup>.

## IMPLICATIONS FOR THE STAGES OF A COMMUNITY-BASED DEVELOPMENT PROJECT

New frameworks bring with them new tools and methods that affect the different stages of a development project.

In the project development stage, two new approaches are the use of appreciative inquiry methods and asset mapping activities. Appreciative inquiry is being used by the ABCD framework to construct a community history drawn from positive memories and successes of the community in the past, and to paint a community vision through the collection of community dreams. Asset mapping techniques, on the other hand, are used to plot out often unrecognized community assets, particularly social assets or capital<sup>29</sup>.

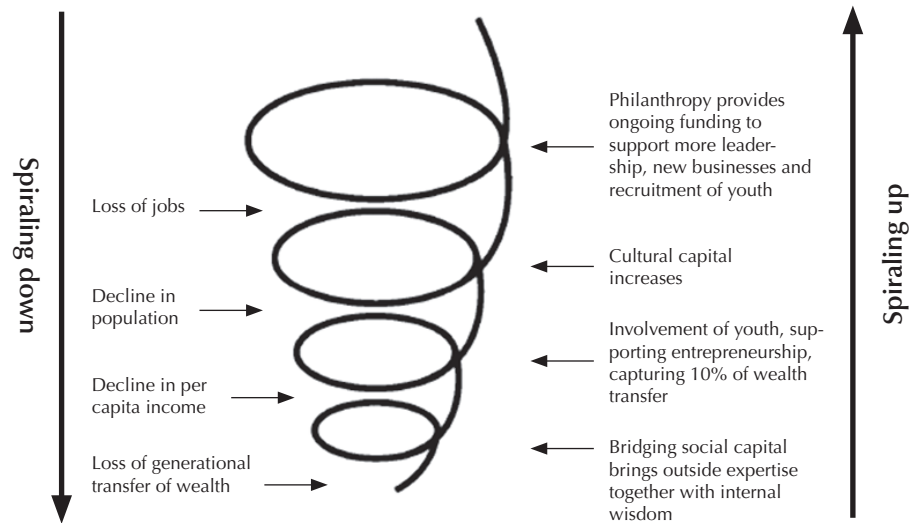
In terms of project implementation, while strategies are identified during the pre-project stages, implementers will certainly benefit from being aware of one key characteristic of intangible assets, i.e., how changes in one asset affect other assets. Assets either spiral up (continuously build on each other) or spiral down (continuously erode each other) because all of

them are connected in a system (Diagram 1). Case studies of projects implemented through the Community Capital Framework show such dynamics<sup>30</sup>.

In terms of project evaluation, the indicators measuring the impact, output and outcome of the project expectedly are based on the objectives of the project. The robustness of the analysis depends on the presence of baseline data collected at the pre-project stage with which to compare post-project results.

The PCIA for instance, with its thorough pre-project data collection and assessment, allows for an easy evaluation of impacts at the end of the project. Among the impacts to look for in implementing development projects in conflict-prone areas are: a substantial change in access to individual or collective resources, creation or exacerbation of socio-economic tensions, a significant change in the material basis of economic sustenance and the exacerbation of conflicts<sup>31</sup>.

Diagram 1. The Spiralling of Capital Assets



Source: Emery and Flora, 2006

## INTANGIBLE ASSETS AND PROJECT SUCCESS AND SUSTAINABILITY

Literature supports the premise of recent development frameworks that intangible assets do play a role in the success (and if not managed properly, also in the failure) of poverty reduction and community development projects.

A great deal of literature on development projects highlight the healthy state of social capital

as a determinant of project success,<sup>32</sup> partly because of its relationship on how low-resource communities function<sup>33</sup>. Social capital, in the form of informal networks and relationships with families, relatives, friends, neighbors and associates with shared motivations, has been indicated as the primary factor in the success (in terms of high rates of credit repay-

ment) of the “peer lending model” employed by the Grameen bank and other credit institutions<sup>34</sup>. Following the example of poor communities in Bangladesh and Africa, informal group formation and networking have also been the pillars for the success of micro-enterprise development among women in India<sup>35</sup>. Self-help or user-led groups enable participation from below, with individuals coming together given a specific intention<sup>36</sup>.

Social capital is also shown to drive collective action. A study of urban and rural poor communities in Indonesia showed how collective action can be founded on community cohesion, stable social relationships and, in certain cases, the adherence to class-based hierarchy, all of which form part of social capital<sup>37</sup>. In the case of a poor community in Nebraska who were about to implement a comprehensive community program, the mobilization of social capital allowed for leaders to come together, commit to change and explore avenues of financing that change<sup>38</sup>.

A form of social capital formation participation has also been shown to lead to project productivity and stability. Three aspects of participation are worth noting: (1) ownership and control: **of** whom is the project? (2) management: **by** whom is the project? And (3) benefit: **for** whom is the project?<sup>39</sup> Participation, in the form of a sense of ownership of the project, is also one of three success factors identified in a study of seventeen innovative development projects in the Philippines<sup>40</sup>. The two other factors are a “we” feeling among the community or cohesiveness, which is another form of

social capital, and strong commitment, a form of human capital.

Despite the promises of mobilizing social capital, some evidence exist suggesting that the strategy of informal groups, relationships and networks may not necessarily lead to success in every rural context. Various constraints, including their lack of assets and rights, make the chronically poor at a disadvantage in group formation<sup>41</sup>. This is likewise observed in the case of poor communities in the United States where the performance of low-income individuals in groups and networks related to the Individual Development Accounts<sup>42</sup> program are negatively affected, with such networks constraining the economic resources available to them and their households<sup>43</sup>. In the case of four poor urban communities in Zambia, Ecuador, the Philippines and Hungary, who were under extreme living conditions, some households failed to sustain reciprocity in networks with some women who were reluctant to borrow from their credit group for fear of not being able to repay<sup>44</sup>.

Where social capital provides a good starting point for generating success, the experience

of communities suggests that the mobilization of social capital need to be followed through, supplemented and complemented by the formation or utilization of other forms of capital or assets. The leaders of the community in Nebraska had to go beyond their own ties and develop relationships with outside experts that can provide technical assistance to the community<sup>45</sup>. The rural communities in Alberta who had an ABCD project stressed that their key success factors (i.e., engaging others, relationship building and community action), all of which are related to social capital, were fostered by a structural asset in the form of an optimal organizational structure<sup>46</sup>.

Structural capital has also been identified as being contributory to the success of development projects. In the case of Individual Development Accounts set up in the United States, a key factor was the presence of key community-based organizations that set specific targets, provided needed community training and even changed the mindsets, habits and values of people<sup>47</sup>. In contrast, a weak organizational spirit and a lack of clear organizational processes were factors that caused the failure of self-help groups in Burdwan, India who were

under the Development of Women and Children in Rural Areas scheme sponsored by the government.

Partnership with actors outside the community, or Stakeholder capital, is also considered a success factor in community based projects. The kind of partnerships that work best depends on the nature of the development activity being pursued. A Community Housing Development Organizations Program launched by the Puerto Rico Community Foundation (PRCF)<sup>48</sup> attributes its success to its ties with relevant national government agencies. The Northwest Side Community Development Corporation (NSC), a non-profit organization based in a working-class neighborhood in Milwaukee's African-American community and specializing in enterprise-related activities, points to its ties with small and large companies as determinants of its success. Through these partnerships, the NSC was able to put up the first geographically-based industrial association, a small business incubator and a school-to-work school for the youth at risk<sup>49</sup>.

While it may be assumed and predicted that knowledge and skills of people involved in the

community account for project success, studies associating human capital with project success provide interesting insights on which human capital assets are most significant. In various community development projects in Alberta, three of five sets of key factors for sustaining community building were part of human capital<sup>50</sup>. One set is related to personal traits commitment, dedication or perseverance; another set is related more to the value system passion, honesty and beliefs; and the last is related to possession of knowledge, i.e., knowledge of community history and contacts. (The two other sustaining factors are social being part of an activity, and relationships.).

A unique form of human capital, which may also be considered social capital if communally shared by members of a community, likewise serves as a foundation for community-level collective action. This is the “belief of an interdependent future and the desire for political and structural change.” As demonstrated in a study of communities in Indonesia, collective action that is founded on this belief shows a strong potential for social transformation<sup>51</sup>.

Turning to cultural capital, although the value of culture and heritage have increasingly been recognized to the point where valuation methods are being developed<sup>52</sup>, literature has not paid much attention to how cultural practices and societal norms can be used as leverage for the success of development projects. Studies focusing on how cultural factors lead to project success are nil, probably because culture has primarily been treated as a given that projects need to adjust to, instead of build on or utilize.

The role of intangible assets in delivering results is not only observed in development projects at the community level. The same phenomenon, of the intangible inputs producing tangible outcomes, can also be observed in other sectors and at different levels of engagement. Talisayon and Suministrado<sup>53</sup> list several evidences that support this. At the national level, they cite Fukuyama who correlated “social trust” with lower transaction costs and greater economic development. In the corporate sector, they noted recent thinkers who linked trust and ego to business performance.

It appears that one of the gaps in literature is related to the sustainability of development projects. Documentations of projects that used the asset-based frameworks do not pay a great deal of attention to sustainability. For one, most of the studies focus on project performance during the life of the project and shortly after the project is completed. Time series studies examining the situation of project beneficiaries in the medium and long term are lacking. Another stumbling block is that the design of the projects rarely covers the sustainability aspect exhaustively. Because project reports are usually anchored on the indicators, measures and objectives identified in the project design, discussions on sustainability are also seldom presented.

The KPA contributes in development discourse by building on the findings of previous studies and at same time addressing certain gaps in literature. This new framework will be discussed in the next chapter.

## ENDNOTES

- <sup>11</sup> Sherraden, Michael. (1999). *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M.E. Sharpe.
- <sup>12</sup> Ford Foundation. (2004). *Building Assets to Reduce Poverty and Injustice*. New York.
- <sup>13</sup> Sen, A.K. (1987). 'The standard of living: lecture II, lives and capabilities', in G. Hawthorn (ed.), *The Standard of Living, The Tanner Lectures* (Clare Hall, Cambridge, 1985). New York: Cambridge University Press.; Sen, A.K. (1992). *Inequality Reexamined*. Cambridge, MA: Harvard University Press.; and Sen, A.K. (1999). *Development as Freedom*. New York: Alfred A. Knoff.
- <sup>14</sup> UNDP (2000a). *Overcoming Human Poverty: United Nations Development Programme Poverty Report 2000*. New York: United Nations Development Programme; and UNDP (2000b). *Human Development Report 2000*, New York: Oxford University Press.
- <sup>15</sup> Atkinson, A. B. (1998). 'Social exclusion, poverty and unemployment', in A. B. Atkinson & J. Hills (eds.), *Exclusion, employment and opportunity* (CASE Paper 4). London: London School of Economics, Centre for Analysis of Social Exclusion.; Micklewright, J. (2002). *Social exclusion and children: A European view for a U.S. debate*. (Center for Analysis and Social Exclusion Paper No. 51). London: London School of Economics.; and Silver, H. (1994). 'Social exclusion and social solidarity: Three paradigms', *International Labour Review*, 133, 531–578.
- <sup>16</sup> Strobel, P. (1996). 'From poverty to exclusion: a wage-earning society to a society of human rights', *International Social Science Journal*, 48(148), pp. 173–189.; Atkinson, A.B. (1998) 'Social exclusion, poverty and unemployment', in A. Atkinson J. Hills (eds), *Exclusion, Employment and Opportunity*, CASE/London School of Economics, London.; Atkinson, A.B. (1998). 'Social exclusion, poverty and unemployment', in A. Atkinson and J. Hills (eds), *Exclusion, Employment and Opportunity*, CASE/London School of Economics, London.; and Taylor, P. (1999). 'Democratizing cities: habitat's global campaign on urban governance', *Habitat Debate*, 5(4), pp. 1–5.
- <sup>17</sup> Silver, H. (1994). 'Social exclusion and social solidarity: three paradigms', *International Labor Review*, 133(5–6).; European Foundation. (1995). *Public Welfare Services and Social Exclusion: The Development of Consumer Oriented Initiatives in the European Union*, The European Foundation for the Living and Working Conditions, Dublin.; International Institute of Labour Studies (1996) *Social Exclusion and Anti-Poverty Strategies*, ILS, Geneva.; Strobel, P. (1996). 'From poverty to exclusion: a wage-earning society to a society of human rights', *International Social Science Journal*, 48(148), pp. 173–189.; Cannan, C. (1997). 'The struggle against social exclusion: urban social development in France', *IDS Bulletin*, 28(2), pp. 77–85.; and de Haan, A. and S. Maxwell. (1998). 'Poverty and social exclusion in north and south', *IDS Bulletin*, 29(1), pp. 10–19.
- <sup>18</sup> Ian Moffat, N. Handley and M. Wilson (2001). *Measuring and Modeling Sustainable Development*. Carnforth, UK: Parthenon Publishing includes a useful discussion of the meanings of the term.
- <sup>19</sup> UN Millenium Project (2005). *Investing in Development: A Practical Plan to Achieve the Millenium Development Goals*. Overview. United Nations Development Programme.
- <sup>20</sup> Kretzmann, J. & J. McKnight (1993). *Building communities from the inside out*. Chicago, IL: ACTA Publications.
- <sup>21</sup> Mathie, A., and G. Cunningham (2002). *From Clients to Citizens: Asset-based Community Development as a Strategy for Community Driven Development*. Occasional Paper Series, no. 4. Antigonish, Nova Scotia: St Francis Xavier University. <http://www.stfx.ca/>
- <sup>22</sup> See: <http://www.fordfound.org/programs/assets>
- <sup>23</sup> Hocking, G. (2003). 'Oxfam Great Britain and Sustainable Livelihoods in the U.K.' *Community Development Journal* 38, no. 3 July: 235- 242.
- <sup>24</sup> For more information, see <http://www.ncrcrd.iastate.edu/projects/commcap/7capitals.htm#resources>
- <sup>25</sup> Bush, K. (1998). *A Measure of Peace: Peace and Conflict Impact Assessment (PCIA) of Development Projects in Conflict Zones*. Working Paper No. 1, The Peacebuilding and Reconstruction Program Initiative & The Evaluation Unit.
- <sup>26</sup> De Soto, H. (2000). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
- <sup>27</sup> Sachs, J. (2005). *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Press.
- <sup>28</sup> Talisayon, S. (1989). *Designing for Consensus: The ASEAN Grid*. Institution of Southeast Asian Studies, Singapore, page 105. Or see also: Talisayon, S. (1991). "Lessons" in: Serafin D. Talisayon (ed.). *Innovative Development Processes in the Philippines: Case Studies*. Asian Center, Diliman, Quezon City: University of the Philippines.
- <sup>29</sup> Guy, T., D. Fuller, and C. Pletsch (2002). *Asset Mapping: A Handbook*. Ottawa, Ontario: Canadian Rural Partnership. [http://www.rural.gc.ca/conference/documents/mapping\\_e.shtml](http://www.rural.gc.ca/conference/documents/mapping_e.shtml)
- <sup>30</sup> See for instance Gutierrez-Montes, I. (2005). *Healthy Communities Equals Healthy Ecosystems? Evaluation (and Breakdown) of a Participatory Ecological Research Project Towards a Community Natural Resource Management Process, San Miguel Chimalapa (Mexico)*. PhD Dissertation. Iowa State University, Ames, IA., and

- Emery, M. and C. Flora (2006). *Spiralling Up: Mapping Community Transformation with Community Capitals Framework*, Community Development, Spring, 37, 1, Social Science Module.
- <sup>31</sup> Bush, K. (1998). *A Measure of Peace: Peace and Conflict Impact Assessment (PCIA) of Development Projects in Conflict Zones*. Working Paper No. 1, The Peacebuilding and Reconstruction Program Initiative and The Evaluation Unit.
- <sup>32</sup> Mitlin, D. and D. Satterthwaite (eds.) (2004). *Empowering Squatter Citizens: Local Government, Civil Society and Urban Poverty Reduction*. London: Earthscan.
- <sup>33</sup> Diaz, L., R. Drumm, J. Ramirez-Johnson and H. Oidjarv (2002). 'Social capital, economic development and food security in Peru's mountain region.' *International Social Work*, 45(4), 481-495.; and Narayan, D. and L. Pritchett (1999). 'Cents and sociability: Household income and social capital in rural Tanzania.' *Economic Development and Cultural Change*, 47(4), 871-907.
- <sup>34</sup> Banerjee, M.M. (1998). 'Microenterprise development: A response to poverty,' in Sherraden, M.S. and W.A. Ninacs (eds.), *Community economic development and social work* (pp.63-83). New York: Haworth. AND Van Bastalaer, T. (1999). 'Does social capital facilitate the poor's access to credit? A review of microeconomic literature. Social Capital Initiative Working Paper 8. Social Policy Dept., World Bank.
- <sup>35</sup> Beaumont, S., K. Singh and K. Ramachandran (eds), (1992): *Development of Micro enterprise by Women*. Indian Institute of Management and British Council Division, New Delhi.; and Creevey, L., (1996) *Changing Women's Lives and Work: an Analysis of the Impacts of Eight Microenterprise Projects*. Intermediate Technology Publications, London.
- <sup>36</sup> Adams, R. (1996). *Social Work and Empowerment*. Basingstroke: Macmillan.
- <sup>37</sup> Beard, V., and A. Dasgupta (2005). 'Collective Action and Community-driven Development in Rural and Urban Indonesia.' *Urban Studies*, Vol. 43, No. 9, 1451-1468, August.
- <sup>38</sup> Emery, M. and C. Flora (2006). 'Spiralling Up: Mapping Community Transformation with Community Capitals Framework.' *Community Development*, Spring, 37, 1, Social Science Module.
- <sup>39</sup> Talisayon, S. (1989). *Designing for Consensus: The ASEAN Grid*. Institution of Southeast Asian Studies, Singapore, p105. Or see also: Talisayon, S. 1991. "Lessons" in: Serafin D. Talisayon (ed.). *Innovative Development Processes in the Philippines: Case Studies*. Asian Center, Diliman, Quezon City: University of the Philippines.
- <sup>40</sup> Talisayon, S. (1991). "Lessons" in: Serafin D. Talisayon (Ed.). *Innovative Development Processes in the Philippines: Case Studies*. Asian Center, Diliman, Quezon City: University of the Philippines.
- <sup>41</sup> Thorp, R., F. Stewart, and A. Heyer (2003). *When and how far is group formation a route out of chronic poverty*. Paper presented in the International Conference 'Staying Poor: Chronic Poverty and Development Policy', Chronic Poverty Research Centre, University of Manchester, 7-9 April, 2003.
- <sup>42</sup> IDAs are matched savings accounts where the savings are invested in an asset, including a first home, a small business, a job training or a post-secondary education.
- <sup>43</sup> Lombe, M. and F. Ssewamala (2007). 'The role of informal social networks in micro-savings mobilization.' *Journal of Sociology & Social Welfare*, September, Vol XXXIV, No 3.
- <sup>44</sup> Moser, C. (1998). 'The asset vulnerability framework: Reassessing urban poverty reduction strategies.' *World Development*, 28, 1-49.
- <sup>45</sup> Emery, M. and C. Flora (2006). 'Spiralling up: Mapping community transformation with community capitals framework.' *Community Development*. Spring, 37, 1, Social Science Module.
- <sup>46</sup> Community Building Resources. (1998). *Listen & Learn II*. Spruce Grove, Alberta: CBR. (ED 423 377) [http://www.cbr-aimhigh.com/research\\_evaluation/Listen\\_Learn\\_2.htm](http://www.cbr-aimhigh.com/research_evaluation/Listen_Learn_2.htm)
- <sup>47</sup> Wu, C. *Building Community Assets through Individual Development Accounts: Growing a Strategic Network in Lawrence, Massachusetts*, thesis submitted to the Department of Urban Studies and Planning, Massachusetts Institute of Technology
- <sup>48</sup> *Building Upon Community Assets Using the Community Foundation Model*, With examples from Zimbabwe and Puerto Rico. Workshop Proceedings, 10 Nov 2000, Burnside Gardens, Bulawayo, Zimbabwe.
- <sup>49</sup> Synder, H. (2000). 'Powerful Partnerships Pull a Community Out of Poverty.' *The Journal for Quality and Participation*. May/June.
- <sup>50</sup> Community Building Resources. (1997). *Listen & Learn I*. Spruce Grove, Alberta: CBR. (ED 423 377) [http://www.cbr-aimhigh.com/research\\_evaluation/Listen\\_Learn\\_1.htm](http://www.cbr-aimhigh.com/research_evaluation/Listen_Learn_1.htm)
- <sup>51</sup> Beard, V., and A. Dasgupta (2005). 'Collective Action and Community-driven Development in Rural and Urban Indonesia.' *Urban Studies*, Vol. 43, No. 9, 1451-1468, August.
- <sup>52</sup> Kakiuchi, E. (2004). *Heritage as a Community Asset. Monetary Valuation of Heritage using CVM and Policy Related Issues*. Paper read during the International Symposium on Preservation of Cultural Heritage, Yangon, Myanmar, 23-25 August 2004.
- <sup>53</sup> A number of related concepts and nomenclatures are emerging, such as "integrity capital," "positive psychological capital," "relationship capital," "emotional capital," etc. The common theme behind these concepts and the more traditional or commonly used ones such as "factors of production" (land, labor and capital), intellectual capital (human capital, plus structural or process or internal capital, plus stakeholder or relationship or customer or external capital), social capital, natural capital, cultural capital, access

and property rights, technology and infrastructures, is the observation that all these contribute to or affect productivity, performance or wealth/value creation at the individual, team, organizational or societal levels. We had proposed the term “metacapital” as the generic term to embrace all these factors or forms of capital that contribute to wealth creation. See: Talisayon, S. and J. Suministrado (2008). Knowledge for Poverty Alleviation: A Framework for Design and Evaluation of Development Projects for Low-Income Communities. Paper presented at the conference on “Knowledge Architectures for Development,” Singapore Management University, March 24-25, 2008.



# 3

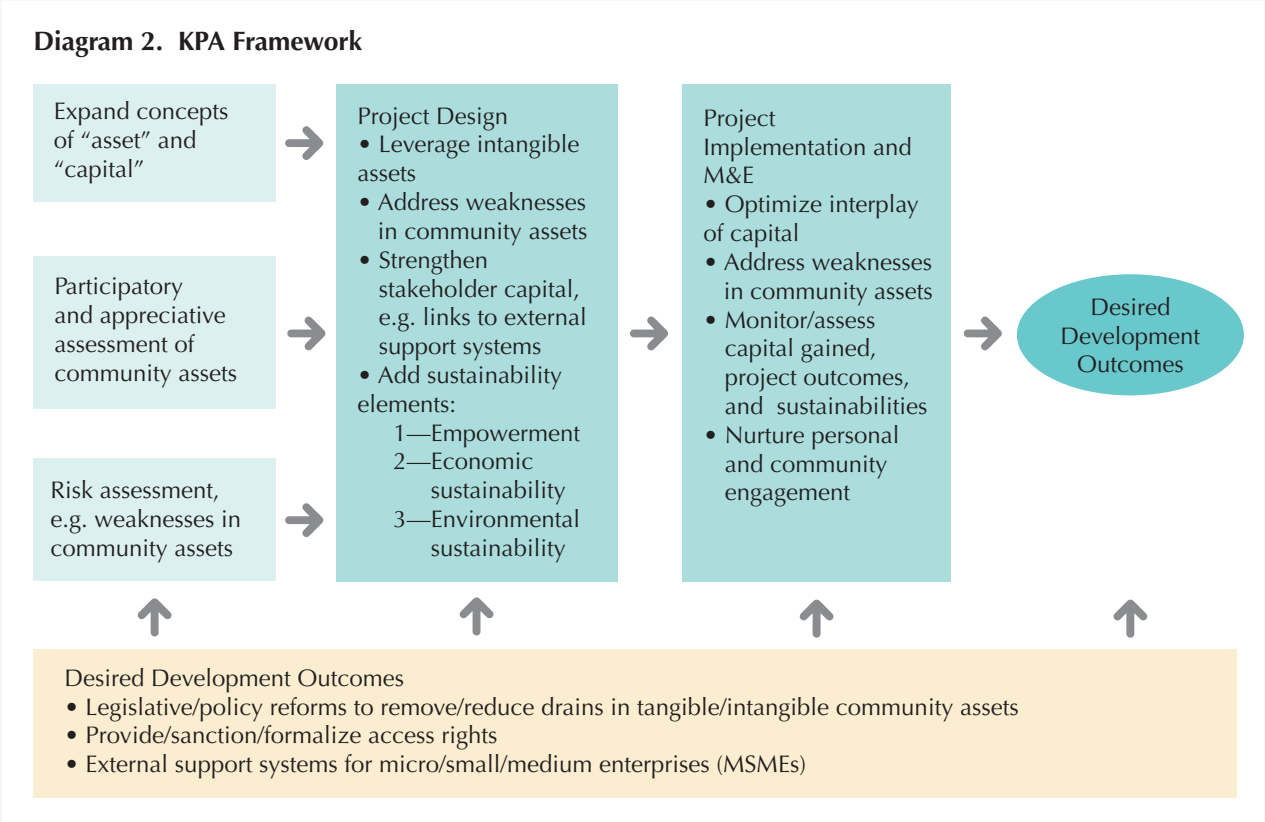
## The KPA Framework: an Open Door for Collaboration

Developing the KPA framework is a collaborative work in progress, initially between CCLFI, Philippines and the Peace and Equity Foundation, an undertaking started in 2007. Results of the on-going development of KPA are reported here in the hope that other collaborators, co-operators or supporters can join the effort in its further development, operationalization and application. This collaborative learning-in-action initiative, we believe, is the best way to ensure continuous improvement, synergy of wider experiences on what works, wider ownership and fruitful adaptation of the KPA framework for the poor in the Philippines, Asia and elsewhere.

To date, the KPA framework consists of the following elements:<sup>54</sup> (Diagram 2)

**At the pre-project design stage:**

- Use of an expanded concept of “asset” and “capital;”
- Participatory and appreciative assessment of community assets: the first step in nurturing personal and community engagement in the development process;



Source: Talisayon and Suministrado, March 2008

- Risk assessment, including weaknesses in community assets.

**At the project design stage:**

- Leverage intangible assets;
- Address weaknesses in community assets;
- Strengthen stakeholder capital, e.g., links to external support systems;
- Add sustainability elements along the three SD dimensions.

**At the project implementation and monitoring/evaluation stage:**

- Optimize interplay of capital;
- Address weaknesses in community assets;
- Monitor/assess capital gained, project outcomes and sustainability;
- Nurture personal and community engagement.

**Steps at the national policy and macro level:**

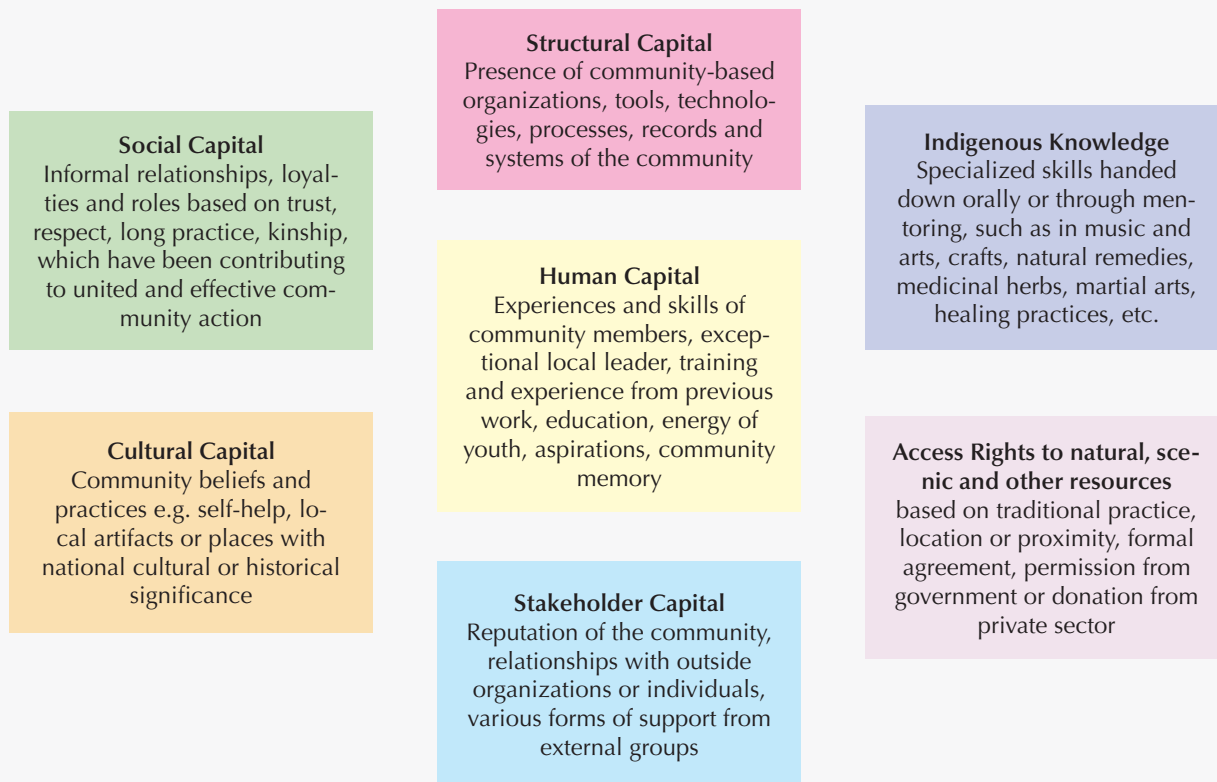
- Legislative and policy reforms to remove or reduce drains in community assets;
- Provide, sanction or formalize equitable access rights of the community;
- Provide or strengthen external support systems for MSMEs.

**RECOGNIZING, APPRECIATING AND LEVERAGING COMMUNITY ASSETS**

Communities do possess intangible and tangible assets (Diagram 3). Once recognized, they can be leveraged in the design of anti-poverty

projects to produce even more tangible and intangible assets. In fact, anti-poverty projects can be driven not only from identified needs or a lack thereof, but more so from many other forms of intangible wealth.

**Diagram 3. Examples of Intangible Assets of Communities**



Recognition can lead to appreciation. A new way of seeing/looking at things can lead to more affirmative self-assessment and self-worth by the community, as well as to broader options for action.

Women create and nurture much of the intangible assets in local communities, which unfortunately are not entered in project, organizational or national accounting systems. Mothers play the most crucial role in the first stages of the human capital development cycle: child rearing, teaching or facilitating learning, and values formation. Many microfinance projects prosper when women are involved because their intimate tacit knowledge and wide social networks are harnessed. Structural capital of households are also built up using informal labor of women.

The process of exercising to use “new eyes” is a journey for both the community and the development workers as they work together. A participatory and appreciative community assessment of intangible assets generates an internal energy that can drive cohesive action towards their chosen community goals and

arrive at more effective problem solving to address community needs and weaknesses.

### REFRAMING “POVERTY”

The prevailing focus of development attention on tangible assets leads to labels such as “poor”, “poverty”, “lack” or “needs.” The focus on tangible assets tends to ignore or fail to appreciate the intrinsic values of intangible assets, values which are rooted in the inner life and values of the community (Table 4).

The KPA perspective can lead to the design and application of tools old and new for grounding the development process on a foundation of inner strength and local values of communities, for starting the development process from a foundation of self-worth and for effectively nurturing personal and community engagement throughout the development process. We need to reframe “poverty” and “anti-poverty projects” from an emic and appreciative orientation, before we can begin to conceptualize and design such projects.

**Table 4. Inner Foundations of Community**

Intangible Assets	Foundations on Inner Life and Values of the Community (negative in italics)
Social capital	(+) Trust, loyalty, reputation, sharing (-) <i>Factionalism, ethnic or religious conflict, rich-poor gap</i>
Human capital	(+) Commitment, leadership, previous training attended, skills and expertise, entrepreneurship, indigenous knowledge and wisdom (-) <i>Dysfunctional egoism of leader, corrupt managers</i>
Cultural capital	(+) Community and family values, beliefs and practices that enhance development (-) <i>Animosity to outsiders, apathy, fear of innovations, traditions that pose obstacles to the community’s development goals</i>
Structural capital	(+) Community organization and procedures, tools and formal/informal systems (-) <i>Inequitable distribution of managerial roles, new local elites and animosities unwittingly created by previous projects</i>
Stakeholder capital	(+) External support systems, linkages to NGOs and civil society organizations (CSOs), goodwill (-) <i>Animosity to outsiders, bad community reputation, presence of criminal syndicates</i>
Access to natural capital in the public domain	(+) Proper utilization of the natural environment (-) <i>Overharvesting and destructive harvesting practices, mismanagement of waste and waste disposal practices, lack of environmental awareness and discipline</i>

Source: Talisayon and Suministrado, March 2008

Intangible assets can be weak, too (see italicized entries in Table 4). Recognizing them can be the sound basis for a more grounded pre-project assessment of risks and consequently a better informed design of community projects.

## DEVELOPING COMMUNITY ASSETS

The KPA perspective leads to the following management actions that can be used in the different stages of the project cycle to enhance project success:

1. **Using intangible assets to build tangible assets and even more intangible assets.** A project can use, take advantage of, or leverage on combinations of existing community intangible assets to build more tangible assets. For example, the aspirations of the community members for a better life, coupled with a strong community organization that has generated a lot of goodwill with a funding organization, and the trust that the community members have among each other, are all used to make a project achieve its objectives successfully.
2. **Address weaknesses in intangible assets.** The project neutralizes, makes up for, fills the gap, or addresses one or more weaknesses in the community intangible assets. For example, a project can strengthen the systems and processes of a community organization to reduce opportunities for corruption or recruit a different leader with widely acknowledged reputation for integrity to guide an organization in rebuilding the tarnished image of the community. Healing ethnic, religious or social conflicts across different or among heterogeneous groups (“bridging” social capital) or facilitating the growth of trust, goodwill and cooperation within a homogeneous group (“bonding” social capital) may be needed prior to the start of any development projects.<sup>55</sup>
3. **Using tangible assets.** The project uses, takes advantage of or leverages on whatever little tangible assets a community may have. A project, for example, may use grant money to start an enterprise most appropriate to the unique cultural and human capital of the community.
4. **Sustainable build-up of structural and stakeholder capital.** To increase the chances of sustaining project gains, a livelihood project, for example, may have set up a reliable export marketing channel or may have trained local leaders in managerial and entrepreneurship skills.
5. **Seeking affirmative and equitable access rights.** Access rights for the community to land, natural, scenic, cultural-historical or other resources can be obtained from the local or national government, or from private property owners. Such rights are a form of capital because it enables the community to use it for production purposes.
6. **Seeking legislative or policy reforms.** There are systemic drains outside the control of local communities which contribute to local poverty. The government can take affirmative action to remove or reduce these drains (see Section 3.5).

Table 5 summarizes these management actions. Note that some actions are beyond the scope of control of local communities; these address systemic, policy or program gaps at the

**Table 5 KPA Actions for a Community Project**

	Project Identification and Design	Project Implementation and M&E	Ensuring Post-Project Sustainability
Local Actions	<ul style="list-style-type: none"> <li>Identify, assess and leverage community intangible assets</li> <li>Identify risks and vulnerabilities in community intangible assets</li> <li>Plan build-up of sustainable community intangible and tangible assets: use intangibles to build tangibles and vice-versa</li> </ul>	<ul style="list-style-type: none"> <li>Develop intangible assets in relation to inner life and values of the community</li> <li>Manage risks and vulnerabilities in community intangible assets</li> <li>Implement sustainable and synergistic build-up of new community intangible and tangible assets</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and plan for continuous growth of intangible and tangible assets</li> <li>Evaluate outcomes of risk management of intangibles</li> <li>Design and implement complementary and follow-through projects</li> </ul>
National Actions	Work for access rights to needed resources from the government or from other property owners	Access support systems from the government, civil societies and international development agencies	Work for government actions to institutionalize the project, and government reforms to remove/ reduce drains in community capital

Source: Talisayon and Suministrado, March 2008

national level which affect anti-poverty actions at the local level.

The particular actions appropriate for a community depend much on the local context. For effective action, knowledge has to be adapted to the local context. Part of the challenge to

development workers is how to adapt the KPA framework to local needs and conditions. For example, a participatory community self-assessment process that must precede project design is one way to ensure that important project decisions are made from the perspective of the local community.

## BUILDING COMMUNITY ASSETS SUSTAINABLY

Many studies across several disciplines corroborate each other towards the conclusion that intangible human and social qualities do produce tangible development outcomes. This causal link can be the basis for grounding and nurturing lasting personal and community engagement in the development process.

- An analysis of seventeen successful and innovative development projects in the Philippines revealed that their underlying success factors were not technical or tangible factors but largely “internal changes in the participants” such as engendering a “we” feeling among the community (cohesiveness or high social capital), a strong feeling that “this project is ours” (sense of ownership) and strong commitment (the motivational aspect of human capital).<sup>56</sup>
- In the corporate sector, the tangible impacts of intangible human qualities have also been recently demonstrated well by some authors. Covey and Merrill argued that when the trust level is low, performance is also low and business costs go up<sup>57</sup>. Marcum and Smith

marshalled research data to show that executives' egos can work both ways: increase competitiveness as well as pose a hindrance to further greatness or excellence<sup>58</sup>. Ego has a substantial impact on the corporate bottom line. There is accumulating evidence that emotional intelligence contributes more than technical knowledge towards excellent work performance and effectiveness.<sup>59</sup>

- At the national level, the intangible quality of “social trust” had been correlated by Fukuyama<sup>60</sup> with lower transaction costs and a higher level of economic development. In a U.K. government review, various studies noted that high social capital is associated with better health, improved longevity, better educational achievement, lower rates of child abuse and less corruption in government.<sup>61</sup>

At the other extreme, the “development disasters” that largely affected the SD movement were of two types: environmental and human. The second type of disaster led to discourses on “participatory” development modes, “empowerment” of disadvantaged groups, “inclusive” development frameworks, “appreciative” inquiry instead of interventionist or “top-down” models or similar approaches.

The lesson is clear: development is not just about technology, money or physical infrastructures, development is also and perhaps more so, about “inner infrastructures” such as trust, commitment, goodwill, sense of ownership, self-worth, etc. Sustainability is not only economic viability, it is also human and social empowerment as well as caring for the earth and all its life-giving natural support systems.

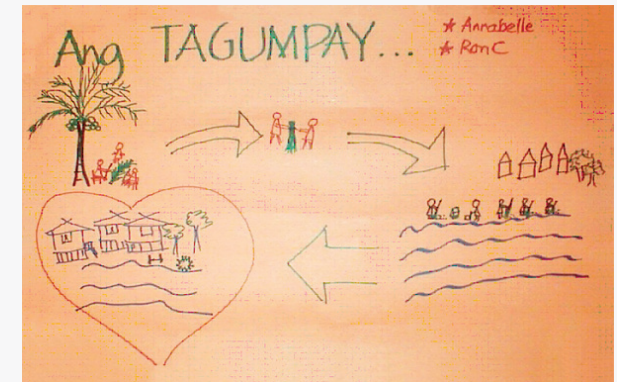
### A Vignette: What is “Success”?

Here is an insightful vignette from a 2003 Knowledge and Wisdom Sharing Workshop among best practitioners in sustainable community development conducted by CCLFI. Philippines for the UNDP GEF Small Grants Programme.

*Annabelle Echavez, from a fishermen’s association in Bolinao, province of Pangasinan, and Ron Cristostomo, from a coastal resource development organization in Infanta, province of Quezon drew the following, entitled “Ang Tagumpay” (“Success”):*

Annabelle presented and explained their drawing thus (translated from Tagalog language,

**Diagram 5. What is “Success”?**



Source: Final Report on “Leveraging Best Practices” Project

shortened and edited while maintaining the essential ideas):

*For us, the start of development is like making walis tingting.<sup>62</sup>*

*First, the leafy part from each coconut leaflet is removed by a knife to produce one tingting [midriff]. This is like individual discipline: it is difficult or painful but when done, it is a small success by itself. Then, many tingtings are tied together to make a broom. This is community discipline and unity – a bigger success. With a broom you can clean the seashore of garbage. If the community is united and a project answers*

*community needs – when families get their own house, land and livelihood and they can help themselves and the community – then the project is successful. However, that is not the end-all of success.<sup>63</sup>*

*The last stage [last arrow pointing to houses inside a heart] is when you no longer need the broom because every community member understands and respects or feels responsible for the environment, and no longer throws garbage anywhere. That is a far greater success.*

Final success to community members represented by Annabelle and Ron is an inner, intangible change. We at CCLFI.Philippines call it “sustainable living,” in contrast to the formal concept of “sustainable development.” This is the difference pointed out by Masood Ul Mulk of Pakistan between the “private transcripts” of local community members and development workers interacting intimately together, and the “public transcripts” of development institutions, governments and academe.<sup>64</sup>

At the level of development institutions and governments, SD remains an important criterion of “project success.”

However, fifteen years after the Rio Summit, much work remains to be done to operationalize SD. For example, there seems to be no practical checklist or scale against which to assess the sustainability of a project.

## KPA FRAMEWORK WITHIN KBD

Because success of anti-poverty projects is affected by the policy, program and regulatory environments at the national level, the KPA framework has to be embedded within the larger KBD framework. The horizontal arrows in Diagram 5 clarify the relationships between KPA and KBD. The KPA framework is represented by the iceberg metaphor, to illustrate the fact that intangible assets are normally less visible to most people.

### Support systems for MSME development

For example, the success of micro, small and medium-scale enterprises (MSMEs) is very dependent on a variety of governmental and other external support systems such as laws that facilitate access to financing; linkages of MSMEs to larger firms, external markets and value chains; business incubation and business

advisory facilities; relatively risk-free including government-supported MSME-ready franchises; government programs such as one-village-one-product (OVOP) programs, etc. Such external linkages and supports represent stakeholder capital from the community perspective.

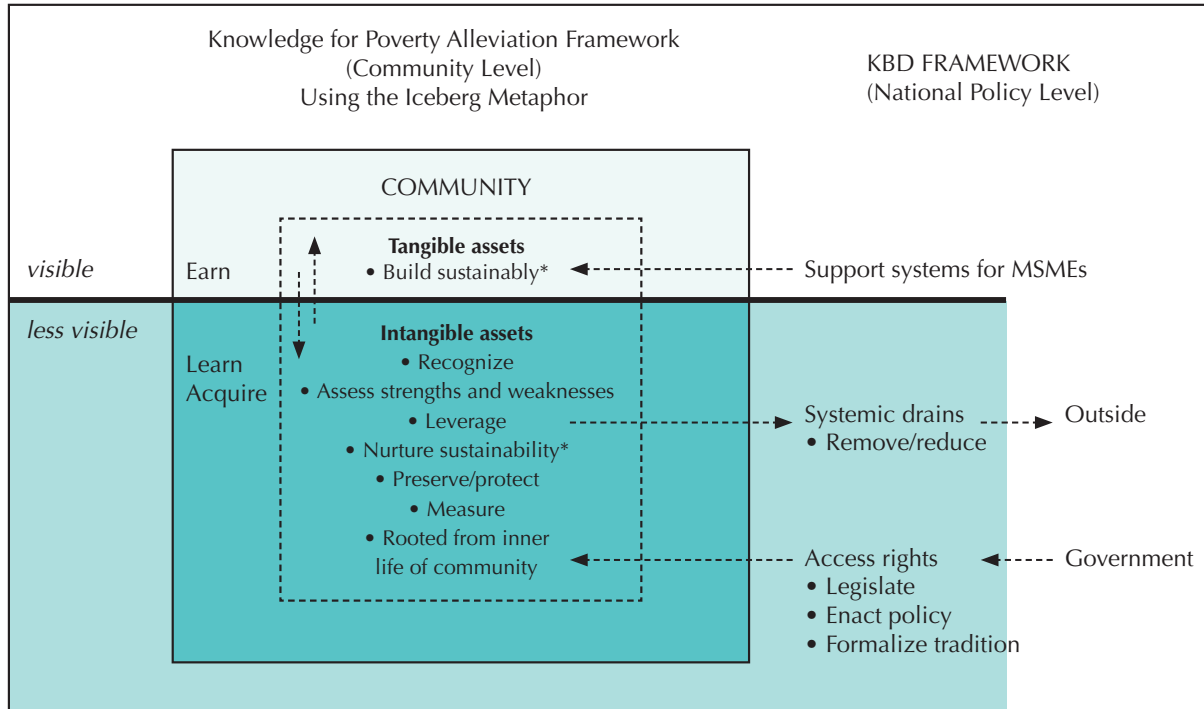
A desirable goal in MSME development is to develop means and models for effectively linking local enterprises to global e-commerce and value chains, i.e., to fully participate in the global knowledge economy.

### Legislative and policy measures to remove/reduce drains on community assets

There exist systemic socio-economic situations and legal arrangements the effects of which are to continuously drain local communities of their tangible and intangible assets.

- Drain in natural capital. Based on the Regalian Doctrine, resource extraction companies deplete local natural resources and transfer them outside, but little of the economic proceeds returns to local governments and to the local people.

**Diagram 6. Building Local Assets within the KBD Framework**



\*Sustainability criteria:

- Economic: viable and competitive in the global knowledge economy
- Environmental: continuing stability, reproducibility and productivity of life support systems
- Social: project is of, for and by the community
- Growths of economic, natural and social capital are not at the expense of one another

Source: Talisayon and Suministrado, March 2008

- Drain in human capital. Drawn by better opportunities, top performers in schools and other local talents migrate to big cities and to more developed countries.
- Drain in fiscal resources. Only a small part of taxes collected locally and remitted to the central government comes back to the community in the form of either cash or new public infrastructures or services.
- Drain in private financial resources. Local branches of commercial banks based in Manila are more deposit-takers than lenders, resulting in net flow of private savings from local communities to Manila.
- Other drains can come from: incursion of formalized land titles/patents and informal occupants into ancestral domains of indigenous peoples, policy changes accompanying periodic changes in political leadership, premature exposure to foreign competitors due to reduction of tariff barriers and other trade liberalization measures, etc.



Some examples of corrective legislation and policies are:

- **Legislation.** Example 1: Republic Act 8371 or the Philippine Indigenous Peoples Rights Act (IPRA) set the ground rules for recognizing and operationalizing the rights of indigenous cultural communities to their traditional or ancestral domains, such as the requirement of “Free and Prior Informed Consent” of the community before a mining permit is issued over part of their ancestral domains.

Example 2: Republic Act 7586 or the Philippine law on National Integrated Protected Areas Systems (NIPAS) defines municipal (fishing) waters as 15 kilometers from the shoreline; this is the exclusive fishing ground for municipal fishermen; commercial fishers are not allowed to fish within this zone.

- **Policy.** Example 1: the Philippine Department of Energy adopted a policy in 1994 (Energy Regulations I-94) requiring power companies to allocate PhP 0.0025 per kilowatt-hour of total electricity sales to a fund a local “development and livelihood

fund” and a similar amount for “reforestation, watershed management, health and/or environment enhancement.”

Example 2: the Philippine Office of the President enacted several Executive Orders in the 1990s which deregulated and de-cartelized many industries such as the airlines, domestic shipping, telecommunications, insurance, etc. The result of this set of policies is lower costs and higher quality of services, with widespread benefits to low-income households.

- **Programs.** Example 1: Village drugstores (called “Botika sa Barangay” in the Philippines) which were designed, franchised, resupplied and supported by the national government to distribute cheaper generic drugs, are relatively risk-free business ventures available to local communities.

Example 2: Local government funded feeding programs aligned with the national government’s nutrition promotion policy.

- **Formalization of traditional rights.** Example: harvesting of some designated forest products such as rattan is illegal in the Philip-

pine, but the Department of Environment and Natural Resources granted exception to indigenous cultural communities such as Aytas who had been traditionally depending on the product for their livelihood.

### **Provide, sanction, legalize or formalize equitable access rights, property rights or tenurial privileges for communities.**

Access or property right is a form of intangible capital<sup>65</sup>. This comes in many forms: access to land and natural resources, sole rights to develop and protect a section of the public domain, area franchise, right to harvest or gather resources, delimited usage of specific public infrastructure, occupancy rights, etc. They can be viewed as part of the process of moving a society towards greater “social inclusivity.”

- **Community-based coastal resource management organizations** that decide to construct off-shore marine protected areas require sanction from the local government. If the MPA includes foreshore areas fronting private properties, additional agreements with the private land owners is necessary to avoid needless conflicts or litigations.

- Local government permits or leases for the harvest of natural resources (e.g., sand and gravel, volcanic lahar deposits, etc.), for the construction of fish cages or fish pens (bakilads), etc. However, if these rights are not awarded equitably, it may exacerbate the gap between the rich and the poor.
- A famous case is the agreement signed in 1974 between the Bureau of Forest Development, and the Ikalahan people, represented by the Kalahan Educational Foundation (KEF) that provided the Ikalahans with sole rights to develop more than 10,000 hectares of their ancestral lands, and the freezing of acceptance of land patent applications, in exchange for the Ikalahans assuming responsibilities for forest protection and prevention of slash-and-burn farming.<sup>66</sup>
- A private individual may grant a community access rights to water from a spring or stream in her property; an example is the water and sanitation project described in Section 1.1.

The next seven chapters will apply KPA to six case studies of successful anti-poverty projects.

## ENDNOTES

- <sup>54</sup> Talisayon, S. and J. Suministrado. (2008). Knowledge for Poverty Alleviation: A Framework for Design and Evaluation of Development Projects for Low-Income Communities. Paper presented at the conference on “Knowledge Architectures for Development,” Singapore Management University, March 24-25, 2008.
- <sup>55</sup> Putnam, R. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.
- <sup>56</sup> Talisayon, S. (1991). “Lessons” in: Serafin D. Talisayon (ed.). *Innovative Development Processes in the Philippines: Case Studies*. Asian Center, Diliman, Quezon City: University of the Philippines.
- <sup>57</sup> Covey, S. and R. Merrill (2008). *The Speed of Trust: the One Thing That Changes Everything*. New York: Free Press.
- <sup>58</sup> Marcum, D. and S. Smith (2007). *Economics: What Makes Ego Our Greatest Asset (or Most Expensive Liability)*. New York: Simon & Schuster.
- <sup>59</sup> Newman, M. and G. Ainsworth (2004). *The Business Case for Building Emotional Capital*. Byzedium Pty Ltd. See: [http://www.byzedium.com.au/cpa/htm/htm\\_mod\\_link.asp?id=63](http://www.byzedium.com.au/cpa/htm/htm_mod_link.asp?id=63)
- <sup>60</sup> Fukuyama, F. (1995). Social Capital and the global economy. *Foreign Affairs*. 74(5):89-103
- <sup>61</sup> Social Analysis and Reporting Division (2001). *Social Capital: a Review of Literature.*, Office of National Statistics, U.K., October.
- <sup>62</sup> Walis tingting is a local broom consisting of coconut midriffs tied together. This broom represents a well-known local metaphor for unity: one coconut midriff cannot do anything; it is powerless by itself. But when many are tied together (unity of the community), they gain strength and efficacy.
- <sup>63</sup> CCLFI.Philippines (2003). Final Report on “Leveraging Best Practices” Project. Submitted to UNDP GEF-RNE Small Grants Programme.
- <sup>64</sup> “One of the biggest challenges to learning that I find in development is the huge gap between the public transcript and the private transcript of organisations. The public transcript is how we all who are involved in development express our work; they are the words, terminologies and symbols that we use to describe our work and which enable us to communicate with one another even if we often come from different cultures and which enable us to relate to one another. The public transcript is how we describe our work within the accepted paradigms of the day. However, what we actually experience in the field; the complexities, the nuances etc. is expressed in the private transcripts that we experience and respond to. The literature that organizations produce, the manuals that are designed are all based on the public transcript of organizations while sadly most of the learning lies in the private transcript...” Posted by Masood Ul Mulk of Sarhad Rural Support Programme, Kohat NWFP, Pakistan, in the Discussion List on “Becoming more Effective Learning Organizations” at MicroLINK, March 5, 2008.
- <sup>65</sup> De Soto, H. (2000). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
- <sup>66</sup> Beringuela, A. (1991). ‘The Kalahan Educational Foundation.’ in S. Talisayon (ed.), *Innovative Development Processes in the Philippines: Case Studies*. Quezon City: Asian Center, University of the Philippines.

## INTRODUCTION AND BACKGROUND

The Knowledge for Poverty Alleviation (KPA) Framework is a recent development paradigm that provides a new approach on how to see the conditions of the “poor”, ushering in a way of recognizing the otherwise unacknowledged and therefore untapped wealth of low-income communities. The framework argues that this wealth, which takes on the form of a wide variety of intangible assets, can be leveraged and managed to achieve community development. Projects that deliberately use KPA in the design and evaluation stages of their projects therefore have greater chances of success and sustainability.

An initial application of the KPA framework on six selected exemplar projects of the Peace and Equity Foundation, Inc. (PEF) provides evidence of the framework’s value and usefulness. These projects are either already completed or on-going, and KPA was therefore applied only in retrospect. The analyses clearly indicate that good project performance was the outcome of

the interplay of various intangible assets that the communities already had right from the start.

Table 6 summarizes the six case studies presented in this book and analyzed comparatively in this chapter<sup>68</sup>. Two of these cases, the Expanded Micro-Livelihood Support Program in Misamis Occidental and the Bridge Financing for Education in Northern Samar are still on-going while the rest of the cases have been completed.

These completed projects have been the subject of PEF case studies in the past, as part of an initiative to document successful projects that can be candidates for replication. With the introduction of KPA, these cases had to be reviewed and recast using the new lens. True enough, such recasting surfaced many insights that were not shown in the earlier version.

With KPA as the framework, the individual case studies showed not only the performance of the project vis-à-vis project objectives, which is the usual focus of case studies but it also rediscovered the different kinds of capital that the community already had prior to the project,

and discussed how these forms of capital were utilized in the project to generate more success in meeting project objectives. Benefits from the projects were also examined by looking at the different kinds of community assets that were created and enhanced. The factors affecting sustainability of project gains were likewise studied.

In short, the KPA lens was used to look at the different phases of the project cycle as follows:

1. Pre-project, in terms of the kinds of capital available and the vulnerabilities in the community even before the project;
2. During project implementation, in terms of actual capital used, leveraged and weaknesses addressed; and
3. Post-project, in terms of capital and other benefits gained.

Table 6 PEF Projects Analyzed Using KPA

Project Title	Project Site	Proponent Organization	PEF Assistance (in Php) <sup>69</sup>	
			Grant	Loan
1. Tubig Para sa Barangay at Mga Impormal na Grupo (TUBIG) (Water for the Barangay and Informal Groups)	Brgy. Mauway in Mandaluyong City and Brgy. 164 in Pasay City (Luzon)	Foundation for Entrepreneurial Development, Inc. (FEDI)	45,000	105,000
2. Uplifting and Normalizing Malnourished Children of Lamut, Ifugao through Macro and Micro Nutrient Supplementation and Advocacy	Lamut, Ifugao (Luzon)	Lamut Women's Organization (LAWO)	255,420	0
3. Health Plus Social Franchising	San Jose, Bugasong and Culasi, Antique (Visayas)	Antique Federation of NGOs (AFON)	399,900	0
4. Bridge Financing for Education in Northern Samar	Six barangays in Mondragon, Northern Samar (Visayas)	Sacred Heart Institute for Transformative Education (SHIFT) Foundation	2,000,000	0
5. Micro-Livelihood Support Program and Expanded Micro-Livelihood Support Program	Ozamis City and Clarin, Misamis Occidental (Mindanao)	Gata Daku Multi-Purpose Cooperative (GDMPC)	100,000 and 173,000 for expanded	800,000 and 1,800,000 for expanded
6. Integrated Health Initiatives for Two Indigenous People (IP) Communities	Brgy. Payapag, Bacauag and Brgy. Gacepan, Sison both in Surigao del Norte (Mindanao)	Surigao del Norte NGO Coalition for Development (SUNGCOD)	761,000	0

## COMMUNITIES DO HAVE COMMUNITY WEALTH

*“The poor are oftentimes assumed ‘assetless’; but with a clear framework, they possess something which they could start with after all. Knowing this, more strategic interventions may be planned for them. The tool, most importantly, may be used when a project / intervention is being introduced/ at the beginning, and an assessment of the community is being conducted. We would like to affirm that this is a good framework, especially for small NGOs, who want to see concrete results by utilizing community resources to the advantage of the poor.”*

*- Ethel Balenton, FEDI (Shared during the presentation of cases to PEF partners)*

The label “poor” carries with it many connotations, all of which denote a sense of being in need and lacking in many respects. The usual impression is that the poor do not have much, and in extreme cases, do not have anything. Hence, they need external interventions so that they can acquire the needed resources to get them out of the cycle of poverty. Is this really the case?

An examination of the pre-project picture of the six PEF interventions shows that we are definitely mistaken. While the communities may be lacking in terms of financial and other tangible assets such as land, they have a substantial amount of hidden wealth in the form of committed and highly-motivated leaders, strong community organizations, presence of NGOs willing to support community develop-

ment projects and positive relationships within the community that allow them to help each other improve their well-being.

A comparison of the most important assets observed among the communities prior to the project is presented in Table 7. As you may notice, these forms of wealth are all intangible by nature. This supports the premise that while

low-income communities are financially handicapped, they do possess a considerable amount of intangible wealth.

Discovering these intangible assets can already provide insights on how and why the different projects performed well.

**Table 7. Assets and Capital of Low-Income Communities: Pre-Project Scenario**

	TUBIG	Nutrition Supplementation	Health Plus Social Franchising	Bridge Financing for Education	Micro-Livelihood Support Program	Integrated Initiatives for IP
Human capital	Presence of a strong leader in the community organizations	Highly competent and innovative president, Committed officers and staff; Positive attitude (cooperation) of beneficiaries	Resourceful and influential AFON Executive Director; General competence and professionalism of AFON affiliates; Presence of personnel in barangay RHUs	Aspiration of community for quality education; Resourceful Executive Director; Dedicated teachers and committed school administrators	Highly motivated manager; Younger and more educated staff	Desire of IP communities to have own settlement and send their children to school; Indigenous knowledge about herbal remedies
Structural capital	Existence of community organizations	Existing systems and procedures in assessing and monitoring of nutritional status	Presence of people organizations dispersed in eighteen municipalities	Presence of loosely organized communities	Broad membership base of cooperative; Software used for financial monitoring	Selection of tribal leader based on group's unanimous acceptance
Stakeholder capital	Presence of NGOs with experience in water projects; Good relationship with LGU	Convergence mechanisms with local government agencies; Good relationship with LGU	LGU experience and willingness to enter tripartite agreement	SHIFT's (implementing org's) credibility, goodwill and ability to mobilize volunteers	Existing partnership with DTI; Continuous access to LBP loans	Presence of NGOs willing to help and of trained community organizers

	TUBIG	Nutrition Supplementation	Health Plus Social Franchising	Bridge Financing for Education	Micro-Livelihood Support Program	Integrated Initiatives for IP
Social capital	Community’s desire for, willingness to implement and acceptance of a water project	Good relationship among community members	Harmonious relationships of member organizations with the community; “Captured market”	Good relations between school and community	Strong social ties typical of small rural communities	Cohesiveness and loyalty to the group due to kinship; Presence of a Mamanwa in the LGU
Cultural capital	“Palabra de Honor” to pay for their water dues	Counterparting a very important part of local culture	Tradition of “cooperativism”		Tradition of self-help	Presence of older generation able to hand down history and tradition
Infrastructure and Physical capital			Paved highways, roads and bridges; Buildings and coop offices that can offer space for the Health Plus Outlet	Presence of school building, an old dilapidated jeep, farm; and good highways		
Natural capital	Water dams tap supply Metro Manila	Availability of a plot of land for backyard gardening	Extensive seacoasts; Not along typhoon path			Forest resources that are accessible
National context		Presence of national and municipal programs on nutrition	Presence of Law on Generic Drugs and Botika ng Barangay; Existence of Provincial Development Council where AFON is represented; Availability of a tested Social Franchising Technology	Access rights to quality education through the Education Service Contracting (RA 6728)		

## COMMUNITY WEALTH AND PROJECT SUCCESS

*“In our own evaluation... we only focused on the objectives, how much were rehabilitated and the project reach, among others. We were unable to look at the capital aspect. Now, this provides me (with) a clearer perspective as to how the project succeeded.”*

Marietta Paraga

President, Cordnet (Shared during the presentation of cases to PEF partners)

### Leveraging Community Wealth for Project Success

Although not deliberately or even consciously done in the project design and implementation stages, existing assets were actually used in the different projects to enhance performance. Each project had its own combination of success factors depending on its nature and requirements. A summary of these success factors are presented in Table 8. When looking at the common threads, three forms of intangible assets surfaced:

1. Leadership within the organization and aspirations of community members (two kinds of human capital);

Table 8 Critical Success Factors in PEF Projects

Project	Success Factors
TUBIG Project	<ul style="list-style-type: none"> <li>• Formation and strengthening of community organizations (Structural capital);</li> <li>• Training of members (Human capital)</li> </ul>
Nutrition Supplementation	<ul style="list-style-type: none"> <li>• Robust relationships between community organization and LGU, local government agencies and other private organizations (Stakeholder capital);</li> <li>• Flexible and innovative internal systems in implementing the feeding program (Structural capital);</li> <li>• Consideration of local culture in relation to food and eating habits (Cultural capital).</li> </ul>
Health Plus Social Franchising	<ul style="list-style-type: none"> <li>• Wide network of community organizations who served as outlet operators (Structural capital);</li> <li>• Sound business model for social franchising (Stakeholder capital);</li> <li>• Cooperation and support from LGU and local Department of Health (Stakeholder capital);</li> <li>• Enterprising and dedicated leader (Human capital).</li> </ul>
Bridge Financing for Education	<ul style="list-style-type: none"> <li>• Bridge funds provided by PEF (Financial capital);</li> <li>• Focus and ability of school administrators and teachers to improve teaching (Human capital).</li> </ul>
Micro-Livelihood Support Program	<ul style="list-style-type: none"> <li>• Dedicated and highly committed leader (Human capital);</li> <li>• Strong relationships between cooperative staff and community (Social capital);</li> <li>• Established systems and procedures in micro-finance (Structural capital).</li> </ul>
Integrated Initiative for IP	<ul style="list-style-type: none"> <li>• Tri-partite arrangement among the LGU, NGO and local IP communities (Stakeholder capital);</li> <li>• Formation of community organization to manage dwelling places (Structural capital).</li> </ul>

2. Presence of community-based organizations to undertake the project (structural capital); and

3. Very good relationships either of the implementing NGO or the community-based organization with external groups particularly the local government (stakeholder capital).

The first form talks about human capital that is found in the implementing and/or grassroots organization and a counterpart found among members of the community. From the part of the organization, this human capital takes the form of leadership capabilities, skills and qualities that served as the driving force behind the organization. From the community, this takes the form of common aspirations for a better life with respect to having land tenure in the case of the indigenous KPA communities in Surigao del Norte, access to water in the case of the informal settlers in Mandaluyong and Pasay, and better nutrition and nourishment in the case of the Ifugao project. The combination of these two types of human capital, both from the part of the organization and that of the community, seemed to have propelled project success, as it resulted in cooperation, participation and commitment from both parties.

The influence of strong leadership on good performance is highly evident in the cases of Gata Daku's micro-livelihood support project (Chapter 9) and AFON's social franchising project (Chapter 10). In both cases, the most evident contributor to success is the extremely dedicated, passionate and committed leader who

spent hours to prepare their organizations for the activities or projects that they were set to pursue, who looked for fund sources and who guided their organizations from the beginning up to the completion of the project.

The second common success factor, i.e., the presence of community-based organizations, is clearly demonstrated in the case of the Health Plus social franchising project (Chapter 10) and the water project (Chapter 5). The social franchising project called for the establishment of outlets all over the province of Antique to serve as channels for the distribution of the generic drugs.

Without the wide network of organizations of community organizations based in the eighteen municipalities throughout the province, the forty-three outlets serving half of Antique's population would have been difficult to establish. This is clearly a great success factor of this project. In the case of the water project in Pasay and Mandaluyong, the community organizations not only mobilized its community members to perform the necessary manual work, but also to serve as managers of the water connection.

Stakeholder capital, particularly the good relationship with local government agencies and units, is another form of capital that was leveraged across all the projects. This was strongest in the case of the malnutrition project in Ifugao (Chapter 8), where the leveraging of stakeholder capital was used as the primary strategy of the implementing organization LAWO.

They took an active role in collaborating with the Convergence Team of the LGU, composed of the Municipal Health Office, Municipal Social Welfare Office, the Municipal Agriculture Office and the Office of the Mayor, beginning with project conceptualization and development. Several prospective partners, including medical companies, the Armed Forces of the Philippines and Feed the Children-Philippines, were also coopted by LAWO in order to generate more resources in cash or in kind.

The AFON-implemented project on social franchising (Chapter 10) also actively involved the Antique local government and the local Department of Health as partners in the project, with the Rural Health Offices housing the franchised Health Plus Outlets where the generic drugs are sold. The franchising scheme



designed and supported by the national government which provided a relatively risk-free business model is a form of external support or stakeholder capital.

The project providing land tenure to IP communities by SUNGCOD (Chapter 6) also cited the role of the government units as the critical success factor of the project. Land was acquired for the IPs through the barangay LGUs, while the Department of Education was tapped to provide an adult literacy program.

### **Addressing Vulnerabilities to Increase the Likelihood of Success**

The advantage of including vulnerabilities in the pre-project evaluation is that one becomes alerted beforehand about possible hindering factors that might jeopardize project success. The individual cases present a table of the various pre-project capital and vulnerabilities. A cross case examination shows that two forms of vulnerability needed to be addressed to help ensure project success:

The need for greater structural capital in the form of organizational capability building and

strengthening of the implementing organizations, and

Certain elements in the communities' cultural capital such as prevailing beliefs, norms and mindsets that had to be addressed to enable the community to take full advantage of the benefits offered by the project.

The building of structural capital, in the form of improved organizational policies, processes and capabilities of staff served as a key element in the ensuring that the social franchising concept was successfully implemented across Antique (Chapter 10). Organizational strengthening was required for the different community organizations that established and who are now managing the Health Plus outlets. The GDMPC (Chapter 9) had to put up its policies and systems in relation to its micro-finance operations in order for it to successfully implement the MLSP. At the level of the community, the GDMPC also had to establish self-help groups patterned according to the famous Grameen micro-lending system.

The projects also had to be sensitive to the existing weaknesses in the cultural capital of

the community. For example, the project on Health Plus (Chapter 10) had to contend with the predominant thinking that “branded [medicine] is better.” The malnutrition project in Ifugao (Chapter 8) had to consider the local taste preferences in the preparation of the micro-nutrient supplement called “Vita-Meal.” Innovations in the food preparation and new nutritious recipes also had to be introduced in order to sustain the feeding program to make the food more appealing to the children.

The micro-livelihood project of GDMPC (Chapter 9) had to address the prevailing practice of borrowing from usurers. In the case of the FEDI water project, the community organizations had to act on the threat of syndicates puncturing water pipes by guarding the portion of the pipes running through their homes twenty-four hours a day. The presence of syndicates who sell water at extremely high prices is common among informal communities in the urban areas, and the water project is a threat to the syndicates' livelihood.

These cross-case findings that showed assets leveraged and weaknesses addressed demonstrate that the KPA provides a more compre-

hensive picture of a development project and the stories behind its performance.

### **Providing a Conducive Macro-Context: the Role of National Laws, Policies and Programs**

The cases also provided evidence on how the macro context, which is beyond the control of local communities, affects development projects at the grassroots level. These are shown on the last row of Table 7. Three cases are worth noting here.

The first one is the LAW0 feeding project (Chapter 8) which hinged on the Municipal Nutrition Action Program of the LGU which was in turn anchored on the Philippine Nutrition Action Plan. The presence of a national program guaranteed the involvement of the LGU in this community-initiated project.

The second is the Health Plus social franchising project (Chapter 10) which provides a clear example of how enabling policies and laws at the national level facilitate development projects at the community level. In this case, the Law on Generic Drugs and an Administrative Order allowing legitimate community organizations to

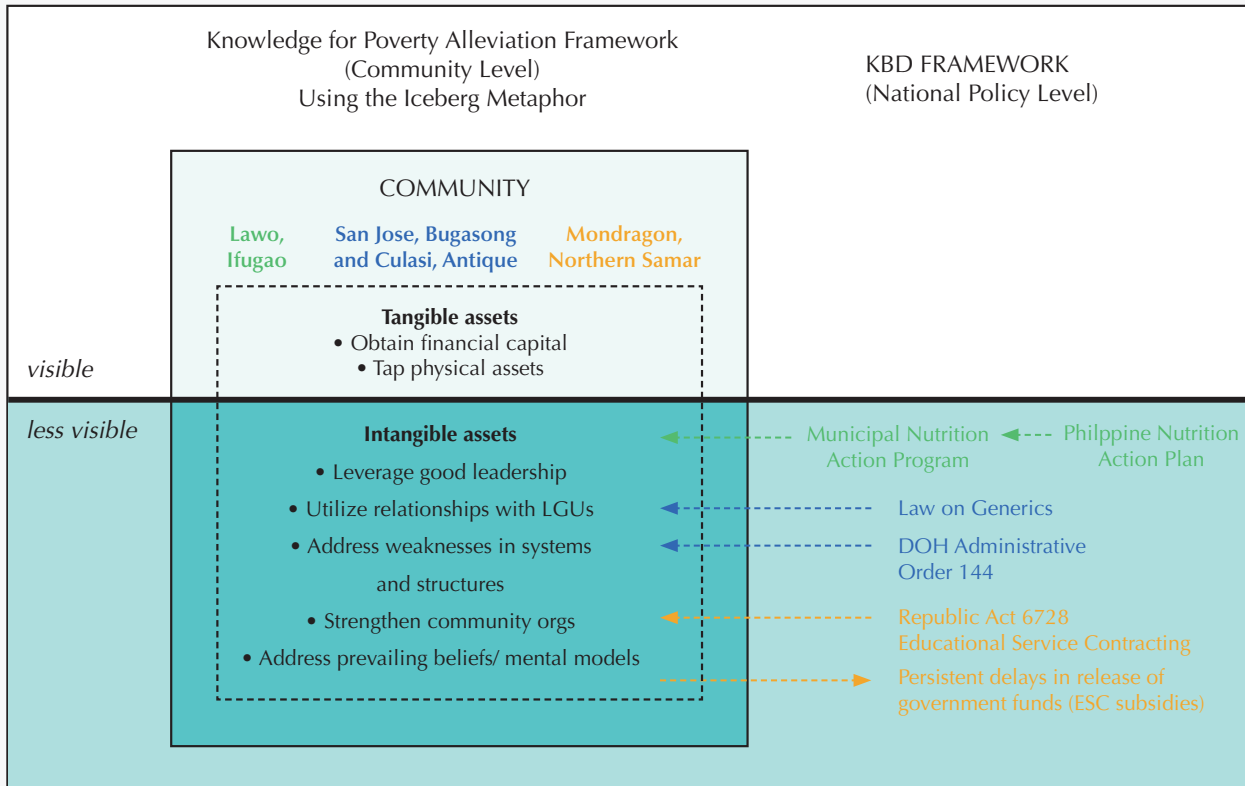
manage drug outlets called Botika ng Barangay, provided the foundation for the social franchising concept to work. However, there may still be a need to push for institutionalization at a higher policy level since, as pointed out by a representative from the National Pharmaceutical Foundation, Inc.<sup>70</sup>, their basis of operations is only an administrative order which may be revoked or superseded especially with changes in administration. In the Philippine system of governance, an executive order from the President is stronger policy than an administrative order from a Department Secretary and a law is stronger than an executive order.

The third is the SHIFT project (Chapter 7) which demonstrates how laws of the national government can both serve to facilitate and hinder community development. The project was operating in the context of Republic Act 6728 that mandated the Educational Service Contracting<sup>71</sup> scheme of the Department of Education. However, while this provided the venue for the government to support the education of the youth, the bureaucracy of the government places undue pressure on private schools because of constant delays in processing and payment of subsidies. It was in fact this

perennial problem that the bridge financing project attempted to address.

The linkages between the KPA actions and the national context are shown in the horizontal arrows in Diagram 7. In the KPA portion of the diagram, the common strategies used by the three projects of micro-nutrient supplementation in Ifugao, social franchising in Antique and bridge financing in Northern Samar are presented. The national level influences for each project are color-coded on the right side.

Diagram 7. KPA and KBD Linkages in Three PEF Projects



### Leveraging Community Assets to Create More Community Wealth

By using the KPA framework, the success of the project is not only limited to the achievement of project objectives. The KPA recognizes that as development projects are undertaken, benefits other than those intended by the project accrue to the community, as well. The process of implementing the project by itself creates intangible gains for the community because the use of wealth creates more wealth, in the form of other intangible assets. This is true for all the six cases under report.

Let us build on Table 8 to see that the intangible assets that worked together to bring about project success resulted in the building up of both tangible and intangible capital (see Table 9). Many of these results are unintended and are beyond the actual objectives and deliverables of the project.

**Table 9. PEF Projects: Success Factors and Resulting Gains**

Project	Summary of Success Factors	Assets Gained Through the Project
TUBIG Project	Formation of community organizations + members' training	<ul style="list-style-type: none"> <li>• Greater financial capital as expenditure for water dropped;</li> <li>• Greater cohesion and experience within the community organizations;</li> <li>• Knowledge about water systems;</li> <li>• Enhanced leadership skills of community leaders;</li> <li>• Increased sense of community pride;</li> <li>• Easier access to water source.</li> </ul>
Nutrition Supplementation	Stakeholder relationship + innovative systems + culturally sensitive approaches	<ul style="list-style-type: none"> <li>• Greater financial capital for nutrition program (P50 million annual appropriation by Municipal Health Board);</li> <li>• Improved systems in feeding, monitoring and evaluation both at the community and LGU levels;</li> <li>• Improved knowledge in nutrition and childcare;</li> <li>• Regular backyard gardening for planting vegetables.</li> </ul>
Health Plus Social Franchising	Wide network of community orgs serving as operators + sound business model + cooperation of LGU/LGA + enterprising leader	<ul style="list-style-type: none"> <li>• Access to cheap medicine by almost half the population of Antique;</li> <li>• Acceptance of generic medicine;</li> <li>• AFON provincial franchise gained a good reputation and goodwill among social franchisees;</li> <li>• Community orgs became more capable in management, particularly of outlets;</li> <li>• Running an outlet had a consolidating effect on community orgs because of health service extended to its members.</li> </ul>
Bridge Financing for Education	Bridge fund + focus and ability of administrators and teachers to improve teaching	<ul style="list-style-type: none"> <li>• Physical capital in the form of vehicle and land for planting;</li> <li>• Increased morale and energy for improving curricula and developing activities;</li> <li>• Mobilized alumni and formed School Development Committee;</li> <li>• Improved systems and procedures in school administration;</li> <li>• Greater enrolment and lower drop-out rates.</li> </ul>
Micro-Livelihood Support Program	Dedicated leader + strong community relationship + systems and procedures in micro-finance	<ul style="list-style-type: none"> <li>• Broader membership translating to greater income (6,861 members in 2007 from only 679 in 2002);</li> <li>• Improved micro-finance policies and procedures and clearer delineation of tasks;</li> <li>• Improved skills in micro-finance operations and lending</li> <li>• Community's dependence on usurious lending diminished;</li> <li>• Group lending has created a "network" of micro-entrepreneurs;</li> <li>• Greater track record for the cooperative GDMPC.</li> </ul>

Project	Summary of Success Factors	Assets Gained Through the Project
Integrated Initiative for IP	Tri-partite arrangement + formation of community orgs	<ul style="list-style-type: none"> <li>• Ownership of land and houses;</li> <li>• Access to basic services and amenities;</li> <li>• Formal organization with vision, goals and set priorities;</li> <li>• IPs able to participate in drawing up area development plan;</li> <li>• Sense of security;</li> <li>• Knowledge of basic leadership and acquisition of new skills.</li> </ul>

Let us look at one of these studies more closely to see how the use of assets produced greater intangible and tangible assets.

Sister Digna Dacanay of SHIFT noted, "It is true, this interaction of capital generates more capital, more synergy". SHIFT (Chapter 7) saw how the financial capital provided by the project for bridge financing of their community high school translated to more focused school administration which then translated to improved human capital of the teachers who were less worried now about the spectre of delays in salaries and who had been retooled through skills upgrading programs. With renewed zest, these teachers found better ways of teaching and reaching out to the community, one manifestation of which is the formation of a School Development Committee which will potentially be a venue for the community to actively par-

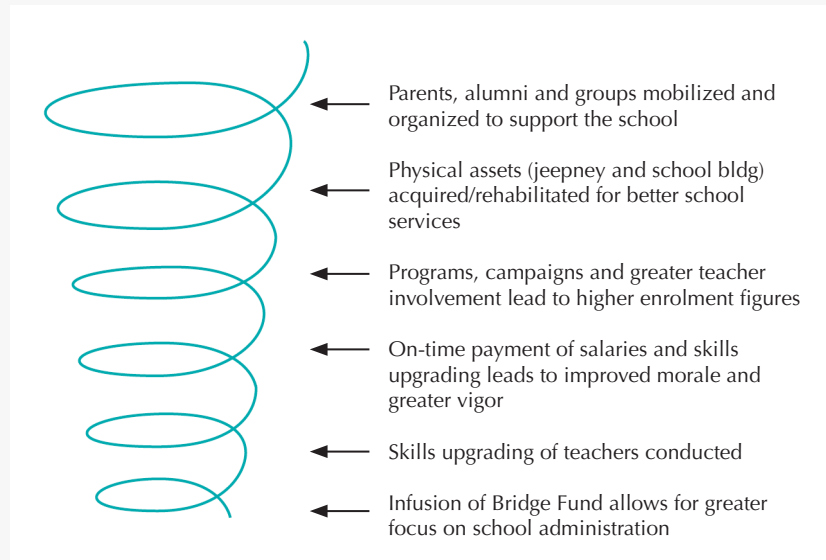
ticipate in the running of the school. The vigor of the administrators and teachers, combined with physical assets (a school transport service was acquired and the school building was fixed) that can provide better school services. All these led to higher enrolment and lower drop out rates.

With all these achievements, the school now moves to the next level of development. As Sister Digna shared, "We are bursting. So the next problem now is infrastructure. The school building is dilapidated and we need to build more classrooms, because we are bursting."

One way of graphically depicting this interplay is through the use of the spiral (see Diagram 8) in support of Gunnar Myrdal's theory of cumulative causation<sup>72</sup> which states that, "the place that loses assets, for whatever reason,

will continue to lose them through the systems effect." Conversely, once assets are acquired, more assets will be acquired because everything is inter-connected as a system. The spiral diagram was also used and had been helpful in depicting the "spiralling up" and "spiralling down" of assets in projects implemented using the Community Capital Framework.

**Diagram 8 Interplay of Capital in the Bridge Financing for Education Project**



One of the unique benefits of using the KPA as a lens in examining the development projects is its ability to provide insights on the likelihood of sustainability of project gains. In the six case studies, the results are quite striking. While certain sustainability elements that are common across the projects were determined to be present, many other elements were identified to be missing. The potential role of these missing elements was affirmed during a case validation exercise that involved key PEF officers and partner institutions.

**SURFACING SUSTAINABILITY CONCERNS**

“Developing tools for continuous monitoring and evaluation. This could serve as a gauge for sustaining a project... This should be a continuous process and not limited to the project timeline.”

- One of the responses to the question “What sustainability elements should have been considered in the project?” shared during the case presentation workshop with PEF partners.

In terms of social empowerment, the elements that were present were the following: the increased sense of confidence and self worth of the community, together with the organization of community members into formal groups; and the institutionalization of programs through agreements with the LGUs, for instance. Enhanced self worth can be a source of an even

greater energy that can be unleashed to push the community forward. The formation of the groups provides the needed structure for the community to undertake collective initiatives. The institutionalization of programs serves to ensure that the development activities initiated can be continued even after the life of the project.

The elements related to social empowerment that were lacking and that should have been addressed by the projects as early as project conceptualization include:

1. Helping the community determine their development needs, participate in planning and charting directions;
2. Developing leaders and second-liners;
3. Continuous organizational strengthening at the community level, capacity building, including the continuous monitoring and evaluation of projects, and developing organizational self-reliance; and
4. Helping the community attract and work with various stakeholders who can assist them in their evolving development needs.

In terms of economic sustainability, the absence of an income-generating or sustainable livelihood component was evident. It was noted that many of the projects were on the expense side (providing access to services and resources that had to be bought) and were not matched on the income side. There were no clearly defined activities on how the community will be able to afford such services on a sustained basis. This was particularly noticeable in the case of FEDI (Chapter 5) where access to water was accompanied by monthly water bills and SUNGCOD's project with the indigenous people (Chapter 6) where settling them in a permanent location would expectedly create the need to purchase basic services that are needed for day-to-day living.

The community will also benefit from a clear idea of how the project can and will affect the natural environment and vice versa. Selected criteria relating the project to the natural environment can be used during the project design stage.

## CONCLUDING OBSERVATIONS

The six cases analyzed comparatively in this chapter are presented individually in Chapters 5-10. Although used only on hindsight, the KPA framework exposed many previously unseen factors that influenced the results of the projects. Albeit unintentional, the projects employed the management actions that were presented in Section 3 Chapter 3, particularly the first three, and in some cases, the fourth, in the list.

1. Using intangible assets to build tangible assets and more intangible assets.
2. Addressing weaknesses in intangible assets;
3. Using tangible assets;
4. Sustaining build-up of structural and stakeholder capital;
5. Seeking affirmative and equitable access rights;
6. Seeking legislative and policy reforms.

The social franchising project (Chapter 10) clearly demonstrates the sustainable build-up of structural and stakeholder capital (action #4). Operations are devolved to trained and strengthened community based organizations

who have established good relationships with local government agencies and it is through this partnership that cheap drugs were made available to the masses. However, this case is rather unique.

In the other cases, this component of sustainably building up structural and stakeholder capital seems to be lacking. Working towards this could have contributed to sustainability in the long run. In the case of the feeding program in Ifugao (Chapter 8), one insight shared during the case presentation to partners was that the implementing organization could have transferred their skills, systems and processes to community-based organizations in the area. However, it was noted that the short time line of the project did not allow for institutional building at the community level. This shows how difficult it is to implement activities and strategies if these are not considered and incorporated in the project design to begin with.

The last two points are actions directed towards the national level. In all the cases examined, the national situation and the general context with which projects operate are considered as a “given” and are factored in as either an op-

portunity or a threat. Pro-active means, such as those suggested by the last two action points, could have been employed to generate a more positive and conducive environment for development projects.

One last point that has to be made is that the categories used by PEF in presenting its financial assistance show that PEF already gives importance to the development of intangible assets of the community. The three main categories are institutional support, client development and direct project cost. Upon closer examination, one can see that such categories are directed towards the formation and/or improvement of certain types of intangible capital. Institutional support generates greater structural capital, client development improves human capital primarily of the beneficiaries and direct project costs increase tangibles in the form of financial and physical assets. Armed with a broader KPA framework, we saw that development funding institutions can improve its success track record by:

1. Embarking on a broader pre-project community assessment of the strengths and weaknesses of community assets and using the results in appraising project proposals and in improving project design;
2. Expanding current M&E templates to include monitoring of development and synergy across different forms of intangible and tangible community assets;
3. Keeping track of external factors that positively or negatively affect the success of a local project and exerting program-level actions to influence these factors, e.g., lobbying with the national government to correct flaws in policies or programs that delimit local anti-poverty projects and seeking to formalize access rights in favor of the community.
4. Training of development workers in the KPA framework and toolkits.

## ENDNOTES

<sup>67</sup> Ideas presented here are informed by the results of the two workshops as follows: the Case Study Presentation: SRRE and KPA Framework Validation Workshop attended by national and regional officers of PEF and officers of CCLFI.Philippines held last February 8-9, 2008 in Quezon City; and the Case Study Presentation to Partners attended by partner institutions, and officers of PEF and CCLFI.Philippines held last February 19-20, 2008 in Mandaluyong City.

<sup>68</sup> The case studies have been validated twice, during the Case Study Presentation: SRRE and KPA Framework Validation Workshop held last February 8-9, 2008 in Quezon City; and the Case Study Presentation to Partners held last February 19-20, 2008 in Mandaluyong City.

<sup>69</sup> The PEF budget support is divided into three general categories: 1. Institutional support: salaries, management and operating expenses, supplies of the partner; 2. Client development: training, transport, meals or other direct expenses of the beneficiaries to implement the program; 3. Direct project cost - normally includes the cost of materials that are used to implement the project, e.g., cement, training kit, vehicle, cost of medical supplies, working capital or grant for stocks.

<sup>70</sup> The National Pharmaceutical Foundation, Inc. is the franchisor of Health Plus social franchising technology. The franchise package includes revolving stocks, monitoring, computerized accounting system and training programs.

<sup>71</sup> Under this scheme, private secondary schools were contracted to provide free education through the provision by the government of student subsidies paid directly to the private school. This scheme allows the government to serve students faster and more conveniently than building more public school classrooms, hiring more teachers and spending more for overhead.

<sup>72</sup> Myrdal, G. 1957. *Economic Theory and Underdeveloped Regions*. London: Duckworth.



# Lessons and Challenges of Sustaining Water Projects in Informal Communities

by Ferdinand G. Fuellos



[CONTENTS](#)

[HELP](#)

[EXIT](#)



## EXECUTIVE SUMMARY

While the country boasts of 80% of the Filipinos as having access to water, a World Bank study showed that only less than 44% of the entire population has piped-in water. (World Bank, 2006). The problem is more pronounced in informal urban communities because of the sheer concentration of population in these blighted areas. Such is the case of Brgy. Mauway in Mandaluyong City and Brgy. 164 in Pasay City.

The fact that Brgy. Mauway and Brgy. 164 are informal settlements; the formal water concessionaires are hindered from providing water services to these communities. Thus, the poor residents have no other recourse but to grapple with the high cost of water sold by water vendors operated by syndicates. This situation gives rise to a vicious cycle of dependence

Other issues and concerns are a lack of financial capital because of their lack of a permanent or stable source of income. The

## CASE STUDY DESIGN

Using the Knowledge for Poverty Alleviation (KPA) framework as a lens, this study revisits a previous case study entitled “Water, At Last: Helping Two Urban Poor Communities in Metro Manila Gain Direct Access to Potable Water” prepared by Marilou M. Sabado that focuses on the PEF project Tubig Para sa Barangay at Mga Impormal na Grupo (TUBIG). This case study is primarily descriptive. It was prepared between October to November 2007.

This case relied primarily on secondary data sourced from project documents, progress and monitoring reports, and impact evaluation report. Some information from the internet particularly on the status of water projects in the Philippines were also used and served as additional information to situate the issue on the projects. Constraints in primary data gathering were encountered because FEDI personnel who were directly involved in the project were no longer connected with FEDI as of the time of the reexamination.

Earlier drafts of this study were presented for critiquing and data validation during two presentation workshops: the first with the PEF technical team and CCLFI officers last February 8-9, 2008; and the second with project partners including FEDI Officer-in-Charge Ms. Jannie Bagapuro and Ms. Ethel Balenton last February 19-20, 2008. Their comments, additional information and recommendations were gathered and incorporated in this document.

fact that the local government has not taken steps to install at least one communal water faucet in their communities also exacerbates the problem. However, the two communities in Mandaluyong and Pasay were able to hurdle their problem with water. The right mix of various community capital allowed this to happen.

With the presence of stakeholders (stakeholder capital) such as the Foundation for Entrepreneurial Development, Inc. (FEDI), the Peace and Equity Foundation (PEF) and their respective community organizations (structural capital), these two places that have been waterless for more than a decade were able to develop appropriate water systems for their respective communities.

The external stakeholders have the resources required for the delivery of water services. The communities also have existing resources or community assets/ capital such as their respective community organizations, human resources and, social and cultural capital to speak of. As such, they have leveraged these various kinds of capital with the financial and technical assistance from PEF through FEDI. Given the

right mix of these resources, there is a strong possibility for project success.

By harnessing their community organizations (structural capital) and drawing strength from their social and cultural capital (i.e., utilizing community camaraderie in the right-of-way negotiations) plus the availability of technology and by utilizing human resource capital (i.e., working leaders and available community workers) as well as available financial capital (i.e., contributions for water connections) the two communities were able to achieve their common goal and felt need to have water service come into their homes. Likewise, the right timing of the technical and financial capital from the external stakeholder community has also spurred the momentum.

As a result, the project objectives were realized. Brgy. Mauway was able to set up a Level III water system, while Brgy. 164 had a Level II system. As planned, the organizational systems or structural capital were further developed to enable them to manage their projects. Aside from achieving the intended results, the project has also made positive contributions in terms of other community and stakeholder capital.

There were some issues and concerns, hindering factors and challenges in the implementation that included the capacity to manage financial capital, sustain structural arrangements and policies, and deal with the legal concerns of the stakeholders. However, many of these issues were addressed and as a result, the following were observed:

- Compliance with the legal frameworks and ways of living;
- Lower expenditures for water;
- Significant changes in their structural capital particularly in developing projects as an additional source of organizational income, and by an increase in organizational popularity in the community;
- Harnessing of human capital through improved leadership skills, which served as learning experiences for the MBCNA and KPK, when engaging in water projects
- Culturally, the communities now have a greater sense of pride and dignity from their having legal water connections, freedom from their dependence on private water vendors and an overall improvement in health and sanitation in the community.

## SITUATION

### National and Local Challenges

Water is one of the most critical resources that the country must guard, protect and effectively and efficiently manage. The Medium Term Philippine Development Plan (MTPDP)<sup>73</sup> estimates that the water distribution system in the country covers only 80 per cent of the population. While this may look good, statistically, it only describes access to potable water sources—no matter how crude and how far these water systems or sources may be. The World Bank found out that only some 34 million Filipinos or less than half the current population (44%) has piped-in water connections in their homes. The rest rely on communal faucet systems, improvised point sources and alternative providers such as water truckers and resellers. (World Bank, 2006).

The problem of water distribution is most evident in urban centers like Metro Manila due to sheer population magnitude. There are certain constraints in the delivery of water services in the urban centers. These include (1) the lack of development funds for potable water projects

and the capacity of the institutions mandated to carry out this task; (2) pilferage and the poor families' willingness and capacity to pay for water services; and, (3) dependence of the system on the water supply from Angat Dam, Ipo Dam and La Mesa Dam.

These realities are evident in Brgy. 134 in Pasay City and Mauway BLISS Compound in Mandaluyong City. Specifically, these two communities represent and share the same characteristics as 56% of the country's population who do not have piped-in water available in their homes.

There are two concessionaires supplying water in Metro Manila, that include the Manila Water Company (MWC) which covers Metro Manila's East Zone (that includes Mandaluyong City), and Maynilad Water Services, Inc (MWSI) which covers the West Zone (that includes Pasay City). However, these two concessionaires only cater to the households with permanent resident status. Their accomplishments would only reflect those of communities that have legal connections, but do not show how much they could respond to the needs of the informal sectors. Their current status is not

encouraging for water concessionaires who operate solely based on a legal framework before they could deliver their services to the people. This situation further makes the poor more vulnerable to the lack of basic social services in the water sector.

### A Tale of Two Communities: Their Assets/ Capital

Brgy. Mauway and Brgy. 134 have two existing community organizations, namely the Mauway BLISS Compound Neighborhood Association (MBCNA) and the Kaagapay sa Pag-unlad ng Kababaihan (KPK). The KPK was organized by the Spiritual, Physical, Educational, Cultural and Social (SPECS) Foundation, which is one of the five member organizations of the Foundation for Entrepreneurial Development, Inc. (FEDI)<sup>74</sup>.

A closer look at the community assets and the factors that negatively affect their condition would show that the two informal communities suffer from a lack or non-delivery of basic services and utilities like water. The current requirements of the water concessionaire's policies as well as the prescribed legal frameworks mitigate against the poor and their

access to water services. This is not to mention the limited funding available for the installation of water services for informal communities/

settlements that affect these two communities. The following table provides the summary assets/ capital and the conditions that further

exacerbate their suffering from the absence of water services.

**Table 10. Capital/Assets and Vulnerabilities Before Project Implementation: TUBIG Project**

ASSETS/ CAPITAL	VULNERABILITIES
<b>STAKEHOLDER CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Existence of NGOs willing to assist the communities like FEDI, SPECS Foundation, and the Peace and Equity Foundation (PEF);</li> <li>+ Prior experience of FEDI in water project implementation which would be helpful in the project implementation;</li> <li>+ LGU is working with MBCNA in facilitating the land tenurial issues;</li> <li>+ Presence of water concessionaires: MWSI and Maynilad;</li> </ul>	<ul style="list-style-type: none"> <li>- Status of occupancy. The current Impermanent status of their residence in the community, being informal settlers, may put the project sustainability in question:</li> <li>- Violation of the law by illegally connecting their water pipes.. Most households, including the MBCNA leader, get a free water by resorting to illegal water connections. However, there is always the danger of being caught and sued.</li> </ul>
<b>FINANCIAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ PEF commitment to provide financing for the project;</li> <li>+ FEDI Counterpart for project management;</li> </ul>	<ul style="list-style-type: none"> <li>- The members have no regular or viable sources of income to enable them to pay for a private water connection.</li> <li>- Residents buy one drum of water for PhP 20-30, which they stretch to last a day. In both barangays, families who earn only about PhP 100 a day spend as much as PhP 20-40 a day for water.</li> </ul>
<b>STRUCTURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Existence of community organizations that can serve as direct conduit for delivering the water project to the poor households—MBCNA in Mandaluyong and KPK in Pasay City;</li> </ul>	<ul style="list-style-type: none"> <li>- Mauway BLISS Compound Neighborhood Association (MBCNA) in Mandaluyong or Kaagapay sa Pag-unlad ng Kababaihan (KPK) did not have any experience with water projects.</li> <li>- The existing community organizations were at their infancy stage. They still need to install and develop their systems and policies, specifically for water services delivery.</li> </ul>

ASSETS/ CAPITAL	VULNERABILITIES
<b>HUMAN CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ MBCNA had thirty members and KPK had forty members who can be mobilized for the project.;</li> <li>+ Existing community leadership can also be further developed or enhanced. The MBCNA Leader was a charismatic leader while the KPK leaders have some experience in managing projects like the education of their children and their livelihood;</li> <li>+ Expertise within and outside the community can be tapped to deal with the technical requirements of the project.</li> </ul>	<ul style="list-style-type: none"> <li>- Sanitation and hygiene were compromised due to lack of water. Houses were dirty, particularly their kitchen and comfort rooms. The women had to forego personal hygiene in favor of the children who go to school or their husbands who go to work. Moreover, water was prioritized for cooking and livelihood</li> <li>- Compromising Productive and Personal Time. Adults have to forego their leisure and personal development because they have to line up for the water vendors, while the children have to sacrifice their study time because they were forced to help their parents in fetching water.</li> <li>- Leaders and members need further training on water project development and management.</li> </ul>
<b>SOCIAL AND CULTURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Dedication to community service of the organizations. MBCNA was very strong with their advocacy on housing and delivery of some basic services, while KPK was strong in education and livelihood projects;</li> <li>+ Willingness to implement and social acceptance of a water project by the community;</li> <li>+ Openness to providing counterpart in the project in the form of labor or financial contributions, as well as paying for the water services;</li> <li>+ The expressed need of the community to implement a water project;</li> <li>+ If given the resources and opportunities, they would abandon their illegal water connections and embrace the legal framework for the sake of the project;</li> <li>+ “Palabra de Honor” or credibility that they can pay the loan for the water project.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependence on Water Vendors. They buy water from private water vendors and private households who took advantage of the poor through their unreasonable water pricing.</li> <li>- Culture of “panlalamang” or taking advantage among the members of the community to be able to survive.</li> </ul>
<b>NATURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ The availability of water at Angat, Ipo and La Mesa Dams which supply water to Metro Manila</li> </ul>	
<b>WATER INFRASTRUCTURE AND TECHNOLOGY</b>	
<ul style="list-style-type: none"> <li>+ Existing distribution technologies as well as the improvement in the efficiency of the water project structure and maintenance by the Manila Water Company and Maynilad.</li> </ul>	<ul style="list-style-type: none"> <li>- There was no available public faucet in the two communities.</li> </ul>

Two of the major concerns of the project, aside from the lack of financial capital to implement the project are (1) the impermanent resident status of the people, which hinders the water concessionaires from readily approving their connection, and (2) the presence of syndicates in the water vending business. While it was not a concern of the project to deal with the land tenure status issue, it must deal with the syndicates that control the operation of water projects. In this regard, FEDI had to rely on their experience from their water project in Welfareville in Mandaluyong City when dealing with the issue.

Nonetheless, Table 10 shows that they have the potential for or can tap existing stakeholder and structural capital for the delivery of water services in the two communities. They could leverage their structural, socio-cultural and human capital for this project. With the financial and technical capital coming from FEDI and PEF and with the right mix of these resources/capital, there is a strong possibility for project success.

## RESPONSE: A CONCERTED ACTION

The vulnerabilities observed above prompted the FEDI to collaborate with the Peace and Equity foundation (PEF) to assist the two communities in Mauway and Brgy. 134. FEDI, in turn, worked with existing community organizations to provide water to the communities.

### Shaping the Project

The assistance given by the PEF and FEDI to the communities in Mauway and Brgy. 134 was an offshoot of a proposed water project in a resettlement site in Pasig City. FEDI proposed a project entitled Tubig Para sa Barangay at Mga Impormal na Grupo (TUBIG) that was intended for 700 families in Pasig City and had a proposed budget of PhP1.2 million. When FEDI learned that the National Housing Authority (NHA) had plans for a resettlement project that also included a water project in Pasig City, it decided to transfer the assistance from Pasig to Mandaluyong and Pasay after some consultations with the local government and a quick survey of the areas that needed water projects.

In June 2003, after some deliberation between FEDI and PEF, the project parameters were finally agreed upon—the project would have a budget of P150,000 and that the FEDI will identify the appropriate project site. The reduction of the budget from PhP1.2 million to PhP150,000 was mainly because FEDI has yet to establish its track record with PEF. The assistance was in the form of a loan and a grant to FEDI. The loan component amounted to PhP105,000 and the grant component was PhP45,000.

FEDI identified its community partner-beneficiaries. Based on the baseline information gathered from the two city governments, they selected Brgy. 134 in Pasay City and Mauway BLISS Compound in Mandaluyong City. Brgy. Mauway was selected due to its dense population, while Brgy. 134 was selected partly because the SPECS Foundation, which is one of FEDI's partner NGOs is assisting the area.

FEDI held consultations with these two communities and the primary needs that were identified were provision of basic services like water, electrification and livelihood. However, with the focus of the project, only the issue

on water would be addressed first, something which the communities willingly embraced.

The specific project inputs included the following:

1. Financial Assistance. Loan with a 3% monthly interest and with a maturity of 12 months, Mauway took a loan of PhP55,000, while the remaining P50,000 went to Brgy. 134.
2. Training and technical assistance that helped them develop and enhance their managerial capacities for water project management under the different project components, namely: Social preparation, technical assistance and capacity building, water systems design and installation, and monitoring and evaluation

The project also had the following expected outputs/results:

**Immediate Outputs (three to six months)**

1. Installed two water systems and supply potable water to seventy families in the two sites;

2. Installed organizational structures and policies for the operation of the two water systems by the community organizations;
3. Decreased cost of water from P44.00 to P25.00 per cubic meter;
4. Provided employment to thirty members of the community during the installation and operation of the water systems.

**Intermediate Outputs (after one year)**

5. Generated income for the community organizations from the water system earnings;
6. The two water systems will be able to sustain its operations to supply cheaper potable water to the community residents.

**Project Implementation and the Interplay of various kinds of Capital**

The project was officially approved in June 2003 but actual project implementation already began in March 2003 by FEDI through community organizing activities and training on Team Building for Organizational Effectiveness. Meetings and consultations were also conducted to prepare the communities for the eventual project implementation. When the

project was officially launched, the communities were ready to participate in the program.

Owing to the nature of the group in terms of membership, the level of technical capabilities, and the uniqueness of the problems, project implementation took two different forms in the two communities.

Mauway or MBCNA opted for a Level III or metered water system, where each household's water meter is attached to a mother meter. Brgy. 134 or KPK, on the other hand, chose to have a Level II water system, where there is a communal water tank and a water tender distributing water system through a hose in each member household.

Looking at the project using the KPA Framework, Table 11 summarizes the strategies and interventions uses for the project.



**Table 11. Interplay of Capital during Project Implementation:**

STAKEHOLDER CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
Existence of NGOs willing to assist the communities like FEDI, SPECS Foundation, and the Peace and Equity Foundation (PEF); Prior experience of FEDI in water project implementation; LGU is working with MBCNA in facilitating the land tenurial issues; Presence of water concessionaires: MWSI and Maynilad;	Addressing the legal blocks Seeking the help of the LGU; Guaranteeing the project;
VULNERABILITIES ADDRESSED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
Violation of the law by illegally connecting their water connections. Most households, including that of the MBCNA leader, get free water by resorting to illegal water connections. However, they were always on the lookout lest they are caught and sued. Presence of a syndicate (water vending operators) in the area that would prevent them from project implementation	Values formation activities in the community; Dialogue with the water vendors.
FINANCIAL CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
PEF commitment to provide financing for the project; FEDI Counterpart for project management;	Sought loan and grant from PEF; Community Counterpart (MBCNA) in the application for water installation.
VULNERABILITIES ADDRESSED	
The members have no regular or viable sources of income to enable them to have a private water connection.	
STRUCTURAL CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
Existence of community organizations that can serve as direct conduit of delivering the water project to the poor households—MBCNA in Mandaluyong and KPK in Pasay City.	Strengthening and developing organizational systems and procedures; Creation of water committee; Development of Financial System;
VULNERABILITIES ADDRESSED	
MBCNA AND KPK did not have any experience with water projects; The existing community organizations were at their infancy stage. They still need to install and develop their systems and policies, specifically for water services delivery.	

HUMAN CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
<p>MBCNA had thirty members and KPK had forty members, who can be mobilized for the project;                      Existing community leadership:                      - The MBCNA leader was a charismatic person;                      - The KPK leaders have some experience in managing projects like the education of their children and their livelihood;                      Technical Expertise within and outside the community can be tapped to deal with the technical requirements of the project.</p>	<p>Development of human capital through training and community facilitation focusing on:                      Skills development;                      Leadership development;                      Leadership decentralization.</p>
<p>VULNERABILITIES ADDRESSED</p> <p>Sanitation and hygiene were compromised due to lack of water.                      Loss of productive and personal time.</p>	
SOCIAL AND CULTURAL CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
<p>Dedication to community service of the organizations;                      Willingness to implement and social acceptance of a water project by the community;                      Openness to providing counterpart in the project in the form of labor and financial contributions, as well as paying for the water services.                      The expressed need of the community to implement a water project;                      Expressed intention to abandon their illegal water connections and embrace the legal framework for the sake of the project;                      “Palabra de Honor” or credibility that they can pay the loan for the water project.</p>	<p>Tapping and developing social and cultural capital through:                      Community mobilization;                      Maximizing smooth interpersonal relationship.</p>
<p>VULNERABILITIES ADDRESSED</p> <p>Dependence on Water Vendors. They buy water from private water vendors and private households who took advantage of the poor by their unreasonable water pricing;                      Culture of “panlalamang” or taking advantage among the members of the community to be able to survive;</p>	

WATER INFRASTRUCTURE AND TECHNOLOGY	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS AND VULNERABILITIES
Existing distribution technologies as well as the improvement in the water structure efficiency and maintenance by the Manila Water Company and Maynilad.	Accessing appropriate water system technologies.
VULNERABILITIES ADDRESSED	
There was no available public faucet in the community.	

### Program-level Strategies

Based on Table 11, FEDI acted as the main community facilitator in the two areas. It assigned a Program Officer who supervised the activities in the two areas and a social worker in Mauway to oversee the daily operations and activities in the group. On the other hand, SPECCS Foundation assisted FEDI in its organizing and facilitation in Brgy. 134. With FEDI’s increased stakeholder capital (i.e., PEF assistance), it planned to tackle the problem by developing and harnessing two types of capital—human and structural.

a. Improving Human and Structural Capital through training. Aside from the earlier interventions carried out by giving a teambuilding seminar for the beneficiaries, FEDI also provided three other training programs that

- were intended to enhance the management capabilities of the two community organizations. These training programs include:
- Project Management Training, which discussed water tendering and meter reading, water installation, connection and maintenance, and water billing and collection.;
  - Values Formation and Effective Christian Life; and
  - Organizational Formation and Management.
- b. Enhancing Structural Capital through organizational development processes. FEDI facilitated the formation of committees in the two community organizations and mediated in settling the disputes and organizational relationship problems.

In order to ensure the smooth flow of project implementation, FEDI regularly conducted monitoring activities (weekly, monthly, and quarterly cycles). In this regard, significant issues and concerns were identified and promptly acted upon by the social worker and program officer assigned to the project or the FEDI management as a whole. Monitoring reports were generated after the visits to serve as documentation of the project.

To help the project along, FEDI had to exert extra efforts in dealing with the demands of the stakeholders—the water concessionaires and the water vending syndicate.

FEDI acted as a guarantor to the two communities in order for the water concessionaires to provide water connections to the two communities. As earlier stated, the formal water

cessionaires do not install water lines to the residents who do not have a permanent or legal resident status. FEDI was successful in this undertaking.

The fact that the two communities would put up a water project already created tension between the communities and the syndicates that control the water supply/ vending in the area. FEDI had to help in the negotiations that the community associations be allowed to operate a water project in the area because the two community organizations cannot sell water to non-members. If this would not be undertaken, tension and conflict would arise, which could lead to the death of community leaders. FEDI and the communities succeeded in the negotiations. It became a win-win solution.

### Community-Level Strategies

While FEDI adopted a similar approach in two separate communities, it yielded different/ unique results in the two places. The project originally just intended to develop and harness structural and human capital. However, there were some distinctive characteristics of the

capital that emerged particularly in the socio-cultural capital and technology.

The ultimate goal for the two organizations was to put up had put up a water system. Both organizations had to deal with the water companies by following their policies and regulations, but they ended up with different water systems. This is attributed to the distinctive characteristics of the two organizations and the natural environment of the community.

#### a. *MBCNA, Brgy. Mauway, Mandaluyong City*

Given the capital provided by FEDI and the support from the LGU, MBCNA relied on its structural capital in order to further develop and fully utilize its human and socio-cultural capital. However, they also realized that they needed to put up their own financial capital in order to fast-track project implementation

1. Leadership Foresight and Initiative (Human Capital). - Crucial to the implementation is the role of the MBCNA leader (human capital). He had the foresight and initiative. Prior to the implementation of the project,

he anticipated that there would be a delay in the processing of their application for water connections. Thus, even before the project was to start, they already applied for a water connection.

2. Putting up Financial Capital. The group needed PhP40,000 for the connection. Thus, the group members agreed to donate at least PhP750 so that they could pay Manila Water. As a result, the permit to install the water connection was granted just in time when the project would finally start. Their sense of urgency to satisfy their need for water also paved the way for the fast installation of the water connection.
3. Development of stakeholder capital. Aside from FEDI guaranteeing for the project, the Mandaluyong government apparently gave their assurance to the Manila Water Services, in order for the community to have its water installation system.
4. Tapping of External Expertise (Human Capital). Moreover, they directly tapped external human capital that is technically capable to do the job. They realized that they have

limited technical capacity on water systems installation. Thus, the expert plumbers quickly installed the water pipes. Their entire project was operational within four months after the project launch. By December 2003, all forty of the member households already had water connections.

5. Decentralizing/ Distributing Leadership Responsibilities. To ease the burden on management, they also divided the responsibility of collecting payments from the member-households by forming themselves into clusters, with its own cluster leader. FEDI facilitated the formation of clusters. The cluster leader had the responsibility to collect monthly payments based on the household consumption and based on the total bill reflected in the mother meter.
6. Improving Structural Capital. This was done through the improvement of organizational systems and procedures. Their community clusters were organized and their financial system was installed. They also diligently attended to their financial responsibilities to FEDI.

Each cluster had a leader whose responsibility included collection of payments for monthly water consumption, collection of PhP200.00 for the monthly amortization of their loan from FEDI, and P20.00 monthly for the maintenance and other expenses of the group. This payment and collection mechanism was made official through a Memorandum of Agreement among the leaders and the group members.

**b. KPK , Brgy. 134, Pasay City**

With the support coming from FEDI and SPECS, they were able to harness their structural capital, which would subsequently result in better human and socio-cultural capital.

- a. Structural Capital - Development and Adoption of a Management System. The group agreed that the president of the group should take full responsibility for keeping the daily records of water consumption and for billing purposes. It was also agreed that each member rotate on a daily basis as water tender. They also had an Auditor who checks the sales records, collects payment and who pays the monthly bill to Maynilad.

- b. Human Capital - Mobilization of Additional/ Available Human resources. The KPK had no idea how to implement the project. As a result, they mobilized their husbands to help them design and install the water system. Although inexperienced, the husbands agreed to help the women, in order for them to save on expenses for labor.

In the course of identifying an available line for water connection, they learned that the Manila Water was not processing new applications for water connection because of the turnover of responsibilities from MWSS. Eventually, they had to resort to asking one of their members to talk to her father who owns an existing but inactive water connection. The water connection was inactive due to unpaid bills that amounted to P28,000. Without any other recourse, they agreed to pay for the bill so that they could use the water connection. This action, however, left them with only P22,000 for the installation of their water system. There was no reported agreement whether the P28,000 unpaid bills they paid in behalf of the original owner would be paid back to the group.

c. Socio-cultural Capital - Establishing smooth interpersonal relationships with the community. They also had to deal with the right of way because the pipe installation would involve crossing several houses to reach the location of the tank reservoir. This time, the women members pleaded with their neighbors to allow the pipes to run through their houses. With a common interest in having water, they agreed to allow the damage to their homes without compensation or complaint.

In both communities, the result of having a water system allowed them to take extra consideration that they have to deal with legal policies and regulations. Moreover, they were able to learn how and what it would take to put up a water system. Their human capital has increased with their additional knowledge of these water technologies. MBCNA had a Level III water system, while KPK had Level II water system.

## RESULTS

### Project Results

The water projects in Mauway and Brgy. 134 were completed and benefited seventy families or at least 350 individuals. They now enjoy affordable and uninterrupted supply of clean water, which they use in their households and some livelihood activities. The following matrix shows the concrete results from the project.

**Table 12. Project Results per Deliverable: TUBIG Project**

EXPECTED OUTPUTS	RESULTS	HINDERING FACTORS	FACILITATING FACTORS
<b>Immediate Outputs (3-6 months)</b>			
1. Installed two water systems and supply potable water to seventy families in the two sites	The project has installed two water systems and supply potable water to seventy families in the two sites.	<ul style="list-style-type: none"> <li>• Limited financial capital (funding for the project);</li> <li>• Limited water infrastructure and technology (no expertise among the project participants/ community involved);</li> <li>• Limited stakeholder capital coverage (degree of coverage of services employed);</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder Capital was mobilized (funding and technical assistance through FEDI and PEF);</li> <li>• Mobilization of financial capital from members (particularly for MBCNA) through contribution for the water line.</li> <li>• Tapping existing human capital (plumbers) for the installation of the system, and mobilizing existing manpower by the KPK;</li> </ul>

EXPECTED OUTPUTS	RESULTS	HINDERING FACTORS	FACILITATING FACTORS
2. Installed organizational structures and policies for the operation of the two water systems by the community organizations;	The project has helped in the installation of organizational structures and policies for the operation of the two water systems by the community organizations. Both groups had adopted organizational policies, as well as financial management policies.	<ul style="list-style-type: none"> <li>• Under-developed structural capital of MBCNA and KPK, particularly on enforcing policies;</li> <li>• Some problems with Roles and functions in KPK;</li> </ul>	Harnessing of structural capital through organizing, training and technical advise by FEDI;
3. Decrease in the cost of water from P44.00 to P25.00 per cubic meter	<p>Mauway, reduced its water rate to 25 or a savings of P32/ cu.m., while Brgy. 134 reduced its water rate from P150/ cu.m. to P86/ cu.m. or a savings of P64/ cu.m.</p> <p>Brgy. 134 reduced from P312.50 to P190/ cu.m. (Please see Table 14).</p>	<ul style="list-style-type: none"> <li>• Inadequate household financial capital, leading to poor collection and poor repayment rate</li> <li>• Culture of dependence on unscrupulous water vendors;</li> </ul>	
4. Provided employment to thirty members of the community during the installation and operation of the water systems;	Provided temporary employment to thirteen community members (seven in Mandaluyong and six in Pasay).	Poor community financial capital;	The employment of some community members provided temporary employment, thus giving the opportunity to improve their financial capital, albeit on a limited duration.
<b>Intermediate Outputs (after one year)</b>			
6. Generated income for the community organizations from the water system earnings;	The two groups generated income of at least P300 per month in Mauway, and P500-700 per day in Brgy. 134.	<ul style="list-style-type: none"> <li>• Limited financial capital to sustain the project;</li> <li>• Limited stakeholder support beyond the project;</li> <li>• No follow up support was given;</li> </ul>	None
7. The two water systems will be able to sustain its operations to supply cheaper potable water to the community residents.	The sustainability of the two water systems was still in question a year after their operations. As of this writing, FEDI reported that the Brgy. 134 was ravaged by fire and some members had to relocate.	Financial viability of the project	None

### Other observations on results

The following observations further explain these accomplishments:

- a. There were differences in the project completion date. MBCNA finished the physical installation within four months, while it took KPK ten months to install the project.
- b. Based on the original targets, MBCNA reduced its water rate from P44 to P25 translating to an average savings of P32/ cu.m., while KPK reduced its water rate from P150/ cu.m. to P86/cu.m. or a savings of P64/ cu.m.

Based on the computation of the Philippine Center for Water and Sanitation (PCWS) which was commissioned by the PEF to undertake a project evaluation, the reduction in Brgy. 134 is P2.45/ 20 liters or P122.50/ cu.m<sup>75</sup>. One cubic meter of water is equivalent to P312.50. This was reduced to P190/ cu.m. Table 13 shows the details:

**Table 13. Reduction in water expenses in both communities<sup>76</sup>**

	Water rates before project	Water rates after project	Average Savings for community	Maynilad/Manila Water rates
MBCNA*	P44/ cu. m.	P25/ cu.m.	P32/ cu. m.	P12/cu.m.
KPK*	P150/ cu. m.	P86/ cu.m.	P64/ cu.m.	P19/cu.m
MBCNA**	No data	No data	P24/ cu.m.	
KPK**	P6.25/20 liters	P3.80/20 liters	P2.45/20 liters	

Using the PCWA findings, the following are the changes in cost per cubic meter in KPK:

**Table 14. Changes in Cost of Water per cubic Meter**

	Water rates before project	Water rates after project	Savings for community	Maynilad/Manila Water rates
Cost/ liter	P0.3125/li	P0.19/li	P0.1225/li	No data
Cost /cu.m	P312.50	P190	P122.50	No data

Based on the project targets, the percentage rate of reduction should be 42%. The actual project outputs translate to only 39% reduction in water rate. This means that the KPK project was not able to meet its target .

- c. The project employment opportunity given to the thirteen community members is only short-term—that is during the actual installation of the project.

- d. The two groups generated income of at least P300 per month in MBCNA, and P500-700 per day in KPK.

### Success and Hindering Factors/ Challenges

The following is the summary of the success and hindering factors and mitigating circumstances.



- a. MBCNA. While MBCNA may be in a better situation in terms of leadership, it lacked the capacity to manage its financial capital. MBCNA was able to earn from its water system by charging an additional PhP 20/ cu. m. which is much higher than the PhP 8/cu m charge of Manila Water per household. The proceeds of this additional fee were intended for maintenance and other services. After some time, however, the MBCNA was unable to account for any available funds intended for the maintenance and other services. The President and FEDI explained that the fund was used to cover the shortage of household payments, which are supposedly used for the water bill payments. Some households defaulted in their payments. There was no report or update, however, whether there was an effort to collect on the default payments to replenish the used funds.
  
- b. KPK - The KPK faced various challenges in project implementation as it took longer for the project to be completed. This can be attributed to inclement weather and flooding in the area at that time, the lack of experience of the members in a water project

implementation and their lack of knowledge on the right of way negotiations.

1. Making Structural Capital Work was one of the major challenges. The group agreed on a rotating shifting schedule in water tendering. However, the members did not religiously follow the agreement. The leader complained about other members giving various alibis just so they could evade their responsibilities.

As part of their structural capital, particularly in its systems and procedures, loopholes were noted in managing their Financial Capital, particularly in the existing check and balance or financial control mechanisms, as well as in making financial projections or decisions.

- The amount of P2.00 additional charge was levied on each member. They learned only during the implementation that the amount collected was not adequate to pay for the operating expenses. This

did not include the amortization to their loan from FEDI.

- Sales records were also not reliable. Their system included a monitoring form to record their daily sales, but the President of the group used a notebook to record the sales based on rough notes made by the water tender. Moreover, the system allowed the auditor to handle bookkeeping, cashiering, and treasury functions that indicate a poor check and balance system.
  
- All these compounded issues, had a significant negative effect on their ability to generate income and funds to repay their loan. As a result, they had to ask for a restructuring of their loan from FEDI and further led them to get a loan from the SPECCS Foundation to pay for their loan from FEDI.

2. Dealing with Stakeholder Capital - While the KPK water distribution

system was designed only for the forty members, they also wanted their water system to generate income for their group. However, they have yet to realize the profits from their water vending. In addition, this would bring them problems later regarding the status of their connection. Since they were catering to other households, their consumption rate increased, thus elevating their consumption rate to that of a commercial user per the criterion of the concessionaire. This would significantly increase their water bill by 100%.

While they can consequently increase their price, this would also threaten their income as members and other customers may no longer want to buy water from them.

Despite these obstacles, however, FEDI reported that the two communities were able to pay their loan. As it was shown that the vulnerabilities of the two communities did not hamper the attainment of their project objec-

tives. As it was noted, many of the challenges cropped up after the water system has been installed. Given a longer time for project assistance, FEDI believes that these concerns would have been adequately addressed.

led to the achievement of the objectives of the community: to have clean and potable water for the households. The vulnerabilities may be hard to attack head-on, the wise use of capital minimized their impact, i.e. the issue of the status of ownership of their residences versus the requirements of the concessionaires.

### Community Capital: After the Project

Harnessing the different kinds of capital available within and outside the community has

The following table describes the results of harnessing these different kinds of capital that were crucial in the implementation of the projects and the attainment of its goals.

**Table 15. Changes in Assets/Capital After the Project: TUBIG Project**

<b>STAKEHOLDER CAPITAL</b>
<ul style="list-style-type: none"> <li>• Additional learning experience for FEDI and PEF;</li> <li>• Enforcement of laws related to water service delivery;</li> </ul>
<b>FINANCIAL CAPITAL</b>
<ul style="list-style-type: none"> <li>• Additional community funds from the PEF through FEDI;</li> <li>• Increased purchasing power of members/ savings due to lower expenditures for water;</li> <li>• Financial counterpart was put up by the MBCNA for obtaining the legal water connection;</li> <li>• For KPK, the labor counterpart of their husbands, if monetized, can also be considered as a financial counterpart;</li> <li>• Both KPK and MBCNA were able to generate group funds;</li> </ul>
<b>STRUCTURAL CAPITAL</b>
<ul style="list-style-type: none"> <li>• MBCNA became a more cohesive organization manifested by their financial counterparting scheme, as well as designing systems and procedures appropriate for the project;</li> <li>• KPK gained organizational popularity in the community, making them more visible in the place</li> <li>• Additional organizational skills for MBCNA and KPK members, especially when engaging in water projects;</li> </ul>

It was recognized the project arose from the actual and felt needs of the community—that is the need for potable water flowing directly into the homes of the community residents. Significantly, the mobilization of the stakeholder capital (FEDI and PEF) has spurred the momentum for the community to realize their objectives. Likewise, the right timing of the technical and financial assistance from the external stakeholder community was very important.

Moreover, the project gave FEDI additional experience when engaging in water projects. The learning derived from this project can be used for future replication of the project in other similar communities especially in terms of compliance with legal policies on water as well as in dealing with water vending syndicates.

This, however, does not discount the fact that the community capital also played a big role in the project implementation. Their organization members as well as their leaders have all played a very important catalytic role. The introduction of systems and procedures may take a longer time for them to be assimilated into their organizational systems. Nonetheless, the learning from this process would already be

#### HUMAN CAPITAL

- Both organizations, although they still needed more improvements, have been exposed and learned practical lessons on project management such as planning, implementation and monitoring skills;
- Community leaders and group members have become more knowledgeable about water systems technology;
- Leadership in MBCNA was further enhanced;
- Parents, especially mothers became more conscious about some health and sanitation measures in the households;
- Developed a sense of urgency among the organization leaders and members to provide services;

#### SOCIAL AND CULTURAL CAPITAL

- Community compliance to legal frameworks. Households who have become more aware of the legal implications of water system installation have become more law-abiding and no longer wanted to resort to illegal activities pertaining to water systems;
- Increased sense of pride and dignity as a community was developed after obtaining their legal water connection;
- Their dependence on the private water vending enterprises was stopped;
- Increased sense of pride and dignity by having legal water connections.

#### NATURAL CAPITAL

- Easier access to a water source—residents no longer have to queue for water because water is either delivered to their doorstep (i.e., KPK) or they already have faucets right inside their households (MBCNA);

#### PHYSICAL CAPITAL

- Level II and Level III water systems;

significant in their respective development as leaders and organizations.

What is evident is the fact that they have clean and potable water and that they do not have to resort to illegal connections or depend on the unscrupulous water vendors, or to line up for

water. These gave them more time for themselves and their families, additional savings, and a cleaner household.

## REFERENCES

### Program Documents and Reports

Sabado, M. 2004. Water, At Last: Helping Two Urban Poor Communities in Metro Manila Gain Direct Access to Potable Water. Peace and Equity Foundation.

\_\_\_\_\_. 2003. Presentation Report for the PEF BOT/EXECOM Meeting. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2004. Project Monitoring Report (January). Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2004. Project Monitoring Report (June). Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2004. Terminal Report, TUBIG Project. Foundation for Entrepreneurial Development, Inc. Mandaluyong City, Philippines.

### Internet Articles / Resources

Medium Term Philippine Development Plan. PDF File. Downloaded from <http://www.neda.gov.ph/>

Philippines Small Town Water Utilities Data Book. PDF File. Downloaded from <http://web.worldbank.org/>

### Websites Consulted

Manila Water Company Website at <http://www.manilawater.com/>

MWSI Website at <http://www.mayniladwater.com.ph/>

National Statistical Coordination Board: <http://www.nscb.gov.ph/>

World Bank: Water and Sanitation: <http://web.worldbank.org/>

## ENDNOTES

<sup>73</sup> Can be downloaded at [www.neda.gov.ph](http://www.neda.gov.ph)

<sup>74</sup> FEDI was established in 1984 by the late Mamita Pardo de Tavera, a former secretary of the Department of Social Welfare and Development (DSWD), Congresswoman and a civic leader. It started with providing self-employment assistance to urban poor individuals. Later on, it expanded its social development work to include basic services provision, livelihood generation and implementation of socio-cultural activities. In 2003, FEDI had an existing network of four non-government organizations working with twelve communities in Metro Manila.

<sup>75</sup> Cubic Meter= 1,000 liters

<sup>76</sup> Sources: As cited in Water, At Last: Helping Two Urban Poor Communities in Metro Manila Gain Direct Access to Potable Water, based on the \*FEDI terminal report, 2004; \*\*Philippine Center for Water and Sanitation Monitoring and Evaluation Report, 2004; interviews with KPK and MBCNA

# Integrated Health Initiatives for Two IP Communities in Surigao del Norte

by Anna Mae Morallas-Basarte



CONTENTS

HELP

EXIT



## EXECUTIVE SUMMARY

This descriptive study examines the interventions implemented by the Surigao del Norte NGO Coalition for Development (SUNGCOD) to address the main vulnerabilities of two Mamanwa communities. These vulnerabilities are: the lack of land/permanent settlement and the lack of knowledge in health practices/low level of literacy.

SUNGCOD's secretariat became aware of the Mamanwa's vulnerabilities when it participated in the Integrated Community Health Services Project (ICHSP), a six-month-program launched by the Department of Health (DOH) and funded by Aus-Aid. For years, the Mamanwa have been moving from one settlement site to another, putting up makeshift houses on land where they have been given a temporary permit to stay. This arrangement resulted in frequent displacements. Moreover, the temporary settlements were often lacking in basic services like water and electricity and, the transitory na-

## CASE STUDY DESIGN

This is a descriptive case study of the PEF-funded project "Integrated Health Initiatives for two Indigenous People Communities" implemented from March 2003 to March 2004.

This study was reorganized based on the data gathered from a previous case study conducted by the same writer. It uses the Knowledge for Poverty Alleviation (KPA) framework as the framework for re-examining the project. In the earlier case study, primary data were obtained through: key informant interviews (three SUNGCOD staff); focused group discussions with six beneficiaries in Brgy. Payapag and nine beneficiaries in Brgy. Gacepan; and, interviews with DepEd deputized teacher in Brgy. Payapag and Gacepan's brgy. captain. The questions used during the interviews were open-ended and solicited stories from the interviewees, especially the project beneficiaries. The field interviews were conducted from August 4-6, 2005.

PEF documents pertinent to the project were the sources of secondary data.

The recasting of this case study started in mid October 2007. Additional data were gathered through telephone interviews with SUNGCOD's project officers.

The contents of this case study were validated during two presentation workshops. The first was attended by officers of PEF and CCLFI last February 8-9, 2008 in Quezon City, and the second by project partners, including SUNGCOD as represented by Leo Pantilo and Hazel Villar, last February 19-20, 2008 in Mandaluyong City.

ture of their living conditions hindered access to public health and education.

In 2002, the Peace and Equity Foundation (PEF) granted P761,000.00 to SUNGCOD for the project “Integrated Health Initiatives for Two Indigenous People Communities.” The Direct Project cost amounted to P411,600 and the Institutional Development cost amounted to P350,000.

The project was conceptualized based on the needs articulated by the beneficiaries themselves. The two major objectives of the project were (a) to acquire land for the permanent settlement of the Mamanwa communities; and (b) to improve human capital through a health and literacy campaign. Most of the project deliverables were attained through the use of stakeholder, human, and natural capital.

The major gains from the project were: ownership of titled lands, ownership of houses and access to potable water and electricity. A total of forty-five families were provided with houses (each with a toilet): fourteen families in Brgy. Gacepan (10-sq.ft.-lot/family) and thirty-one families in Brgy. Payapag (12-sq.ft.-lot/family).

A Memorandum of Agreement for each settlement, signed by representatives from the Mamanwa organization, the barangay captain, and SUNGCOD’ president, provides for communal ownership of the properties. During project implementation, a re-alignment of funds made possible the provision of potable water level II and power supply from the barangays.

Another major benefit is the improvement of structural capital. Two community-based organizations were established, namely: the Mauswagong Mamanwa sa Payapag Association (Association of Progressive Mamanwa in Payapag); and, the Hugpong sa Mamanwa sa Gacepan (Union of Mamanwa in Gacepan). The organizations were given the responsibility of managing the affairs of the settlement.

Meanwhile, the vulnerabilities in human capital were addressed through health-cum-literacy classes, health campaign and training programs on basic leadership and organic farming.

Based on the proponent’s assessment of the project, the following concerns on sustainability need to be addressed: (1) Provision of alternative livelihood projects for the settlement

residents; (2) Continuity of adult literacy classes and installation of education for tribal traditions; and (3) Continued organizational development and strengthening of the Mamanwa organizations.

## SITUATION

### Regional Situation

Health in a poor community is as pressing a concern as livelihood. In Filipino culture, good health is the puhunan (capital/investment) of an individual in earning a living, the able-bodied being perceived as an asset in productive endeavors. Not surprisingly, socio-economic conditions and level of education are closely intertwined with health, the former factors largely affecting an individual’s or a community’s state of well-being.

The prevalence of communicable diseases says much about the well-being, or lack of it, of a populace in a given community. In Surigao del Norte, diseases like filariasis, tuberculosis and diarrhea continue to be among the leading causes of morbidity<sup>77</sup>. In a 2002 report by the Field Health Service Information System

(FHSIS), it is only in the Caraga Region, where Surigao del Norte belongs, that the Department of Health (DOH) has identified filariasis - a mosquito-borne disease - a priority in its campaign for eradication. The same report indicated that diarrhea continues to be a leading cause of mortality in the region; a total of 1,612 cases affecting children, ages fourteen and below, were documented in Surigao del Norte in 2002<sup>78</sup>.

### The Mamanwa in the towns of Bacuag and Sison

Like the other lumad groups in Mindanao, the Mamanwa were deprived of their ancestral domain when Mindanao's forests were opened to logging and mining concessionaires, and arable lands were legally given to migrant farmers. Over the years, the Mamanwa struggled to survive against their deteriorating living conditions. Presently, the Mamanwa are dubbed the "vanishing tribe" because of their declining population. There are no statistics on the total population of the Mamanwa in Surigao del Norte except for the general data that twenty-three Mamanwa bands have been noted in the province (a band usually consists of twelve to twenty families).

Diagram 8

#### SURIGAO DEL NORTE FACTS & FIGURES

Location: Northeastern Mindanao  
 Capital : Surigao City  
 Land area: 588,905 has.  
 Population (2000): 481,416  
 Population density: 161 persons/km<sup>2</sup>  
 Municipalities: 27 (before the creation of Dinagat Province which comprised of 7 mun)  
 Barangays: 435

The islands of Siargao & Bucas Grande are protected areas under the NIPAS law, and are becoming an eco-tourism destination. Surigao del Norte is known as the "surfing capital of the Philippines."

Agriculture, aqua-marine and mining are the main sources of income. The mining industry is fast growing. The Mines and Geosciences Bureau of the DENR reported that twenty-eight mining companies are operating in Surigao del Norte and Surigao del Sur.

*Sources of data: Socio-economic profile 2007 of the Siargao Islands Protected Landscapes & Seascapes, FOCAS Management Committee; BusinessWorld*





The Mamanwa are traditionally nomadic; but, during the height of the armed conflict between government soldiers and the communist guerrillas in the '80s, the Mamanwa had to move out of the forest to avoid getting caught in the crossfire. They sought sanctuary in the towns of Bacuag and Sison. Eventually, going back to live in the forest was no longer feasible: the forest's resources were dwindling and they have now become 'squatters' in the land where they used to live. These circumstances forced the Mamanwa tribe in the town of Bacuag to move from one land to another, always dependent on landowners who would allow them to temporarily use their land.

Because of the transitory nature of their settlement, basic public services like water, electricity and health are unavailable. And since they are not allowed to stay long in one place, the houses that they build are also temporary – no walls, flimsy materials. As a result, the Mamanwa have become vulnerable to communicable diseases. It was reported that 99% of those who were afflicted with filariasis in Brgy. Payapag came from the Mamanwa group. In Brgy. Sison, some members of the group were reported to be suffering from tuberculosis and leprosy.

However, some assets/capital have been noted in the Mamanwa groups, namely:

#### **Social Capital: Group cohesiveness**

A Mamanwa group or band is made up of twelve to twenty families, each family linked by kinship. A Mamanwa community can thus be described as an over-extended family where the head or chieftain is chosen for his ability to arbitrate and keep peace in the community. The members in a Mamanwa group are highly cooperative and loyal to one another.

#### **Stakeholder Capital**

LGU position of a community member. In Brgy. Gacepan, one female member who is married to a 'Bisaya' (a label bestowed on one who is not from the tribe) is a barangay councilor. Her position in the barangay council has gained for her community the support of the barangay officials.

Assistance extended by a coalition of local CSOs. The civil society of Surigao del Norte took the responsibility of facilitating assistance for the Mamanwa settlements. The Surigao del Norte NGO Coalition for Development, Inc. (SUNGCOD), which was formed in

2000 by fourteen non-government organizations (NGOs), had a mission "to consolidate the NGOs' committed developmental efforts towards the empowerment of Surigao communities." One of the challenges that was given to the secretariat was to look into the needs of the Mamanwa groups in the province.

Able CSO leaders committed to the group. The Project Manager of SUNGCOD, Mr. Woodrow Escobal Jr. and the Provincial Project Officer of ICHSP, Amparo Cubil, were the prime movers in tapping support from other stakeholders. Mr. Escobal has a track record in community development, having worked for a number of years with World Vision Development Foundation. The World Vision is an organization that uses a 'community-based approach to transformational development,' which apparently influenced SUNGCOD's own approach to its development work with the Mamanwa.

#### **Human Capital:**

Prior training in health-cum-adult literacy. Health classes for the Mamanwa in barangays Payapag and Cantugas were conducted through the Integrated Community Health Services Project (ICHSP) of DOH that was funded by Aus-

Aid and saw the provincial government agencies and NGOs working together. The health classes lasted for six months.

### **Continuing informal access to natural resources in the public domain.**

The towns where the Mamanwa have put up their temporary settlements are located near the forests. The Mamanwa have not abandoned their tradition of hunting wild pigs, gathering plants and root crops that could still be found in the forest. Housing materials like bamboo and coconut were also available for the Mamanwa's use.

## **RESPONSE: AN INTEGRATED APPROACH TO HEALTH**

### **Pre-Project Implementation**

A month after the ICHSP ended, the Mamanwa were once again evicted from their temporary settlement. The former mayor of Bacuag town permitted the Mamanwa to transfer their makeshift houses to his mother's unoccupied land, which was located in Sitio Baliw (about five kms. from the town center). The twenty-

four families who used to live in one settlement were divided into two: seventeen were re-settled in Sitio Baliw while the rest went to Sitio Little Baguio.

When SUNGCOD's community organizer (CO) visited the families in Sitio Baliw, they expressed the following:

- desire to continue with the literacy and health classes because they felt that six months was not enough for the adults to achieve a functional level of literacy; and
- desire to have a settlement that is permanent and near the barangay poblacion so that their children can attend school regularly.

This prompted SUNGCOD's secretariat to assess the health classes they have conducted under ICHSP and they came up with the following insights:

- The Mamanwa could not put into practice what they have learned about personal and environmental sanitation primarily due to the lack of infrastructure in the community, i.e., toilets, water supply and kitchens.

- If the community will again be evicted, it would be difficult for SUNGCOD to sustain the activities that they have started. (Classes were held four times a week, from eight to ten in the evening. The schedule of classes was made to fit the time of the Mamanwa who had to look for food during the day-time).
- A permanent settlement through land acquisition is a prerequisite before the Mamanwa could be provided with more decent houses, basic facilities like water and electricity, and more importantly, access to public health services.

Based on the needs articulated by the Mamanwa, SUNGCOD's BOD made a resolution to ask the assistance of PEF in providing for a permanent settlement through the project "Integrated Health Initiatives for Two IP Communities." The project was designed to address the vulnerabilities of the Mamanwa in terms of their lack of land and low level of literacy/knowledge of health practices.

### Project Objectives

The project’s general objective was based on the Mamanwa’s lack of access to basic social services. Thus, the project aimed to “improve access by the provision of a permanent settlement and enabling community members to implement health and community-based initiatives to improve their lot.”

The specific objectives/deliverables were:

In three to six months, the following shall have been achieved:

- Permanent/secure land settlement for two IP communities;

- Thirty-eight houses constructed for Mamanwa families through the DSWD’s project;
- Thirty individual and at least two communal vegetable gardens set up;
- at least thirty water-sealed toilets constructed and well-maintained;
- available baseline study as basis for developmental interventions in IP communities;
- available KAB study results as basis for developing health promotion/communication.

At the end of the first year, the expected outputs are as follows:

- at least five tribal members per community actively performing leadership roles;
- at least one adult per family of the total thir-

ty-eight families to regularly attend literacy cum health promotion classes;

- at least once a month visit of the rural health midwife to two communities;
- at least two IP health volunteers per community to become active and mainstreamed into RHU services;
- at least one community-based health promotion activity implemented on TB, filariasis and leprosy.

In summary, the above-mentioned objectives are aimed at improving the tangible assets of the Mamanwa in six month’s time and their human capital in a year’s time. The pre-project scenario is presented in Table 16:

**Table 16. Capital/Assets and Vulnerabilities Before Project Implementation: Integrated Health Services for Two IP Communities**

ASSETS/CAPITAL	VULNERABILITIES
Human Capital + Desire to have their own permanent settlement; + Desire to send their children to school; + Some members, mostly women, have been trained on health and literacy. The training/ classes were part of the ICHSP, an Aus-Aid funded project of DOH; + Indigenous knowledge on herbal remedies. The Mamanwa group in Brgy. Payapag has a mananambal (healer) who also serves as mananabang (one who learned to deliver babies through experience).	- Prevalence of communicable diseases like filariasis, tuberculosis and leprosy. Children are highly susceptible to diarrhea; - Poor nutrition/malnutrition specially among children; - Low level of literacy among adults and teen-agers.

Social Capital	
<ul style="list-style-type: none"> <li>+ Cohesiveness and loyalty to the group due to kinship. A Mamanwa band is practically an extended family.</li> <li>+ Presence of a Mamanwa in LGU. One of the councilors of Brgy. Gacepan comes from the Mamanwa community.</li> </ul>	
Stakeholder Capital	
<ul style="list-style-type: none"> <li>+ Mandate of SUNGCOD to “help empower” the Mamanwa communities in the province;</li> <li>+ Presence of NGO leaders and workers who are committed to work with the Mamanwa;</li> <li>+ Trained community organizers. The two COs were trained on IP issues and were sent to the T’boli community to observe methods in conducting an adult literacy program.</li> </ul>	<ul style="list-style-type: none"> <li>- Non-affirmative attitude of ‘lowlanders’ toward the Mamanwa’s norms, e.g., perception that they are ‘dirty’ and ‘backward’, hence, are treated as ‘outsiders;’</li> <li>- Weaknesses in government’s processes recognizing IP’s ancestral rights. For instance, mining concessions are given priority in the two Surigao provinces, which are major sources of nickel.</li> </ul>
Cultural Capital	
<ul style="list-style-type: none"> <li>+ Presence of older generation who are still able to hand down the history and tradition of the Mamanwa tribe.</li> </ul>	<ul style="list-style-type: none"> <li>- Diminishing interest of younger generation to learn indigenous practices. The educational system does not affirm the Mamanwa’s cultural practices and history, hence most of those who have attended formal education are made to feel inferior;</li> <li>- Non-observance of tribal practices. Some traditions such as the kahimunan and the burial practice of leaving the land when a member dies, could no longer be observed because of frequent displacement.</li> </ul>
Local infrastructure/services and access to natural resources from the public domain	
<ul style="list-style-type: none"> <li>+ Access to forest resources, e.g., materials like bamboo and coconut for housing and plants for food</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of access to permanent and decent shelter;</li> <li>- Lack of access to basic services: potable water supply, electricity, waste management, and health services</li> </ul>
Structural Capital	
<ul style="list-style-type: none"> <li>+ Selection of a tribal leader is based on the group’s unanimous acceptance, hence the leader is able to maintain cohesiveness.</li> </ul>	
Financial Capital	
	<ul style="list-style-type: none"> <li>- income is derived mainly from working as farm laborers. Some earn as much as P120/wk.</li> </ul>
Natural Capital	
	<ul style="list-style-type: none"> <li>- the province is prone to natural calamities such as typhoons, landslides and floods.</li> </ul>

## Project Implementation

The project, which was one of PEF's earliest in Mindanao, was given a grant amounting to PHP P761,000.00, broken down into Direct Project Costs of P411,600 and Institutional Development Costs of P350,000. The project was implemented in one year: March 2003 to March 2004.

On 15 April 2003, SUNGCOD started implementing its own quarterly timetable of activities/priorities that detailed the steps needed to accomplish the expected outputs, as well as the indicators on the level of accomplishment. SUNGCOD used the following strategies/approaches in implementing the project:

- Participatory decision-making. The beneficiaries were given every opportunity to set the direction of their community's development. They actively participated in the negotiations for the price of the land, formulated the policies for the settlements, validated data on priority health concerns and, with the help of SUNGCOD and the municipal planning and development office, finalized

the area development plan for their permanent settlements.

- Immersion of community organizer (CO). Living with the beneficiaries, SUNGCOD's community organizers (one for each settlement) were able to monitor closely every phase of the project and to respond, in a timely manner, to the problems and issues that cropped up. The trust established between SUNGCOD and the Mamanwa facilitated the gathering of data needed for the health campaign, i.e., Knowledge, Attitude and Practices Survey.
- Establish working relations with local government units (LGUs). At the onset of implementing the project, SUNGCOD sat down with barangay officials and representatives of DepEd through its Bureau of Non-Formal Education (BNFE). Through the barangay LGUs, land was acquired from a private owner in Brgy. Payapag, and part of the land that was to be utilized as a barangay site for Gacepan was sold to the beneficiaries at minimal cost. In terms of education, SUNGCOD focused on health while teachers from DepEd concentrated on adult literacy.
- Capability building. Each settlement was organized into a "people's organization" where the members elected their respective set of leaders. SUNGCOD facilitated the setting of objectives and by-laws that will govern the day-to-day operations in the settlements. The leadership training intended for the settlement officers also included the members (mostly women who were interested in learning, too) and some barangay officials. Towards the end of the project, the beneficiaries were trained in organic farming, the method they have decided to use in utilizing the communal and individual lots allotted for planting vegetables.
- Encouragement and support. In their past experiences, the beneficiaries were taken advantage of especially in dealings that concerned a certain degree of literacy. Hence, they were wary of legal documents and fearful of affixing their signatures in documents that they could not understand. SUNGCOD saw to it that the beneficiaries, specially the settlement officers, understood the legal system that they now have become a part of.

The interplay of various types of capital During the implementation of the project, stakeholder capital was primarily used to achieve the project’s main objective, which was to improve the physical capital of the IPs. Besides leveraging on PEF funds for the acquisition of land, SUNGCOD mobilized the LGUs in providing sand and gravel, the use of heavy equipment during the construction of the toilets and providing the supply for water and electricity. On its part, PEF approved the re-alignment of funds, thus facilitating the installation of a potable water system (level II) for each settlement and of the electrical wires from the barangay to the settlements.

Stakeholder capital was also used in addressing the Mamanwa’s vulnerabilities in their human capital. The COs developed a module on health education based on the KAB survey; then, they worked on a partnership with DepEd, giving the responsibility of conducting literacy classes to the deputized teachers. Although SUNGCOD acknowledged the vulnerabilities in the cultural capital of the Mamanwa, the interventions using the various capitals were mainly directed at improving the physical and human capital of the beneficia-

ries, given the project’s time frame of one year. This did not, however, preclude some interventions that addressed vulnerabilities in the cultural capital, e.g., incorporating tribal practices in the health campaign.

The major intervention done was the improvement of structural capital through the

formation of two people’s organization (POs). Training classes were conducted to provide basic knowledge on leadership and on organic farming.

The interplay of the different kinds of capital during project implementation is summarized in Table 17.

**Table 17: Interplay of Capital During Project Implementation: Integrated Health Services for Two IP Communities**

Capital/Assets used to achieve objectives	Vulnerabilities Addressed
<p>Human Capital</p> <ul style="list-style-type: none"> <li>• Desire of the Mamanwa to have a permanent settlement, to be able to send their children to school and to improve their level of literacy.</li> </ul> <p>Stakeholder Capital</p> <ul style="list-style-type: none"> <li>• Culturally-affirmative method of carrying out the health and education campaign. COs lived with the Mamanwa to build trust between beneficiaries and stakeholders.</li> <li>• LGU support for the project. The municipal and barangay LGUs were tapped for the acquisition of land, construction of the toilets and in providing supply of water and electricity to these settlements.</li> </ul> <p>Social Capital</p> <ul style="list-style-type: none"> <li>• Kinship among households;</li> <li>• Women are tapped to become health volunteers since by tradition they are given the responsibility of learning indigenous treatments.</li> </ul>	<p>Human Capital</p> <ul style="list-style-type: none"> <li>- Low level of literacy;</li> <li>- Lack of knowledge in preventing the spread of communicable diseases;</li> <li>- Malnutrition among children.</li> </ul> <p>Access to Local infrastructure/services</p> <ul style="list-style-type: none"> <li>- Lack of access to permanent and decent shelter;</li> <li>- Lack of access to basic services: potable water, electricity, waste management and health services</li> </ul> <p>Structural Capital</p> <ul style="list-style-type: none"> <li>- Legal processes such as those used in acquiring a land title not yet known to Mamanwas;</li> <li>- Systems in managing a permanent settlement still lacking;</li> </ul> <p>Cultural Capital</p> <ul style="list-style-type: none"> <li>- Difficulty in observing some tribal traditions due to frequent displacement.</li> </ul>

## Monitoring & Evaluation

SUNGCOD’s monitoring and evaluation (M&E) involved community assessment and self-assessment. Community assessments by the community organizer and IP leaders were done monthly, and the results were made known to the secretariat (at that time, there were four regular staff and one volunteer); at this level, the quarterly work plan was the basis for determining the adjustments that should be effected, including adjustments in task assignments. A part-time bookkeeper kept track of financial accountability. Organizational assessments were conveyed to the Board of Directors once in two months, or whenever changes needed BOD approval.

PEF’s M&E, on the other hand, involved field visits, reviewing the quarterly reports from SUNGCOD (focusing on results of project implementation), and auditing at the end of the project. The field visits, which were conducted twice before the project ended, were used as tools for assessing the status of deliverables, expenditures and organizational capability.

Capital/Assets used to achieve objectives	Vulnerabilities Addressed
<p>Natural Capital Available resources from the forest like bamboo, nipa shingles and coconut lumber were used in constructing houses that could adequately shelter each family.</p>	
Interventions made to use asset/address vulnerabilities	
<p>Stakeholder Capital :</p> <ul style="list-style-type: none"> <li>+ mobilizing SUNGCOD’s member NGOs in the health campaign;</li> <li>+ tapping the municipal development office in drawing up an area development plan, with the active participation of beneficiaries;</li> <li>+ re-aligning funds from PEF to provide other services like water and electricity.</li> </ul> <p>Structural Capital</p> <ul style="list-style-type: none"> <li>+ regular consultations with beneficiaries in formulating policies for the settlement;</li> <li>+ establishing a core group of leaders that will oversee the management of the settlement</li> <li>+ establishing a formal organization for each settlement</li> </ul> <p>Social Capital</p> <ul style="list-style-type: none"> <li>+ utilizing pahina (volunteer work) as local counterpart in the construction of houses, installation of water pipes and in carrying out the area development plan.</li> </ul>	<p>Human Capital</p> <ul style="list-style-type: none"> <li>+ conduct basic leadership training to improve knowledge on community management;</li> <li>+ facilitate training on bio-intensified gardening to enhance skills in food production;</li> <li>+ regularized literacy and health classes to improve knowledge and skills of adult members</li> </ul> <p>Cultural Capital</p> <ul style="list-style-type: none"> <li>+ encouraging the Mamanwa to observe tribal practices during gatherings, such as the ground-breaking ceremonies and food festival;</li> <li>+ use of KAP survey to ensure that the health and education campaign are culturally-affirming.</li> </ul>

According to SUNGCOD, the community assessments helped them plan out appropriate responses to “felt problems” in the community. A case in point is in dealing with the beneficiaries’ vulnerability, which is their level of literacy. Through feedback from the IP leaders, SUNGCOD answered the fears and doubts of the community regarding legal procedures concerning ownership of land. The community assessments also served as inputs for priority setting in SUNGCOD’s quarterly work plan. The self-assessments, on the other hand, enabled SUNGCOD to map out strategies, e.g., forging partnership with other stakeholders and conducting capability building for IP leaders, towards attaining the objectives and responding to the problems encountered.

The most important outcome of the M&E is the re-alignment of funds. Having successfully cut the cost of land by tapping LGU support, SUNGCOD immediately sought PEF’s approval in re-allocating the available funds for the provision of a potable water supply, electricity and the construction of houses that are made use of sturdier materials (e.g., bamboo, nipa and coco lumber that were available in the locality).

## RESULTS

### Concrete project results

At the end of one year, a total of forty-five Mamanwa families were living in permanent settlements.

Some major improvements that were not intended at the beginning of the project were also accomplished, namely: (1) installation of a potable water system level II and a communal tub for washing laundry; (2) installation of electrical wires from the barangay center to the respective settlement; (3) training on bio-intensified gardening; (4) construction of a health and literacy center in each settlement; and, (5) formation of two community-based organizations.

Table 18 presents a summary of the results vis-à-vis the objectives and the concomitant facilitating and hindering factors.



**Table 18: Project Results Per Deliverable: Integrated Health Services for Two IP Communities**

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
(in 3-6 months) 1) Permanent/secure land settlement for two IP communities.	<ul style="list-style-type: none"> <li>• Titled lands were given to two IP communities located in separate towns: 1,205 has. in Brgy. Payapag, and 1,400 sq.m. in Brgy. Gacepan.</li> <li>• A total of forty-five families were given individual lots:                             <ul style="list-style-type: none"> <li>(a) Brgy. Payapag, thirty-one families, 12 sq.m./family</li> <li>(b) Brgy. Gacepan, fourteen families, 10 sq.m./family.</li> </ul> </li> <li>• Ownership of titled lands is communal. This is provided for in a Memorandum of Agreement that covers the two settlements.</li> </ul>	<ul style="list-style-type: none"> <li>+ LGU contribution in negotiating for barangay-owned land for the settlement in Brgy. Gacepan.</li> <li>+ Representation through a Mamanwa councilor in Brgy. Gacepan.</li> <li>+ Participation of Mamanwa in negotiating for a privately-owned land in Brgy. Payapag.</li> <li>+ Participation of municipal planning and development office.</li> </ul>	<ul style="list-style-type: none"> <li>- Private owner of land not supportive of Mamanwa's plan to have their own land in Brgy. Gacepan</li> </ul>
2) Thirty-eight houses constructed for Mamanwa families through the DSWD's project.	<ul style="list-style-type: none"> <li>• Forty-five houses were built through PEF funds. In addition, each settlement has a center for health and literacy and a PO's office that serves as venue for community meetings and gatherings.</li> </ul>	<ul style="list-style-type: none"> <li>+ PEF approval to allocate unspent resources on other basic improvements;</li> <li>+ Access to resources in public domain, i.e., bamboo, nipa, coco lumber;</li> <li>+ Pahina (volunteer work) and initiatives of Mamanwa to build their own PO's office;</li> </ul>	
3) Thirty individual and at least two communal vegetable gardens set up.	<ul style="list-style-type: none"> <li>• Thirty-one families in Brgy. Payapag were given individual garden plots.</li> <li>• A communal garden was set up in each settlement.</li> </ul>	<ul style="list-style-type: none"> <li>+ Area development plan provided for basic structures needed to augment source of food.</li> </ul>	<ul style="list-style-type: none"> <li>- Land size in Brgy. Gacepan is too small for individual garden plots.</li> </ul>
4) At least thirty water-sealed toilets constructed and maintained.	<ul style="list-style-type: none"> <li>• Forty-five water-sealed toilets were constructed. Also, two additional toilets were constructed, one for each PO's office.</li> </ul>	<ul style="list-style-type: none"> <li>+ LGU contribution: materials like sand and gravel, and the use of heavy equipment;</li> <li>+ Access to water supply ensured that toilets in Brgy. Payapag were well maintained.</li> </ul>	<ul style="list-style-type: none"> <li>- Some toilets in Brgy. Gacepan were not maintained well due to unsteady water supply.</li> <li>- Source of water is lower than that of the settlement.</li> </ul>

5) Available baseline study as basis for developmental interventions in IP communities.	Anthropological study did not push through.		- Unavailability of person from the academe.
6) Available KAB results as basis for developing health promotion/communications.	<ul style="list-style-type: none"> <li>• Survey on KAB was done and the results were used in the campaign/education on health.</li> </ul>	+ Immersion of COs with the Mamanwa. Familiarity with the communities helped in getting the relevant data.	
(at year-end) 7) At least five tribal members per community actively carrying out leadership roles.	<ul style="list-style-type: none"> <li>• Two POs were organized with respective leaders who were elected by the members.</li> <li>• PO leaders were given the task to manage settlement affairs according to the goals agreed upon by the community, e.g., healthy environment, improvement in an individual's health habits and members are able to read and write.</li> </ul>	+ SUNGCOD's capability to conduct training on leadership and share knowledge on community/organizational management; + Tribal tradition of governance;	
8) At least one adult per family of the total thirty-eight families regularly attend literacy cum health promotion classes	<ul style="list-style-type: none"> <li>• Average of two members per family have been attending health and literacy classes. Most attendees are women.</li> </ul>	+ Flexibility of community organizers and deputized teachers in re-scheduling classes in the evenings and on weekends; + Partnership with DepEd; + Desire of Mamanwa to improve their level of literacy;	- Majority of the adult male have to work as farm laborer or spend a day in the forest gathering food
9) At least once a month visit of the rural health midwife to the two communities	<ul style="list-style-type: none"> <li>• Mamanwa have access to barangay health units hence it was no longer necessary for the midwife to visit the communities.</li> </ul>	+ Proximity of settlements to brgy. RHUs;	
10) At least two IP health volunteers per community active and mainstreamed to RHU services	<ul style="list-style-type: none"> <li>• Four IP health volunteers were given basic training (two volunteers/community) but were not absorbed into RHU.</li> </ul>	+ Mamanwa tradition bestows on women the role of 'midwife' and 'healer'; + A doctor comes to the barangay RHU once a month.	- Rural health services are rendered thru highly centralized organizational set up; - SUNGCOD did not qualify process for "mainstreaming" of volunteers.
11) At least one community-based health promotion activity implemented on TB, filariasis and leprosy	<ul style="list-style-type: none"> <li>• Two community activities were conducted: a puppet show and a food festival. A total of forty-five families (226 individuals) attended.</li> </ul>	+ Participation of SUNGCOD's member organizations.	

### Benefits gained from the project

The positive changes after the project were the improvements in the physical, human and structural capital and in the access to infrastructure/services.

The beneficiaries gained a communal property that has access to potable water and electricity, and each family was given a house made of sturdier materials. Through the regular health and literacy classes, the beneficiaries themselves noted the improvement in their human capital. One of the interviewees, Nita Surigao, said that their elders before would give P100 for a small bag of salt and would not ask for the change because they did not know how to count money. In contrast, she no longer gets short-changed nowadays, after having been taught how to count.

As mentioned earlier, the major intervention done was the improvement of structural capital. Due to the intervention, a formal organization was established in each settlement; and through these organizations, policies regarding the use and development of the communities were formulated.

Due to the gains in physical, human and structural capital, the Mamanwa gained the reputation as a model of a development project, which is an improvement in their social capital. The Bacuag LGU and the National Economic Development Authority (NEDA) in Caraga Region have acknowledged that the project has

been a successful development intervention. NEDA Caraga Region featured the project in their official website.

Summarized below are the improvements/gains in the different kinds of capital of the beneficiaries.

**Table 19: Changes in Assets/Capital After the Project: Integrated Health Services for Two IP Communities**

<p><b>PHYSICAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Ownership of land (collective);</li> <li>• Ownership of individual houses that are made of sturdier materials;</li> <li>• Each household has its own toilet and kitchen;</li> <li>• Communal garden in each settlement and individual gardens in Brgy. Payapag</li> <li>• Center for health and literacy in each settlement</li> <li>• PO's office for each community</li> </ul>	<p><b>HUMAN CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Awareness of and putting into practice preventive measures against communicable diseases;</li> <li>• Community has trained health volunteers;</li> <li>• Knowledge of basic leadership and organic farming;</li> <li>• Improved skills in counting money (i.e., no longer short-changed);</li> <li>• Sense of security.</li> </ul>
<p><b>ACCESS TO LOCAL INFRASTRUCTURE/SERVICES</b></p> <ul style="list-style-type: none"> <li>• Potable water is available in the community;</li> <li>• Access to electricity;</li> <li>• Access to services of rural health units;</li> <li>• Access to public schools/primary school constructed inside community;</li> <li>• Communal compost pit for waste management.</li> </ul>	<p><b>STRUCTURAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Formulated vision, goals and policies for governing community;</li> <li>• Formed two formal organizations that are recognized by LGUs<sup>79</sup>;</li> <li>• Leaders trained on community development;</li> <li>• IPs able to participate in drawing up area development plan.</li> </ul>
<p><b>STAKEHOLDER CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Municipal and barangay LGUs supportive of IPs' goals;</li> <li>• Gained interest of other donor agencies;</li> <li>• PACAP gave livelihood project (livestock) to the Brgy. Payapag settlement.</li> </ul>	<p><b>SOCIAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Gained reputation as model of development project</li> </ul>

## PROJECT SUSTAINABILITY

At the end of the project, SUNGCOD noted that the following concerns should be addressed to ensure project sustainability, viz:

- Provision of alternative livelihood to the settlement residents. The project proponent suggested that an integrated communal farm that includes poultry, hog-raising and multi-layered crop production (such as vegetables and corn) be established as a means of sustainable economic activity<sup>80</sup>.
- Continuity of adult literacy classes and installation of education for tribal traditions. The DepEd's program on literacy is focused on elementary education, thus there is a need to continue and improve the literacy program for adults, especially for the leaders. More importantly, there is the need to address the "vanishing" tribal traditions (which could not have been addressed by the project). Presently, only the adult population are still knowledgeable about their history, legends, dances, songs and rituals.

- Continued organizational development and strengthening of the Mamanwa organizations. There is a need to provide/facilitate training interventions in order to enhance capability of the organizations to manage community projects.

## LESSONS LEARNED

Some important lessons learned were articulated by the project proponent:

- Culture sensitivity contributes to the proper implementation of community education. During project implementation, SUNGCOD noted that the literacy program of DepEd inculcated the "framework wherein local and tribal knowledge is considered inferior to western ideals and concepts;" and while this could have been unintentionally done by the teachers, the outright rejection of tribal "insights as primitive and unscientific" would not bring about empowerment for the IPs. Therefore, there is the need to establish a "process to revive the communities' inherent knowledge through their traditions, history and beliefs."

The lesson highlights a vulnerability in the cultural capital of the IPs. The proponent is pointing out the need to improve the cultural capital because it is only through a culturally-affirming education that empowerment can truly start.

- Importance of a clear partnership agenda, specifically with the local partners. The project proponent cited that the presence of a MOA between the donor agency and the proponent facilitated the delivery of project objectives. However, in the case of the partnership with local LGUs, the absence of a MOA allowed for a "temporary and incidental" role, which did not bind the latter to the project's goals/objectives. Thus SUNGCOD realized the importance of clearly defining the roles of the LGU at the start of the project.

The lessons learned also points to a vulnerability in stakeholder capital. The commitment of other stakeholders, especially the LGUs, should have been clearly set in a MOA; this then would ensure that support is sustained and is based on the project's objectives.

## REFERENCES

### Interviews and Focused Group Discussions

SUNGCOD staff: Greggo Uriarte, executive director; Leo Pantilo, project officer; Hazel Villar, training officer

Barangay Payapag: Enrico and Nita Surigao; Irine Rico; Gina Lapsay; Imelda Rico; Teresita Delamante; Carmelo Pagara, Dept. of Education

Barangay Gacepan: Orlando Aydao; Erlinda Yubos; Margarita Aydao; Adelina Aydao; Nita Buboy; Gingging Buboy; Maya; Arian; Serlina Masano; Brgy. Capt. Glycerio Tadifa

### Project Documents and Reports

Presentation Report by Luz Canave-Anung  
PEF Project Monitoring Report  
SUNGCOD Institutional Profile  
SUNGCOD project proposal  
SUNGCOD progress reports (1st to 3rd quarters) and terminal report  
Audit Report on “Integrated Health Initiatives for 2 IP communities” by SM Consultancy and Co., August 2004

## ENDNOTES

<sup>77</sup> [http://doh.gov.ph/data\\_stat/html/population.htm](http://doh.gov.ph/data_stat/html/population.htm)

<sup>78</sup> [www.doh.gov.ph/NEC/fhsis/Chap4.pdf](http://www.doh.gov.ph/NEC/fhsis/Chap4.pdf)

<sup>79</sup> The Mauswagong Mamanwa sa Payapag Association (MAMAPA) was registered with the SEC in late 2005. During the project, the POs could not produce a bank book hence did not qualify due to non-compliance with SEC requirements.

<sup>80</sup> After the project ended, PACAP extended assistance through a livestock project for the Brgy. Payapag settlement.

# Bridge Financing for Education in Northern Samar

by Fe Evelyn B. Garcia



CONTENTS

HELP

EXIT



# 7 Bridge Financing for Education in Northern Samar

## EXECUTIVE SUMMARY

As a small private high school for the poor in Mondragon, Northern Samar, the Saint Anthony's Academy (SAA) receives an annual subsidy under the Education Service Contracting (ESC) scheme of the government. Perennially delayed remittances, however, caused serious cash shortages for the school. The PEF project, then, created a bridge fund where the school could withdraw cash while waiting for the ESC remittance and replenish this fund when the ESC subsidy arrives.

The effects of releasing the administration and teachers from financial worries through the bridge fund were extensive. School administration and teachers directly attribute increased enrollment, lower dropout rates, more extra-curricular activities, better student and teacher performance, more community participation and other positive outcomes to the creation of the bridge fund.

Describing the project from the "knowledge for poverty alleviation" perspective, the SAA has

## CASE STUDY DESIGN

This is primarily a descriptive case study using the Knowledge for Poverty Alleviation (KPA) framework. The scope is the PEF supported project entitled "Bridge Financing for Education in Northern Samar" implemented from January 17, 2006 to January 16, 2009. The study focuses on the education component of the project, it being the component with the biggest share of the budget, although other project components are also mentioned.

Documents reviewed for this study include the approved project contract, monitoring report, narrative reports, and other relevant documents. Focused group discussions were also conducted with (1) SAA administration (2) SAA teachers (3) SAA scholars, (4) 4 livelihood groups, (5) SHIFT staff/volunteers. Background research was undertaken on the internet.

The case study underwent a series of validation. First, CCFLI and PEF reviewed and validated the application of KPA on the case on February 8-9, 2008. Then, the second draft of the case study was presented to SHIFT Foundation represented by Sister Maribel Carcilla, Executive Director, and Sister Digna Dacanay, Academic Coordinator and Assistant Principal of St. Anthony's Academy, during the presentation to partners held last February 19-20, 2008. SHIFT also reviewed and commented on the final case study write-up.

been using the ESC Law, a stakeholder capital, in making quality education accessible to the poor. However, the constant delay in remittances created a liability. By establishing a bridge fund through the PEF grant, the human and other kinds of capital latent in the school were released to enhance and/or create other types of capital. The administration and teachers' dedication, skills and experience (human capital) were used to promote enrollment, reduce the dropout rate and improve curriculum and extra-curricular activities resulting in better education for the students (human capital). SHIFT/SAA tapped its network of contacts (structural capital), goodwill and good relations with the community (social capital) to mobilize support for the school.

The project builds on three types of capital/assets for the school's economic sustainability, namely: (a) the ESC Law, a structural capital (b) a bridge fund for education provided by the grant, a financial capital, and (c) fund-raising activities for special projects from the local community, national and international groups and individuals, a combination of human, structural and social capital.

## CONTEXT

### Northern Samar

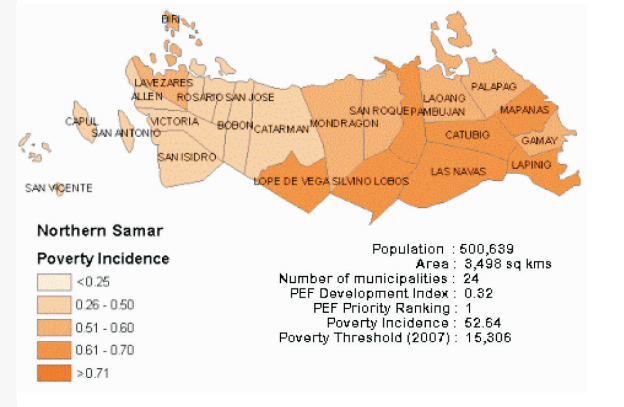
Based on the PEF Development Index<sup>81</sup>, Northern Samar is PEF's number one priority province for assistance. In 2007, Northern Samar had an annual per capita poverty threshold of P15,306, higher than the national average of P14,866<sup>82</sup>. This means that a family in Northern Samar has to earn more than the average Filipino to meet his food and non-food needs. This is so because the province is not producing enough food and other basic commodities for domestic consumption.

**Natural resources and vulnerabilities.** Northern Samar is rich in land, forest, marine and water resources. But, it was a hot spot for insurgency and deforestation during the Marcos regime. Today, its highly sensitive ecology is fast losing its virgin forest cover despite the total log ban.

The province's geographical location, topography and climate have placed its people constantly at the mercy of nature. From September to February, the "amihan" winds bring in big

waves and heavy rains. During this period, people who make their living from the sea lose their source of income. The heavy rains combined with the province's sloping topography and extensive river systems also make low lying areas highly vulnerable to flooding. Very few farmers risk planting rice or other produce during this season because of the inevitable floods and typhoons.

Diagram 9. Northern Samar



**Infrastructure.** Infrastructure is limited. Only fourteen out of the twenty-four municipalities can be reached by jeepneys and buses. The rest are served by motorboats. The existing road network ensures sufficient mobility between Catarman, the capital town, and other



towns along the Maharlika National Highway. This highway also opened the province to the rest of the Philippines. Buses from Samar going to Manila cross the San Bernardino Strait from Allen to Sorsogon. Northern Samar also has an airport with thrice weekly commercial flights.

Many of the main roads and bridges were built fairly recently with aid from the Australian government. In the early 1980s, traveling from Catarman to Mondragon took over an hour with the rough roads and river-crossings by small banca. Today, this trip will only take fifteen minutes by tricycle. The Australian project also made it possible to build rural and urban water supply systems. Electrification followed although largely limited to town centers. The electricity service brought in television and radios which further opened Northern Samar to outside influences.

**Socio-cultural traits.** Northern Samar’s towns’ long period of relative isolation from each other and from the rest of the Philippines, may have affected the people’s basic attitudes and way of life. Subtle differences in culture become apparent especially to outsiders working in Northern Samar for some time. Some

NGO workers partly attribute the difficulty in organizing communities and developing local leaders to these cultural traits.

The Samar language, itself, is called “Waray” which literally means “nothing/none” somewhat indicative of their poverty and resignation / indifference to the vicissitudes of nature. Samareños are also known to be fearless “matapang.” Community spirit is not as strong as in the typical Filipino rural community where bayanihan is practiced when working the farms. Samar farms are too small and can be tended by one family so that the practice of neighboring families working on a farm is uncommon.

**Education Profile in Mondragon, Northern Samar**

Mondragon is a fourth class municipality sixteen kilometers east of Catarman. It is among the bottom 20% of the municipalities in Northern Samar with the worst indicators on education. (See Table 20 for Educational Profile<sup>83</sup>)

Mondragon has two national high schools, one vocational school, and one private high school. The Francisco Dominice National High

**Table 20. Educational Profile Mondragon, Northern Samar**

	Mondragon	N. Samar
Population (2000)	28,096	500,639
Number of barangays	24	411
Elementary participation rate (2005)	87.58%	90.70%
Elementary dropout rate (2004)	19.00%	3.00%
Elementary cohort survival rate (2005)	38.24%	57.0%
Secondary participation rate (2004)	75.83%	79.00%
Secondary dropout rate (2004)	38.24%	5.0%
Secondary cohort survival rate (2004)	75.0%	79.0%
Number of public elementary schools (2006)	23	517
Number of public secondary schools (2006)	2	58
Private Schools (2000)	1	10
Vocational High Schools (2000)	1	16
Colleges and Universities (2000)	0	8
Children ages 12-15 not enrolled in 2003	No data	30,516

School and the Mondragon Agro-Industrial High School ranked #40 and #50, respectively, among the fifty-three public high schools tested by the National Education Testing and Research Center of the Department of Education.

Saint Anthony's Academy, the target high school of this project, is the only private school in Mondragon. It is a small high school catering to the poor with an enrollment of 301 students in all levels for school-year 2005-2006.

### The Educational Service Contracting (ESC) Scheme

Saint Anthony's Academy is a participating school of the Educational Service Contracting (ESC) scheme of the Department of Education. The ESC, which started in 1980 as a pilot program to decongest public high schools, was made into law in 1989 under Republic Act 6728. In the 1970s, enrollment in private high schools steadily dropped because of the country's growing economic crisis. By the late 1980s, the free secondary education program took effect which further resulted in the massive exodus of students to public high schools. Without the resources to deal with

overcrowding, the Department of Education went into service contracting instead of building schools, putting in facilities or hiring teachers. At present, the subsidy per student has gone up to P5,000 because more and more students sent to private high schools were dropping out due to poverty. The ESC has beneficiaries coming from 430,000 families nationwide with 1,970 participating private schools across the country.<sup>84</sup>

## RESPONSE

### Pre-Project Implementation

#### Problems Addressed

The Sacred Heart Institute for Transformative Education (SHIFT) Foundation was established in 2001 by the Religious of the Sacred Heart (RSCJ) sisters in Mondragon, Northern Samar. Being one of the few NGOs based in the province, SHIFT tended to respond to all kinds of needs and opportunities that came its way. SHIFT became involved in community organizing, disaster response, housing and relocation, ecology advocacy, feeding, early childhood

development, scholarship programs, school administration, youth ministry and livelihood development. SHIFT also actively sits in the Provincial Development Council, the National Anti-Poverty Commission and does most of the secretariat work for the Church's major social action gatherings.

In 2005, SHIFT Executive Director Sr. Maribel Carceller approached PEF to co-finance its various projects particularly the development of a small Eco-Farm in Bgy. Doña Lucia, land acquisition/housing project in Bgy. Cataogan and a possible loan for St. Anthony's Academy (SAA), a diocesan high school being operated by the sisters.

PEF welcomed the opportunity to support a project in Northern Samar, PEF's top priority province, and promptly visited SHIFT in Mondragon to explore possibilities. During the field visit discussions, the idea of putting up a bridge funding for education began to take shape as a more viable and urgent intervention over the other SHIFT proposed projects.

## Challenges at the Saint Anthony's Academy (SAA)

Catering to poor students, the Saint Anthony's Academy (SAA) was established in Bgy. Chitongko, Mondragon as a parochial secondary school in 1964. The Catholic diocese took over the school in 1989 and assigned an RSCJ sister to help. Later, the Diocese assumed a nominal role and designated the RSCJ sisters to run the school.

In 2001, Sr. Maribel Carceller, who was also co-founder of SHIFT, was appointed SAA principal. Sr. Maribel, together with another sister assigned in SAA, was confronted by a variety of problems: insufficient funds to pay teacher salaries and legal benefits, a high drop-out rate, dilapidated structures and a lack of facilities among others.

The most pressing problem which consequently took much energy was the seasonal cash shortage for teachers' salaries. SAA has been receiving subsidy from DepEd's Educational Service Contracting (ESC) scheme for many years<sup>85</sup>. The SAA depended on this subsidy because the tuition fees collected (around P50,000 annually)

cannot pay teachers' salaries (around P120,000 monthly). The remittance of this subsidy, however, was always two to six months delayed, the serious cash shortage constantly posing a challenge to management.

While waiting for the subsidy to arrive, school administrators have to anxiously look for sources from where they could borrow to pay teacher salaries, at least partially. Incompletely paid, teachers were forced to borrow from moneylenders at very high interest rates or had their salary slips rediscounted. Constantly anxious and demoralized, teachers and management alike could not concentrate on the important work of education.

Making SAA accessible to poor students living in the outlying barangays was also another problem. Without any public transportation serving the town except for few non-motorized tricycles within the town proper, students living in the far barangays do not enroll in SAA because of the distance. A student service vehicle to ferry students to and from school was needed.

## Eco-Farm and Other SHIFT Concerns

SHIFT had a 2,000 sqm undeveloped property that the sisters wanted to develop into an eco-farm where appropriate farming technologies could be demonstrated. SHIFT intended to tap the agriculturists from the University of Eastern Philippines.

PEF, then, advised SHIFT to focus its request on education since this was the most pressing problem at hand and the most likely to have immediate impact on the poor. Moreover, transformative education was SHIFT's mission and the RSCJ sisters' charism and area of competence. Other SHIFT concerns were incorporated into the final project concept but the bulk of the PEF assistance went to the bridge financing for education. PEF also required SHIFT to undergo a program review and strategic planning workshop to help SHIFT streamline its diverse involvements.

## Project Objectives

The main objective of the project is "to sustain educational support to poor students through bridge financing and organize viable commu-

nity-based self-help groups that are able to sustain livelihood projects.” The project deliverables after six months and after one year are outlined in Table 21:

**Table 21. Project Deliverables**

Deliverables in Six months	Deliverables in One year
<b>At the Community/Household Level</b>	
1. Six barangays organized into self-help groups; 2. Target beneficiaries attended business planning; 3. Target beneficiaries attended workshop on farm planning; 4. Purchased one tractor to support farm cultivation; 5. Target beneficiaries attended disaster preparedness training;	6. Established Eco-Farm; 7. Alternative enterprises identified and business plans prepared; 8. Capital build-up formation.
<b>At the Partner Organization Level</b>	
9. SHIFT officers and staff participated in Programs Review and Strategic Planning; 10. Monitoring system installed; 11. Accounting system enhanced; 12. Supervision techniques for community organizers acquired; 13. Business planning skills developed; 14. Techniques for COs acquired; 15. Eco-Farm development and establishment techniques acquired and practiced; 16. Educational assistance program plan formulated;	17. Formation and strengthening of Social Development Council for Saint Anthony’s Academy; 18. Purchase of one student vehicle; 19. Bridge financing for St. Anthony students*.

\* As will be seen in the Table below, bridge financing for St. Anthony account for the biggest share of the funds, and is therefore the focus of this case study.

Although the project lists nineteen deliverables, the most important deliverable is the bridge financing since this comprises 68.25% of the total P2 million grant from PEF, as shown in Table 22. SHIFT’s contract with PEF is for three years starting on January 17, 2006 to January 16, 2009.

**Table 22. PEF Grant to SHIFT**

	PEF Grant	%age
<b>Restricted grant:</b> Bridge financing for education;	P 1,365,000	68.25%
Purchase of one student service vehicle;	250,000	12.50%
Eco-farm development;	155,000	7.75%
Purchase of one tractor.	20,000	1.00%
<b>Client development:</b> Business planning, disaster preparedness training, meetings, dialogs, field visit;	P 100,000	5.00%
<b>Institutional support:</b> Programs review, strategic planning, monitoring system, accounting system	P 110,000	5.50%
<b>TOTAL</b>	<b>P 2,000,000</b>	<b>100.00%</b>

### Capital, Assets and Vulnerabilities before the Project

The project’s assets/capital and vulnerabilities prior to implementation are enumerated in Table 23.

**Table 23. Capitals/Assets and Vulnerabilities before Project Implementation: SHIFT Project**

ASSETS	VULNERABILITIES
<b>Human Capital</b>	
<ul style="list-style-type: none"> <li>• Poor students and their parents value and aspire for quality education;</li> <li>• Dedicated SAA teachers as proven by their willingness to work despite irregular pay in the past;</li> <li>• Deeply committed educators: two RSCJ sisters who teach not only as an exercise of profession but as a vocation;</li> <li>• Many successful SAA alumni within and outside the community;</li> <li>• Presence of agriculturists from the University of Eastern Philippines College of Agriculture</li> <li>• Resourceful SHIFT Executive Director.</li> </ul>	<ul style="list-style-type: none"> <li>- Communities assisted by SHIFT lack capable leaders and members;</li> <li>- SAA teachers preoccupied with making ends meet, demoralized and not very focused on the task of teaching.</li> </ul>
<b>Social and Cultural Capital</b>	
<ul style="list-style-type: none"> <li>• Good relations between SAA administration / teachers and the community</li> </ul>	<ul style="list-style-type: none"> <li>- Superstitious, even some SAA teachers and non-teaching staff believe in superstitious practices;</li> <li>- Absence of bayanihan or community spirit in farms and communities</li> </ul>
<b>Structural Capital</b>	
<ul style="list-style-type: none"> <li>• Presence of loosely organized communities assisted by SHIFT in other programs</li> </ul>	<ul style="list-style-type: none"> <li>- Community organizations are weak, lack leaders, not so positive previous experiences in group processes</li> </ul>
<b>Stakeholder Capital</b>	
<ul style="list-style-type: none"> <li>• Access rights – Right of the poor to quality education;</li> <li>• RA 6728 Education Service Contracting, a law subsidizing poor students to study in private schools;</li> <li>• SHIFT nuns and volunteers are known, accepted and respected in the communities, schools, marketplaces in Mondragon and Catarman;</li> <li>• SHIFT’s credibility and ability to mobilize local, national and international volunteers (ex. German volunteer nurse, Jesuit Volunteers and youth volunteers);</li> <li>• High goodwill of SHIFT allowing it to secure favors and obtain benefits from different individuals and groups.</li> <li>• RSCJ Congregation’s national and international network of support;</li> <li>• SAA owned by the Roman Catholic Diocese of Catarman;</li> <li>• PEF interested to support the project, Northern Samar being the number one PEF priority province;</li> </ul>	<ul style="list-style-type: none"> <li>- SHIFT involved in many programs mostly supported by volunteers; tendency to spread itself too thinly;</li> <li>- SHIFT lacked policies, procedures and systems;</li> <li>- Absence of formal MOA between SHIFT and other project partners like the University of Eastern Philippines for the agricultural technology assistance and the Municipal LGU for their “tractor” counterpart;</li> <li>- Nominal involvement of the Diocese in SAA affairs.</li> </ul>

ASSETS	VULNERABILITIES
<b>Physical Capital and Infrastructure</b>	
<ul style="list-style-type: none"> <li>• SAA has an old school building;</li> <li>• SHIFT has an old dilapidated jeep that can be repaired;</li> <li>• SHIFT has a 2,000 square meter farm land that can be made productive;</li> <li>• Existence of a good national highway and bridges.</li> </ul>	<ul style="list-style-type: none"> <li>- School buildings, houses and farms vulnerable to natural disasters;</li> <li>- No regular public utility service (jeep or tricycle) that could bring students from the different barangays to school.</li> </ul>
<b>Financial Capital</b>	
<ul style="list-style-type: none"> <li>• Regular subsidy from DepEd under the ESC contract;</li> <li>• Some tuition fees collected.</li> </ul>	<ul style="list-style-type: none"> <li>- Economically poor majority: cannot afford private school's tuition fees, transportation and other incidental costs of schooling; high (15%) dropout rate;</li> <li>- ESC subsidy remittance always months late;</li> <li>- Teachers not paid in full or on time, had to borrow from loan sharks or rediscount their salary slips</li> </ul>

## Project Implementation

### Strategies

#### *Formal education*

The formal education component consisted of three main strategies, namely: the bridge fund for education, the student service vehicle and the education program plan.

The creation of the bridge fund for education was straightforward. SHIFT deposited the bridge fund budget in the bank, withdrew cash needed for operations and replenished the fund upon receipt of the ESC remittance.

As for the student service vehicle, SHIFT/SAA repaired an old dilapidated jeep instead of buying a brand new vehicle given the limited, P250,000 budget. The body of the jeep was extended to have a sitting capacity for forty students, including installing wooden benches in the jeep's aisle. The vehicle made two trips a day in opposite directions morning and afternoon, ferrying students from the outlying barangays.

The project also came up with an educational program plan intended to enhance existing capital. This plan included the policies and procedures for managing the bridge grant for education, teachers' upgrading, enrollment

promotion, tuition fee collection improvement, organizing school support and special school activities. Utilizing its network of contacts, SHIFT/SAA sent teachers to three separate summer skills training courses. SHIFT/SAA also visited public elementary schools in Mondragon, talked with the graduating students and parents and distributed brochures.

SHIFT/SAA also organized support groups for SAA enhancing the school's structural capital. They recruited professionals, community leaders and volunteers to compose the school's Social Development Committee. SAA/SHIFT with the help of the SDC tapped SAA's alumni

and parents to raise funds or contribute labor for special school projects.

SHIFT/SAA also studied and experimented on ways to improve tuition fees collection. The school also provided a small amount for livelihood projects to a few selected parents so that they could pay for the tuition fees of their children.

### *Eco-Farm Development*

In developing its 2,000 square meter farm lot, SHIFT tapped the technical expertise from the UEP College of Agriculture. SHIFT and UEP professors held a joint farm planning session. Later, however, this collaboration was not pursued because the UEP agriculturists wanted an experimentation station for their graduating students, while SHIFT wanted a demonstration farm for farmers' training.

SHIFT hired an agriculturist to make the farm productive applying bio-intensive gardening technology. Utilizing SHIFT's good relations in the neighborhood, farmer-partners were identified to work there. These farmers, together with the volunteers prepared the land, planted

vegetables and harvested the produce. SHIFT also acquired a few farm animals from the government and other sources.

### *Livelihood and Disaster Preparedness Training*

SHIFT was not able to organize parents of SAA students for community-based livelihood projects as originally conceived. Organizing parents turned out to be difficult because they lived in different communities. Thus, the livelihood projects were provided to self-help groups in SHIFT-assisted communities, instead. Several livelihood members had children enrolled in SAA. SHIFT trained and coached these groups in business planning. These business plans were submitted to SHIFT as part of their loan requirements. SHIFT also coached these groups in business planning until they were able to come up with a viable business plan.

### *Institutional Development*

Even before the project took effect in January 17, 2006, SHIFT conducted the program review and strategic planning in December 2005. This was done so that SHIFT could identify its primary role and plan for the next three years

with the project in mind. Other institutional development activities were also undertaken to enhance SHIFT's capacity to implement the project. It formulated project policies and procedures, enhanced accounting systems and sent two volunteers to a CO course at the Asian Social Institute. The monitoring system installed in the early stages of the project was not sustained well.

### *Interplay of Capital*

The interplay of capital is summarized in Table 24.

## **RESULTS**

### *Shape of the Project as Implemented*

The project is still on-going and going into its third year of implementation. So far, the project's core activity of bridge grant financing is being implemented well without any major drawbacks. Details on the project results of each deliverable are shown on Table 25.

**Table 24. Interplay of Capital during Project Implementation: SHIFT Project**

Asset Used	Interventions Made to Use Assets or Address Liabilities
<p><b>Structural Capital:</b></p> <ul style="list-style-type: none"> <li>• Presence of loosely organized communities assisted by other SHIFT programs, used to contact potential livelihood self-help groups;</li> </ul> <p><b>Social Capital:</b></p> <ul style="list-style-type: none"> <li>• Good relations in Mondragon utilized in campaigning for enrollment in schools and communities;</li> <li>• Good relations with neighboring communities utilized to identify farmers willing to work on SHIFT farm;</li> <li>• Good relations with people and communities tapped to invite potential disaster volunteers during disaster preparedness training;</li> </ul> <p><b>Human Capital:</b></p> <ul style="list-style-type: none"> <li>• Aspiration of students and their parents for them to study in a private Catholic school;</li> <li>• Teachers’ dedication to their profession;</li> <li>• Technical skills of UEP College of Agriculture teachers initially tapped during the eco-farm planning;</li> </ul> <p><b>Stakeholder Capital:</b></p> <ul style="list-style-type: none"> <li>• RA 6728 Education Service Contracting used to access subsidy so that the poor can exercise their right to quality education;</li> <li>• RSCJ’s network of contact among educators in the Philippines;</li> <li>• Network with UEP, UEP tapped to assist in farm planning and drainage construction;</li> <li>• PEF strong influence leveraged to ensure SHIFT’s institutional strengthening activities;</li> </ul> <p><b>Financial Capital:</b></p> <ul style="list-style-type: none"> <li>• PEF grant used to implement project</li> </ul>	<p>Creation of bridge fund (finance capital)</p> <ul style="list-style-type: none"> <li>• Enabled the poor to gain access to quality education stakeholder and human capital.</li> <li>• Unburdened the SAA administration from the worry, and the wastage of time and energy in trying to borrow funds to run the school while waiting for the ESC subsidy human capital.</li> </ul> <p>Repair and use of student vehicle (physical capital)</p> <ul style="list-style-type: none"> <li>• Provided transportation to students who live far from the school infrastructure;</li> <li>• and contributed to an increase in enrolment and a decrease in dropout rate human capital;</li> </ul> <p>Education program planning (structural capital)</p> <ul style="list-style-type: none"> <li>• Enabled the SAA to come up with a systematic plan for improvement including the upgrading of teachers human capital;</li> <li>• rationalized collection of tuition fees financial capital;</li> <li>• organized of SDC and alumni for support structural capital;</li> <li>• campaigned for more enrollees human capital;</li> </ul> <p>Development of farm lot (physical capital)</p> <ul style="list-style-type: none"> <li>• Made farm lot productive (physical capital);</li> </ul> <p>Organizing for livelihood projects (structural capital)</p> <ul style="list-style-type: none"> <li>• Members in the community organized and coached how to operate livelihood project structural capital;</li> <li>• Members earned extra income finance capital;</li> </ul> <p>Disaster preparedness training (human capital)</p> <ul style="list-style-type: none"> <li>• Mobilized community volunteers to respond to Typhoon Milenyo (natural vulnerability);</li> </ul> <p>Program review and strategic planning (structural capital)</p> <ul style="list-style-type: none"> <li>• Streamlined SHIFT’s many involvements and focused on transformative education in formal and non-formal services structural capital;</li> </ul>



Types of Vulnerabilities Addressed	
<p><b>Structural capital</b></p> <ul style="list-style-type: none"> <li>• Tendency of SHIFT to spread itself too thinly in many projects, too many activities;</li> <li>• Inadequate SHIFT policies, procedures and systems;</li> </ul> <p><b>Human capital</b></p> <ul style="list-style-type: none"> <li>• Lacking skills in business planning, CO supervision;</li> <li>• the Executive Director took a one-year Sabbatical leave in 2006;</li> </ul>	

**Table 25. Project Results per Deliverable: SHIFT Project**

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
<b>At the partner organization level</b>			
1. Bridge financing for St. Anthony students;	Over P1 million bridge fund set-up to tide over the period of delay in ESC remittance;	Formal agreements with DeEd/ ESC and with PEF;	
2. Purchase of one student vehicle;	Old jeep repaired instead of buying a new vehicle;	Having an old but still serviceable jeep;	Limited budget of P250,000, not enough to buy a new student vehicle;
3. Formation and strengthening of Social Development Council for Saint Anthony's Academy;	SDC organized and mobilized to raise funds;	Many alumni and active residents willing to help;	Not closely followed up because of Sr. Maribel's sabbatical;
4. Educational assistance program plan formulated;	Policies, systems and procedures for the bridge grant financing installed;	RSCJ sisters and SAA administration skilled at formal education related tasks;	New policies, systems and procedures needed testing and adjustments.
5. SHIFT officers and staff participated in Programs Review and Strategic Planning;	SHIFT defined its main role as educator-administrator of transformative education in both formal and non-formal services; secondary role as linkage-builder and partner;	Facilitator recommended by PEF skillful in helping SHIFT align programs and activities;	
6. Monitoring system installed;	Monitoring system installation took some time, finalized on the 3rd quarter of Year 1;	A full-time staff hired to make regular visits, monitor, assist and make reports on PEF- assisted activities;	After one year, full-time SHIFT staff to oversee PEF project terminated so system installed not strictly followed

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
7. Accounting system enhanced;	Accounting procedures and forms from PEF studied and adopted;		
8. Supervision techniques for community organizers acquired;	Two full-time volunteer SHIFT staff sent to ASI for a two-month course in community development;	SHIFT Treasurer (RSCJ sister) is a CPA; SAA bookkeeper is competent;	
9. Business planning skills developed;	Conducted two-day seminar on Business Planning and Supervisory Techniques for Community Educators on January 28-29, 2006;		Seminar participants (potential and actual SHIFT volunteers) varied in training, commitment and readiness to undertake SHIFT activities;
10. Techniques for COs acquired;			
11. Eco-Farm development and establishment techniques acquired and practiced;	Eco-farm not developed;		No available technical expertise.
<b>At the community/household level</b>			
1. Six barangays organized into self-help groups;	Four self-help groups organized for livelihood, not among SAA parents but from existing SHIFT communities;	Existence of several SHIFT-assisted communities in Mondragon and Catarman under other programs.	<ul style="list-style-type: none"> <li>• Difficulty in organizing parents of SAA students who live in different communities;</li> <li>• The organizations in the SHIFT communities were dormant needing motivational and leveling off work which took time;</li> </ul>
2. Target beneficiaries attended Business Planning;	Business planning sessions with livelihood groups conducted;		
3. Target beneficiaries attended workshop on farm planning;	Farm planning attended by SHIFT Execom and UEP College of Agriculture teachers, farmers not included;	UEP offered technical expertise in developing SHIFT's eco-farm.	Different aims: UEP wanted a research-demo farm for its students, SHIFT wanted an eco-farm and training center for farmers;
4. Purchased one tractor to support farm cultivation;	Tractor counterpart of Municipal LGU not provided;		No formal MOA on tractor use;

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
5. Target beneficiaries attended Disaster Preparedness Training;	Community volunteers attended disaster preparedness training;		Conduct of training delayed by several months because of unavailability of resource speaker from the Red Cross;
6. Established Eco-Farm;	Eco-farm not established as planned; farm area cultivated and planted with vegetables;		Absence of technical expertise, collaboration with UEP not pursued because of differences in purpose
7. Alternative enterprises identified and business plans prepared;	Business plans for four community-based livelihood activities identified and prepared;		
8. Capital build-up formation.	CBU raised in some livelihood activities.		

### Project Benefits

The effects of the bridge fund for education on the school were extensive. According to school administrators interviewed, the infusion of funds “took away the obsession on where to get the money for the next payroll”. The teachers also said it gave them “peace of mind” because their salaries and benefits were being paid in full and on time. It boosted morale and lowered anxiety levels giving them time to improve the curriculum and develop educational activities. They directly attributed the following changes to the bridge fund provided:

- Increase in enrollment by 35% in three years, from 277 students in SY2004-05 to 373 students in SY2007-08;
- Steady decrease in the dropout rate from 15% in SY2005-06, to 6% in SY2006-07, and 2% in SY2007-08;
- Increased number of sections from six in SY2005-06, to eight in SY2006-07 and ten in SY2007-08 to accommodate higher enrollment figures and lower dropouts;
- Introduction of new school extra-curricular activities such as scouting, intramurals and others;
- Enabled child-friendly policies of the school including home visitation for students absent for five consecutive days
- Participation in inter-provincial scouting camps and quiz bees where SAA students excelled bringing honor to the school and the municipality;
- SAA activities drew in the participation of the community in completing requirements of a regional jamboree;
- Improvement of school facilities such as more books in the library, computers and more school rooms acquired through solicitations;
- More community participation in special school projects like building a drainage system, outfitting the SAA scouts participating in the regional jamboree in Leyte, putting electric lights in dark areas in school.

The student service vehicle provided resulted in increased enrollment and lower dropout rates. Students from outlying barangays are assured of transportation especially during the long rainy season.

The other minor components of the project were also helpful according to the beneficiaries. All the four groups given livelihood assistance are earning additional income and repaying their loans to SHIFT. One livelihood project, however, is fishing-related and is temporarily suspended during the season of big waves and heavy rains.

### Improvements in Assets / Capital

The improvements in capital as a result of the project are enumerated in Table 26.

**Table 26. Changes in Assets/Capital after the Project: SHIFT Project**

Physical Assets	Human Capital
<ul style="list-style-type: none"> <li>• Student service vehicle acquired</li> <li>• Land cultivated and made productive</li> <li>• Drainage system improved</li> <li>• School facilities improved</li> </ul>	<ul style="list-style-type: none"> <li>• Enrollment increased: SY 2006-07 was 341, in SY 2007-08 was 373</li> <li>• Dropout rate reduced to 6% in SY2006-07 from 15% in previous year</li> <li>• More disciplined and better educated students</li> <li>• Higher morale among teachers, anxiety level reduced; energies now spent on improving curricula and developing activities</li> <li>• Teachers' skills upgraded through summer workshops</li> <li>• Teachers' way of teaching changed and improved. This is attributed to regular higher salary and benefits plus summer workshops for teachers</li> <li>• More extra-curricular activities in school</li> <li>• Alumni support mobilized through Social Development Council, fundraising</li> </ul>
Structural Capital	Financial Capital
<ul style="list-style-type: none"> <li>• School Development Committee formed, alumni mobilized</li> <li>• More community participation in the school's special projects</li> <li>• Improved systems and procedures in SHIFT</li> <li>• 4 self-help groups organized and functioning</li> </ul>	<ul style="list-style-type: none"> <li>• Education of P1M+ bridge fund set up to tide over during delayed ESC subsidy remittance</li> <li>• Revolving loan fund for livelihood projects</li> <li>• Incomes of around 30 livelihood project members augmented</li> <li>• More tuition fees collection</li> </ul>
Social Capital	Stakeholder Capital
<p>More community participation in the school's special projects</p>	<ul style="list-style-type: none"> <li>• SAA quality education more accessible to the poor</li> </ul>

## SUSTAINABILITY

The project builds on three types of capital/ assets that contribute to the school's economic sustainability, namely:

- The Educational Service Contracting Law, a form of stakeholder capital that provides annual subsidies to poor private high schools;
- Bridge fund for education, financial capital provided by the grant;
- Fund-raising activities (financial capital) for special school projects from the local community and outside.

Established forty-four years ago, the school has attained some level of sustainability. Being owned by the Diocese of Catarman, the school is attached to a large institution, (structural capital). The Diocese assigned the RSCJ sisters, a valuable human capital, to run it. The SAA also brought together community support and participation (social capital).

Finally, the St. Anthony's Academy educates the lower income students in Mondragon. In this sense, the SAA is empowering the people because quality education is an investment in

human capital that will eventually redound to the community.

## REFERENCES

### Interviews and Focused Group Discussions

Interviews with SHIFT: Sr. Maribel Carceller, RSCJ, Executive Director; and Ms. Gigi Tupas, Execom Member and full-time volunteer

Interviews with SAA Administrative Personnel: Sr. Lydia Walker, RSCJ, Principal, treasurer / accountant; Sr. Digna Dacanay, RSCJ, Academic Coordinator, Assistant Principal; Ms. Evelyn Marino, Registrar; and Ms. Cristina Jimenez, Bookkeeper/cashier

Interviews with teachers: Noemi Lopez Anacta, 3 years of service in SAA; Clara Aquitan Conge, 28 years of service in SAA; and Glen P. Lotok, 4 years of service in SAA

Focused Group Discussion among Students/ Scholars: 7 respondents  
Vanessa Bornel, 15 yrs old, 3rd year, Bgy. Imelda  
Jenalyn Laguitan, 15 yrs old, 3rd year, UEP Zone I

Ejeileen Tarrayo, 12 yrs old, 2nd year, Bgy. Chitongko

Cherry Diaz, 14 yrs old, Bgy. Imelda  
Noli Sagonoy, 21 yrs old, Bgy Crystal (mountain)

Roland Deandres, 20 yrs old, Bgy. Crystal  
Joneth Joy Adalla, 15 yrs old, Bgy. Eco

Focused Group Discussion with Sacred Heart Community Homes: 10 respondents  
Jun Tumulak, Diosdada Tumulak, Fe Marino, Lani Cardeno, Dayday Ablazo, Mengie Desolok, Auring Cardeno, Chona Seles, Bing Plaza, Nora Ricaplaza

Focused Group Discussion with KAMSKA: 10 respondents  
Liza Moreno, Rosie Jimenez, Lilibeth Coprada, Rowena Ablazo, Rosalia Ablazo, Evalyn Bayabay, Clarinda Lovino, Teopista Ablazo, Imelda de Guia, Luz Jimenez

Focused Group Discussion with PINAKA SA DKS: 6 respondents  
Pedro Desolok, Winifreda Marapot, Rosita Sorio, Eva Foster, Joy Teofilo, Dionisia Ablazo

### Program Documents and Reports

\_\_\_\_\_. 2005. Project Agreement Between PEF and SHIFT. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2006. Project Monitoring Report January to June 2006. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2006. Quarterly Progress Report December 2005 to March 2006. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2006. Quarterly Progress Report April to June 2006. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2006. Quarterly Progress Report July to September 2006. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2006. Quarterly Progress Report October to December 2006. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2007. Quarterly Progress Report January to March 2007. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2007. Quarterly Progress Report April to June 2007. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2006. Bridge Financing Policies and Procedures. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2007. Information Sheet of ESC Participating Schools. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2007. SHIFT Foundation Organizational Profile and Programs: “Educating for Transformation”. SHIFT, Inc., Mondragon, Northern Samar, Philippines.

\_\_\_\_\_. 2007. “Schemes of Recurrence Scoping Study”. Northern Samar Integrated Rural Development Project (NSIRDP), Aus-AID, Australia.

### Internet Resources

National Statistical Coordination Board at <http://www.nscb.gov.ph/>

Northern Samar Poverty Map, downloaded from Peace and Equity Foundation Official Website at [www.peacefdn.org/map\\_national.php](http://www.peacefdn.org/map_national.php)

Fernando del Mundo, “New Subsidy Plan Perils Private High Schools: Fixing Education Flaws” at [www.Inquirer.Net](http://www.Inquirer.Net)

Municipality of Catarman Official Website at <http://www.catarman-nsamar.gov.ph/index.php?id1=1&PHPSESSID=93e3ce94ada69b919fdf7c71cd739b40>

### ENDNOTES

- <sup>81</sup> The PEF Development Index is PEF’s ranking of provinces based on selected indicators, namely: poverty incidence, access to water, access to electricity, housing materials, infant mortality rate, maternal mortality rate, underweight children under age five, and secondary net enrollment ratio.
- <sup>82</sup> National Statistics Coordinating Board Official Website
- <sup>83</sup> PEF Northern Samar Poverty Map, Peace and Equity Foundation Official Website
- <sup>84</sup> Fernando del Mundo, “New Subsidy Plan Perils Private High Schools: Fixing Education Flaws”, [www.Inquirer.Net](http://www.Inquirer.Net)
- <sup>85</sup> For school-year 2007-08, SAA recommended 282 indigent students to the ESC at P5,000 per student. SAA expects an allotment of P1.4 million from ESC. For this school-year, SAA has twenty-six people on its payroll.

# Feeding the Future: The Case of Lamut, Ifugao

by Ferdinand G. Fuellos



CONTENTS

HELP

EXIT



## EXECUTIVE SUMMARY

The Philippine population suffers from various forms of malnutrition such as protein-energy malnutrition (PEM), iron deficiency anemia (IDA), iodine deficiency disorders (IDD) and vitamin A deficiency disorders (VADD). The municipality of Lamut, Ifugao is not any different from the national situation. This has become a major concern for the local government.

The municipality of Lamut, Ifugao has its own Municipal Nutrition Action Program (MNAP) patterned after the Philippine Nutrition Action Plan (PNAP). However, its resources were not enough to cover all of its eighteen barangays. Recognizing this problem, the Lamut Women's Organization (LAWO) committed to support the local government in its efforts to solve the problem of malnutrition. Consequently, LAWO proposed a project to the Cordillera Network of Development NGOs and POs (CORDNET) to provide assistance for the project entitled: Uplifting and Normalizing Malnourished Children of Lamut, Ifugao through Macro and Micro

## CASE STUDY DESIGN

This is a descriptive study that uses the Knowledge for Poverty Alleviation (KPA) framework to examine the PEF project entitled "Uplifting and Normalizing Malnourished Children of Lamut, Ifugao through Macro and Micro Nutrient Supplementation and Advocacy" implemented from July 2004 to June 2005. The study was conducted from December 2007 to February 2008.

Primary data gathering was done through key informant interviews (KII) and focused group discussions (FGD). For KII of the LAWO, the President and some members of LAWO BoD, the Municipal Health Officer, the Chairperson of Municipal Health Board were interviewed. For the FGD, BHWs, BNS of and project beneficiaries of Poblacion East were included.

Secondary data were gathered from the project documents, progress and monitoring reports and impact evaluation reports. Some information from the internet particularly on the National Nutrition Council and FAO were also used and served as additional information to situate the issue on malnutrition.

Information presented in this study were validated during two case study presentation and validation workshops, the first of which was attended by officers of PEF and CCLFI last February 8-9, 2008 in Quezon City, and the second by partner organizations including LAWO last February 19-20, 2008 in Mandaluyong City. Ms. Nenita Fontanilla, President of LAWO, and Ms. Mary Jane Perdido, member of LAWO's Board of Directors, represented LAWO during this second workshop.



Nutrient Supplementation and Advocacy. The project was approved and implemented from July 2004 until June 2005.

The project was able to accomplish most of its objectives, except for the complete rehabilitation of the 139 children included in the project. It was able to fully rehabilitate only 129, while nine have showed marked improvement and only one, who has a genetic disorder, has not made any improvements at all. The project was also able to assist a total of 504 pregnant women and lactating mothers.

The project allowed for a convergence of services among the LGU departments/ agencies as well as private institutions and community project partner-beneficiaries. Generally, the project implementation has been smooth. There were, however, issues on budgetary appropriations in six barangays owing to their low Internal revenue allotment.

The malnutrition issue in Lamut was attributed to budgetary constraints and some cultural factors. Thus, the biggest challenge to the project was how to institutionalize the nutrition program and effect changes or how to improve the

cultural and human capital and in the process do away with some practices that do not contribute positively to a nutrition project. The lack of cooperation and participation by the barangay leaders as well as the target families was noted in some areas. The success of the project was noted in certain places where barangay officials were actively involved by giving financial and moral support. The project not only gave them the opportunity to provide services to the poor but it has also given the LGU officials and employees another way of implementing a nutrition project. The use of community development approaches and resource mobilization techniques made the difference, aside from the commitment of LAWO for this project.

Those in charge used several forms of capital to implement the project. Mostly, the project mobilized stakeholder capital to attain its objectives in order for it to mobilize other capital requirements. It also relied on changing certain cultural patterns particularly on food preparation, as well as by developing alternative and affordable food menus, and developing human capital so that these methods will be put to good use.

In summary, nutrition is a function of different factors such as culture, food production and its equitable distribution, health and physical condition of the people, and other conditions. For Lamut, Ifugao, nutrition projects are also a function of governance because of the need to appropriate needed resources as well as the need to extend moral support that emanates from the executive and legislative mandates.

Moreover, the availability of technology becomes a plus factor. Project implementers just needed to customize these tools according to the culture, condition and capacity of the client-beneficiaries. Nutrition is part of a people's way of life and introducing new concepts, mechanisms activities and approaches that would significantly alter those accepted and practiced norms and ways of doing things have to be carefully introduced. These changes should be done in a way that it would not become obstrusive to the prevailing cultural practices.

## SITUATION

The National Nutrition Council of the Philippines reported that there are various forms of malnutrition that continue to afflict Filipinos especially children and women. These include protein-energy malnutrition (PEM), iron deficiency anemia (IDA), iodine deficiency disorders (IDD), and vitamin A deficiency disorders (VADD).

Based on the 2003 Report of the the Sixth National Nutrition Survey by the Food and Nutrition Research Institute<sup>86</sup>, the prevalence of these disorders ranges from moderate to high particularly for IDA.

As of 2003, Lamut has a malnutrition rate of 5.44% among 0-6 years old, and 4.09% among school-age children (7-12 years old). In 2004, they have identified 130 malnourished children ages 0-6 and nine school-age children.

While the levels of malnutrition reported in the municipality of Lamut in the province of Ifugao may be low compared to the national levels, it was already a cause for alarm among the health providers and other local government



agencies. The Office of the Mayor, Municipal Social Welfare Office (MSWO), Municipal Health Office (MHO), and Municipal Agriculture Office (MAO) feared that if this problem is not arrested, the future generation would be at great risk.

The municipality of Lamut has had several initiatives to counteract cases of malnutrition such as the Supplemental Feeding Program and Operation Timbang (OPT) under the Municipal Nutrition Action Program (MNAP). This was implemented by a Convergence Team composed of MSWO, MAO and MHO. The

### SOME FACTS ABOUT LAMUT:

- 4th class municipality with an estimated P18 million in Internal revenue Allotment (IRA).
- Formerly a barrio of Kiangan of the old Mountain Province, then became a municipality on April 5, 1959 by virtue of Republic Act No. 2111.
- Located in the southeastern portion of Ifugao Province, on gradually rolling plains and twenty-seven kilometers away from Lagawe, the capital town.
- Lamut's terrain is generally rough and rugged and basically mountainous with a web of rivers and creeks.
- Barangays: 18 -- Ambasa, Bimpal, Hapid, Jolowon, Lawig, Lucban, Mabatobato, Magulon, Nayon, Ponopdopan, Payawan, Pieza, Poblacion East, Poblacion West, Pugol, Salamague, Sanafe and Umilag.

People. The inhabitants of Lamut are a mixture of Ifugao and Ilocano settlers from Nueva Vizcaya and the Ilocos provinces.

Economy. Majority (96%) of the area is classified as rural, where land use is mostly dedicated to agricultural production. The municipality is an agricultural community. Its main crops are palay and corn. Other crops include vegetables, root crops, fruits and food grains. It grows livestock (cattle, carabao, swine, goat, chicken, ducks) and fish produce include tilapia, catfish, mudfish and native shrimps.

Local industries include furniture making, wood-carving,

MSWO's Barangay Nutrition Scholars (BNS) were the ones officially mandated to undertake the tasks at the community level. They were assisted by the Barangay Health Workers (BHW). However, Lamut, being only a 4th class municipality, it lacked the funds to support and sustain these efforts. While it has been a priority program of the LGU, the affected or target constituents also did not actively participate in the program.

With this situation, the Lamut Women's Organization (LAWO) with the support and encouragement from the Lamut Grassroots Savings and Development Cooperative (LAGSADECO), committed themselves to assist the municipality in addressing the malnutrition issue. Consequently, LAWO proposed a project to the Cordillera Network of Development NGOs and POs (CORDNET)<sup>87</sup>, which was called: Uplifting and Normalizing Malnourished Children of Lamut, Ifugao through Macro and Micro Nutrient Supplementation and Advocacy. The project was approved in May 2004 and implemented for one year, starting in July 2004, in time for the celebration of the Nutrition Month.

### Assets/ Capital: The Ingredients of Success

According to the Food and Agriculture Organization (FAO)<sup>88</sup> malnutrition in the Philippines is caused by a host of interrelated factors – health, physical, social, economic, etc. FAO also contends that the availability of the food supply affects the nutritional status of Filipinos. This is largely attributed to the unbalanced food distribution system. FAO found out that while the Philippines does not lack food; it is not equitably distributed to the populace, especially among the poor who do not have the resources to buy food, much less the whereabouts to go to food centers (markets) where food can be purchased.

Lamut, Ifugao, being far from the ocean, which is a source of foods rich in micronutrients, reflects the national scenario on nutrition. The children and mothers in the municipality suffer from iodine deficiency. Residing far from the sources of iodine micronutrients coming from sea foods and its by-products makes these groups vulnerable to such deficiency. Since they do not eat sea foods, it has become an unfamiliar food to them, to the extent that they think fishes, clams and other sea food products

are not edible. Some people even believe that they lack nutritional value.

Aside from the larger issues on equitable access to food sources and for reasons of poverty, some factors further exacerbate their condition. These include a lack of human resources capital, municipal financial capital and cultural capital.

In summary, the following table provides the summary of assets/capital and the conditions that further exacerbate nutrition deficiencies in Lamut, Ifugao:

**Table 27. Capital/ Assets and Vulnerabilities Before Project Implementation: Lamut Nutrient Supplementation Project**

ASSETS/ CAPITAL	VULNERABILITIES
<b>STAKEHOLDER CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Presence of a national program on malnutrition; where the municipal programs are anchored—Vitamin A supplementation, Asin Law, Operation Timbang, Macro and Micro nutrient supplementation programs (Vitamin A, Iron and Iodine supplementation);</li> <li>+ Local Government Unit with a Municipal Nutrition Action Program (MNAP);</li> <li>+ Convergence Mechanism among MSWO, MHO, and MAO on nutrition;</li> <li>+ Barangay LGUs serve as the local converging institution in all barangays;</li> <li>+ Twelve Barangays LGUs covered by the MNAP;</li> <li>+ Municipal Local Health Board supporting the program;</li> <li>+ The BNS can be mobilized for the project;</li> <li>+ Presence of local NGOs—LAGSADECO and LAW0 participating in local development efforts;</li> <li>+ PEF through CORDNET.</li> </ul>	<ul style="list-style-type: none"> <li>- The MNAP has limited coverage and funding;</li> <li>- MNAP was seen primarily as a “dole out” project;</li> <li>- Lack of experience in project implementation (first time of LAW0 to implement a project, specifically a nutrition project)</li> </ul>
<b>FINANCIAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Development funds from PEF through the CORDNET (P255,420);</li> <li>+ Regular budgets of the convergence team;</li> <li>+ LGU committed P75,000 in counterpart funds.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited LGU IRA (P18 million per year), that could limit Convergence Team’s mobility (e.g., lack of transportation especially in areas with rugged terrain), resulting in limited service delivery and minimal municipal counterpart funds</li> </ul>
<b>STRUCTURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Existing systems and procedures in the delivery of services (e.g., feeding program);</li> <li>+ Systems and procedures in the assessment and monitoring of children’s nutritional status (e.g., using Body Mass Index [BMI], physician’s evaluation procedures, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- There are no formal community organizations or people’s organizations in the barangays, except for some areas where LAGSADECO operate.</li> </ul>

ASSETS/ CAPITAL	VULNERABILITIES
<b>HUMAN CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ LGU core set of personnel (one doctor, one nurse, midwives, one BNS per barangay, one BHW per barangay, social welfare officer/ and staff, agriculturists) that already work for the project;</li> <li>+ LAWO officers and staff;</li> <li>+ LAWO's president is a nutritionist by profession and knows nutrition well;</li> <li>+ Mothers that can be mobilized for the project—assisting in the food preparation and feeding of the children during feeding sessions;</li> <li>+ Some concerned community residents/ mothers;</li> <li>+ Majority of the target/ affected families are cooperative—they have a high degree of acceptance of the project and express support for the project.</li> </ul>	<ul style="list-style-type: none"> <li>- The lack of health professionals (e.g., there is only one doctor, one nurse and four midwives covering all eighteen barangays;</li> <li>- LAWO lacks permanent personnel—its officers are also the executive officers and staff;</li> <li>- Lack of knowledge among the parents on various foods and their nutritional values;</li> <li>- Thus, they only eat what they have been accustomed to eat;</li> <li>- This leads to very few families planting vegetables in their backyard because majority do not know how to cook them, or worse, they do not know they are edible;</li> <li>- There were 139 children they needed to rehabilitate;</li> <li>- Pregnant women and lactating mothers who do not know much about nutrition;</li> <li>- Lack of commitment of some BNS personnel due to very low financial incentives;</li> <li>- Laziness of some mothers.</li> </ul>
<b>SOCIAL AND CULTURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Counterparting is a very important part of the local culture, as part of the community spirit (i.e., napateg in Ilocano, meaning intense or deep-seated)</li> </ul>	<ul style="list-style-type: none"> <li>- Dole-out mentality of the people—they will not participate if there are no tangible benefits that they can derive;</li> <li>- Social stigma attached to having a malnourished child—parents have a hard time accepting this reality due to pride;</li> <li>- Some negative cultural practices:                         <ul style="list-style-type: none"> <li>• The father should eat first because he is the one working, thus he should have the biggest portion of the meal. Usually, half of the family's meal goes to the father alone.</li> <li>• They prioritize buying or growing betel nuts over food because these satiate their hunger.</li> <li>• Some cultural traditions and beliefs are perceived to be making the poor people poorer, e.g., practices of Cañao and dowry</li> </ul> </li> </ul>
<b>NATURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ The beneficiaries have an available plot that they can use for backyard gardening.</li> </ul>	<ul style="list-style-type: none"> <li>- Geographically, Lamut is far from the oceans which is a source of iodine micronutrients;</li> <li>- Their backyards are not maximized for food production due to the lack of knowledge about other vegetables that they can eat</li> </ul>
<b>AVAILABLE APPROPRIATE TECHNOLOGY</b>	
<ul style="list-style-type: none"> <li>+ MAO has technology on bio-intensive backyard gardening;</li> <li>+ Availability of Micronutrient supplements—Vitamin A, Iodine, Iron and Vitameal;</li> <li>+ Simple and affordable recipes are available and can be taught to the mothers.</li> </ul>	<ul style="list-style-type: none"> <li>- The communities lack appropriate technology on nutrition</li> </ul>

Lamut already has various capital/ assets even before the project was started. The existing MNAP only needs to be strengthened through additional financial capital as well as by improving its stakeholder capital base. However, while the financial and stakeholder capital could easily be increased and enhanced, the program also had to deal with some challenges in the socio-cultural and human resource capital.

As proven nationwide, malnutrition and its concomitant issues like poor school performance among children and various physiological deficiencies and illnesses are a function of certain socio-cultural factors—how the people prepare their food, their food choices, priorities and family practices. Moreover, once the issue is recognized, it is still not easy for the affected families to accept the reality that they are suffering from malnutrition. This is attributed to the social stigma attached to being malnourished. As can be gleaned from Table 27, malnutrition cuts across various levels of socio-economic status and educational attainment.

Lamut's nutritional status is not the worst in the country. First, there is an available capital base that can be used for the needed intervention.

With the wide base of stakeholder capital and the available technology, the program implementers only needed to strengthen aspects of structural capital and socio-cultural capital to get the program going, as well as to mobilize the communities to utilize other kinds of capital such as natural capital.

### RESPONSE: MIXING AND COOKING UP STRATEGIES

At the time that the project started, Lamut Women's Organization (LAWO) was newly weaned from the Lamut Grassroots Savings and Development Cooperative (LAGSADECO). Mostly composed of women, it started as a committee under LAGSADECO to handle its community relations and development projects and initiatives.

Eventually, it spun off into a full women's organization separate from LAGSADECO. It started to participate in the different municipal projects and activities as part of its organizational promotion and its efforts to gain experience in project management. When they were looking for some projects that they could do on their own,

they identified the problem on malnutrition. The mayor also expressed the wish that they should be able to eradicate malnutrition before his term ends in 2007. Since the President of the LAWO is also a nutritionist by profession, they decided to take on the responsibility of helping the municipality to improve the nutritional needs of those children who are affected.

It also augured well for LAWO that it is a member of CORDNET, which is a Partnership Access Center (PAC) of the Peace and Equity Foundation (PEF). CORDNET serves as the local conduit of development funds in the Cordillera Region. In no time, LAWO proposed the project to CORDNET. After several validation and revisions of the proposal, the project was eventually approved in May 2004. A Development Support Fund Agreement was signed between CORDNET and LAWO in July 12, 2004.

The project involves a financial assistance grant amounting to P255,420, subject to the usual accounting, audit, and reportorial requirements by the CORDNET. The municipal counterpart was P70,000, which made the total budget: P325,420.

## Project Objectives

The project was intended to benefit 139 malnourished children, 157 pregnant and 367 lactating mothers.

The project also had the following objectives:<sup>89</sup>

1. To eradicate malnutrition among the identified 139 children by 100% through macro and micro-nutrient supplementation;
2. To improve the quality of nutrition services for pregnant women and lactating mothers by giving supplemental micro nutrients and nutrition education;
3. To expand the project coverage to six other barangays (Umilag, Bimpal, Pieza, Jolowon, Ambasa and Lawig) for Vitamin A and Ferrous Sulfate which places were not included in the target area of the municipality;
4. To promote advocacy and training on proper nutrition by the Municipal Nutrition Council and Municipal Nutrition Committee among the direct and indirect beneficiaries;
5. To implement the Asin Law, a national mandate of the government as adopted by the provincial, municipal and barangay govern-

ments, to use iodized salt to prevent iodine deficiency; and,

6. To continue the advocacy for the nutrition program to become a regular LGU program, including its annual budget allocation from the municipal and barangay governments.

Thus, after the project, the following results are expected:<sup>90</sup>

1. 139 rehabilitated formerly malnourished children
2. Improved and expanded quality of nutrition services;
3. Better informed and educated populace on the ill-effects of malnutrition and how to address them;
4. Reduced cases of iodine, vitamin A and iron deficiency;
5. Creation of awareness on the proper implementation of the Asin Law;
6. Continuous financial support from the municipal and barangay units for the nutrition program

## Project Implementation

Actual project implementation started in July 2004. LAWO and the municipal inter-agency committee or the Convergence Team adopted various strategies and mechanisms to implement the project. According to the plan, the project would involve the following major strategies:

1. Supplemental feeding;
2. Administration of vitamin A and ferrous sulfate to affected children and mothers;
3. Information, education and communication (IEC) of best practices in nutrition like breastfeeding, use of iodized salt, de-worming and bio-intensive gardening;
4. Conduct of Nutrition Education Classes in eighteen barangays that included topics on importance of nutrition, healthy lifestyles, sanitary food preparation, nutritious food selection, maternal health care, food production and values education;
5. Advocacy activities with the Municipal government (both at the executive and legislative branches);

### Interplay of Capital During Project Implementation

Using the KPA model, the project adopted the

following approaches and strategies. Table 28 summarizes how these different strategies and forms of capital interacted or were maximized to bring about the desired results.

**Table 28. Interplay of Capital During Project Implementation: Lamut Nutrient Supplementation Project**

STAKEHOLDER CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS
<ul style="list-style-type: none"> <li>• Presence of a national program on malnutrition where the municipal programs are anchored— Vitamin A supplementation, Asin Law, Operation Timbang, Macro and Micro nutrient supplementation programs (Vitamin A, Iron and Iodine supplementation);</li> <li>• Local Government Unit with a Municipal Nutrition Action Program (MNAP);</li> <li>• Convergence Mechanism among MSWO, MHO, and MAO on nutrition;</li> <li>• Twelve Barangays LGUs covered by the MNAP;</li> <li>• Municipal Local Health Board supporting the program;</li> <li>• Presence of local NGOs—LAGSADECO and LAWO participating in local development efforts;</li> <li>• PEF through CORDNET.</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional Development and Partnership Expansion                             <ul style="list-style-type: none"> <li>- Broadening of Stakeholder Capital base that would result in an increase in physical and financial capital;</li> <li>- Strengthening of the Convergence Team;</li> <li>- Institutionalization of the Program at the Municipal and Barangay Levels.</li> </ul> </li> </ul>
<b>VULNERABILITIES ADDRESSED</b> <ul style="list-style-type: none"> <li>• The MNAP has limited coverage and funding;</li> <li>• MNAP was seen as a “dole out” project;</li> <li>• First time of LAWO to implement a project, specifically a nutrition project;</li> </ul>	
FINANCIAL CAPITAL	
ASSETS/ CAPITAL USED	INTERVENTIONS ON THE ASSETS and VULNERABILITIES
<ul style="list-style-type: none"> <li>• Development funds from PEF through the CORDNET (P255,420);</li> <li>• Regular budget for the convergence team ;</li> <li>• LGU committed P75,000 in counterpart funds</li> </ul>	<ul style="list-style-type: none"> <li>• Leveraging of Funds:                             <ul style="list-style-type: none"> <li>- LGU funds with PEF/CORDNET Funding and other sources of financial and physical capital;</li> <li>- Capital Mobilization activities;</li> </ul> </li> <li>• Institutionalization of the Program through annual budget allocation at the Municipal and Barangay Levels.</li> </ul>
<b>VULNERABILITIES ADDRESSED</b> <ul style="list-style-type: none"> <li>• Limited LGU IRA (P18 million per year), that could limit Convergence Team’s mobility (e.g., lack of transportation especially in areas with rugged terrain) resulting in limited service delivery and minimal municipal counterpart funds.</li> </ul>	



STRUCTURAL CAPITAL	
<b>ASSETS/ CAPITAL USED</b> <ul style="list-style-type: none"> <li>• The BNS can be mobilized for the project.</li> <li>• Existing systems and procedures in the delivery of services (e.g., feeding program)</li> <li>• Systems and procedures in the assessment and monitoring of children’s nutritional status (e.g., using Body Mass Index [BMI], physician’s evaluation procedures, etc.);</li> <li>• Barangay LGUs serve as the local converging institution in all barangays.</li> </ul>	<b>INTERVENTIONS ON THE ASSETS and VULNERABILITIES</b> <ul style="list-style-type: none"> <li>• “Business Not Usual” approach through:                             <ul style="list-style-type: none"> <li>- Adoption of participatory approaches;</li> <li>- Emphasizing the important role of Barangay LGU on nutrition;</li> </ul> </li> </ul>
<b>VULNERABILITIES ADDRESSED</b> <ul style="list-style-type: none"> <li>• There are no formal community organizations or people’s organizations in the barangays, except for some areas where LAGSADECO operate.</li> </ul>	
HUMAN CAPITAL	
<b>ASSETS/ CAPITAL USED</b> <ul style="list-style-type: none"> <li>• LGU core set of personnel (one doctor, one nurse, midwives, one BNS per barangay, one BHW per barangay, social welfare officer/ and staff, agriculturists) that already work for the project;</li> <li>• LAWO officers and staff;</li> <li>• LAWO’s president is a nutritionist by profession who knows nutrition well;</li> <li>• Mothers and some concerned community residents/ mothers that can be mobilized for the project—assisting in the food preparation and feeding children during feeding sessions;</li> <li>• Majority of the targeted/ affected families are cooperative—they have a high degree of acceptance of the project and expressed support to the project.</li> </ul>	<b>INTERVENTIONS ON THE ASSETS</b> <ul style="list-style-type: none"> <li>• Pooling and Developing Human Resources:                             <ul style="list-style-type: none"> <li>- Tapping External Experts; Mobilizing Mothers and other community members/ Community Volunteers;</li> </ul> </li> <li>• Team Approach to attacking the problem of Malnutrition through the Convergence Team;</li> <li>• Increased knowledge and developed skills through Training and IEC Activities.</li> </ul>
<b>VULNERABILITIES ADDRESSED</b> <ul style="list-style-type: none"> <li>• The lack of health professionals (e.g., there is only one doctor, one nurse and four midwives covering all eighteen barangays;</li> <li>• LAWO lacks permanent personnel--Its officers are also the executive officers and staff;</li> <li>• Lack of knowledge among the parents on various foods and their nutritional values;                             <ul style="list-style-type: none"> <li>- Thus, they only eat what they have been accustomed to eat;</li> <li>- This leads to very few families planting vegetables in their backyard because majority do not know how to cook them, or worse, they do not know that they are edible;</li> </ul> </li> <li>• There were 139 children they needed to rehabilitate;</li> <li>• Pregnant women and lactating mothers who do not know much about nutrition;</li> <li>• Lack of commitment of some BNS personnel due to very low financial incentives;</li> <li>• Laziness of some mothers.</li> </ul>	

SOCIAL AND CULTURAL CAPITAL	
<b>ASSETS/ CAPITAL USED</b>	<b>INTERVENTIONS ON THE ASSETS</b>
<ul style="list-style-type: none"> <li>Counterparting is a very important part of the local culture, as part of the community spirit (i.e., napateg in Ilocano)</li> </ul>	<ul style="list-style-type: none"> <li>Banking on strong cultural capital/asset and acculturation on food preparation</li> </ul>
<b>VULNERABILITIES ADDRESSED</b>	
<ul style="list-style-type: none"> <li>Dole-out mentality of the people—they will not participate if there are no tangible benefits that they can get;</li> <li>Social stigma attached to having a malnourished child—parents have a hard time accepting this reality due to pride.</li> </ul>	
NATURAL CAPITAL	
<b>ASSETS/ CAPITAL USED</b>	<b>INTERVENTIONS ON THE ASSETS</b>
<ul style="list-style-type: none"> <li>The beneficiaries have an available plot that they can use for backyard gardening.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable use of available land for backyard vegetable gardening.</li> </ul>
<b>VULNERABILITIES ADDRESSED</b>	
<ul style="list-style-type: none"> <li>Geographically, Lamut is far from the oceans which is a source of iodine micronutrients</li> <li>Their backyards are not maximized for food production due to lack of knowledge on other vegetables that they can eat.</li> </ul>	
AVAILABLE APPROPRIATE TECHNOLOGY	
<b>ASSETS/ CAPITAL USED</b>	<b>INTERVENTIONS ON THE ASSETS</b>
<ul style="list-style-type: none"> <li>MAO has technology on bio-intensive backyard gardening;</li> <li>Availability of Micronutrient supplements—Vitamin A, Iodine, Iron and Vitameal;</li> <li>Simple and affordable recipes are available and can be taught to the mothers.</li> </ul>	<ul style="list-style-type: none"> <li>Customizing technologies</li> <li>Developing technologies</li> </ul>
<b>VULNERABILITIES ADDRESSED</b>	
<ul style="list-style-type: none"> <li>The communities lack appropriate technology on nutrition</li> </ul>	

As can be gleaned from Table 28, the project has relied on the existing capital base. In the course of implementation, they took some measures that led to capital expansion. This approach primarily accounts for the increased financial capital and more synchronized action of human capital.

### **Institutional Development and Partnership Expansion**

#### **i. Broadening Stakeholder Capital Base.**

While LAWO and the LGU, with the assistance from CORDNET and PEF, were the primary responsible institutions in the project implementation, the lack of financial capital of both organizations would prevent them from attaining the objectives of the MNAP. It all boiled down to a lack of budget.

In the course of the project implementation, the LAWO president has exerted great effort to reach out to several prospective partners that can share their resources, in cash or in kind. LAWO explained the objectives of the project to these partners who eventually signified their support.

These institutions are the following:

1. IFEDECO (Ifugao Federation of Development Cooperatives), which produces iodized salt. IFEDECO has maintained the quality of their products when compared to other commercial establishments. In partnership with them, LAWO was able to get discounts on their purchases, thereby maximizing their financial capital.
2. Drug Companies – LAWO and MHO informed the area's medical representatives about their program. Sharing their cause, the medical representatives made representations with their respective companies, which in turn provided free laxatives for the de-worming project and multi-vitamins for the children and mothers;
3. Armed Forces of the Philippines – for the conduct of Medical Missions. The medical mission included a group of Ophthalmologists who gave 457 pairs of eyeglasses to the members of the communities. These pairs of eyeglasses served as incentives for the parents who actively participated in the feeding program.

4. Feed the Children-Philippines – for training in microfinance, hygiene, and other training programs related to health.
5. LAGSADECO – This gave PMES seminar to the parents who wanted to join the cooperative.

It will be noted that support of the expanded stakeholder base can also be attributed to the enhancement and efficient utilization of other types of capital. The other kinds of stakeholder capital were able to generate human capital (trainers, doctors, nurses and dentists during medical-dental missions), introduction of technology and some forms of material capital .

#### **ii. Strengthening of the Convergence Team.**

A convergence of services maximizes resources by allowing for the complementation of budget and services. In the end, it becomes more cost-effective because of its greater impact to the community.

Recognizing this, LAWO took the role of a catalyst within the local government unit to strengthen the relationship among the different departments which are working on

the nutrition aspect. These offices, which had the tendency to do their tasks separately from each other, include the MSWO, MHO and MAO. As a development catalyst and a broker, LAWO brought these offices together to become a working Convergence Team (CT) for nutrition. Their partnership started from the project conceptualization and development up to its implementation and management. The CT goes to the community as one, thus maximizing and focusing their efforts on solving the problem of malnutrition. While the MSWO and mothers feed and weigh the children, the MAO trains the fathers on bio-intensive gardening and the MHO performs medical consultation and counseling. In this manner, the program creates more impact on the part of the residents and creates a positive view of how the local government works for its constituents.

**iii. Institutionalization of the Program at the Municipal and Barangay Levels.** One noticeable aspect of the project was its effort to institutionalize the project at the municipal level by calling on and getting the support of both the executive and leg-

islative branches of the local government. While the nutrition program is mandated at the national level, the real action of fighting against malnutrition lies with the LGUs. The project has made an initial step by bringing the Brgy. LGU at the forefront of eradicating malnutrition. The project involved no less than the local chief executives (Mayor and Barangay Chairpersons) to act on malnutrition. This was made possible with the LCEs influencing their respective legislative departments to come up with resolutions that will support the project.

#### Leveraging of Funds

i. Leveraging of LGU Funds with external funding sources. With the stakeholder capital broadened and strengthened, the core team (CT, Office of the Mayor and LAWO), was able to expand or increase their financial capital by sourcing out funding from CORDNET/PEF. The commitment of the Mayor to allocate funds for the project was used as a leverage or counterpart for the budget proposed to PEF/CORDNET.

**ii. Financial Capital Mobilization Activities.**

Through the program, LAWO also made representations with other institutions like IFEDECO, which gave them discounts for the purchase of iodized salt, as well as with Feed the Children-Philippines, where they got their Vita Meal at 50% off the price. This means more iodized salt and more Vita Meal for the children. If monetized, the services of the AFP for the medical mission and the medicines given by the drug companies during these missions also raised their financial capital.

#### Institutionalization of Financial Capital.

However, receiving funding from the PEF/CORDNET and budget allocation from the Office of the Mayor did not guarantee the continuity of the services beyond the project's life. As a strategy, the CT made representations and lobbied with the Sangguniang Bayan (SB), Sangguniang Barangay and Barangay Chairpersons to allocate an annual budget for the Nutrition Program. The project was successful in getting the support of the Legislative Branches and the Barangay Chairpersons. The SB, through its Local Health Board appropriated an

annual budget of P50,000, while the barangays have appropriated at least P3,000 - 6,000.

### “Business Not Usual” Approach

**i. Participatory Approach** – In the previous efforts, the communities were used to being merely beneficiaries or passive recipients of LGU services. Likewise, the BHWs and BNS were used to performing their duties only as service providers, merely performing their duties.

The involvement of LAWO introduced some changes in their way of doing their tasks. BNS and BHWs became more caring, facilitative, committed and operated on the principle that they are only instruments in solving malnutrition but that the greater effort must come from the families themselves. Thus, they became more developmental in their approach by allowing and encouraging volunteerism and in transferring knowledge and skills.

On the other hand, mothers took a more active role by volunteering in the feeding programs, as well as in pooling available

community or household resources (i.e., food ingredients) so that they can feed their children. They also became more active participants in the cooking demonstration classes and in actually practicing what they have learned at home.

**ii. Giving emphasis to the role of Barangay LGUs.** Since the Barangay LGU is at the forefront of community development, the CT made representations with the Barangay Chairpersons and officials as to their important role in solving the malnutrition problem. Being local leaders, they have the stake to directly oversee the work of the BNS and BHWs in their communities. The LCEs willingly accepted this role by allocating funds and directly participating in the feeding programs and in other activities implemented by the project.

### Pooling and Developing Available Human Resources

**i. Tapping Appropriate technical experts within and outside Lamut, Ifugao in the conduct of special training.** With no financial capital to run the project, the BNS and BHWs had

limited activities. Thus, once funds were available, the BNS and BHWs became more active and inspired to do their work. Likewise, the LAWO president who is a nutritionist by profession also applied her knowledge.

Moreover, because of expansion of stakeholder capital, the lack of health professionals within the municipality was augmented by the visiting health professionals during special medical missions.

- ii. Mobilizing parents, particularly mothers.** The project started improving the knowledge and skills of mothers on nutrition through training. The project gave information on the nutritive value of the different food groups. Since the mothers had little knowledge on how and what to cook, the project held classes on how to combine different vegetables that can fortify their food intake.
- iii. Training and IEC activities were also conducted to develop skills of mothers in cooking various foods and in healthy food preparation practices.** This did not only benefit the mothers, but also the BNS and BHWs, as well.

### Maximizing and tapping available technology on Nutrition.

With the available financial capital, the project has easier or better access to available technology on nutrition. The project was able to buy the macro and micro nutrient supplements needed.

Efforts on nutrition have been institutionalized in the country. With this come the nutrition technologies that are advocated by the National Nutrition Council (NNC). The project did not have to adopt any other approach on Vitamin A, iodine and iron supplementation other than the one prescribed by the NNC.

They simply tapped the right institutions like the IFEDECO where they can get iodized salt. Moreover, a good food supplement is already available in the market, which is the Vita Meal. They chose this product because of its high-nutritive value, which can ensure the fast recovery of malnourished children. This product is really intended for severe cases of malnutrition.

### Banking on Strong Cultural Capital/Asset and Acculturation on Food preparation.

One of the strongest cultural traits of the Ifugaos is their high sense of community through the sharing of resources (both manpower and material). Fully aware of this cultural trait, the project adopted counterparting and participatory schemes by encouraging the mothers and other members of the community to help in the food preparation and in supervising the feeding sessions, as well as by sharing of food ingredients (e.g., salt, spices, vegetables, meat, etc). The Project always emphasized that since the Vita Meal is already free, they should give labor as their counterpart, thus, the spirit of bayanihan in their community was further harnessed. The project also tapped the traditional nurturing and biological role of the Cordillera women, which is also shared by the Ifugaos. Thus, the introduction of the recipes and healthy food preparation was well-appreciated by the mothers.

Moreover, one of the important aspects of their structural capital is their method of food preparation. It was mentioned earlier that culture plays a significant role in the problem of malnutrition. However, the project was careful in

re-shaping the cultural practices particularly on food choices. They presented alternative foods to what the people have been accustomed to eating. There were some observations about cultural practices that may be contributory to poverty, but these were not tackled head on. In one way or another, the project has influenced their culture through food choices (i.e., eating meat versus protein-rich vegetables), food preparation and giving priority to health and nutrition.

Since the Ifugaos prefer to eat meat, the project tried to introduce alternative foods (i.e. vegetables) that are also rich in protein. While their old practices on food preparation may have been deeply embedded within their culture for hundreds of years, the project has slowly introduced alternative foods that the Ifugaos did not previously think of as being edible or nutritious.

Moreover, the project experienced that the issue on malnutrition carries with it a stigma that makes the prospective target client-beneficiaries to become not very cooperate, especially if they are the more “learned” people in a community. Branding their children as being “malnourished” hurts their ego and pride. While this was a very rare case, the project

implementers were encouraged to persuade the mothers to be more concerned about the future and health of their children and leave their pride behind. Thus one of the more important aspects of the project became values formation among the parents—that they should give importance and priority to their health and that of their children.

### Sustainable Use of Natural Capital.

With the available technology and human capital, the communities were able to harness the potential of their backyards for bio-intensive gardening. This was facilitated by the MAO through training, demonstration and distribution of seeds to the target families and other members of the community who were willing to undertake bio-intensive gardening.

**i. Customizing and Developing Appropriate Technologies.** Taking various macro and micro supplements would be foreign to the indigenous people. While Lamut may not be behind in terms of formal education and information, there would be some far-flung communities that have not been exposed to

medicines, vitamins, as well as knowledge about nutrients. Thus, the project had to introduce some technologies on nutrition through training and IEC activities to explain its benefits, i.e., the introduction of Vita Meal. As necessary, Vita Meal was customized for the local taste and mixed with the local food to increase its acceptability to the beneficiaries. Likewise, the project has developed other food concoctions or recipes that suit the taste buds of the Ifugaos.

### Monitoring and Evaluation

Project monitoring and evaluation were implemented at different levels. These include:

- a. Community level – by the BNS through regular weighing (Operation Timbang) of the children and by reporting improvements or any symptoms of deterioration or non-improvement as in the case of one child who had genetic disorders.
- b. Municipal Level/ Inter-agency Committee – Conduct of regular meeting among the BNS and the project managers to determine progress of the children, as well as issues

and concerns about the implementation of the project like identifying mothers who were not cooperative.

- c. Program Level – where the avowed project objectives are regularly compared with the actual results of the different activities conducted. These were all reported to the CORDNET.
- d. Conduit Level – CORDNET regularly monitored the project's progress through the reports submitted by LAWO, as well as by validating this on the ground. However, it was noted that CORDNET had limited actual field monitoring capability due to its limited manpower to do the actual monitoring. CORDNET also conducted a final evaluation and subjected LAWO to financial accounting to determine its compliance with the terms and conditions of the fund agreement.

It was noted that CORDNET dutifully communicated its comments and recommendations for improvement of the project implementation. It always maintained that the project should not be a totally “dole-out” project.

The project used reporting forms that include:

- a. List of the project beneficiaries, detailing the progress in their weight and physical condition;
- b. Quarterly report to CORDNET on the different accomplishments, issues and concerns, which also includes a monthly plan of action;

The submission of these reportorial requirements was a pre-requisite for the scheduled fund releases from the CORDNET.

### RESULTS

The interplay of various types of capital available in Lamut Ifugao has contributed to the attainment of project objectives as well as in

gaining additional forms of capital. The following are the concrete project results as well as the forms of capital gained after the project.

### Concrete Project Results

The following table provides the summary of project outputs, including the facilitating and hindering factors:

**Table 29. Project Results Per Deliverable: Lamut Nutrient Supplementation Project**

EXPECTED OUTPUTS	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
1. To eradicate malnutrition among identified 139 children by 100% through macro and micro-nutrient supplementation;	<ul style="list-style-type: none"> <li>• 129 were normalized,</li> <li>• nine progressed to a lower degree of malnutrition, and</li> <li>• One was still malnourished due to genetic/ physiological disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Ready micronutrient supplements—Iron, Vitamin A from NNC, Iodized salt, Vita Meal</li> </ul>	<ul style="list-style-type: none"> <li>• The Vita-Meal was not palatable to the children; and some children became sated with the taste;</li> <li>• Lack of parents’ participation--no time to cook or bring their children to the feeding center;</li> <li>• Not all parents can give their counterpart contribution;</li> <li>• Prevalence of “dole-out” mentality;</li> <li>• Low income of the parents which prevented them from participating in the project especially in providing their contributions for the feeding program.</li> </ul>
2. To improve the quality of nutrition services to pregnant and lactating mothers by giving supplemental micro nutrients and nutrition education;	<ul style="list-style-type: none"> <li>• 157 pregnant women and 367 lactating mothers were involved in and benefited from the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Ready micronutrient supplements—Ferrous Sulfate (Iron) and Iodine;</li> <li>• Cooperation of mothers.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>



EXPECTED OUTPUTS	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
3. To expand the coverage to six barangays (Umilag, Bimpal, Pieza, Jolowon, Ambasa, and Lawig) for Vitamin A and Ferrous Sulfate which are not included in the target area of the municipality;	<ul style="list-style-type: none"> <li>• A total of eighteen barangays were already covered. This included the targeted additional six barangays.</li> <li>• IEC Activities that were conducted:</li> <li>• Ligtas-buntis Campaign;</li> <li>• Information on the importance of breast-feeding.</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of funds for the project (P255,420 from PEF/CORDNET, P75,000 from LGU, and at least P3,000 from Barangays).</li> </ul>	<ul style="list-style-type: none"> <li>• Misunderstanding between the BNS and Brgy. Chairman due to political factions.</li> </ul>
4. To promote advocacy and training on proper nutrition by the Municipal Nutrition Council and the Municipal Nutrition Committee to direct and indirect beneficiaries;	<ul style="list-style-type: none"> <li>• The project conducted several training programs and IEC activities on:</li> <li>• Nutrition Education;</li> <li>• Bio-intensive Gardening;</li> </ul>	<ul style="list-style-type: none"> <li>• Available technology on bio-intensive gardening;</li> <li>• Available training designs and resource persons on Nutrition education;</li> <li>• Simple and affordable recipes are available for the mothers to cook for their children.</li> </ul>	<ul style="list-style-type: none"> <li>• Typhoon Yoyong ravaged their vegetable gardens;</li> <li>• There was no conscious effort to quantitatively measure the results of the training and other IEC activities.</li> </ul>
5. To implement the Asin Law, a national mandate of the government as adopted by the provincial, municipal and barangay governments, to use iodized salt to prevent iodine deficiency; and	<ul style="list-style-type: none"> <li>• The Asin Law was implemented by the project by providing the beneficiaries with iodized salt and advocating its continued use;</li> <li>• All or 100% of the family beneficiaries were using iodized salt.</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of local source (IFEDECO) of iodized salt at a discounted price</li> <li>• Cooperation of target households</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
6. To continue the advocacy for the nutrition program to be a regular of the LGU, including its annual budget allocation from the municipal and barangay governments.	<ul style="list-style-type: none"> <li>• Budget allocation of P70,000 by the Office of the Mayor;</li> <li>• P50,000 appropriation by the SB;</li> <li>• Twelve Barangays appropriated amounts ranging from P3,000 – 6,000 for FY 2005.</li> </ul>	<ul style="list-style-type: none"> <li>• Presence of a national strategy and program on nutrition where this project is anchored;</li> <li>• Supportive LGU (Municipal and Barangay; both executive and legislative levels)</li> <li>• A working LGU Convergence Team;</li> <li>• Private institutions who supported the project through material donations;</li> <li>• Volunteer mothers and other community members;</li> <li>• Cooperation of parents;</li> <li>• Counter-parting/ Bayanihan spirit</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of formal community organizations that the project can work with;</li> <li>• Lack of LGU budget;</li> <li>• Lack of project manpower (LAWO level);</li> <li>• Six Barangay LGUs did not have appropriations for nutrition project due to limited IRA.</li> </ul>

As can be gleaned from Table 29, the following were observed:

- a. The project was not able to accomplish its target of 100% eradication of malnutrition. As indicated, it was able to accomplish only 93% due to a lack of parents' involvement with the project. One case was due to physical and physiological abnormalities of the child. It was recommended by the project proponents that to sustain the gains of the project, the rehabilitated children must continue with the supplemental feeding for another six months.
- b. Although the project only had a 93% accomplishment, the distribution of Vita-Meal has also benefited other members of the family, thereby also improving the nutritional status of the other children in the family. However, the results of this effort was not quantitatively measured. Initially, the children were all gathered in one group for feeding sessions. However, some mothers also requested that they would rather get their share of the Vita Meal and cook it in their homes so that their other children

could benefit, as well. The BNS agreed on the condition that they should prioritize feeding their malnourished children and an improvement in his/her weight must be evident. Otherwise, they will have to bring back the children to the feeding center.

- c. The long-term use of Vita Meal was not sustainable because it was expensive for the poor families. Likewise, the LGU could not sustain the distribution of Vita Meal with its limited annual budget. Vita Meal was used only as a stopgap measure to fast-track the rehabilitation of the children because of its high nutrient potency. In anticipation of the project closure and in consideration of the limitation of the LGU funds, alternative menu or recipes were introduced. The mothers were also informed about the various alternative sources of protein, carbohydrates and other vitamins and minerals from vegetables that can be planted in their backyards or could be bought from the local market.

Moreover, they realized that Vita Meal was unpalatable to the children. Thus, the proj-

ect had to introduce alternative recipes to the mothers as well as cooking variations in order to improve the taste.

- d. While not originally included, an additional sixty-eight malnourished children from the four expansion barangays were supported by the funds coming from the municipal government. There were no reports, however, if these sixty-eight children were rehabilitated or not.

### Community Capital: After the Project

Although the project has not fully rehabilitated its target number of children, they have gained significantly in terms of acquiring additional capital, which the LGU and LWO could sustain in their future partnerships.

The following table describes the other capital that were acquired or developed in the course of project implementation, which could be added to their existing capital before the project started.

**Table 30. Changes in the Assets/Capital After the Project: Lamut Nutrient Supplementation Project**

STAKEHOLDER CAPITAL
<ul style="list-style-type: none"> <li>• Twelve out of the eighteen barangays are now funding community health projects;</li> <li>• The Sangguniang Bayan through the Municipal Health Board has passed legislation to support the project;</li> <li>• Increase in the number of partners for health and nutrition projects. These include: <ul style="list-style-type: none"> <li>- IFEDECO (Ifugao Federation of Development Cooperatives);</li> <li>- Medical/ Drug Companies;</li> <li>- Armed Forces of the Philippines;</li> <li>- Feed the Children-Philippines;</li> <li>- LAGSADECO.</li> </ul> </li> </ul>
FINANCIAL CAPITAL
<ul style="list-style-type: none"> <li>• P3,000 – 6,000 annual appropriation from the Barangay LGU for health projects;</li> <li>• P50,000 annual appropriation by the Municipal Health Board;</li> <li>• Imputed counterpart of parents (labor, contributions for feeding program);</li> </ul>
STRUCTURAL CAPITAL
<ul style="list-style-type: none"> <li>• At the LGU Level: Improved systems and procedures in the delivery of services and in terms of informal procedures on capital mobilization;</li> <li>• At the community level: BNS, BHWs and parents/families have improved systems in feeding, monitoring and evaluation.</li> </ul>
HUMAN CAPITAL
<ul style="list-style-type: none"> <li>• The BNS and BHWs gained additional knowledge in macro and micro nutrient supplementation, maternal and childcare, since they also benefited from the training they conducted for the mothers.</li> <li>• 505 mothers have become more knowledgeable about nutrition and maternal and child care;</li> <li>• 129 children are more healthy, thus preventing them from catching common illnesses, and school children can be expected to have better academic performance;</li> <li>• Mothers can now experiment on various menus to suit the family's budget and their taste preferences.</li> </ul>
SOCIAL AND CULTURAL CAPITAL
<ul style="list-style-type: none"> <li>• Improved commitment of BHW and BNS personnel;</li> <li>• "Dole-out" mentality of the target families was reduced because of their participation in the project;</li> <li>• Changed their eating habits because they were exposed to other foods that they were not accustomed to eat, thus widening their food choices, as well as adopting healthier food preparation practices.</li> </ul>

#### NATURAL CAPITAL

- The use of their backyards is maximized by planting vegetables that they can consume and become a source of additional income.

#### AVAILABLE APPROPRIATE TECHNOLOGY

- Introduction of alternative menus/recipes for poor families as a replacement for the Vita Meal.

Moreover, the project was highly appreciated by the LGU officials and employees. It gave the LGU and the Convergence Team a different approach to addressing malnutrition problems. They were inspired by the dedication of LAWO with its different and more community-based approaches to interacting with parents, which were evident during the conduct of training and community feeding programs.

The project also showed that adopting active capital formation by mobilizing every possible resource providers gave a better perspective among the members of the Convergence Team. It was also found that resources, other than municipal funds, and no matter how small they are, could actually be pooled for the project's use. Hence, solving the malnutrition problem was no longer "business as usual" but rather as "business not usual".

The project implementers, after its impact evaluation concluded that the project was not able to completely eradicate the "dole-out" mentality. This can be attributed to the feeding program as a strategy, which makes the beneficiaries depend too much on the project. Although there were measures employed like volunteerism and material contributions, the dependent tendencies of the project beneficiaries were not totally done away with. They further concluded that there is a need for a continuing effort about and advocacy on proper nutrition through the BNS and BHW. In this regard, the project therefore requires a stronger commitment from the BNS and BHW to sustain the efforts beyond the project life.

## REFERENCES

### Interviews and Focused Group Discussions

Key informant interviews with LAWO: Ms. Nenita Fontanilla, LAWO President; and Ms. Mary Subangan, LAWO Board of Directors

Key informant interviews with other stakeholders: Dr. Vilma dela Cruz of the Municipal Health Office; and Dr. Estrella Dacpano, SB Member and Chairperson, Municipal Health Board

Focused Group Discussion in Poblacion: Consolacion Mamasig, BHW/ Brgy. Kagawad; Mary Jane Perdido, LAWO BoD; Lorna Robledo, Beneficiary; Aurelia Suguino, LAWO BoD; Erlinda Cariño, Beneficiary; Domalyn Costales, BNS; Mary Subagan, LAWO BoD; Maria Dagoh, LAWO; Gemma Cariño, Beneficiary

### Program Documents and Reports

Development Fund Support Agreement between CORDNET and LAWO  
LAWO Project Progress Reports  
LAWO Project Impact Evaluation Report

### Internet Articles and other Resources

Maria Bernardita T. Flores. (2004). Challenges for Local Government Units in Nutrition Program Management. National Nutrition Council. PDF File.

National Nutrition Council Website at <http://www.nnc.gov.ph/>

Food and Agriculture Organization Website at <http://www.fao.org/>

## ENDNOTES

- <sup>86</sup> As cited in “Challenges for Local Government Units in Nutrition Program Management” by Maria Bernardita T. Flores, Deputy Executive Director, National Nutrition Council
- <sup>87</sup> CORDNET is a Partnership Access Center (PAC) of the Peace and Equity Foundation (PEF) in the Cordillera Region,
- <sup>88</sup> Culled from FAO website at: <http://www.fao.org/ag/agn/nutrition/phi-e.stm>
- <sup>89</sup> As stated in the Development Support Fund Agreement between CORDNET and LAWO.
- <sup>90</sup> As stated in the Revised Project Proposal after CORDNET appraisal.

# Microfinance: Building Financial Capital Through Structural Capital

by Anna Mae Morallas-Basarte



◀ CONTENTS    HELP    EXIT    ▶

# 9 Microfinance: Building Financial Capital Through Structural Capital

## EXECUTIVE SUMMARY

This case study describes the micro-finance project funded by the Peace and Equity Foundation (PEF) in partnership with the Gata Daku Multi-purpose Cooperative (GDMPC) that is based in Clarin, Misamis Oriental. The project, called “Micro-Livelihood Support Program (MLSP)” aimed to make productive loans accessible to micro-entrepreneurs in the town of Clarin, and at the same time, address the problem of vulnerability in the social capital of the community, in the form of usurious money-lenders, colloquially known as “5/6.”

The MLSP was implemented for a period of one year and eight months (June 2003-February 2005). At the end of the project, GDMPC’s financial capital grew, but its resources could not meet the demand from its existing members/clients and from other applicants for micro-finance services. From this, it could be surmised that the entrepreneurial poor needed credit to sustain their business, but they no

## CASE STUDY DESIGN

This is a descriptive case study of the PEF-funded projects, the “Micro-Livelihood Support Program” implemented from June 2003 to February 2005 and the “Expanded Micro-Livelihood Support Program” implemented from July 2005 up to July 2008. The framework used is the Knowledge for Poverty Alleviation (KPA) framework.

Primary data were gathered through (a) interviews with the two officers and three staff of GDMPC; (b) focused group discussions (FGDs) with center members in five barangays, namely: Guba, Malibangcao, Carmen Annex, Mitan-ag and Tiaman; and (c) interviews with three individual borrowers in Clarin. The FGDs involved a total of forty-one members. Field interviews were conducted on December 2-3, 2007 and on January 16-17, 2008.

Secondary data sources are PEF documents pertinent to the projects.

This study was validated by officers of PEF and CCLFI during a presentation workshop held last February 8-9, 2008 in Quezon City, and by Jinky Flores and Jane Ramayrat, GDMPC’s general manager and finance manager, respectively, during the presentation of case studies to project partners held last February 19-20, 2008 in Mandaluyong City.

longer wanted to remain at the mercy of loan sharks.

Thus, the project was extended through the “Expanded Micro-Livelihood Support Program (EMLSP)” that started in July 2005 and will end in July 2008. The total funds released for the two projects amounted to P2,873,000 broken down into: P2.6M as loans and P273,000 as grants for institutional support.

During the EMLSP project, the main strategy used was group lending, patterned after the Grameen model. It was at this point that the structural capital of GDMPC was significantly enhanced when it consolidated its policies on peer group lending into a written manual. This was achieved through a training intervention facilitated by PEF, which addressed the vulnerability in GDMPC’s human capital, i.e., the lack of skills in micro-finance (MF) operations.

The interplay of capital during project implementation showed that structural (manual on policies) and human (leadership of manager) capital were mainly used to achieve the project objectives while social capital (trust between GDMPC and its members) served as the foun-

dation for the growth of both tangible assets (financial) and intangible assets (structural, human and stakeholder). Social capital was not consciously used as much as the other intangible capital, but it was clear that the level of trust, which has been built over the years, was the element that spurred the more than satisfactory accomplishment of the project deliverables.

As of December 2007, a total of 2,192 members/clients have been served; and this number is spread out in the three towns and two cities in Misamis Occidental and one town in Zamboanga del Sur. The types of business that the project has been supporting are in agriculture (production and trading), consumer goods and food stores such as sari-sari and carenderia, vending (e.g. fish, SMART and GLOBE cellular phone e-loads, balut, tuba), livestock (poultry and swine) and other types of undertakings such as food processing and gasoline retailing. One of the project’s targets is to effect a 20% increase in the members’ incomes. However, this has yet to be determined through an impact study that will hopefully be conducted before the project terminates in July 2008.

## PROJECT CONTEXT

### Microfinance

Since the recognition of micro-finance (MF) as one of the potent tools for poverty alleviation by international financial institutions like the World Bank, both the government and the private sectors have endeavored to be a part of the MF sector, which has now become a commonly used term in the global effort to reduce poverty.

In 2003, estimates by the Asian Development Bank (ADB) showed that about 36 million Filipinos (or 49% of the total population) were living below the \$2-a-day poverty line (roughly PhP114/day)<sup>91</sup>. At that time, a number of microfinance institutions (MFIs), ranging from commercial banks to NGOs, have already been engaging in micro-finance activities/services. Most MFIs such as cooperatives and NGOs have patterned their financial services after the famed Grameen model of Dr. Mohammed Yunus of Bangladesh.

By this time, too, the Philippine government has implemented its Social Reform and Poverty



Alleviation Act (Republic Act 8425) through the National Anti-Poverty Commission (NAPC), which recognizes the vital role of civil society and the basic sectors in its poverty reduction program. Moreover, the National Credit Council (NCC) published the National Strategy on Micro-finance that sets the framework wherein the private sector is given the major role with the government providing an appropriate enabling environment.<sup>92</sup>

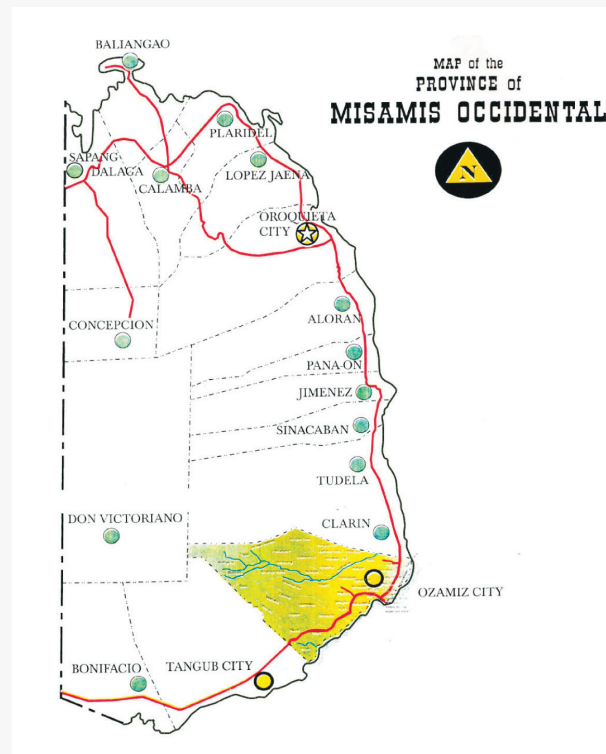
To date, micro-finance continues to grow in the country and in other developing countries, as well. Some of the reasons cited by Joanna Ledgerwood<sup>3</sup> are: 1) the promise of reaching the poor; 2) the promise of financial sustainability; 3) the contribution of MF to strengthening and expanding existing formal financial systems; 4) the growing number of success stories; and, 5) the availability of better financial products as a result of experimentation and innovation<sup>93</sup>. In 2005, the People’s Credit and Finance Corporation (PCFC) reported that the total micro-finance loan releases in the Philippines amounted to Php30 billion, with over 2.5 million households having access to financial services.

### Misamis Occidental

In 2003, Misamis Occidental had a poverty incidence of 48.1, ranking 7th among the poorest ten provinces (from 1997 to 2003) in the Philippines based on the NAPC’s statistical records. In 2005, the official website of the Misamis Occidental Provincial Government

indicated that 51.60% of its population (50,385 families) live below the poverty line.

The province has three cities: Oroquieta, its capital (classified 1st class); Ozamiz, the hub of economic activities (classified 1st class); and, Tangub, known as the “Christmas capital”<sup>94</sup> (classified as 4th class). Its economy is pre-



### Misamis Occidental: Facts & Figures

Capital	Oroquieta City
Total land area	1,939.32 sq. km.
Income classification	2nd class
Population (2000)	486,723
Female	241,168
Male	245,555
No. of households	99,901
Population below poverty Line (2005)	1.60 %
No. of cities	3
No. of municipalities	14
No. of barangays	90
Education:	
Elementary level/graduate	44.49%
High school level/graduate	28.17%
College level/graduate	10.28 %

Source of Data & map: Misamis Occidental official website

dominantly agriculture-based; and, among the major agricultural products, coconut contributes 60% to the provincial economy<sup>95</sup>.

## HISTORY OF THE GATA DAKU MULTI-PURPOSE COOPERATIVE

In the early 70s, the farmers in Brgy. Gata Daku, one of the twenty-nine barangays of Clarin, were organized into a Samahang Nayon under the government's rural development program.

In 1992, the Department of Agriculture (DA) organized the farmers' cooperative with thirty-two incorporators who were former members of the Samahang Nayon. The Gata Daku Multi-Purpose Cooperative (GDMPC) then put up a sari-sari store (a retail store that contains a variety of basic goods such as soap, milk, canned goods, cigarettes, candies, and biscuits). Through this cooperative, the members were able to obtain a production loan of P1.2M from the Land Bank of the Philippines (LBP). But their rice production failed due to the black bug that ravaged their rice fields for almost three years. A heavy flood in 1999 anni-

hilated the black bug; but by then, all the farmers could no longer pay their 19th cycle loans. Consequently, the farmers were "blacklisted" in the rice production program of LBP.

For close to seven years, the GDMPC carried out its operations in the barangay gym where its sari-sari store was located. In its early stages, the cooperative nearly collapsed due to dishonesty and the "dole out" attitude of the agrarian reform beneficiaries (ARBs) that resulted in huge loan arrears and because of mismanagement. But owing to a strong social capital, i.e. kinship and faith-based relationships, and the infusion of younger and more educated members, the GDMPC was able to institute changes in its operations. A new manager was appointed and a member who comes from the neighboring Brgy. Kinangay Sur was elected chairperson of the Board of Directors (BOD).

In 1999, the GDMPC moved its office to the town center, which was only three kms. away, but continued to operate its consumer store in the barangay. At that time, it had nine staff members and an outstanding balance of PhP2.8M with the LBP. On the other hand, GDMPC had the following assets/capital:

**a) Human Capital: leadership of the manager and chairman of the BOD, willingness of the staff to work with only a little incentive.**

- GDMPC's current manager, Jinky Flores, first served as a bookkeeper; and, in her desire to help their struggling cooperative, she purposely sought employment with the Misamis Occidental Federation of Cooperatives (MOFECO) to learn how cooperatives operate. With a degree in chemical engineering, she felt ill equipped to handle the cooperative's financial records. While working full time with MOFECO, Flores did part-time bookkeeping for GDMPC. By the time she was appointed manager, she already had almost three years of exposure in managing a cooperative. As manager, she initiated organizational changes, took the responsibility of looking for sources of financial capital and expanded their network by representing the cooperative in activities conducted by the local government units, LBP and other non-government organizations (NGOs).
- The chairperson of the BOD, Desiderio Barrientos, saw the potential of Jinky Flores and encouraged her to accept the position of

manager. Mr. Barrientos, a farmer from the neighboring Brgy. Kinangay Sur, supported the new and young manager by volunteering as collector during the weekends and mobilized the other members of the BOD to volunteer, as well. Despite the occasional ill humor that he received from friends and neighbors, he collected money and whatever collateral was due to the cooperative.

- The staff worked with very little incentive: their salary was P150/day, lower than the P203/day salary of a municipal employee; and, they did not get overtime pay or bonuses. They all agreed to contribute “a little sacrifice” so that their cooperative can recover from its indebtedness.

**b) Social Capital.** The staff and officers have strong social ties due to kinship and a shared history from having lived together as tenants and farmers in a small rural community.

**c) Structural Capital.** The GDMPC upgraded its services and introduced the credit and savings program. At the same time, it ventured into other businesses like photocopying, meat vending and palay trading.

#### d) Stakeholder Capital

- Opportunities for training and networking were made available through GDMPC’s membership with MOFECO and the Zamboanga del Sur and Misamis Occidental Cooperative Network (ZMCN), an alliance of cooperative managers that started with LBP’s “kapehan sa kooperatiba”.
- Access to credit from the National Livelihood Support Program (NLSF) which was attached to the LBP following Administrative Order No. 75 (dated August 1993).

## RESPONSE

### Pre-project implementation

The Micro-Livelihood Support Program (MLSP) was established in response to GDMPC’s need for additional capital for its credit and savings services which catered to the needs of small entrepreneurs in the town market of Clarin, Misamis Occidental.

Although not yet aware of the micro-finance framework, the GDMPC started its lending services in 2002 to answer the needs of small

entrepreneurs who were then borrowing from moneylenders, at usurious rates, colloquially referred to as “5/6.” Because of GDMPC’s lower interest rates and the attraction of receiving benefits from membership with the cooperative, the demand for credit services rapidly grew only after a year of operation. During this time, the cooperative’s total loan portfolio of PhP364,000 was spread out among its ninety-eight members.

In early 2003, GDMPC’s manager attended a PEF orientation/write shop that was facilitated by KATAWHAN MO, a coalition of NGOs in Misamis Occidental. A couple of weeks later, she submitted a proposal to PEF-Mindanao; this became the starting point for the MLSP project.

The project has two phases: the MLSP, which was implemented for one year and eighteen months (June 2003 to February 2005); and, the Expanded MLSP (EMLSP), which is in its third year of implementation and is about to end in July 2008.

With the use of MLSP funds, GDMPC’s credit services were extended to 358 members (either regular or associate). By October 2004, the

net income derived from MLSP amounted to P232,558.

When the MLSP ended in February 2005, GDMPC again submitted a proposal to PEF because its own financial resources could not cope with the demand from new micro-finance applicants and the demand for larger loan amounts from its existing micro-finance clients. Thus, the Expanded MLSP was approved in response to GDMPC's need to sustain its micro-finance services. Shown below are the total funds released:

### Pre-Project Background

Before the implementation of MLSP, the biggest GDMPC liability was the uncollected payments from the farmer-members who had availed of the production loans from LBP in 1992. In addition, the staff and officers did not have adequate knowledge on how to run a micro-finance project. At the community level, the main vulnerability was in the human capital

**Table 31: PEF Loans and Grants for GDMPC Pre-Project**

	MLSP	Expanded MLSP	TOTAL
	(June '03-Feb '05)	(July '05-July '08)	Loan/(Grant)
Direct Project Cost	800,000.00	1,800,000.00	2,600,000.00
Date Released			
First Tranche	29 August '05	15 July '05	
(Amount)	(400,000.00)	(1,800,000.00)	
Second Tranche	13 February '04		
(Amount)	(400,000.00)		
Institutional Support	100,000.00	143,000.00	(243,000.00)
Client development		30,000.00	( 30,000.00 )
(Local Counterpart)	(10,000.00)	(None)	
TOTAL FUNDS RELEASED	900,000.00	1,973,000.00	2,873,000.00

and its dependence which on “5/6” lenders. Table 32 presents the pre-project scenario vis-à-vis the capital and vulnerabilities of the cooperative and its members/clients.

**Table 32: Capital/Assets and Vulnerabilities Before Project Implementation: Micro-Livelihood Support Program**

ASSETS/CAPITAL	VULNERABILITIES
<b>HUMAN CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Highly motivated manager: takes the initiative in teaching herself the ways of making a cooperative more effective and efficient; resourceful in finding institutions that extends financial support; continuously upgrading her skills; and, capable of teaching the staff.</li> <li>+ Younger &amp; more educated staff (e.g., bookkeeper has a computer science diploma) who share the common goal of “sacrificing” for the cooperative, e.g., not receiving overtime pay, being paid below the daily minimum wage.</li> <li>+ Familiarity among staff and officers since they all come from contiguous barangays</li> </ul>	<ul style="list-style-type: none"> <li>- Inadequate knowledge and skills of staff and officers of GDMPC in running a micro-finance project.</li> <li>- “Dole-out” attitude of old members who were recipients of old government credit services like the Masagana 99.</li> <li>- Microentrepreneurs are dependent on credit for their capital needs and would not hesitate to go to moneylenders who charge usurious interest rates.</li> <li>- Only a few among the rural entrepreneurs can have savings from their income because for most, the main income is derived from farming or low-paying jobs, e.g., as a laborer, carpenter</li> </ul>
<b>SOCIAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Tradition of self-help through cooperative enterprises has been handed down to the younger generation. The GDMPC staff are already the second generation members.</li> <li>+ Association of coop managers provided a venue for sharing common concerns. The GDMPC manager was elected in 2003 as treasurer of the Zamboanga del Sur and Misamis Occidental Cooperative Network (ZMCN).<sup>96</sup></li> <li>+ Strong social ties typical of small rural communities (kinship, intermarriage, common lineage, e.g., Boholano or Cebuano).</li> </ul>	<ul style="list-style-type: none"> <li>- Dominance of “5/6” moneylenders, the alternative to commercial bank loans since they do not require any collateral.</li> </ul>
<b>STRUCTURAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Broader membership base. In 1999, the GDMPC had 183 members who are mostly from barangays Gata Daku and Kinangay Sur. In 2002, a total of 679 members came from eleven brgys. in Clarin.</li> <li>+ LACCAS software used for financial monitoring: provides Local Area Networking (LAN) and generates various financial reports needed for monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>- Absence of policies and procedures on MF</li> </ul>

ASSETS/CAPITAL	VULNERABILITIES
<b>STAKEHOLDER CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Partnership with DTI facilitated skills training programs, i.e., meat processing or cosmetology, for selected members.</li> <li>+ Continuous access to LBP loans and additional loans availed through NLSF.</li> </ul>	
<b>FINANCIAL CAPITAL</b>	
<ul style="list-style-type: none"> <li>+ Net income in 2002 was PhP145,000. CBU generated = PhP943,000</li> <li>+ Credit line of P5M with LBP.</li> </ul>	<ul style="list-style-type: none"> <li>- Financial liability with LBP amounted to P2.8M. The outstanding production loan was restructured and the GDMPC had to make amortization payments of P500,000 per year.</li> </ul>
<b>NATURAL CAPITAL</b>	
	<ul style="list-style-type: none"> <li>- Clarin is prone to flooding due to the faulty structure of the irrigation system. During heavy rains, the water drains out onto the barangay roads and flows back to the rice fields.</li> </ul>

### Project Objectives

Through the cooperative, the MLSP project aimed to make productive loans accessible to micro-entrepreneurs in the town of Clarin, and in this manner, address the vulnerability in social capital, which results in dependence on usurious moneylenders.

The EMLSP’s aim was to improve the financial capital of GDMPC so that it can expand its micro-finance services to the entrepreneurial poor and sustain the financial services needed by its members who are engaged in small enterprises.

Below are the project deliverables for the MLSP and the EMLSP.

**Table 33. Project Deliverables for MLSP and EMLSP**

TIME FRAME	MLSP (June '03 – Feb. '05)	EXPANDED MLSP (July '05 – July '08)
In 3-6 Months	<ul style="list-style-type: none"> <li>Financial system and staffing in place;</li> <li>Project guidelines and policies reviewed, improved and updated;</li> <li>Trained micro-finance staff and cooperative officers on micro-finance operations;</li> <li>Trained on CGT and released loans to 150 clients (initial).</li> </ul>	<ul style="list-style-type: none"> <li>Installed new financial/accounting systems;</li> <li>Project guidelines and policies are updated, reviewed and approved</li> <li>Expanded on-going operations to increase the number of targeted beneficiaries to 400 clients, at least 80% of whom are women, and released corresponding loan assistance to these clients</li> </ul>
Intermediate Results: 7-12 Months	<ul style="list-style-type: none"> <li>Released loans to 250 clients;</li> <li>Maintained 100% collection rate;</li> <li>Capital generation from members' loan retention and compulsory savings;</li> <li>Additional social services provided to members.</li> </ul>	
After 6 Months		<ul style="list-style-type: none"> <li>Increase in income of beneficiaries by at least 20%;</li> <li>Promoted and generated at least P300,000 fund for the health care program;</li> <li>Continuously served the targeted beneficiaries of 670 clients;</li> <li>Generate CBU of P900,000 and net income of P1.7M.</li> </ul>
Long Term: 13-24 Months	<ul style="list-style-type: none"> <li>Expansion of operations to serve new clients</li> </ul>	

### Project Implementation

During the implementation of the MLSP project, the main strategy used was the individual lending method, which was a continuation of the credit and savings services that the GDMPC started in 2002. Since this was the first time for the cooperative to engage in micro-finance, the policies and procedures had yet to be consolidated into a manual of operations.

In July 2004, a year after the project started, GDMPC's manager attended the PEF-facilitated training on "Microfinance Best Practices and Delinquency Management" and re-echoed the same to the staff and officers. The input served as an introduction to MF for the cooperative but GDMPC still needed more exposure to come up with its own manual on group lending; thus it continued with the individual lending method up until the MLSP project ended in February 2005.

At the start of the EMLSP implementation in August 2005, PEF facilitated the training program on group lending, which focused on developing the account officers' skills in sales enhancement and in building up centers. It

was also through this training that GDMPC was able to formulate its “Manual of Operations and Policy Guidelines on Peer Group Lending.” At this point, the main strategy used was the group lending method, which is patterned after the Grameen model of Bangladesh.

Under the group lending method, prospective members/clients had to meet the following criteria to avail of MF loans:

- Household per capita income must not be more than P500/week;
- Household belongings are worth no more than P50,000.00;
- Must be 18-60 years old and in good health;
- Permanent resident in the barangay for at least two years;
- Has no regular job, or is not an employee;
- If single, must be the breadwinner of the family.

The other criteria for accepting an applicant to become part of the project are:

- Interested in establishing a group composed of at least five members;
- Shall have attended the six-hour CGT;

- All members in a group must have passed the Group Recognition Test;
- Interested in attending weekly center meetings, and will commit to give P30/week for the CBU and to pay the loan on time;
- Interested in and agrees to follow the policies of the micro savings group (MSG)

During project implementation, structural and human capital were leveraged in order to gain financial capital, which was needed to sustain GDMPC’s services for its members. The structural capital used to achieve the objectives were in the form of policies and procedures on group lending that were utilized to reach the number of clients and obtain the desired portfolio quality. The human capital that was primarily tapped is the leadership of the manager who continuously found ways of upgrading the cooperative’s financial capital.

The following were the salient approaches used to achieve the project’s objectives:

- Team management in dealing with center problems, especially when a group is about to dissolve due to one member’s delinquency. The GDMPC team would go to the area

and help the center re-organize by ‘reshuffling’ group members so that a weak group is given ‘new energy.’

- Facilitating a livelihood project for a center with delinquency problems. To help the center, the cooperative ventured into bee-keeping and endorsed the same to the center as a common income-generating project. The honey produced from the growers was then bought by the cooperative; then, the center paid its outstanding balance from the income it had earned. This practice was coupled with an emphasis on the center’s responsibility to ensure the collection of past dues.
- “A balance between business-like and personal relationship” was the principle used by GDMPC in dealing with the members. The account officers (AO) saw to it that the members followed the rules agreed upon especially regarding their responsibility to pay the weekly dues on time. However, delinquencies were not dealt with harshly; alternative ways, such as catching up in the next week by paying twice the weekly dues, were resorted to instead of embarrassing the



delinquent member in front of her peers. This practice earned the trust and respect of the members who either had experienced or witnessed the trauma caused by degrading collection tactics of other lending groups.

- Requiring all the staff to become full-pledged members after six months in service. This was to ensure that the staff would look after the interest of the cooperative as part owner. All MF clients were also required to become members, with two options given: pay P1,500 for share capital + 100 for membership fee to become a regular member; or, pay P50 for an associate membership + weekly installments for the share capital. The pre-membership education seminar is a must for those who have fully paid the share capital and would want to become regular members.
- Establishing a ‘middle management’ position to enforce a more effective system of check and balance. The responsibility/position of a supervising officer was created in response to the problem encountered in the field where the account officer failed to remit the collections gathered from the centers. The super-

vising officer (re-named area coordinator in early 2008) was responsible for verifying from the centers the collections given to the AO, then crosschecking with the tellers whether or not a deposit was made by the AO.

- Shortening the compulsory group training (CGT) to expedite the processing time of loans. This was implemented in response to ‘competitors’ who offered shorter processing time. The shorter CGT was conducted in three days and covered six hours of orientation (or two hrs/day).

### Capital Interplay

During project implementation, the primary capital used to achieve the objectives were human and structural.

The human capital used was the leadership quality of the manager. It was mainly through her initiatives that the micro-finance project was given direction and the skills of the staff developed to handle group lending methods. Corollary to the use of human capital is the use of structural capital mainly in the form of policies and procedures that were consoli-

dated into a manual (this materialized during the Expanded MLSP). The use of the manual improved GDMPC’s processes on credit and savings, providing clearly defined guidelines for staff and members to follow, e.g., the procedure on CGT defines the tasks of the AO and the responsibilities of group/center members.

But what gave impetus to human and structural capital is the use of social capital, which is the trust established between GDMPC and its members. Somehow, in its three years of operating in the town of Clarin (before the MLSP project started), the cooperative gained the trust and confidence of the community, as exemplified in the number of prospective clients (average of thirty a day) who wanted to avail of its financial services.

The major vulnerabilities that were addressed by the project are in the human and social capital. The vulnerabilities in the human capital were related to attitudes and skills. These vulnerabilities were addressed through interventions using structural, social and stakeholder capital. On the other hand, vulnerabilities in social capital were in the form of dependence on usurious moneylenders and competition in the field. These

vulnerabilities were addressed through the use of structural and financial capital.

A summary of the interplay of the different kinds of capital during project implementation is presented in Table 34.

### Monitoring AND Evaluation

At the GDMPC's level, the manager is able to monitor daily cash flow through the LACCAS software, which was customized for GDMPC's particular financial monitoring reports.

During the implementation of the MLSP project, two staff members, the account officer and the collector who reported directly to the manager, monitored the 358 individual accounts. During the EMLSP, four AOs and one supervisor were responsible for monitoring the center and group accounts. Presently, the operations manager of the cooperative (who used to be the bookkeeper and was promoted to branch manager, then to her present position) is also responsible for monitoring the Expanded MLSP project.

One significant contribution of M&E is the creation of a 'management team' that responds to problems that are beyond the AO's capacity to handle. This management approach proved to be effective in dealing with center problems.

At PEF's level, field visits are conducted twice a year to monitor the partner's progress in its deliverables. The partner is required to render quarterly written reports regarding the project's status. In 2006, PEF developed a monitoring form that takes into account not only the MF project's budget performance, but also other significant factors that can affect project implementation. The form "PEF MP3 Project Monitoring Worksheet" includes data on audit findings, status of deliverables, operational data such as the PAR and outstanding loans, and methodology. More importantly, the form requires data on Program Impact. The form was used to monitor the Expanded MLSP during the latter part of 2007.

## RESULTS

### Concrete project results

The summary of results based on the project's deliverables are shown in Tables 35 and 36:

**Table 34. Interplay of Capital During Project Implementation: Micro-Livelihood Support Program and Expanded Micro-Livelihood Support Program**

CAPITAL USED TO ACHIEVE OBJECTIVES	VULNERABILITIES ADDRESSED	INTERVENTIONS MADE TO USE ASSETS/ADDRESS VULNERABILITIES
<p><b>Structural Capital</b></p> <ul style="list-style-type: none"> <li>written manual on policies and procedures on group lending;</li> </ul> <p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>leadership qualities of manager;</li> <li>desire of micro-entrepreneurs to see their business prosper;</li> <li>younger and more educated staff.</li> </ul> <p><b>Access to Technology</b></p> <ul style="list-style-type: none"> <li>LACCAS software that was customized to improve monitoring of accounts;</li> </ul> <p><b>Stakeholder Capital</b></p> <ul style="list-style-type: none"> <li>continued support from PEF;</li> </ul> <p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>trust established between GDMPC and members</li> </ul>	<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>members are not able to pay on time while some completely renege on their agreements;</li> <li>dishonest AOs;</li> <li>only few micro-entrepreneurs are able to set aside savings;</li> <li>'dole-out' attitude of old members;</li> <li>inadequate skills of staff in MF operations.</li> </ul> <p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>inadequate funds to sustain financial services for members and to respond to potential clients' needs;</li> </ul> <p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>dominance of '5/6' operators;</li> <li>tendency of some coop officers to stir up animosity among members;</li> <li>entry of 'competitors' (coop/private companies also offering MF products);</li> </ul>	<p><b>Structural Capital</b></p> <ul style="list-style-type: none"> <li>more efficient organizational flow, e.g., monitoring system reinforced through the position of an area coordinator;</li> <li>instituting an incentive system as part of motivating the centers to aim for zero delinquency</li> <li>innovations in dealing with delinquencies such as facilitating a common income-generating venture for a center with delinquency problems;</li> <li>utilizing MIS in determining projects that needed support and those that are no longer viable;</li> </ul> <p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>extending livelihood loans to old members who still have outstanding loans with LBP;</li> </ul> <p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>utilized trust built between the manager &amp; BOD in re-gaining harmonious relationships;</li> <li>used peer pressure in instilling discipline on weekly payments and forced savings;</li> <li>tapping expertise and knowledge of MOFECO and ZMCN in enhancing skills of staff (e.g., bookkeeping and customer service)</li> <li>enhanced members' values regarding loan payments thru the weekly center meetings.</li> </ul> <p><b>Stakeholder Capital</b></p> <ul style="list-style-type: none"> <li>tapped LGU support during medical outreach conducted for members;</li> <li>training facilitated by PEF to equip AOs and manager with necessary skills for MF project</li> </ul>

**Table 35. Project Results Per Deliverables: Micro-Livelihood Support Program**

TIME FRAME	DELIVERABLE	RESULTS	FACILITATING (+) AND HINDERING (-) FACTORS
In 3-6 mos.	Financial system and staffing in place	<ul style="list-style-type: none"> <li>• Software previously used by GDMPC still utilized in generating financial reports.</li> <li>• Separate books of account for MLSP was instituted by Dec. '04.</li> <li>• one AO was hired while two coop staff were required to give 50% of their time to the MLSP project.</li> </ul>	(-) Delay in the delivery of software that PEF recommended for GDMPC's use. (+) Monitoring through visits and conduct of audit. (+) Common concern for growth of cooperative since all staff are coop members.
	Project guidelines and policies reviewed, improved and updated	<ul style="list-style-type: none"> <li>• By the end of the project, there was still the need to consolidate lending policies and procedures into a written manual.</li> </ul>	(-) inadequate knowledge on the nature of MF since this was GDMPC's first time to venture into MF services
	Trained microfinance staff and coop officers on MF operations.	<ul style="list-style-type: none"> <li>• Manager attended training on Micro-finance Best Practice and Delinquency Mgt. and echoed to staff and officers. This served as MF orientation for the staff and officers</li> </ul>	(+) PEF facilitated training as part of institutional development.
	Trained on CGT and released loans to 150 clients (initial).	<ul style="list-style-type: none"> <li>• One-on-one loan counseling was conducted in addition to the orientation seminars given to a group of prospective clients.</li> <li>• A total of 358 clients were served</li> </ul>	(-) group lending was not yet used as a method (+) P800,000 loan from PEF
Intermediate Results: In 7-12 mos.	Released loans to 250 clients.	<ul style="list-style-type: none"> <li>• Loans were released to 358 members (317 women &amp; 41 men). Operations covered Clarin and Ozamiz City. Total no. of brgys. reached = 19.</li> </ul>	(+) demand for credit services with low interest rate. (+) benefits that could be gained thru membership with coop.
	Maintained 100% collection rate.	<ul style="list-style-type: none"> <li>• 94% collection rate by Dec. 2004</li> </ul>	(-) only 1 AO was handling the 358 accounts
	Capital generation from members' loan retention and compulsory savings.	<ul style="list-style-type: none"> <li>• By Dec.'04:                              CBU = P747,533                              Savings = P478,694                              Net income = P232,558</li> </ul> <p><i>(figure for net income is based on audit report: Aug. 3, 2003 to Oct. 31, 2004)</i></p>	(+) coop's good reputation in the community. (+) trust established between coop staff and members.
	Additional social services provided to members.	<ul style="list-style-type: none"> <li>• Medical outreach was conducted and training on entrepreneurship facilitated for members.</li> </ul>	(+) partnership with LGU and TESDA.

**Table 36. Project Results Per Deliverables: Expanded Micro-Livelihood Support Program (as of Dec. 2007)**

TIME FRAME	DELIVERABLE	RESULTS	FACILITATING (+) AND HINDERING (-) FACTORS
In 3-6 mos.	Installed new financial and accounting system.	<ul style="list-style-type: none"> <li>LACCAS software still used. The system that was installed at PEF's recommendation was used until June '07. The separate software for the EMLSP project could not facilitate monitoring of savings when three coop branches were opened from '06 to '07.</li> </ul>	(+) LACCAS software was more user-friendly; less expensive (+) manager has sufficient experience/knowledge on MF & assertive in deciding what's best for them
	Project guidelines and policies updated, reviewed and approved.	<ul style="list-style-type: none"> <li>The "Manual of Operation and Policy Guidelines on Peer Group Lending" was formulated and finalized</li> </ul>	(+) Training facilitated by PEF that served as inputs for making the manual.
	Expanded on-going operation to increase the number of target beneficiaries to 400 clients, at least 80% of whom are women, and released corresponding loan assistance to these clients.	<ul style="list-style-type: none"> <li>As of June 2006, a total of 1,400 clients were served. Of the total, 94.5% are female.</li> </ul>	(+) hiring of additional AOs.; (+) testimonies from old members who persuaded neighbors and friends to join the cooperative.
Intermediate Results: After 6 mos.	Increase in income of beneficiaries by at least 20%.	<ul style="list-style-type: none"> <li>The increase could not be ascertained as of writing; one of the recommendations that came out of PEF's monitoring is to do an impact study.</li> </ul>	
	Promoted and generated at least P300,000 fund for the health care program.	<ul style="list-style-type: none"> <li>Health fund = P365,221 (as of June 2007). Average savings per member is P294.86</li> </ul>	(+) Members also desired to have savings for future medical needs.
	Continuously served the target beneficiaries of 670 clients	<ul style="list-style-type: none"> <li>As of Dec. 2007, a total of 2,192 clients were served. The project covered thirty-seven barangays in three towns and two cities in Misamis Occidental, and one town in Zamboanga del Sur.                          Total no. of centers = 37                          Total no. of groups = 222</li> </ul>	(+) Income is generated from the project and made available for members. (+) staff and officers have gained experience in MF operations; new staff hired are young professionals.
	Generate CBU of P900,000 and a net income of P1.7M.	<ul style="list-style-type: none"> <li>CBU = P 954,609                          Net Income = P1,079,801  <i>(figures are based on audit report: July 1, 2005 to June 30, 2006)</i></li> </ul>	(+) implementation of policies; more effective system of-monitoring.

While this study did not intend to determine whether or not a 20% increase in income was obtained, those who participated in the FGDs were asked if there were any changes in their situation since they availed of GDMPC's micro-finance loans; and if there were, they were asked to give some details. The results of the five FGDs, which involved a total of fifty-seven members, showed that almost all have noted positive changes in their financial capital. Those who did not report any changes were only at their first cycle, which allows a minimum loan of P3,000 while most of those who reported significant changes were the individual loan borrowers who have already passed through the seventh cycle (loans availed were as much as P700,000). The common changes that were reported are:

- expanded business, e.g., making charcoal plus operating a sari-sari store;
- able to set aside savings from income;
- invested in farm, real estate and commercial space for rent;
- able to provide for daily needs of family;
- increase in inventory of goods; expanded space for store;

- promoted to franchise dealer for Avon products;
- can buy meat at least once a week

GDMPC's records show that of the 2,192 members served under the project, 262 (11.95%) are engaged in sari-sari stores; and, majority of the stores (61.83%) are located in the town of Clarin. The other businesses where most members were involved in are: buying and selling (8.43%), food stalls (8.02%), swine fattening/breeding (7.75%), fish vending (7.66%), and coconut based enterprises (7.29%). As most members are residing in rural barangays, a significant number are involved in farming (5.88%) and in selling rice (6.93%) and corn (6.29%). Listed below are the types of business that the project has been supporting:

**Table 37. Types of Business Supported by GDMPC Project**

TYPE OF BUSINESS	NO. OF CLIENTS ENGAGED IN BUSINESS	PERCENTAGE (%)
<b>Agriculture-based</b>		
Coconut-related	160	7.29
Rice (wholesale and retail)	152	6.93
Corn (wholesale & retail)	138	6.29
Farming	129	5.88
Gardening	30	1.36
Palay trading	25	1.14
<b>Consumer Goods and Food Stores</b>		
Sari-sari stores	262	11.95
Clarin	(162)	(61.83)
Ozamiz City	(94)	(35.87)
Tudela	(6)	(2.29)
Food Stalls	176	8.02
Snack center	47	2.14
Bakery	10	0.45
<b>Vending</b>		
Buy and sell	185	8.43
Fish vendor	168	7.66
AutoloadMax	115	5.24
Smartload	65	2.96
Fruit vendor	60	2.73
Vegetable vendor	52	2.37
Balut vendor	45	2.05
Meat vendor	35	1.59
Ceramics/Tupperware	32	1.45
Tuba vendor	30	1.36
Dried fish vendor	21	0.95

### GDMPC's Financial Performance

Based on the audit report for the period July 1, 2005 to June 30, 2006, the Portfolio at Risk (PAR) was 3.63%, which is lower than the standard at 5%. In December 2007, GDMPC reported a 7% PAR. One factor that has affected portfolio quality is the rapid growth of

the cooperative in terms of branching out to other towns, which required changes in the organizational structure, hiring and training of new AOs, and training of staff to replace those who were promoted to handle bigger responsibilities. Still, the other financial indicators show that the project is being implemented well (see Table 38).

**Table 38: Financial Performance for the Expanded MLSP Project based on Audit Report Covering the period from July 1, 2005 to June 30, 2006**

INDICATORS	GDMPC	STANDARD
<b>Financial Sustainability</b>		
a) Operational self-sufficiency (Total operating income/Total operating expenses)	158.65%	120%
b) Financial Self-sufficiency (Total operating income/(total operating expenses + inflation rate x (equity-fixed assets)+[(T-bill rate x total liabilities) – actual interest expense])	223.74%	100%
c) Current Ratio (Current assets/current liabilities)	3.43:1	
d) Debt-to-equity (Total liabilities/Total Equity)	1.02:1	
e) Return on Equity (Net operating income/Total equity)	52.35%	
<b>Organizational Efficiency</b>		
f) Average amount disbursed per loan officer (Loan disbursed/No. of loan officers)	P 1,901,025	
h) Outstanding balance per loan officer (Amount of loans outstanding/No. of loan officers)	P 946,227.35	
g) No. of loans per loan officer (Total No. of loans disbursed/No. of loan officers)	350	300
i) Cost per peso loan (Total operating expenses/Amount of loans outstanding)	P0.179	
j) Drop-out rate (Estimated number of drop-outs/active clients)	40	

TYPE OF BUSINESS	NO. OF CLIENTS ENGAGED IN BUSINESS	PERCENTAGE (%)
<b>Livestock</b>		
Swine fattening/breeding	170	7.75
Poultry	50	2.28
<b>Other Types</b>		
Gasoline retailing	15	0.68
Food processing	10	0.45
Junk shop	5	0.22
Sand and gravel	5	0.22

## Project Benefits

The biggest gain from the interplay of capital is the increase in financial capital. For GDMPC, the net income derived from the project amounted to a total of P1,312,389 as shown in the audit reports. In 2007, net income amounted to P248,823.91 (based on unaudited financial statement). For the members, changes in their financial capital came in various forms, e.g., expansion of business, ability to provide for daily needs of family and capability to set aside some savings from income earned from the business.

The project also enhanced structural and stakeholder capital. Due to GDMPC's good standing with PEF, the latter continued its support through the project "Assistance for Social Development Program (ASAP)," which granted a P5 million loan for rural women entrepreneurs. The project commenced in July 2007.

**Table 39: Changes in the Capital/Assets after the Project: Micro-Livelihood Support Program and Expanded Micro-Livelihood Support Program**

CAPITAL	GDMPC		Member/community												
	TANGIBLE														
Financial Capital		<table border="1"> <thead> <tr> <th></th> <th>2004</th> <th>2006</th> </tr> </thead> <tbody> <tr> <td>Net income</td> <td>P 232,588</td> <td>1,079,801</td> </tr> <tr> <td>CBU</td> <td>747,533</td> <td>954,609</td> </tr> <tr> <td>Savings</td> <td>478,594</td> <td>246,578</td> </tr> </tbody> </table> <p><i>(Income &amp; CBU are based on audit reports)</i></p>		2004	2006	Net income	P 232,588	1,079,801	CBU	747,533	954,609	Savings	478,594	246,578	<ul style="list-style-type: none"> <li>Common gains reported:               <ul style="list-style-type: none"> <li>expanded business, e.g., from making charcoal plus sari-sari store;</li> <li>set aside savings from income;</li> <li>increase in inventory of goods;</li> <li>expanded space for store;</li> <li>invested in farm, real estate and commercial space for rent;</li> </ul> </li> <li>twenty-six old members were assisted in paying for their outstanding balance with LBP's production loan. MF loans were used for income generation other than farming.</li> </ul>
	2004	2006													
Net income	P 232,588	1,079,801													
CBU	747,533	954,609													
Savings	478,594	246,578													
	INTANGIBLE														
Structural Capital	<ul style="list-style-type: none"> <li>A broader membership base that translates into additional income. From 679 members in 2002, the membership grew to 6,861 in 2007; of this number, 2,192 became members because of the project.</li> <li>MF policies and procedures are used for the cooperative's own lending services. The system has helped the coop manage and monitor individual loans.</li> <li>Clearer delineation of tasks and responsibilities due to hiring of additional staff. The manager could now look into improving human resource development and in training second-liners.</li> </ul>		<ul style="list-style-type: none"> <li>poor entrepreneurs are able to save thru the weekly savings policy.</li> </ul>												



## REFERENCES

### Interviews and Focused Group Discussions

Interviews with GDMPC officers and staff:

Teresita Gravino, BOD chair; Jinky Flores, manager, Jasmin Jayo, Operations Manager; Anselmo Villanueva III, branch manager; and Desiderio Barrientos, former BOD chair.

Interviews with individual borrowers in

Clarín: Felipe Uy, Marconi Estrada and Aileen Salvanera

Focused Group Discussions in Brgy. Guba, Clarín: 10 respondents

Agustina Abaa, Remedios Abaa, Norma Anoos, Adelaida Barrientos, Flordeliza Hilumba, Merlie Pacatan, Leonora Panang, Alma Rubio, Angelita Sagario, Celieta Tarroza

Focused Group Discussions in Brgy. Malibangcao, Clarín: 4 respondents

Erlinda Balilihan, Anecita Basmayor, Erlinda Fiel, Rosalie Longcob

Focused Group Discussions in Brgy. Carmen Annex, Ozamiz City: 5 respondents

CAPITAL	GDMPC	Member/community
Human Capital	<ul style="list-style-type: none"> <li>Staff and officers developed skills in managing micro-finance projects.</li> </ul>	<ul style="list-style-type: none"> <li>gained knowledge in entrepreneurship;</li> <li>cut off dependency on '5/6';</li> <li>gained confidence. Members feel confident especially when they have reached the 5th or 7th cycle;</li> <li>able to sustain business;</li> <li>have become more disciplined in managing finances.</li> </ul>
Social Capital	<ul style="list-style-type: none"> <li>gained trust of wider community. GDMPC has expanded to a neighboring town, which is the boundary between Mis Occ and Zamboanga del Sur</li> </ul>	<ul style="list-style-type: none"> <li>Group lending has created a 'network' of micro-entrepreneurs; coop membership created a sense of belonging to a larger community.</li> </ul>
Stakeholder Capital	<ul style="list-style-type: none"> <li>The project added to track record of GDMPC. It now has a partnership with PACAP in a livelihood project for residents living near the Labo river.</li> <li>PEF continued its support thru ASAP, which extended a P5M loan that will specifically assist rural women entrepreneurs.</li> </ul>	

Arabella Barrera, Elisa Cabarubias, Dorina Maypa, Mercilyn Salarda, Marietta Yray

Tauto-an, Zacarias Tauto-an, Merlyn L. Tauto-an, Natalie Villarico

Focused Group Discussions in Brgy. Mitán-ag, Bonifacio: 14 respondents

Mario Abis, Jhoralme Bacus, Corazon Entice, Cecilia Lasdoce, Zosima Larawan, Edna Mandawe, Wilma Manlangit, Judith Medura, Arcelyn Omania, Teresita Pepito, Merlene C.

Focused Group Discussions in Brgy. Tíman, Bonifacio: 8 respondents

Rudylita Acosta, Lourdes Acosta, Anabelita Antone, Alberto Bucayong, Dominga Corto, Cristina Lascuña, Gina Rambo, Fely Grace Telespuro

### Project Documents and Reports

GDMPC's project proposal.

Project Presentation Reports: MLSP by Elena Sollano; EMLSP by Thaddeus Acuna, CPA.

Project Agreements between PEF and GDMPC.

PEF Project Monitoring Reports.

Audit Reports: (a) August 3, 2003 – October 31, 2004; (b) July 1, 2005 – June 30, 2006.

GDMPC Micro-Livelihood Support Program Manual of Operations and Policy Guidelines.

### Websites Consulted

[www.microfinancegateway.org](http://www.microfinancegateway.org)

[www.napc.gov.ph/MICROFINANCE](http://www.napc.gov.ph/MICROFINANCE)

[www.adb.org/Microfinance](http://www.adb.org/Microfinance)

[www.microfinancecouncil.org](http://www.microfinancecouncil.org)

[www.doh.gov.ph](http://www.doh.gov.ph)

[www.misocc.gov.ph](http://www.misocc.gov.ph)

### ENDNOTES

<sup>91</sup> [www.adb.org/Microfinance/default.asp](http://www.adb.org/Microfinance/default.asp)

<sup>92</sup> [www.microfinancecouncil.org](http://www.microfinancecouncil.org)

<sup>93</sup> Ledgerwood, J. 1999. Microfinance Handbook: An Institutional and Financial Perspective. The World Bank, Washington D.C. (downloaded from [www.microfinancegateway.org](http://www.microfinancegateway.org))

<sup>94</sup> During the first week of December, a feast marks the beginning of the annual contest, which is participated in by the city's 55 barangays. On display at the plaza across the Tangub city hall are huge mangers and lanterns made of indigenous materials that represent the contestants' interpretation of Christmas. The annual display at the plaza is the province's biggest attraction in December

<sup>95</sup> [www.misocc.gov.ph/demography.html](http://www.misocc.gov.ph/demography.html)

<sup>96</sup> As of this writing, she continues to serve the organization in the same capacity.

MUNICIPAL HEALTH OFFICE  
REPRODUCTIVE HEALTH CLINIC

SARABAZA MULTI-PURPOSE  
COOPERATIVE INC.

HEALTH  
Plus

BOTIKA I

A PRODUCT OF SARABAZA COOP INC. IN  
PARTNERSHIP WITH LGU SARABAZA



# AFON Social Franchising Revisited

by Fe Evelyn B. Garcia



CONTENTS

HELP

EXIT



## EXECUTIVE SUMMARY

This is a case where various tangible and intangible capital successfully interacted to arrive at a flourishing delivery system of low-priced health products for the poor in the province of Antique. These capital are as follows:

- the network of community-based people's organizations dispersed all over the province (structural capital), investing money (financial capital), skills and experiences (human capital) to own and operate Health Plus outlets;
- the social franchising business model and technical support (structural capital) of the National Pharmaceuticals Foundation (stakeholder capital);
- financial support of PEF (NOTE: Please spell out) (stakeholder capital);
- participation of the provincial local government units and the local Department of Health (DOH) (stakeholder capital);
- harmonious relationships on the ground between local government units (LGU) officials and community organizations (social capital);

## CASE STUDY DESIGN

This study revisits the AFON Case Study published by PEF in 2004 using the Knowledge for Poverty Alleviation (KPA) framework. It focuses on the Health Plus Social Franchising Project implemented from May 2004 to April 2005.

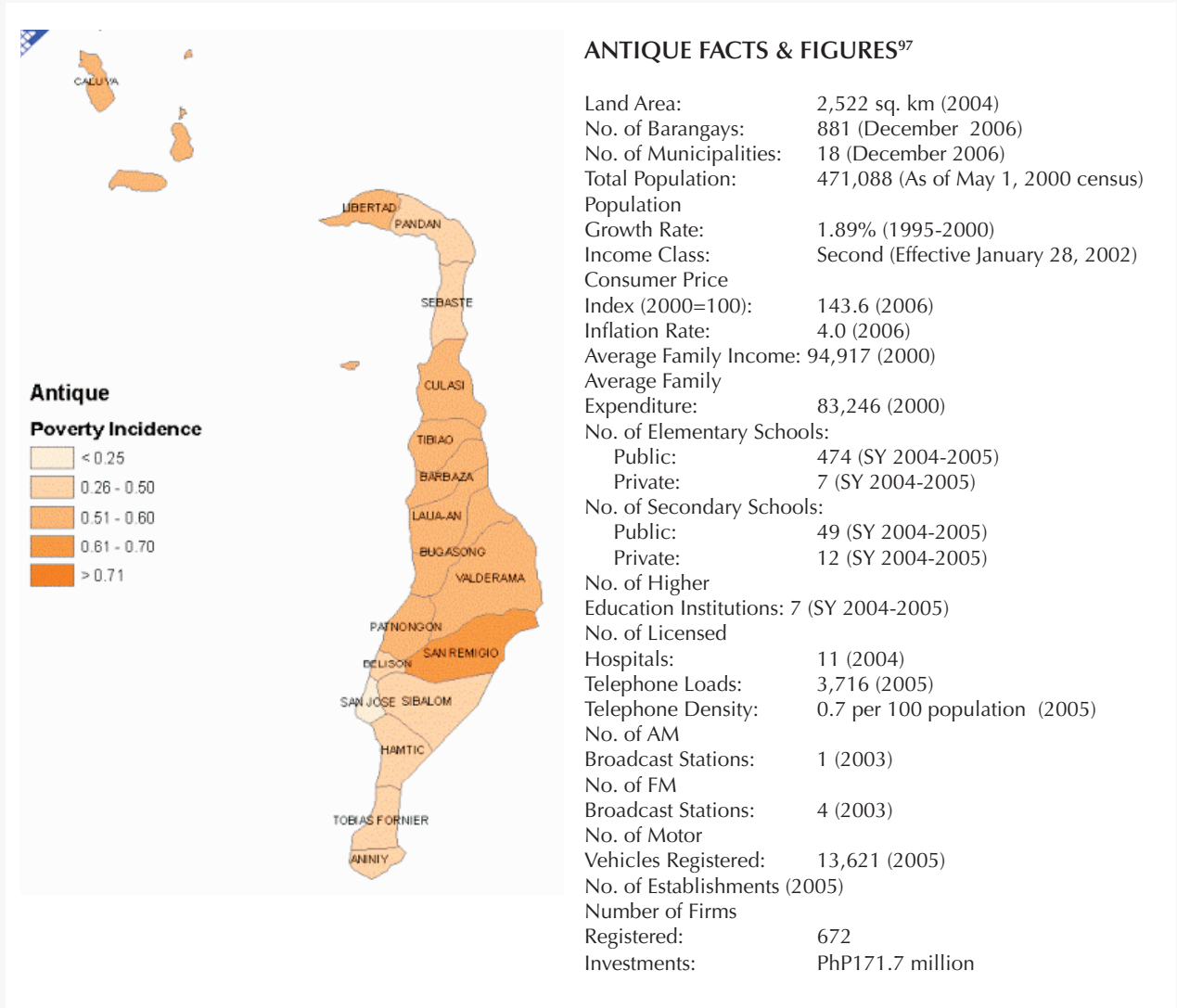
Updates and additional information to fill in the gaps for this study were collected through field interviews with the present AFON's social franchising program manager Mr. Renante Y. Pido and AFON executive director Ms. Terry Sitchon, a review of current documents and internet data-gathering.

The case study was validated by PEF and CCLFI officers last February 8-9, 2008 in Quezon City; and by AFON Board Member Mr. Tomdoly J. Antonio, AFON Program Manager Mr. Pido and NPF representative Mr. Alnaver Baltazar during the presentation to partners last February 19-20, 2008.

- enabling laws (stakeholder capital) on generic drugs and Botika ng Barangay (BnB) that require the prescription of generics and the establishment of community pharmacy stores for the poor
- enterprising and dedicated AFON executive director, available barangay health workers and barangay nutrition scholars who can assist in the outlets (human capital).

Because of the above-mentioned capital inputs, the project was able to establish a top-performing provincial franchise supplying a network of forty-three Health Plus outlets dispersed in all the eighteen municipalities of the province of Antique with a catchment area covering half the population of the province. Household savings on medicines are estimated at 50%. The outlets' accessibility in terms of location and price can contribute to improved health.

The broad base of outlets in the communities, owned and operated by different organizations, combined with the comprehensive franchise technology support and a viable business/financial model, provides a good chance for the project to be sustained indefinitely.



## PROJECT CONTEXT

### Antique Province

Antique is an elongated stretch of land covering the entire west coast of Panay island. It is 155 kms long, 35 kms at its widest point and bounded by the provinces of Aklan in the north, Capiz in the east and Iloilo in the south. To the west is the Cuyo East Pass, an arm of the China Sea.

Antique is one of the most depressed provinces in the country. Poverty incidence is recorded at 43.4%, ranking #15 among provinces with the highest poverty incidence in the country (NCSB 2003)<sup>98</sup>. Antique's poor are the landless workers, shifting cultivators, farmers with very small land holdings, small coconut farmers, artisan fishermen and agricultural workers / seasonal laborers who work as sacadas in the neighboring island of Negros.

### Health and Nutrition

Antique's poor health and nutrition status is an effect of poverty. Poverty implies a reduced food budget and therefore less food intake,

which leads to malnutrition and susceptibility to common illnesses and diseases. A UNICEF evaluation study ranks Antique's children as second in terms of malnutrition indicators among pre-schoolers in the country.

Antique's health status indicators are well below the national average statistics<sup>99</sup> as shown in the table below:

**Table 40. Antique's Health Status Indicators**

Indicators	Antique	Philippine Average
Infant mortality	49/1000	30/1000
Under-five mortality rate	84/100,000	67/100,000
Maternal death rate	223/100,000	200/100,000

The leading causes of morbidity in the province are pneumonia, upper respiratory tract infections, diarrhea, hypertension, tuberculosis, wounds, accidents and influenza as recorded by the Provincial Health Office (PHO). As can be deduced, these conditions are mostly preventable with the proper nutrition and a knowledge of scientific home remedies for common illnesses. The PHO also records the leading causes of

mortality as pneumonia, heart disease, cardiovascular disease, tuberculosis and cancer.

Resource constraints plague Antique's public health service. Antique has only one provincial hospital, three district hospitals and eight community/lying-in hospitals serving the entire populace. Each of the eighteen towns has one rural health unit (RHU) headed by the Municipal Health Officer (MHO). The MHO is usually the only doctor serving the whole municipality. In 2004, Antique had a total of 154 midwives and 113 active Barangay Health Workers (BHWs) in the 113 barangay health stations.

Pharmacy outlets in community and district hospitals are reputed to have empty shelves because LGUs have limited resources for basic services. RHUs and/or the Mayor's Office give free medicines to indigents depending upon the local government unit's (LGU) budget allotment and practice. Most of the poor in the uplands, however, do not visit the RHUs or the hospitals because it is too costly to travel and/or pay for medicines.

Antique has a total of sixty-five public and private pharmacy outlets. Around half are in the

capital town of San Jose. Most municipalities have only one pharmacy. Others may have two while still others have none at all. Many of the people buy their medicines from sari-sari stores or peddlers on motorcycles. The Provincial Health Officer and DOH representative said these sources are not authorized to sell drugs and probably sell expired or fake drugs since the branded medicines are often sold at very low prices.

Antique has health improvement programs aside from the regular public health service. The most recent is the children's health and nutrition program under UNICEF's Sixth Country Program for Children (CPC 6)<sup>100</sup>.

### The Organized Poor in Antique

Probably, the most significant asset of the poor in Antique is the collective effect of three decades of organizing for development among the poor. This was started in the seventies by the Mill Hill Fathers, a religious congregation assigned to the province, who organized cooperatives in the different parishes/towns. These coops prospered and affiliated with other coops from outside the province. Since then,

they have become an important force in the province's economy.

In 1986, the province was stunned by the assassination of its folk hero – Evelio Javier. He became the inspiration of many to participate in development and politics. In fact, AFON (Antique Federation of NGOs) was formed in 1988 precisely to facilitate the people's participation in the decision-making in the province's development and to ensure that public resources go/ are accessible to the poor.

In the 1990s, the seven-year Antique Integrated Area Development (ANIAD) was implemented. ANIAD is a tri-partite collaboration effort among NGOs/POs, the Philippine government and the Dutch government. As a result, the number of community and sectoral organizations of farmers and fisher folks increased. NGOs, people organizations and LGUs gained valuable experience from the collaboration.

Towards the turn of the century, "grameen" type micro-finance programs were introduced. These programs organized women into small self-help groups for small livelihood micro-financing.

All these experiences established a strong civil society in Antique and created a structural capital of the poor.

The number of people organizations grew, coming in different shapes and sizes – from large multi-purpose cooperatives with over 5,000 members to the basic unit of a five-member self-help micro-finance group, to church-based organizations and sectoral organizations of farmers, fisher folks and women. The organized poor are also geographically spread out in the eighteen municipalities of Antique. Among the major networks/groups of the organized poor are AFON, ANIAD and certain Church-mandated organizations. Membership by the same people in multiple organizations facilitates information flow and connectedness that can further contribute to the empowerment of the poor. People organizations also help facilitate civic participation, especially in formal local development councils and in other joint collaborative programs.

Participation in development work cultivated competencies in organizing, advocacy and networking among NGO workers. Those involved in cooperatives acquired the skills in managing

coops, doing financials, patronage, providing service to its constituency while earning an income at the same time.

Tangible assets were also accumulated. Members of cooperatives and micro-finance organizations have realized savings, capital build-up and access to credit. Many successful cooperatives have their own infrastructures and offices.

## RESPONSE: SOCIAL FRANCHISING OF HEALTH PLUS PRODUCTS

### Pre-Project Implementation

The Antique Federation of NGOs (AFON) is a network of nine NGOs and their affiliate cooperatives, community and sectoral organizations, and micro-finance self-help groups. The nine member NGOs are: Antique Development Foundation, Antique Federation of Cooperatives (AFCUI), Antique Human Development Program, Hantique Igcahuhi Center-Hublag EVELIO, PROCESS Foundation, Ahon sa Hirap Inc., Taytay sa Kauswagan Inc., Palanan-awon Pangkauswagan Sang Antique and INSOL. AFON's current mission is to "enhance the development roles and capacities of NGOs and

community institutions" towards the vision of a "community-led development in Antique".

AFON has been implementing programs in partnership with LGUs on such diverse fields as institution building, research and information, advocacy, networking, and on development themes such as agrarian reform, barangay justice service system, children's rights and health.

In the past, AFON implemented health-related programs in coordination with the government. For example, the Partnership for Community Health Development enabled the target community partners to gain access to potable water and to develop capacities related to community-based health, sanitation, nutrition, livelihood and environmental protection. AFON was also involved in the capability building and advocacy on reproductive health and prevention of related diseases such as STD/HIV/AIDS in partnership with the LGU-San Jose. AFON is a member of the Provincial Health Board.

In 2004, AFON Executive Director, Romy Baldevia, visited the Health Plus social franchising project in Negros Occidental. He immediately saw the potential of social franchising to

address two major AFON concerns, namely: (1) the need for affordable and readily available quality medicines, and (2) the financial sustainability of AFON and its member NGOs.

The concept is for AFON to act as the provincial Health Plus franchisee distributing products to Health Plus Outlets (HPOs). These HPOS will be owned by AFON's affiliate organizations and registered as Botika ng Barangay. It will be operated in close coordination with the government's rural health service.

Through this project, AFON will be able to make available affordable quality medicines, generate an income to ensure its financial sustainability and support the DOH program. Hence, the project objectives formulated and submitted to PEF were as follows:

- distribute high quality and affordable drugs, family planning commodities and information and education campaign on reproductive health services through the rural health units/stations;
- support the LGUs and communities to establish a pharmaceutical distribution chain applying the principle of social franchising;



- enhance the quality of services and the sustainability of “Health Plus” outlets through regular monitoring.

PEF agreed to help AFON launch its social franchising project and provided a grant of P399,900 for one year operations from May 2004 to April 2005. Below is the breakdown of the approved budget.

Institutional support (salaries, project orientation, monitoring/audit/field visits)	P 140,450
Beneficiary development (outlet management training, systems installation and learning visit)	48,000
Restricted grant (for stocks)	31,450
Equipment, store cabinets	30,000
Computer accessories	50,000
	P 399,900

### Pre-project picture

The table below shows the assets/capital and vulnerabilities of the poor in relation to the Health Plus social franchising project. The organized poor in Antique have enough tangible and intangible capital for the social franchise to work.

**Table 41. Capitals/Assets and Vulnerabilities Before Project Implementation: Health Plus Social Franchising Project**

ASSETS / CAPITAL	VULNERABILITIES
<b>Human Capital</b>	
<ul style="list-style-type: none"> <li>• Resourceful and influential AFON executive director. He works late hours, constantly looks for solutions to problems along the way, and thinks about future possibilities.</li> <li>• General competence and professionalism of AFON affiliates in managing service-oriented businesses particularly in running successful cooperatives</li> <li>• Presence of personnel in barangay RHUs: doctors, barangay health workers (BHW) and barangay nutrition scholars (BNS)</li> </ul>	<ul style="list-style-type: none"> <li>- Half the population of Antique live below the poverty line;</li> <li>- Provincial health status indicators below national average; prevalence of preventable diseases;</li> <li>- Some of AFON people organizations are not business-oriented/enterprising, more inclined to advocacy work;</li> <li>- BHWs and BNS who will be tapped as HPO operators have limited backgrounds in selling, recording or preparing financial statements.</li> <li>- Some medical personnel are also into the pharmaceuticals business and views HPOs as competitors.</li> </ul>
<b>Social and Cultural Capital</b>	
<ul style="list-style-type: none"> <li>• AFON and their member organizations on the ground have harmonious relationships with the LGU’s established through the years either as professional partners or as personal friends.</li> <li>• Tradition of “cooperativism” – a profitable business owned, operated and serving its members. Major businesses are operated by cooperatives – consumers’ store, credit coops, cable TV, etc.</li> <li>• “Captured market” – AFON has many individual members who can patronize Health Plus outlets</li> </ul>	<ul style="list-style-type: none"> <li>- “Branded is better than generics” mentality among the general populace and some RHU personnel.</li> <li>- Negative attitude of people to Botika ng Barangay (BnB); failure of original government program so that many regard HPOs as no different from the BnBs of some years back.</li> </ul>

ASSETS / CAPITAL	VULNERABILITIES
<b>Structural Capital &amp; Institutional Resources</b>	
<ul style="list-style-type: none"> <li>• People organizations and processes. Network of primary coops, people organizations, self-help groups, coalitions and alliances in the province with well-established by-laws, policies and systems. Many potential owning organizations that can manage and operate a Health Plus Outlet retail franchise.</li> <li>• Area coverage, dispersal and years in existence. AFON is present in all the eighteen municipalities so there is no need to establish a new group to reach out to far-flung places. Most of these organizations have existed for over a decade. AFON has almost twenty years of experience working as a network with heterogeneous interests but finding ways to work as one.</li> <li>• Economic structures and processes. Multi-purpose coops are a significant economic force in some municipalities operating a credit union, consumers' store, cable TV and other services.</li> <li>• Enabling laws and enforcement of laws. The Law on Generic Drugs and the Botika ng Barangay (BnB) law promote generics and the establishment of community pharmacy outlets that will make medicines affordable and accessible to the poor. DOH-BFAD monitors distribution of drugs, maintains standards.</li> <li>• Governance. Existence of Provincial Development Council, Municipal Development Council where AFON is represented; existence of Barangay Development Councils, but not in all barangays</li> </ul>	<ul style="list-style-type: none"> <li>- Devolved health department has cut down resources for public health services including hospital care, free medicines, and other health services.</li> <li>- Problematic financial sustainability of AFON secretariat operations; some NGO and PO organizations are oriented more towards advocacy rather than economics</li> </ul>
<b>Infrastructure Capital</b>	
<ul style="list-style-type: none"> <li>• Paved highways, roads and bridges connecting all Antique municipalities to Iloilo in the south and Aklan in the north; affordable fares – bus, jeeps, tricycles and V-Hires; available public transportation</li> <li>• Electricity available in all the municipalities</li> <li>• Buildings (RHU) and coop offices that can offer space for the Health Plus Outlet</li> </ul>	<ul style="list-style-type: none"> <li>- Rough farm to market roads, barangay roads</li> </ul>
<b>Natural Capital</b>	
<ul style="list-style-type: none"> <li>• Elongated seacoast (marine resources) to the west, and the Madya-as Mountain range (forest resources) to the east.</li> <li>• Not along the typhoon path, not vulnerable to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>- More than half of land area not suitable for agriculture because of the steep slope and serious erosion problem</li> <li>- Denuded forests</li> <li>- Dwindling marine resources due to illegal fishing and over-fishing</li> </ul>

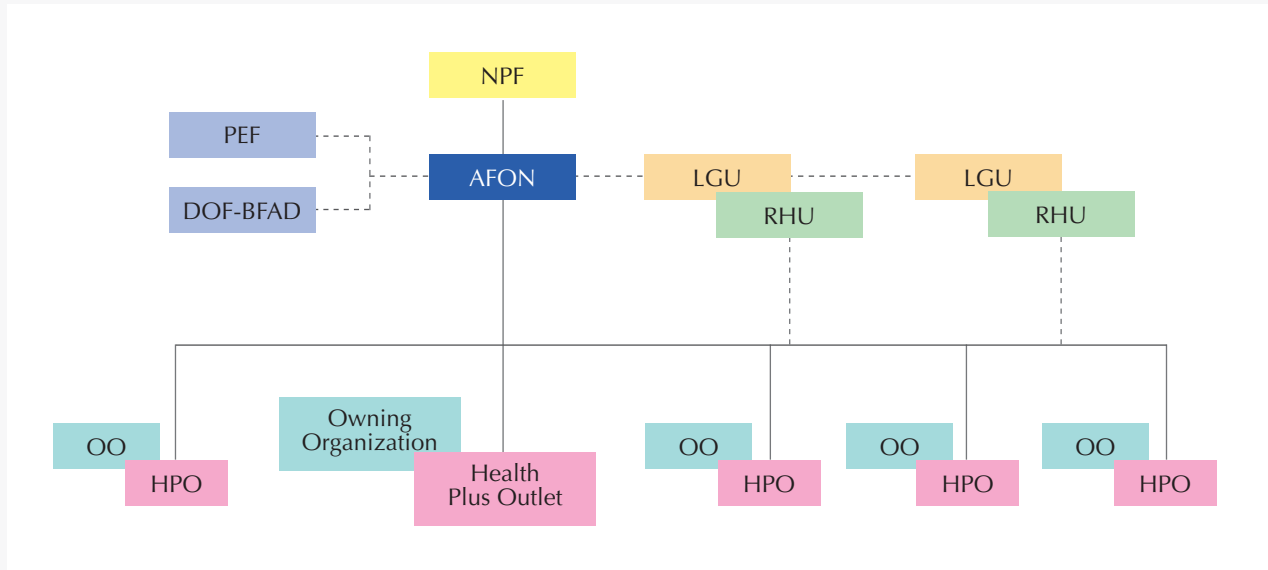
ASSETS / CAPITAL	VULNERABILITIES
<b>Stakeholder Capital</b> <ul style="list-style-type: none"> <li>NPF's present social franchising technology is the result of the DOH and years of learning lessons from "foreign experts" in evolving a delivery system of medicines to the poor. The franchise package includes revolving stock, monitoring, computerized accounting systems and training programs.</li> <li>Government people are experienced in tri-partite program implementation, so are relatively easier to work with, reasonable, transparent and accountable in joint programs.</li> <li>PEF committed to support the project's institutional and client development, and willing to provide leverage for AFON to advance.</li> </ul>	- Local DOH-BFAD and RHUs are not so aware / convinced of the NPF being a serious national government health program.
<b>Financial Capital</b>	
Savings and capital build-up among the organized poor.	Economically disadvantaged majority

## Project Implementation

### Strategies

The Health Plus Social Franchise is a pre-packaged standard system. It involves the National Pharmaceutical Foundation Inc. (NPF)<sup>101</sup>, AFON as the Provincial Franchisee distributor, the retail Health Plus Outlet (HPO) and its owning organization and the Local Government Unit through its Rural Health Unit.

Diagram 13. The Social Franchising Structure



AFON pays NPF a P50,000 fee for the Health Plus provincial franchise. This franchise package includes PNDF-approved<sup>102</sup> generic medicines, training, computerized accounting and MIS systems and an operations manual. AFON puts up the initial working capital for salaries, storage, stocks and a computer.

AFON encourages its affiliate organizations to own and operate a Health Plus Outlet (HPO) in their areas. Each HPO is required to cover a catchment area of at least 5,000 people or five to fifteen barangays and to be licensed by the Bureau of Food and Drugs (BFAD) as in the Botika ng Barangay (BnB). The owning organization pays a franchise fee of P3,000, a bond of P5,000 to AFON and P7,000 for the store cabinet and counter. The HPO gets P25,000 worth of Health Plus products as revolving capital. The HPO operator gets 70% of the monthly net income as compensation while the owning organization gets 30%.

The Health Plus social franchising concept directly involves the LGU and the Rural Health Unit. Ideally, the HPO is to be located inside the Rural Health Center, a Barangay Health Station or a government-owned pharmacy. A

BHW or a BNS graduate is hired as the HPO operator. In order to make this possible, AFON and the LGU sign a Memorandum of Agreement allowing the HPO to be set up inside the RHU.

As can be seen above, the social franchising concept involves the committed participation of the different LGUs, the RHUs, AFON board, AFON affiliate organizations, the DOH-BFAD, the NPF and PEF. Hence, the most crucial stage was in laying down the groundwork and solid foundation for a successful social franchising project. This stage included the following activities:

1. Convincing the AFON Board to commit to the project, not only as approving / endorsing body but in the actual participation of their member organizations by their investing in franchise outlets. After approval of the AFON Board, the project gave an orientation seminar for qualified coops and PO's who will potentially own the organization as an HPO.
2. Explaining and convincing the LGU, Health Officers, LGU health committees at the pro-

vincial and municipal levels to commit their support and participation in the project. Gaining the commitment of government is still an on-going process. Government is not homogeneous and there are different levels of support from one public individual to another.

3. Anchoring the social franchise under Administrative Order 144 Allowing HPOs to operate as Botika ng Barangay and complying with BFAD licensing requirements: for AFON as the distributor and wholesaler of drugs and for each new HPO as a Botika ng Barangay. BFAD licensing process includes BFAD visits and attendance in a licensing seminar on "Botika ng Barangay and Rational Drug Use".
4. Signing of formal Social Franchising Agreements and MOAs between AFON and the LGU-Owning Organization
5. Giving training and technical support
  - Operators' Management Training Exposure visit and training of franchise manager, pharmacist and finance/com-

- puter operator in the Negros Occidental Pharmaceutical Foundation;
  - BHW operators and owning organization representatives attend HPO Quality Operations Training on HP social franchising, business planning, operational systems and management, financial recording;
  - Business Planning Conference Workshop convened by NPF for all PPFs;
  - enforcement of BFAD policies, other technical problems addressed;
  - follow-up, on-site coaching, monitoring and audit;
  - HP Operators' Forum: sharing of experiences and learning gained to enhance operations.
6. Installation of systems and physical equipment
- installation of financial accounting system (Peach Tree) software;
  - installation of equipment and facilities required at the provincial level;
  - installation of store cabinets and counters for HPOs.

After firming up the preparations, AFON's provincial distribution system was operationalized. HPOs stocked with P25,000 worth of Health Plus products sold them to the communities, ordered replenishment from AFON, who in turn ordered them from NPF in Manila. BHWs operating HPOs inside RHUs gave advice on reproductive health.

#### Problems encountered and how resolved

1. Stocks from the NPF took from two to three weeks to arrive after ordering. Sometimes, the outlets run out of inventory of fast-moving items. To solve this problem, AFON increased its buffer stock inventory on identified fast-moving items. To make the stocks available where needed, AFON pulls out stock from one outlet, transfers them to the other outlet and replenishes the pulled out stock later. AFON also had a one month advance order system and an increase in the buffer stock set up. With the forty-two outlets in the province, AFON needed more buffer stocks and requested PEF's aid. PEF has approved the request but has not yet released the funds.

2. Low level of cooperation from some Municipal Health Officers. At the start, more than half of the 18 MHOs do not prescribe generics and some did not allow the HPOs to set up shop inside the RHU. They believed that locating the HPO inside the RHU will just create some confusion. To solve this particular problem, AFON housed the HPO instead in the barangay hall or in the premises of the owning organization. AFON also persisted in convincing these MHOs to prescribe generics and by project's end, only three were not actively cooperating.
3. Limited product lines since only Botika ng Barangay approved products are the only ones allowed to be sold in HPOs. In order for prescription drugs to be available to the poor, AFON engaged in another franchise model called "shop-in-shop". This was set up in October 2004 in one corner of the Antique Diocesan Socio-Health Association Inc (ADSHAI) pharmacy run by SPC sisters. However, this outlet performed poorly and is now being recommended for closure. In its stead, AFON opened a regular Health Plus Pharmacy selling prescription drugs in November 2007 in Pandan. This pharmacy cov-

ers a catchment area of three municipalities, namely, Pandan, Sibalom and Sebaste. It will sell a 70-30% generic to branded medicine ratio as required by the franchise agreement.

4. Preference of some customers for branded medicines over generics, so there was a need to enhance the awareness of the communities to generics (a generics advocacy campaign) with the help of government health partners.
5. Some HPOs sold less than P5,000 worth of merchandise a month. To solve this, AFON intensified its promotion and marketing efforts through:
  - attendance in the Association of Barangay Captain meetings at the municipal level to promote Health Plus and the generics;
  - Strengthened linkages with other midwives, even private doctors so that they can help in prescribing the Health Plus products for their patients;
  - Applied for accreditation with the provincial and municipal LGUs and submitted requirements to participate in the

bidding process, sales to be credited to the concerned HPO.

6. Several HPO operators (who are Barangay Health Workers) still have some difficulties in accomplishing the Stock + Cash Inventory and Income Statement. The training on financials has not been enough. AFON staff continuously needs to be coached and the refresher course has to be followed up by actual coaching.

#### Monitoring and evaluation measures

The project has an internal monitoring system as part of the franchise package. Each month, an AFON Health Plus staff visits each HPO to conduct a physical inventory, cash count / cash deposits, audit records and check if the BFAD license agreement and the NPF franchise agreement are followed. The staff also troubleshoots some problems and coaches the HPO operator, if needed. Monitoring forms are accomplished and monthly income statements prepared. Slow moving stocks are withdrawn and transferred to another outlet.

At the provincial level, the monthly financial report of HPO operations and the provincial franchise operations are generated from the NPF supplied computer software. Trends are analyzed by management. AFON then prepares a quarterly financial and narrative reports and submits them to PEF and NPF.

The project is also monitored by at least three external bodies: (1) PEF who requires quarterly narrative and financial reports, financial audits, formal monitoring visits and occasional visits. (2) NPF who also requires reports, conducts monitoring visits and gathers all provincial franchisees to an annual evaluation meeting. (3) BFAD who conducts site visits to ensure strict compliance with BnB requirements.

The day-to-day operations, however, is the primary responsibility of the owning organization. Since AFON visits only once a month, what happens in between those months is the primary responsibility of the owning organization. There were at least 2 HPOs who had problems with unaccounted cash shortage. The owning organizations promised to pay AFON/NPF for what the HPO operator lost.

Before 2007, the Health Plus social franchise's built-in monitoring and evaluation system focused on the business aspects of the project. The health aspect was minimally considered, if at all. The software generated figures primarily to measure performance that can be compared with the NPF set standards. Late in 2007, NPF introduced a monitoring system that included (1) social and health objectives, (2) business, and (3) governance and ownership.

### Interplay of Capital

The human capital that started the project and which significantly contributed to the project's success was the leadership of Romy Baldevia, AFON Executive Director. His track record in the NGO world helped convince the AFON Board, the potential owning organizations, the LGUs, PEF and NPF to actively support the project. He recruited capable people and managed the program well. Under his leadership, the staff and AFON affiliates took the issues of AFON's financial sustainability and social franchising seriously. This means that people invested time and effort in this endeavor and did not consider it just as an add-on to other more "important" development tasks.

The project took advantage of AFON's structural capital and institutional resources. Two-thirds of the first batch of owning organizations were cooperatives. These coops were professionally managed on-going concerns, financially viable with surplus capital to invest. As owning organizations, they invested in the HPO primarily as a service to its poor members rather than to make money but operated the HPO like a business. The success of the first batch of owning organizations inspired other AFON affiliates to invest in HPOs.

The project utilized the Law on Generic Drugs to promote Health Plus generic medicines to the LGUs and the general public. Municipal Health Officers were urged to prescribe generic drugs as provided by law. The project also utilized the Botika ng Barangay (BnB) Law – Administrative Order 144 -- to start HPOs in their communities.

AFON sits in the Provincial Health Board of the Provincial Development Council together with the Provincial Health Officer and the Department of Health representatives. AFON made use of its position in the Board to mainstream the Health Plus Social Franchising as a health program of the province. The project is

regularly reported as the Province's Botika ng Barangay program and included as an accomplishment in the public health sector during the State of the Province Address of the Governor.

Other types of human capital were useful to the project in some ways but at the same time presented some vulnerabilities. Barangay health workers (BHW) and Barangay nutrition scholars (BNS) were available to operate the HPOs. They knew about reproductive health and basic nutrition but they were not very knowledgeable about selling medicines or financial recording. In the same vein, Municipal Health Officers supportive of the project did prescribe Health Plus generics, while a few MHOs refused to do so.

The project also utilized the social capital of the AFON network with the people in the communities. Their member organizations on the ground have harmonious relationships established through the years with the LGU's either as professional partners or as personal friends.

Three decades of a thriving cooperative movement perhaps have embedded a tradition of service and income in the province. This cultural capital makes the concept of financial

sustainability easier to accept as being possible and essential. Thus, social franchising is regarded basically as a service to its members but is required to be profitable at the same time.

Stakeholder capital was very useful in making this project a success. NPF's social franchising technology is a pre-packaged self-contained system that needs very little adjustment when all the basic ingredients are present. The revolving capital, marketing strategy, training interventions, monitoring forms and software, standard procedures are all built into the franchise package.

Government is also another stakeholder that was instrumental in the success of the project. The government sector representatives in Antique are experienced in tri-partite program implementation, so they know how collaborative efforts are worked out. The LGU in Antique has actively carried out their role as partner in the project.

PEF is also another stakeholder in the project. It was willing to provide the project's working capital and capability building support amounting to P399,900 as a counterpart to release NPF

resources. The amount is just right. It provided enough working capital support for AFON to comfortably launch the social franchise project but not too much to discourage self-sufficiency and self-reliance among the recipients.

The financial capital of the HPO owning organizations was also mobilized. They invested over P16,000 for the HPO franchise fee, bond and store cabinets. The physical capital of the owning organizations and/or RHUs was also utilized to house the HPOs for free.

#### **New types of capital created or gained**

The physical and financial capital would be the most obvious new capital created. The network of forty-three HPOs set up in all the municipalities covering an estimated 215,000 or half of the population of Antique. The poor can save on reduced medicine costs. The HPOs also provided income / employment for the forty-three HPO operators. The financial sustainability of the AFON secretariat was improved. By the next year, AFON would be able to become self-reliant and pay the salaries of four of its people and to cover the Health Plus cost of operations.

Intangible capital is more difficult to ascertain because the project has been in existence for only three years and may need an impact evaluation to determine the intangible capital created. Having said that, the intangible capital created thus far are the following: knowledge gained on generic medicines, access to basic medicines and social franchising technology including operating the software program and inventory management. Because of AFON's excellent performance as a provincial franchisee, NPF made AFON's social franchising project as a national training center. This means that AFON now provides training interventions to existing and potential franchise operators from other provinces in the country.

The structural capital of the poor was also strengthened. Some owning organizations that needed renewal were revived through the HPO project. AFON-Government tie-ups especially at the municipal level were also strengthened.

#### ***Types of negative capital addressed / had to be addressed to achieve project objectives***

The negative capital is on people's attitudes towards generics and on their previous ex-



perience with the Botika ng Barangay. The “branded is more effective” mentality and the refusal by some Municipal Health Officers to prescribe generic medicines were addressed through constant advocacy. Through constant dialogue and actual practice it became possible to prove to these people that HPOs will sell cheap medicines and that the system will not fail.

***Interventions implemented to have an effect on what capital of the poor***

Constant visits and patient convincing of DOH-BFAD, MHOs, BHWs and LGUs were done. The government is not a homogenous body so that despite enabling laws, endorsement from higher bodies and MOAs, some government personnel still did not cooperate.

The capitals at work are summarized in Table 42.

**Table 42. Interplay of Capital During Project Implementation: Health Plus Social Franchising Project**

Capital Used	Interventions Made to Use Assets Better or Address Liabilities
<p><b>Human Capital:</b></p> <ul style="list-style-type: none"> <li>• Enterprising capable and dedicated leader / executive director;</li> <li>• Presence of BHWs and BNS who could operate HPOs;</li> </ul> <p><b>Structural Capital and Institutional Resources:</b></p> <ul style="list-style-type: none"> <li>• Network of community-based organizations affiliated with AFON willing to invest, own and operate an HPO;</li> <li>• Law on Generic Drugs and Administrative Order on Botika ng Barangay;</li> </ul> <p><b>Social Capital:</b></p> <ul style="list-style-type: none"> <li>• Harmonious relationships between LGUs and community-based organizations stemming from years of working together;</li> </ul> <p><b>Stakeholder Capital:</b></p> <ul style="list-style-type: none"> <li>• PEF grant;</li> <li>• NPF social franchising technology;</li> <li>• LGU / DOH;</li> </ul> <p><b>Cultural Capital:</b></p> <ul style="list-style-type: none"> <li>• Tradition of “cooperativism” – service and income for members</li> </ul>	<p>AFON Executive Director (human capital) did the following during the pre-operations/start-up period:</p> <ul style="list-style-type: none"> <li>• Together with NPF Director (stakeholder capital) convinced the AFON Board to invest in the Health Plus franchise (stakeholder capital);</li> <li>• With the support of AFON Board (stakeholder capital) convinced AFON affiliate members to become owning organizations (structural capital);</li> <li>• Convinced LGU officials and MHOs (stakeholder and social capital);</li> <li>• Accessed funds from PEF (stakeholder and financial capital);</li> <li>• Hired qualified and dedicated staff (human capital)</li> </ul> <p>Processing of licenses (structural capital)</p> <ul style="list-style-type: none"> <li>• BFAD licensing of HPOs as Botika ng Barangay;</li> </ul> <p>System installation and capacity building facilitated by NPF (stakeholder capital)</p> <ul style="list-style-type: none"> <li>• Training of operators (human capital);</li> <li>• Installation of financial accounting software (structural capital) and training of staff (human capital);</li> </ul> <p>Monitoring and evaluation system (structural capital)</p> <ul style="list-style-type: none"> <li>• Facilitated by NPF (stakeholder capital);</li> <li>• Facilitated by PEF (stakeholder capital);</li> </ul> <p>Promotions/advocacy of generics (cultural and human capital)</p>
<p><b>Liabilities Addressed</b></p> <p><b>Cultural:</b></p> <ul style="list-style-type: none"> <li>• “Branded is better than generics” mentality</li> </ul> <p><b>Human Capital:</b></p> <ul style="list-style-type: none"> <li>• Resistance from some MHO to prescribe generic drugs</li> </ul>	

## RESULTS

### Concrete Project Results

The project produced one working provincial franchise system with a network of forty-

three HPOs. Owned by community-based organizations, these HPOs sell quality medicines and medical paraphernalia to its members generally at very low prices. Households are estimated to have made a 50%

savings on drugs, vitamins and other basic health commodities. Detailed project results according to deliverables are shown in Table 43.

**Table 43. Project Results per Deliverable: Health Plus Social Franchising Project**

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
<b>For the Community Beneficiaries</b>			
1. Fifteen community-based outlets established;	<ul style="list-style-type: none"> <li>A total of thirty-five outlets owned by community-based organizations were set up, twenty more than the project target of fifteen HPOs;</li> </ul>	<ul style="list-style-type: none"> <li>Many community-based organizations affiliated with AFON;</li> </ul>	
2. Better access and continuous supply of good quality essential generic drugs, first aid, family planning commodities and herbals at the lowest prices;	<ul style="list-style-type: none"> <li>To date, forty-three HPOs are operating with a catchment area covering half the population of Antique;</li> <li>Sale of quality essential drugs and other health commodities sold at HPOs at the lowest prices;</li> </ul>	<ul style="list-style-type: none"> <li>Positive experiences of the first outlets in terms of services rendered and incomes earned inspired others to put up their own;</li> </ul>	
3. Continuing access to basic information on family planning and reproductive health;	<ul style="list-style-type: none"> <li>Continuing access to basic information on family planning and reproductive health – given by BHWs in RHUs through reading materials, posters and counseling by HPO operator; not extensively promoted in church-based owning organizations;</li> </ul>	<ul style="list-style-type: none"> <li>Information on family planning and reproductive health are integral tasks in RHUs;</li> </ul>	<ul style="list-style-type: none"> <li>For church-based coops, artificial contraception is not allowed;</li> </ul>
4. Enhanced management competencies;	<ul style="list-style-type: none"> <li>Most HPO operators acquired new skills although several still need to acquire skills in selling and recording;</li> </ul>	<ul style="list-style-type: none"> <li>Training and coaching provided;</li> </ul>	<ul style="list-style-type: none"> <li>Some HPO operators especially BHWs and BNS are predisposed more to health-related concerns and not on accomplishing forms or selling;</li> </ul>
5. Continuing opportunity to earn income/incentives;	<ul style="list-style-type: none"> <li>Nominal revenues and expanded services of the owning organizations to their members/ constituents;</li> </ul>	<ul style="list-style-type: none"> <li>Mark-up system is fixed;</li> </ul>	<ul style="list-style-type: none"> <li>Social franchising is primarily a service function.</li> </ul>

DELIVERABLES	RESULTS	FACILITATING FACTORS	HINDERING FACTORS
<b>For the Proponent Beneficiary</b>			
6. One provincial franchiser established;	<ul style="list-style-type: none"> <li>One provincial franchiser established with three project staff and two support staff;</li> </ul>	<ul style="list-style-type: none"> <li>Expanded support: PEF, NPF, LGU, DOH, AFON board and network of affiliates;</li> </ul>	
6. Supply of good quality and affordable drugs and family planning commodities and herbs for the outlets;	<ul style="list-style-type: none"> <li>Supply to outlets started May 26, 2004, as soon as the BFAD license is acquired.</li> </ul>	<ul style="list-style-type: none"> <li>Effective franchise model;</li> </ul>	
8. Standard mark-up system and allocation of income: 70% goes to operational expenses and 30% goes to the CBU/ revolving fund of HPO;	<ul style="list-style-type: none"> <li>Standard mark-up system adopted;</li> </ul>	<ul style="list-style-type: none"> <li>Included in franchise agreement;</li> </ul>	
9. Linkage to formal health care system provided by the government;	<ul style="list-style-type: none"> <li>Many HPOs located inside RHU;</li> <li>MHOs prescribing medicines from HPOs;</li> <li>BHWs and BNS working in HPOs;</li> </ul>	<ul style="list-style-type: none"> <li>Credible relationship with LGUs;</li> </ul>	
10. Enhancement of capability through training interventions;	<ul style="list-style-type: none"> <li>Training interventions conducted, staff sent to other province for training; on-the-job coaching;</li> <li>Achieved.</li> </ul>	<ul style="list-style-type: none"> <li>LGU and DOH support and participation;</li> </ul>	
11. A working and sustainable inventory of the pharmaceuticals accessible, available and affordable to the poor communities;	<ul style="list-style-type: none"> <li>Achieved.</li> </ul>	<ul style="list-style-type: none"> <li>NPF training and support;</li> </ul>	
12. A continuing opportunity to earn income to sustain project operations.	<ul style="list-style-type: none"> <li>Generated employment and additional income for forty-three HPO operators;</li> <li>AFON self-reliant – able to pay salaries of manager and two pharmacists</li> </ul>	<ul style="list-style-type: none"> <li>Viable franchise business model.</li> </ul>	

## Perceived Benefits

1. The project strengthened linkages with the public formal health care system. The DOH/BFAD facilitated the registration of forty-three HPOs as Botika ng Barangay. The local DOH representative, Dr. Autajay, gave inputs during the training and in the evaluation of HPO operators. The social franchising project is also discussed at the Provincial Health Board which is headed by the governor and whose members include representatives from the DOH, PHO and AFON. In 2006, HPO outputs and effects were reported by the Provincial Governor as part of the health outputs during her “State of the Province Address.”
2. The good performance of AFON in social franchising facilitated the LGU’s donation to put a ceiling, and flooring for their office. The physical improvements enabled the installation of air-conditioning in their office and resulted in better working conditions.
3. Acknowledgment from the NPF and other PPF of a good performance. AFON was #1 among the eighteen provincial franchisees in the country. Moreover, AFON has evolved into NPF’s National Training Center.
4. The NPF was very impressed with the performance of Antique that they recruited the AFON Executive Director to head the National Pharmaceutical Foundation, Inc in September 2007. To be recruited by the national franchisee is a very high form of approval. From a positive perspective, Mr. Baldevia’s enthusiasm, expertise and charisma might be helpful to encourage social franchising at the national level. For the first time, the NPF will have a manager that comes from an NGO with a development orientation and not from the commercial pharmaceuticals industry. From a negative perspective, AFON will lose a charismatic, enthusiastic personality who can balance AFON’s financial (business) sustainability with advocacy and development concerns.
5. Many AFON member organizations were in a hiatus, looking for ways to service their individual members and sustain interest in the organization.
6. The AFON Board is happy with the results of the project. Although not all in the Board have HPOs, they are glad that the AFON secretariat has a self-sustaining project that provides a valuable service to the members at the same time. So far, the other AFON tasks like capability-building, advocacy and networking are still undertaken by the AFON secretariat.

## Changes in Assets/Capital of the Poor

**Table 44. Changes in the Assets/Capital after the Project: Health Plus Social Franchising Project**

<b>Physical Capital</b>
<ul style="list-style-type: none"> <li>Forty-three HPOs each serving a catchment area of 5000 people or covering 215,000 or almost half the population in Antique;</li> <li>One self-sustaining provincial franchise;</li> </ul>
<b>Human Capital</b>
<ul style="list-style-type: none"> <li>Poor within catchment area can buy cheap over-the-counter medicines</li> <li>New knowledge and skills on generics, HPO operations;</li> <li>Presumably better health as a result of accessible essential medicines;</li> </ul>
<b>Stakeholder Capital</b>
<ul style="list-style-type: none"> <li>Accessibility of safe low-priced medicines with one's neighborhood, no more need to ride or walk far distances;</li> <li>Social franchising technology;</li> <li>Collaboration between civil society and GO strengthened;</li> <li>AFON provincial franchise gained a good reputation and goodwill among social franchisees;</li> <li>Accreditation of AFON in the provincial and in almost all municipalities in the LGU's procurement / bidding process for medicines;</li> </ul>
<b>Financial Capital</b>
<ul style="list-style-type: none"> <li>Reduced medicine costs;</li> <li>Savings at the household level estimated at the 50% level, at least;</li> <li>Provided increased income (employment) to forty-three HPO operators;</li> <li>Improved financial sustainability of AFON secretariat;</li> <li>Owning organizations earned a little additional income: 30% of net income from HPOs;</li> </ul>
<b>Structural Capital</b>
<ul style="list-style-type: none"> <li>Owning organizations strengthened / had a consolidating effect on their organizations because of the health service to its members.</li> </ul>

## SUSTAINABILITY

### Empowerment

The project builds on the structural capital for its sustainability. It involves many community-based organizations spread out all over Antique. This broad base gives stability to the structural capital created by the franchise network. Moreover, these organizations own, raise financial capital, manage and operate the outlets. They invest in the HPOs primarily to provide service to their members and the rest of the communities. The patronage by the people indicates that the HPOs benefit and address a need in the communities.

The provincial franchise is owned by AFON, and therefore, is accountable to the AFON Board whose Board members are the heads of the federations/alliances who in turn represent the owning organizations. Hence, accountability, transparency, direction and other institutional sustainability concerns are adequately in place.

## Economic

The Health Plus social franchising is a viable economic model. The AFON social franchising operation has broken the economic sustainability benchmark established by NPF in terms of number of outlets and amount of annual sales. For as long as the national NPF is able to supply low-priced high quality generic medicines, the Health Plus delivery system in Antique can be sustained indefinitely.

## REFERENCES

### Interviews

Mr. Renante Y. Pido, AFON Health Plus Social Franchise Manager

Ms. Terry Sitchon, AFON Officer-in-Charge

### Program Documents and Reports

\_\_\_\_\_. 2008. AFON Narrative Report for PEF Case Study. Antique Federation of NGOs, Inc. San Jose, Antique, Philippines.

\_\_\_\_\_. 2007. Income Statements of Health Plus Outlets 2006-2007. Antique Federation of NGOs, Inc., San Jose, Antique, Philippines.

\_\_\_\_\_. 2007. Population Covered Equity, Capital, and Liabilities of Health Plus Outlets. Antique Federation of NGOs, Inc., San Jose, Antique, Philippines.

Garcia, F. 2005. AFON Health Plus Social Franchising: A Case Study. Peace and Equity Foundation.

\_\_\_\_\_. 2005. Project Monitoring Report. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2005. Project Audit Report "Social Franchising of Health Plus Products" April 30, 2004 to May 31, 2005.

\_\_\_\_\_. 2004. Project Presentation Report for the PEF BOT/EXECOM Meeting. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2004. Project Agreement Between PEF and AFON. Peace and Equity Foundation. Quezon City, Philippines.

\_\_\_\_\_. 2004. May to July 2004 AFON Quarterly Progress Report. Antique Federation of NGOs, Inc. San Jose, Antique, Philippines.

\_\_\_\_\_. 2004. August to October 2004 AFON Quarterly Progress Report. Antique Federation of NGOs, Inc. San Jose, Antique, Philippines.

\_\_\_\_\_. 2004. October to March 2004 AFON Progress Report. Antique Federation of NGOs, Inc. San Jose, Antique, Philippines.

\_\_\_\_\_. 2004. Manual of Reference in Rational Use of Generic Drugs. AFON Health Plus, Antique, Philippines.

\_\_\_\_\_. 1995. SIAD Organizing Committee, Sustainable Integrated Area Development Toolbox, July.

### Internet Resources

National Statistical Coordination Board, Statwatch Region VI – Provincial, Filename "prowch6-oct07.pdf" downloaded from <http://www.nscb.gov.ph/>

Mabaquiao, PS. (2005) "Antique Receives P2.8 million UNICEF Fund for Health Care" PIA Daily News Reader, 2005/08/11, Philippine Information Agency at <http://pia.gov.ph/?m=12&fi=p060407.htm&no=63>

## ENDNOTES

- <sup>97</sup> National Statistics Coordinating Board, [www.ncsb.gov.ph/ru6/antique.htm](http://www.ncsb.gov.ph/ru6/antique.htm)
- <sup>98</sup> Poverty incidence - proportion of families/population whose annual per capita income falls below the annual per capita poverty threshold to the total number of families/population.
- <sup>99</sup> National Statistics Coordinating Board Official Website
- <sup>100</sup> Philippine Information Agency, <http://pia.gov.ph/?m=12&fi=p060407.htm&no=63>
- <sup>101</sup> The DOH with the technical assistance of GTZ and funding from Germany's KfW designed the Health Plus social franchising concept and established the National Pharmaceutical Foundation Inc. (NPF) to operate a social franchise on health products.
- <sup>102</sup> Philippine National Drug Formulary

# An Invitation: Next Collaborative Steps

◀ CONTENTS

HELP

EXIT ▶





## An Invitation: Next Collaborative Steps

### REFRAMING “POVERTY,” BROADENING PERSPECTIVES

“This is the first time that we hear about the various kinds of capital that we can follow and serve as an inspiration for our programs.”

*Nenita T. Fontanilla, President, LAWO  
(Proponent of the Nutrient Supplementation Project in Lamut, Ifugao)*

“It was not only the tangible assets that contributed to the attainment of our objectives. The human capital was also a significant factor in achieving the outputs. The human capital eventually contributed to social capital (e. g., an increased level of literacy contributed to social capital). They are all interrelated and reinforce each other, and should not be viewed from only one angle. The structural capital, the establishment of the organization, could lead to other types of capital.”

*Leo L. Pantilo, SUNGCOD  
(On the project Integrated Health Initiatives for IP Communities in Surigao del Norte)*

“The interaction between the different kinds of capital (financial, human, infrastructure, community involvement and morale) encourages us more. The community has more ideas to contribute, e.g. lights, sound system. This interplay of capital generates even more capital and synergy”

*Sister Digna Dacanay, Academic Coordinator and Assistant Principal of St. Anthony’s Academy, and Treasurer of SHIFT  
(On the PEF’s Bridge Financing project for Education in Northern Samar)*

These are some of the reactions from grassroots-level development workers after they were introduced to the Knowledge for Poverty Alleviation (KPA) framework.

Indeed, KPA is a framework that provides us with “new eyes” or “new lenses” with which we can see afresh the problem of poverty. With a new lens, one sees that the poor have unrecognized wealth that can be leveraged to bring them out of poverty. This can be an empowering message for the so-called “poor” themselves, who can now better appreciate their

inner strengths. It is a refreshing message for development managers from the mainstream who had been looking at the world with “myopic lenses” that says to the so-called “poor”: “only tangible assets are important; and if you have no tangible assets you are destitute and poor; you need my (kind of) help.”

When one internalizes this message, then winning the battle against poverty becomes a completely different story. The communities can then see themselves starting from strengths, not from a lack. They can form their own vision from a sense of self-worth, not from a feeling of dependence on the outside world. They can judge for themselves what kind of balance they prefer between material and non-material development, between urban consumerism and indigenous spirituality. When nurtured well, the foundations of their inner life and community values can be leveraged to build up more of their community assets and according to their own definition of success.

The KPA framework requires from the members of the communities a greater awareness of

how the outside world impacts on the fate of their community, whether for good or for ill, as well as a greater responsibility on the part of development workers to communicate, advocate and exert pressure on the government and other external development institutions and their support systems, towards reform or the correction of systemic drains and exclusions that contribute to local poverty and towards more affirmative and equitable ways to provide local communities with greater access to the resources that they need

## INCREASING THE CHANCES OF SUCCESS AND SUSTAINABILITY OF ANTI-POVERTY PROJECTS

The new insights on how to increase the likelihood of success and sustainability of poverty alleviation projects, as explained in this book, came about as a result of an initial attempt to marry two dominant development discourses—knowledge management (KM) and sustainable development (SD). The combination of these two compelling paradigms is a continuous and challenging task, inviting collaboration from across disciplines. The KPA development framework is a work-in-progress that demands

cross-disciplinary communication and collaboration among economists and sociologists, among ecologists and policy researchers, and among corporate knowledge-based management (KBM) practitioners and rural SD practitioners.

The very initial results of this marriage are already encouraging.

The KPA framework outlines how the intangible assets of communities can be nurtured, recognized, assessed, leveraged, developed and managed so that development projects can produce more positive results. This was demonstrated quite clearly in the various case studies presented in Chapters 5 to 10. In fact, with KPA, even the definition of success has been expanded. In addition to the identified project objectives, unintended gains are also realized. This can take the form of acquired new intangible assets, an improvement of existing assets, a neutralization of community liabilities and a strong determination to influence macro level factors that affect the community.

The KPA framework calls the attention of the development community to the issue of sus-

tainability. With its explicit focus on the three domains of sustainability—economic, social and environmental—that must be observed in all anti-poverty projects, it exposes a fifteen-year old operational gap in SD practices since the Rio Summit. As they are currently conceived and implemented, poverty alleviation projects are limited to measures on how to uplift the lives of the members of a community within the life or just shortly after the life of a project. New and better operational or practical tools such as checklists or scales need to be developed to incorporate SD criteria starting from the project design phase to the project implementation phase and during the monitoring and evaluation phases, and at all stages during and after the project.

## VALUE ADDED FROM KPA

Firstly, looking at a community or a project of the community using the “intangible assets lens” provides the development worker or manager with a broader perspective and more development options:

- With the KPA perspective, a project objective of income generation (tangible assets)

can be broadened to include the project objectives of building both tangible and intangible assets, using one to build the other, and/or recruiting support from the government and other external agencies to either build further or reduce/prevent systemic drains on both assets;

- The participatory process of recognition of a community's intangible assets and the appreciation of their value can be an energy-generating process on the part of both community members and their partner development workers. The development process can begin from a foundation of inner self-worth from seeing the wealth of intangibles available for them to build upon. The group energy and confidence arising from an appreciative and constructive goal-setting exercise can then be used to address the weaknesses and risks made more visible with the intangible assets lens. The entire exercise can provide valuable inputs to project design.
- Attention to intangible assets underscores a new insight: that authentic personal and social engagements in the development process can happen if it is rooted in the inner

life and values of the community – an insight that is consistent with similar or parallel findings in the corporate sector. It seems that this insight is not new to many development workers, but it is also quite likely that their “private transcripts” barely filter into the “public transcripts” of development institutions and policy makers.

Secondly, the case studies described here, as well as the other case studies of successful projects cited here, indicate that a clear and persistent pattern behind the successes is dependent on a leveraging on intangible assets to build tangible assets. This suggests what could be a KPA axiom for success in anti-poverty projects, or at least a formula for increasing the chances of success of anti-poverty projects.

Operationally, the intangible assets lens allows the identification of candidate behavioral indicators of success which, in addition to those already known from the development literature and from the practical field experiences of many development workers, can be used to construct a simple but statistically validated and efficient predictor of project success.

From the perspective of project implementers at the grassroots, the KPA framework may provide a systematic way of tracking the progress of their project in a more meaningful way, as it calls one's attention to previously unrecognized community assets. The resulting analysis can also be used to direct or re-direct efforts to certain aspects of the project that are initially deemed deficient and in need of strengthening and support.

Thirdly, the marriage of the KBM and SD frameworks resulting in the KPA framework for the local community level reveals another operational gap: the lack of tools to assess the sustainability of projects. A collaborative effort is required among the practitioners from different disciplines to craft together a holistic SD assessment tool, one that embraces the economic, social and environment dimensions and which is applicable at the project level.

Lastly, the KPA framework at the local or community level is embedded within the broader knowledge-based development (KBD) framework at the national or policy level. This relationship exposes clearly how linkages between

the two can help engender as well as worsen poverty at the local level. It underlines what we already know, that development workers and managers at the local level have to work with national policymakers and decision makers of external development institutions to undertake legislative or policy reforms, to undertake corrective programs or to design new, inclusive and affirmative means to provide local communities with a fair and equitable access or property rights that they need for development.

## A CALL FOR COLLABORATION

There is a wealth of development experiences, insights and knowledge out there. KPA provides a promising framework for organizing this wealth of knowledge into more useful forms.

Much still remains to be done in this work-in-progress. The role of the partners CCLFI, Philippines and PEF is to be a midwife to the birth of the idea and to open the door for other willing and able partners and co-operators to help in furthering the development of the framework and in its further operationalization into useful tools that can produce improved results for anti-poverty projects.

Through the case studies herein presented, new ways of post hoc evaluation of a project have been devised: the “Anatomy of Success and Vulnerability,” the “Interplay of Various kinds of Capital,” and the “Changes in Assets/Capital.” Other potentially useful tools may need to be developed, such as a pre-project design “Watch List of Strengths and Weaknesses in Intangible Community Assets,” a project-level KPA Risk Management Manual that assesses the weaknesses or drains detected on a community’s intangible assets, or even a short but statistically validated list of behavioral indicators that can provide a very quick assessment of the probability of success of a contemplated community project.

Project proposal appraisal templates as well as monitoring and evaluation (M&E) templates will have to be revisited, reframed and improved so that they can more completely cover all forms of community assets within its scope. In addition to the tools and templates, participatory processes will need to be devised and field tested.

Within the KPA perspective, communities do not start solely from an awareness of a lack or a

need but more from a position of strength. This can be the basis for developing more appreciative community self-assessment processes to contribute useful inputs to the project design stage.

The problems on the ground will dictate what should be developed first for each specific pilot area, while the creativity and wealth of experiences of the partners and co-operators can be brought to bear on the design or adaptation of the tools that will be best for those problems. Along the way, we anticipate much comparison of notes and knowledge sharing among the communities of development practitioners doing pilot studies.

We invite you to take the next step with us. The website of the Knowledge for Poverty Alleviation framework (<http://kpa.cclfi.org>) provides a venue for collaboration on the different aspects of KPA development and operationalization. It is through our collaborative efforts that the promises of the KPA framework can be realized.

## About the Authors

### SERAFIN D. TALISAYON

Dr. Talisayon is a Professor at the Asian Center, University of the Philippines, where he undertakes research and teaches graduate courses in development and innovative processes; and an Affiliate Professor at the UP Technology Management Center where he teaches knowledge management (KM).



His latest book, published in 2006 by CCLFI Philippines, is entitled “99 Paradigm Shifts for Survival in the Knowledge Economy.” He was the lead writer of “Moving Towards Knowledge-Based Economies: Asian Experiences” (Asian Development Bank, 2007). He is editor of the following books: “Innovative Development

Process in the Philippines” (University of the Philippines, 1992), “Knowledge Management in Asia: Experiences and Lessons” (Asian Productivity Organization, 2008), and “Knowledge Management: from Brain to Business” (Asian Productivity Organization, 2008).

He served as a KM consultant for the World Bank (Manila), the Asian Development Bank, the United Nations Development Programme (Cambodia, Philippines), the WHO Western Pacific Regional Office, the ILO Regional Office for Asia Pacific (Bangkok), the Asian Productivity Organization (Tokyo), the Baganuur JST (Mongolia), IBM Philippines, Shell Malampaya MMT, Dunamis (Jakarta) and the Ambedkar Institute of Productivity (India).

Dr Talisayon co-founded two non-profit foundations: CCLFI.Philippines which provides services in knowledge-based development (KBD),

knowledge for poverty alleviation (KPA) and knowledge management (KM) for development institutions; and the KM Association of the Philippines of which he is the Chairman.

## About the Authors

### JASMIN P. SUMINISTRADO

Jasmin Suministrado is the Director for the Knowledge for Poverty Alleviation (KPA) Programs of CCLFI.Philippines, and a mover in the development, refinement and application of the KPA framework to community-based projects.



She has written several papers on KM and development economics commissioned by the United States Agency for International Development (USAID), the International Development Research Centre (IDRC), the Poverty and Economic Policy Network (PEP), the Asian Development Bank, the Asian

Productivity Organization and the Philippine Department of Science and Technology, among others. The findings of these researches have been presented in conferences in Canada, U.S., Sri Lanka, Bangladesh, Malaysia, Senegal and the Philippines.

One of the pioneers of KM in the Philippines, Ms. Suministrado has helped a number of organizations from the private, public and non-profit sectors in the conceptualization and implementation of their KM and organizational learning projects and programs, including the United Nations Development Programme, the Palawan Council for Sustainable Development, the Philippine Bureau of Animal Industry, the Davao City Chamber of Commerce and Industry, and the Shell Malampaya Multipartite Monitoring Team.

Ms Suministrado has been an Assistant Professor at De La Salle University – Manila where she pioneered the offering of the course on Strategic Knowledge Management. She holds a master's degree in business administration, with high distinction, from De La Salle University and a bachelor of science degree in business economics, cum laude, from the University of the Philippines.

## About the Case Writers

**Fe Evelyn B. Garcia** (fe\_b\_garcia@yahoo.com) is an independent consultant, specializing in project evaluation, organization development, women and children, for international and local organizations. As a development associate, she has done case studies, project monitoring and project appraisals for PEF. She had been a project director of an upland agricultural development program, senior researcher in a church-based organization, and board member of a women's NGO. She holds a college degree in economics and master's degree in organization development. She lives in Cebu, Philippines with her family.

**Ferdinand G. Fuellos** (dingfuellos@yahoo.com) has years of experience in development work both in non-government organizations (civil society) and in government, particularly in program/project development, implementation, monitoring and evaluation, policy development and advocacy, capability building, development communications, organizational development, and social development research. He is currently the Program Coordinator of the Congressional Internship Program for Young Muslim Leaders (CIPYML) of USAID-GEM Program. On the side, he acts as a freelance development management consultant, working with different institutions on program development and management, program evaluation, research and documentation, and training and institutional development efforts.

**Anna Mae Morallas-Basarte** (eamanna1359@yahoo.com) finished her Public Administration degree at the Mindanao State University on a scholarship and later a bachelor's degree in English at the University of the Philippines to pursue her passion for writing. She worked as an adult literacy teacher, researcher for Third World Forum and program coordinator for Task Force Detainees in Mindanao for 11 years. She has written feature stories on PEF projects for several newspapers in Mindanao and is currently involved in the holistic healing ministry of the Missionaries of the Assumption Lifeworld Ashram Community.

# Production Team

## Editorial Supervision

PEF

Veronica F. Villavicencio

Ricardo E. Torres, Jr.

Pia V. Villapando

CCLFI

Dr. Serafin D. Talisayon

Jasmin P. Suministrado

Ma. Socorro C. Afable

## Editor

Violeta Laraya

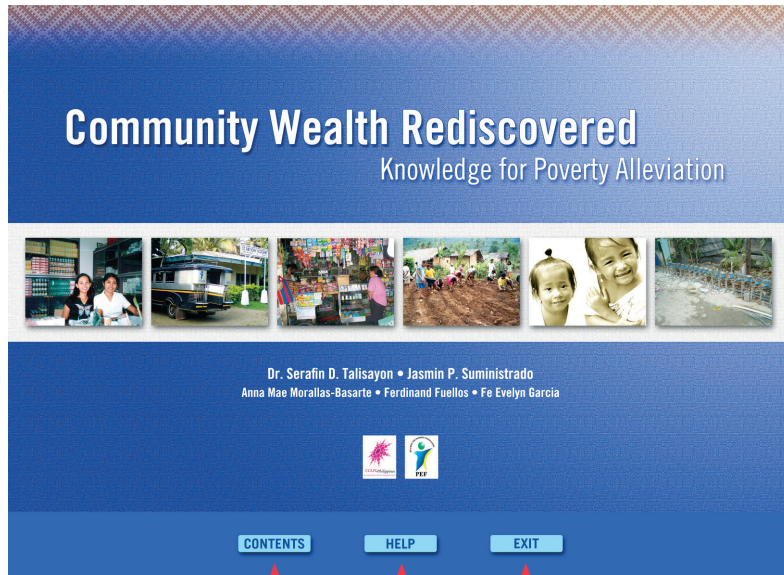
## Design and Layout

Jet Hermida, *creativejet*

Photos by PEF project staff and partners



# Navigating the ebook: Intro screen and Contents page



Go to the contents page

For help in navigating

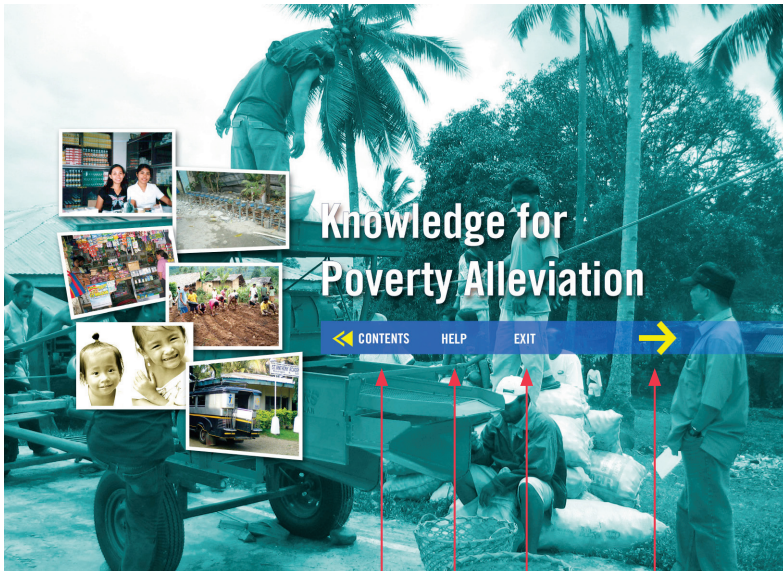
Closes the ebook



Click on the part or section title to go to that particular part or section in the ebook

Click on the big arrow to go to the next page

# Navigating the ebook: Chapter and main page

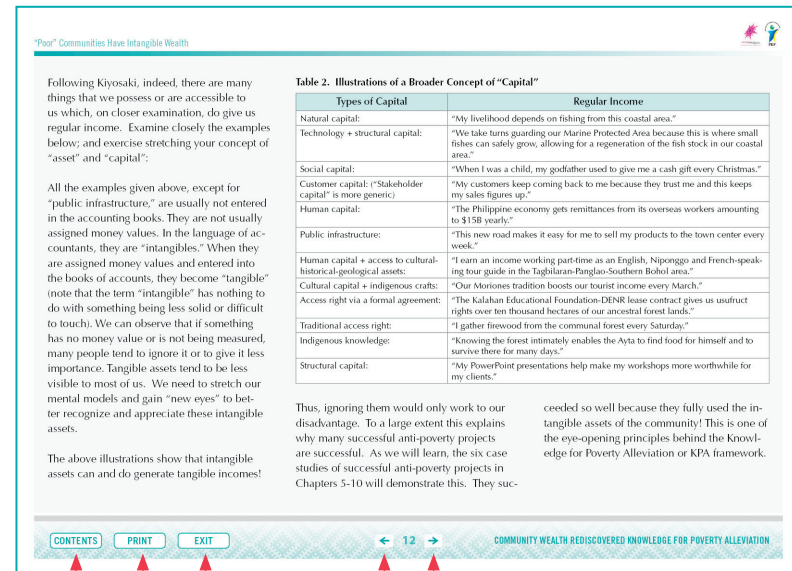


Go to the contents page

For help in navigating

Closes the ebook

Go to next page



Go to the contents page

To print pages

Closes the ebook

Previous page

Next page

Click on the logos to go to the PEF or CCLFI website