



2005

No.05-55

**Democratisation by Technocratic Design:
The Case of Social Funds in the Philippines**

Charmaine Ramos

Published: September 2007

Development Studies Institute

London School of Economics and Political Science

Houghton Street

London

WC2A 2AE UK

Tel: +44 (020) 7955 7425/6252

Fax: +44 (020) 7955-6844

Email: d.daley@lse.ac.uk

Web site: www.lse.ac.uk/depts/destin

Table of Contents

0. Introduction.....	1
0.1 Research agenda.....	1
0.2 Research approach, methodology and structure.....	2
1. Social funds: Origins, foundational ideas and critique.....	5
1.1 Idea and evolution.....	5
1.2 Ideological underpinnings.....	7
1.3 Social funds and localism: a critique.....	11
2. Social funds in the Philippines: The KALAH-CIDDS Programme.....	14
2.1 World Bank lending and social funds.....	14
2.2 Key operational features of the KALAH-CIDDS.....	15
3. KALAH-CIDDS and democratic deepening in the Philippines.....	23
3.1 The nature of the Philippines' 'democratic deficit'.....	23
3.2 How the KALAH-CIDDS addresses the problem of democratic deepening.....	29
4. Implicit political agenda: incentives, evidence and impact.....	31
4.1 Bringing back the central state?.....	31
4.2 Razing municipal governments?.....	34
4.3 Essentialising communities?.....	36
5. Conclusion.....	40
Bibliography.....	42

Box, Figures and Tables

Box 1. Functions of <i>Barangay</i> Committees in the KALAH-CIDDS Structur.....	20
Figure 1. The KALAH-CIDDS Organisational Structure.....	19
Figure 2. Sources of Government Income in Philippines Cities and Municipalities.....	26
Figure 3. KALAH-CIDDS Grants and 2003 Congressional 'Pork Barrel' Allocation as a % of Municipal Government Income in Beneficiary Municipalities.....	32
Figure 4. Per Capita KALAH-CIDDS Grant and Per Capita Congressional 'Pork Barrel' Allocation in Beneficiary Municipalities.....	32
Table 1. KALAH-CIDDS Project Cycle.....	21
Table 2. Selected Local Government Financing Indicators in the Philippines.....	33
Table 3. Community Projects Proposed in Pilot Site Dolores, Quezon: 200.....	37
Table 4. Project Types: Allocation, Share in Total Allocation: Phases I and II of KALAH-CIDDS as of June 2004.....	38

0. Introduction

0.1 Research agenda

The Philippines has long transitioned from more than 300 years of colonial rule and 20 years of authoritarian dictatorship¹ and thus democratisation here is no longer about toppling an authoritarian regime nor constructing formal representative institutions. It is about democratic deepening: making democracy instrumental in improving the lives of the poor, who in 2000 accounted for 34 percent of the population. (NSCB, 2004)

This dissertation puts the spotlight on international development agency-funded interventions whose political agenda are unarticulated or implicit. These interventions are seen as technocratic instruments whose political impact should be examined. In particular, the dissertation evaluates a World Bank (WB)-funded social funds (SFs) programme in the Philippines called the *Kapit Bisig Laban sa Kahirapan* (Linking Arms against Poverty)-Comprehensive Integrated Social Services Delivery (KALAHI-CIDDS) as an *instrument of political reform*. It asks, *what promise does the “social fund model” hold for democratic deepening in the Philippines?*

To be sure, ‘democratisation’ is not an explicit goal linked to KALAHI-CIDDS, whose official programme objectives is:

“to empower communities through enhanced participation in *barangay*² governance and involvement in the design, implementation and management of development activities that reduce poverty” (WB, 2002)

But this paper submits that KALAHI-CIDDS actually embodies an implicit democratisation agenda mainly involving tilting the balance of power towards communities, homogeneously cast as the site of the “unempowered”.

¹ The Philippines had 300 years (1542-1899) of Spanish colonial rule, about 40 years of American colonial rule (1899-1935) and 20 years (1965-1986) of authoritarian rule under Ferdinand Marcos.

² The Filipino word for “village”. It constitutes the smallest formal political unit in the Philippines and is governed by a popularly-elected village council, headed by the *barangay* chairman.

0.2 Research approach, methodology and structure

Social funds (SFs) programmes like KALAHI-CIDDS are a mode of administering development funds allocating grants to communities for small-scale public investment projects chosen by them. They are currently being pushed by the WB as a key component of ‘community-driven’ development (CDD), an approach to development interventions that gives control of decisions and resources to community groups. The idyllic view of communities driving their own development complements the “managerial state” that the WB’s “good governance” narrative espouses³ and completes the post-Washington consensus picture of state-society relations. As the state builds its technocratic prowess to provide a stable environment for well-operating markets, communities engage the state in non-contestational spheres of political action and take over some of the functions of the state where it fails. KALAHI-CIDDS thus provides excellent material to empirically examine this post-Washington consensus view of state-society relations and the validity of the emerging critique against this view.

Social funds are typically evaluated in terms of: the nature of the demand-driven process; the performance of intermediary organisations; how well-targeted SFs resources are; how well responsibilities for operation and maintenance of infrastructure constructed are met by communities; the impact of the SFs investments on poverty alleviation; and how sustainable the initiatives are once fund support is withdrawn (White, 2002). The dissertation offers an alternative optic through which to evaluate SFs: the political lens. In this dissertation, SFs will be evaluated as a purveyor of unarticulated political incentives, nudging institutions towards particular nodes of reform. It will explore how these incentives are operationalised and with

³ WB (1992) is the seminal account of this narrative and defines “good governance” as “sound development management” (WB 1992:1)

what political impact in the Philippines, a fiscally-constrained country where overseas development assistance understandably has a strong influence in the direction of political reform.

The dissertation is founded on archives-based research. It draws from the literature on ‘participation’, ‘social capital’ and ‘new institutional economics’ to propose what might constitute a ‘theory’ of social funds. It critically engages with this theory from the vantage point of the empirical imperatives of democratic deepening in the Philippines, analysed in terms of the historical evolution of state. For the empirical demands of the analysis, it draws on the extensive policy manuals on KALAHI-CIDDS published by the Philippine government, compares KALAHI-CIDDS fund flows in relation to other sources of local development financing in the Philippines and explores the most current quantitative and qualitative data pertaining to the progress of the programme in the 63 municipalities where it has so far been implemented. The key limitation of this study is that it is an evaluation of a programme in its nascency—having only been implemented in the middle of 2003. Therefore the empirical ground is still necessarily thin and much of the analysis is based on a critical review of policy design. As this is a study evaluating political incentives embedded in this design, such an approach should largely suffice. However, this dissertation’s findings on their political impact is unavoidably provisional and needs to be subjected to *ex post* validation in future.

The dissertation is structured thus. The first section explores the foundational ideas and ideology behind SFs and thus paints the theoretical landscape against which KALAHI-CIDDS is analysed. The second section discusses the key operational features of KALAHI-CIDDS, which are subjected to a political reading in the third section. In particular, the third section outlines the political incentives embedded in

the design of the programme and juxtaposes these against the exigencies of democratic deepening in the Philippines. The fourth section probes what theory and evidence has to say about the impact of these political incentives on the project of democratic deepening.

1. Social funds: Origins, foundational ideas and critique

1.1 Idea and evolution

Social funds are an administrative vehicle for selecting, funding and implementing community-identified and/or managed small-scale public projects targeted for the poor. Often externally-financed through grants or loans, they are established within the finance ministry or elsewhere in the central government and used to channel funds to a large number of small and local projects. (Jack, 2001) Social funds are typified as: (i) quick-disbursing, not the least because they are often exempt from usual governmental auditing procedures; (ii) vested with a high degree of autonomy, whereby instituting organisations are entities outside and parallel to formal power structures, usually exempt from public sector rules on staff recruitment and pay (and thus able to attract relative high-calibre staff); (iii) driven by a demand-based approach to project-implementation, where community voice is used to inform project design and mobilized in implementation and monitoring; and (iv) a depoliticised way of allocating public resources as project sites are identified based on considerations of poverty, need and willingness of beneficiaries to provide labour or financial counterpart.

The WB is a key actor in the propagation of SFs across the developing world, where it plans to channel \$3.716bn in 2005. (WB, 2004a) SFs are being actively pushed by the WB as an ideal mode of service delivery for the poor because of two acclaimed benefits. *First*, SFs are taken to enhance the allocative efficiency of public investments. They see to a better fit between community demands and public investments because communities themselves choose, implement and/or manage the given development project. Communities are deemed to have informational advantages that are crucial in achieving this ‘better fit’, including their superior

knowledge of local conditions. *Second*, SFs, by making community participation a pre-condition for funding, are seen to empower the marginalised, whose voicelessness in formal arenas of public decision-making traditionally render them unable to influence the allocation of public resources. Social funds are thus at the core of the WB narrative valorising ‘the local’—that sphere of political action outside the central state constituted by state (i.e. local government) and non-state (i.e. civil society) institutions operating at the subnational levels of political life—in the conception of development initiatives.

To be sure the valorisation of ‘the local’ has not always been the primary foundational idea behind SFs. SFs were first institutionalised in Latin America under the auspices of the WB as an antidote to the dire welfare effects of structural adjustment programmes⁴. However, even if the emphasis in nascent SF programmes like the ESF was on their functioning as a safety net programme, the principle of putting the community in the driver’s seat of these programmes has always been germane to SFs. Schacter, et al (1992) posit that the CDD approach complements the ideological emphasis of structural adjustment programmes—particularly the “dismantling of the paternalistic state and strengthening initiative and self-sufficiency among the general population”. (Schacter, et al 1992:6)

From 1986 until mid-2000, the WB has approved 108 social fund loans—mostly in Latin America, where most countries now have social funds averaging \$240mn in size (Batkin, 2001a). While SFs tend to share common characteristics, they have been employed in a wide variety of country contexts and evolved thus. In Latin American countries, the growth of SFs is traced to the protection of vulnerable communities in the aftermath of the debt crisis and structural adjustment. In Africa, on the other hand,

⁴ The first known SFs programme funded by the WB is the Bolivian Emergency Social Fund largely functioned as an ‘employment fund’ akin to a counter-cyclical Keynesian policy too. (Tendler, 2000:114)

SFs have functioned chiefly as compensatory measures following structural adjustment programs. But in the 1990s, SFs began to be used as a means of decentralising the management and financing of small infrastructure in this region as well as in Asia. (Batkin 2001a) Moreover, Serrano and Warren (2003) detect a trend in countries like El Salvador, Nicaragua and Honduras in Central America, where SFs implicitly or explicitly complement the efforts of agencies responsible for decentralization policy in those countries. Social funds have thus evolved from temporary programmes aiming to mitigate the ill-effects of structural adjustment to a mode of delivering poverty-targeted small-scale infrastructure and then to its most current incarnation of programmes supportive of decentralisation and the idea of ‘community-driven development’.

1.2 Ideological underpinnings

A core set of ideas that have gained prominence both in WB discourse and development literature underpin the most current incarnation of SFs as a tool for CDD. ‘Localism’, which this section describes, shall be used as the term broadly referring to this core set of ideas.

Localism is invoked by Mohan and Stokke (2000:247) to refer to the tendency in development thinking to move from “holistic theorisation towards more localised, empirical and inductive approaches” and the parallel move in development practice towards “local participation and empowerment”. In this paper, localism shall be invoked in the second sense that Mohan and Stokke used it. Localism finds resonance and convergence in three strands of development literature.

The *first* relates to the literature on ‘participation’ as propounded by Chambers (1996, 1997) and referred to by Mohan and Stokke (2000:252) as the “liberal and populist approach to local empowerment”. Chambers proposes the use of

‘participatory rural appraisal’ (PRA), a methodology that taps local knowledge in the implementation and/or design of development interventions, as a means to contest ‘top-down’ hierarchical institutions that reinforce the divide between “uppers” and “lowers”. The thrust of PRA, says Chambers (1996:18), is “to reverse dominance, to empower more than extract....less to gather data, and more to start a process.” The influence of Chambers’ participation narrative in the implementation of SFs is reflected by the use of tools like community resource maps, a key component of PRA, in the identification of community needs for SFs funding consideration.

The *second* relates to the literature on ‘social capital’ as propounded by Putnam (1993) in his exploration of the differences in economic performance of Northern and Southern Italy. Putnam (1993:167) defines social capital as “trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions” and, through a combination of qualitative and quantitative methods, shows that this is behind the differential economic performance of the above-given regions in Italy. Harriss (2002:3) observes that Putnam’s depoliticised conception of social capital as “property of society”—without a dense stock of which a given society is doomed to underperform—has been celebrated by a senior economist in the WB (Grootaert 1997 in Harriss 2002:3) as the “missing link” in development. Social capital is seen as the “socio-cultural ‘glue’ which binds communities together and ensures both political and economic progress” (Mohan and Stokke 2000:255). Localism casts communities in this “non-threatening language of trust, networks, reciprocity and associations” (Mohan and Stokke 2000:255). By utilising communities as the main conduits of development projects and thereby providing the incentives for the members to come together, SFs are seen as a means to promote the creation of social capital.

The *third* and final strand of literature relates to that of new institutional economics (NIE)—particularly the aspect of the NIE literature putting the spotlight on ‘incentives’ as the main problematic of development. NIE brings back the importance of the managerial capacity of the state to provide the incentives for economic productivity primarily through the provision of a stable macroeconomic framework, protection of property rights and the regulation of market failure⁵. It also recognizes the materiality of ‘institutions’, formal and informal rules that regulate trade and exchange, as embodiments of incentives that delimit transaction costs and thus promote efficiency in the economy. In the localism narrative, the logic of institutions and incentives resonates in the idea that the informational advantages possessed and incentives faced by communities and local governments render them in a position to provide a range of public services more efficiently than the central state. Local governments are in a superior position to provide public goods for which scale economies and distributional considerations are unimportant and there are no externalities,⁶ by virtue of their political proximity and accountability to end users. Meanwhile, communities, by virtue of their informational advantages in local conditions, can act as ‘market surrogates’ providing the signals for the efficient level of service delivery through their exercise of voice. The norms that govern SFs—including directly channelling public funds to community groups delivering small-scale public infrastructure—can be seen as a way of tweaking public resource

⁵ See for example the 1997 World Development Report of the World Bank. The report essentially argues against a “minimalist state” by showing how the growth of the industrial economies in the 19th century or the post-war growth “miracles” of East Asia required an “effective state”. An effective state is defined as one that fosters private economic activities through the provision of goods and services and rules and institutions that allow markets to flourish.

⁶ This is more formally known as the ‘subsidiarity principle’, which states that control over a public function must be assigned to the lowest level of government consistent with allocative efficiency, the geographic area that internalizes the benefits and costs of decision-making. (Shah, 1994) It is often invoked to rationalize the decision regarding which public functions should be decentralized.

allocation rules so as to maximise the acclaimed superiority of local institutions in terms of allocative efficiency.

The narrative of localism has two operational influences on SFs.

First, SFs derive from localism an essentialised view of ‘the community’. In SFs, the community is seen as a:

“a group small enough to allow good circulation of information among its members who interact more or less continuously over infinite or indeterminate periods of time” (Platteau and Abraham 2002:7)

Cooperation in small groups is in short made possible by a “multilateral reputation or sanction mechanism”, a social ostracization mechanism that induces community members to think of the long-term consequences of their present actions. Interactions within a small community is akin to a repeated game that yields multiple equilibria, of which cooperation is only one potential outcome. Trust must prevail for the expectations of its members to converge on a cooperative strategy. The localism narrative assumes that trust typically arises in small community because its size allows the possibility of shared norms, where deviant behaviour is easily detectable and deemed as an act of betrayal.

SFs tend to similarly cast the community as a homogenous unit bound by common interests, notwithstanding the many social, ethnic, and economic ties that bind or break it. Local social inequalities and historically-rooted stratifications are unproblematised. As in the participation narrative, the community is seen as a “natural social entity” (Cleaver 2001:44), notwithstanding Nelson and Wright’s (1995:15) observation that:

“[C]ommunity is a concept often used by states and other organizations, rather than the people themselves, and [it] carries connotations of consensus and ‘needs’ determined within parameters set by outsiders.”

Second, corollary to the SFs’ privileging of the community as the site of reform, is a distrust in the machinations of the state. In SFs, central state institutions perform the

functions of coordination and provision of the rules of the game. SFs structures are typically established parallel to existing line ministry and local government structures to bypass existing institutions that are variously seen as incompetent, corrupt or otherwise ineffective. (Batkin 2001b) To be sure, there is a rising recognition within the WB about the possible tension between SFs and enhancing the capabilities of local governments. Parker and Serrano (2000:1) note how SFs and local state capacity-building may serve cross-purposes:

“...if social funds establish parallel channels for local expenditures and community participation without building channels for accountability or sustainability, they can weaken nascent local governments and impede decentralisation efforts”

It must be noted however that this belated recognition of the importance of local government in SFs is more in line with promoting decentralisation as a means of diluting the power of central state institutions. Here, local government is a technicist state institution, a conception of the local as a “functional, economic space with policies to increase the efficiency of service delivery”. (Mohan and Stokke 2000:251)

1.3 Social funds and localism: a critique

This paper engages SFs’ foundational ideas outlined above from the vantage point of the struggles for democratic deepening. It adapts Reuschmeyer et. al.’s (1992:41) broad definition of ‘democracy’ as “participation in rule by many”, a political system in which the “disadvantaged, as citizens, have a real voice in the collective decision making of politics”. This paper proposes that democratisation is a move towards this ideal⁷ and involves the institutional transition from clientelism to citizenship. This is a move from the preponderance of a relationship of political subordination of the citizen-clients in exchange for material rewards from patrons within the state

⁷ This conception of democratisation goes beyond the traditional view of a move towards “free and fair electoral contestation for governing offices based on universal suffrage; guaranteed freedoms of association and expression; accountability through the rule of law, and civilian control of the military” (Fox 1994:151)

apparatus to the full guaranteed and actual exercise of citizenship rights and associational autonomy. (Fox 1994) Democratisation as democratic deepening then is less about constructing formal democratic institutions but more about contending with the deficiencies of substantive democratic practice. It connotes the importance of looking into how polities are governed in between elections.

By providing an arena for members of poor communities to participate in public decision-making processes, SFs can be seen to contribute to this institutional transition. However, this paper submits that there are two problems in the localism of narrative that fundamentally weaken SFs bid. *First*, it does not problematise social inequality and the balance of power in social relations, training its eye instead on the balance of power between essentialised communities and technocratic states. *Second*, it tends to approach democratisation in a “technicist” fashion. It sees tweaking rules to provide incentives for the mobilisation of local institutions where the central state and the market are seen to fail as the key node of action. In SFs, empowering communities is equated to empowering the underclass.

By its very theoretical foundations, SFs engage power relations in spheres of political action that do not necessarily alter the structural basis of power distribution. The power of individuals within a given community are seen to rise with the pursuit of collective goals. As observed by Nelson and Wright (1995:6), these individuals are not “positioned within systems of relations through which inequalities are reproduced”. It is in this sense that SFs have a diluted sense of power and power relations.

Another problem with SFs is that, by essentialising the community, the approach fails to consider how supposedly participatory activities may actually heighten social inequality. This problem is highlighted by Bardhan and Mookherjee (1999, 2000a,

2000b), who expound on the problem of local capture by the elite in communities when there is no functioning democracy at local level. Here, the poor are better targeted through a state distribution system than through a decentralised mechanism. Platteau and Abraham (2002) argue that the trade-off between the informational advantages of the community and the local capture problem is not only severe in patently inequalitarian societies. In land-abundant but lineage-based societies in SubSaharan Africa, the decentralised and community-driven approach to development can pose problems because:

“[R]ather than idyllic ‘village democracies’ whose members interact in a free atmosphere of trustful cooperation based on well-accepted social norms, they appear as repressive societies where mutual control is constantly exercised, suspicions are continuously entertained about others’ intentions, inter-personal conflicts are pervasive and a grim rank-based hierarchical structure governs people’s life.”
(Platteau and Abraham 2002:21))

This paper then hypothesises that the social funds model contributes to a democratisation of a narrow kind—one that tends to by-pass the exigencies of state-building and essentialises the community—and privileges the use of technicist norms in the distribution of public resources to influence political behaviour. The rest of the paper provides the encounter between the ideology and practice of SFs in the Philippines.

2. Social funds in the Philippines: The KALAH-CIDDS Programme

2.1 WB lending and social funds

The ideas of localism and community-driven development provide powerful undercurrents in the practice of overseas development financing in the Philippines. The WB, the third largest provider of overseas development assistance loan in the Philippines, has earmarked half of its \$1.5bn loan commitment⁸ in the period covering 2003-2005 for CDD projects. This represents a strategic shift in the bank's lending program designed to contend with the marked weakness of the national government in absorbing overseas development funds. (WB, 2003a) In 2004, 18 percent of all committed and approved WB loans (\$233.6mn of \$1.26bn) have been channeled to four CDD projects⁹, of which two are SFs projects.

The KALAH-CIDDS, which is the object of this paper's analysis is—resources-wise—the more substantial of the two.¹⁰ It is a six-year SFs programme which began implementation in 2003, providing block grants to communities for public investments in projects chosen and implemented by the communities themselves. It is national in scope and will cover one-fourth of all municipalities in provinces where the incidence of poverty is above the national average of 33.7 percent. It is expected to provide assistance to a total of 4,270 (of 41,956) *barangays* in 177 (of 1,495) municipalities by the end of its six-year project life. (DSWD, 2004a) Fifty-five

⁸ This amount accounts for 13 percent of all active ODA loans in 2002. The WB follows the Japanese government (\$6.8bn or 57 percent) and the Asian Development Bank (\$2.3bn or 19 percent), respectively. (NEDA, 2003).

⁹ These are: The Autonomous Region of Muslim Mindanao Social Fund Project (ARMM SF) (\$33.6mn), the KALAH-CIDDS Project (\$100mn), the Community-Based Resource Management Project (\$50bn) and the Third Rural Finance Project (\$150mn). (WB, 2004b)

¹⁰ The other SFs project is ARMM-SF project being implemented in the provinces worst-hit by the ongoing conflict between the Philippine government forces and Muslim separatist groups. It builds on the very first SFs project in the Philippines, the Special Zone for Peace and Development Project (SZOPAD), a \$15.3mn-SFs project implemented in 1997-2002. These SFs are more akin to first and second generation SFs that harness the speedy way in which the funds are disbursed to provide social services and infrastructure in a crisis-hit area. In contrast to this thrust of conflict management, KALAH-CIDDS more explicitly propagates the community-driven approach as a generalised mode of delivering public services for the poor.

percent of the programme is financed by a \$100mn WB loan; 17 percent or \$31mn raised as Philippine government counterpart and 28 percent or \$51mn raised as local government or community counterpart.

KALAH-CIDDS is patterned after the WB-supported Kecamatan Development Programme (KDP) in Indonesia, a \$700mn SFs facility that similarly provided block grants to subnational units—particularly the *kecamatan*, Indonesian sub-districts of 20-25 villages, with a population of about 60,000 persons.¹¹ (Wong, 2003) Other than being overseen by the same regional WB office, it is not clear why the Indonesian model was deemed ideal for the Philippines. For one, KDP was implemented in Indonesia at a time of crisis and transition, when strongman Suharto was unseated in 1998. Moreover, it was implemented a year after a decentralisation law was passed in the country. KALAH-CIDDS, in contrast, was implemented long after the country unseated its own strongman Ferdinand Marcos and more than a decade after its decentralisation law¹² was passed. That KALAH-CIDDS is being pushed without a view to a political analysis of the Philippines lends to this paper's assertion that SFs are underlied by a 'technicist' approach to development interventions, whereby what was thought to have worked in Indonesia is treated as if it had universal applicability.

2.2 Key operational features of the KALAH-CIDDS

Site selection

KALAH-CIDDS chooses municipal¹³ programme sites on the basis of: poverty ranking (50 percent), willingness to raise counterpart (25 percent) and the presence of

¹¹ To be sure, KALAH-CIDDS dropped one feature of KDP, funding microcredit projects, because of a dismal economic returns/repayment rates performance in Indonesia. (Briones 2002:12)

¹² The Local Government Code was passed in 1991. Among its key features are the automatic appropriation of 40% of internal revenue allotments (IRA) to local governments, constituted by the provincial, municipal or city, and *barangay* governments; the devolution of health, agricultural extensions, aspects of education (i.e. schoolbuildings); and subjecting 20 percent of municipal and city budgets to participatory planning processes.

¹³ In the Philippines, the municipalities, made up of an average of 20-25 *barangays*, are small rural towns (average population 50,000), which with urban cities make up a province

civil society groups that can be mobilised to monitor implementation (25 percent). It targets one-fourth of the municipalities in the 42 poorest provinces¹⁴ identified based on, a study done by Balisacan, et. al. (2002) that ranks municipalities within the target provinces based on (i) household expenditures; (ii) human capital; (iii) housing and living conditions; and (iv) access to “centers of trade” (Bhatnagar and Burkley, 2003:7). The final list of municipalities within a province is finalised in a provincial workshop involving the provincial governor, the mayors and representatives from the academe, the media and non government organisations. (Briones, 2002)

Targeting beneficiaries using municipal ranking of this kind represents a watershed in poverty targeting in the Philippines. Household income and expenditure based-poverty statistics have hitherto been available only up to the provincial and key-city levels. But KALAHI-CIDDS endeavours to recognise the multi-dimensional nature of poverty and targets its beneficiaries based on a broadened conception of vulnerability—one, for instance, that also captures access of households to infrastructure and basic social services. (Balisacan, et. al., 2002) However, the geography-based approach to poverty-targeting suffers from the danger of not reaching the poorest households or sectors within the municipalities. Bhatnagar and Burkley (2002:13) recognise this flaw and posit that the programme is considering implementing a special grant-funded window to support “measures for the inclusion of the poorest” within the targeted municipalities.

Project selection and fund allocation

Target municipalities are allotted an amount equivalent to \$6,000 multiplied by the number of *barangays* in a given municipality. Assuming an average of 20-25 *barangays* per municipality, the average municipal allocation is between \$120-

¹⁴ These provinces were chosen based on the 1997 national poverty statistics.

150,000. These funds are allocated to *barangays* through a process of open competition, with criteria and rules set by the Municipal Inter-Barangay Forum (MIBF). The MIBF is convened by the municipal mayor and constituted by *Barangay* Representation Teams (BRT)—one of the numerous barangay-level organs of KALAHI-CIDDS and constituted by three representatives from each *barangay* in the municipality—along with municipal government department heads and representatives of the local media, academe and nongovernment organisations. Only BRT members have voting powers in the forum. They decide the criteria on which basis community projects are prioritised. But KALAHI-CIDDS typically pushes a set criteria in trainings that prepare BRT members for the MIBF. The criteria involves quantitative and qualitative parameters—the latter pertaining to local community counterpart, number of households benefiting from the project and average attendance in *barangay* assemblies; the former pertaining to ‘responsiveness’, ‘environmental impact’, ‘strategic value’ and ‘benefit for the poor’. (DSWD 2003) Unless otherwise set by the MIBF, KALAHI-CIDDS implementation guidelines do not indicate a financing ceiling per *barangay*. In theory, it is possible for one *barangay* to get the whole municipal allocation as long as it is approved by the MIBF. KALAHI-CIDDS project types are subject to an open menu of projects but constrained by a negative list, which basically allows infrastructure and capability-building projects but disallows microcredit, the use of funds for the purchase of land, financing local government expenditures on salaries or construction and repair of government buildings, and projects with dire environmental consequences (e.g. road construction into protected areas).

Approved project funds are deposited directly to a *barangay* project bank account. The project bank account has three signatories: the *barangay* treasurer (an elected

barangay official), the chairperson of the project management committee and the municipal area coordinator. Funds are released in three tranches, depending on the pace of project completion¹⁵.

Project management structure

KALAHI-CIDDS is organisationally structured such that *barangay*-level units make project selection decisions, while subnational and central state actors perform facilitative and coordinative functions only. Figure 1 depicts the programme's organisational structure. At the helm of the programme is a national steering committee, the policy-making body composed of central line agency secretaries involved in development planning, crafting anti-poverty policies and overseeing decentralisation as well as three representatives from civil society. This body is chaired by the Secretary of the Department of Social Welfare and Development (DSWD), who acts as the national project director. Beneath the steering committee is the national project office, staffed by consultants and DSWD personnel on special detail. Regional DSWD teams, chaired by regional DSWD directors, see to the crucial task of hiring community organisers called 'facilitators' and area coordinators. Two area coordinators (one for social facilitation, another for engineering), two roving bookkeepers, documentation officers and community facilitators (who take charge of five *barangays* each) comprise the municipal coordinating team.¹⁶

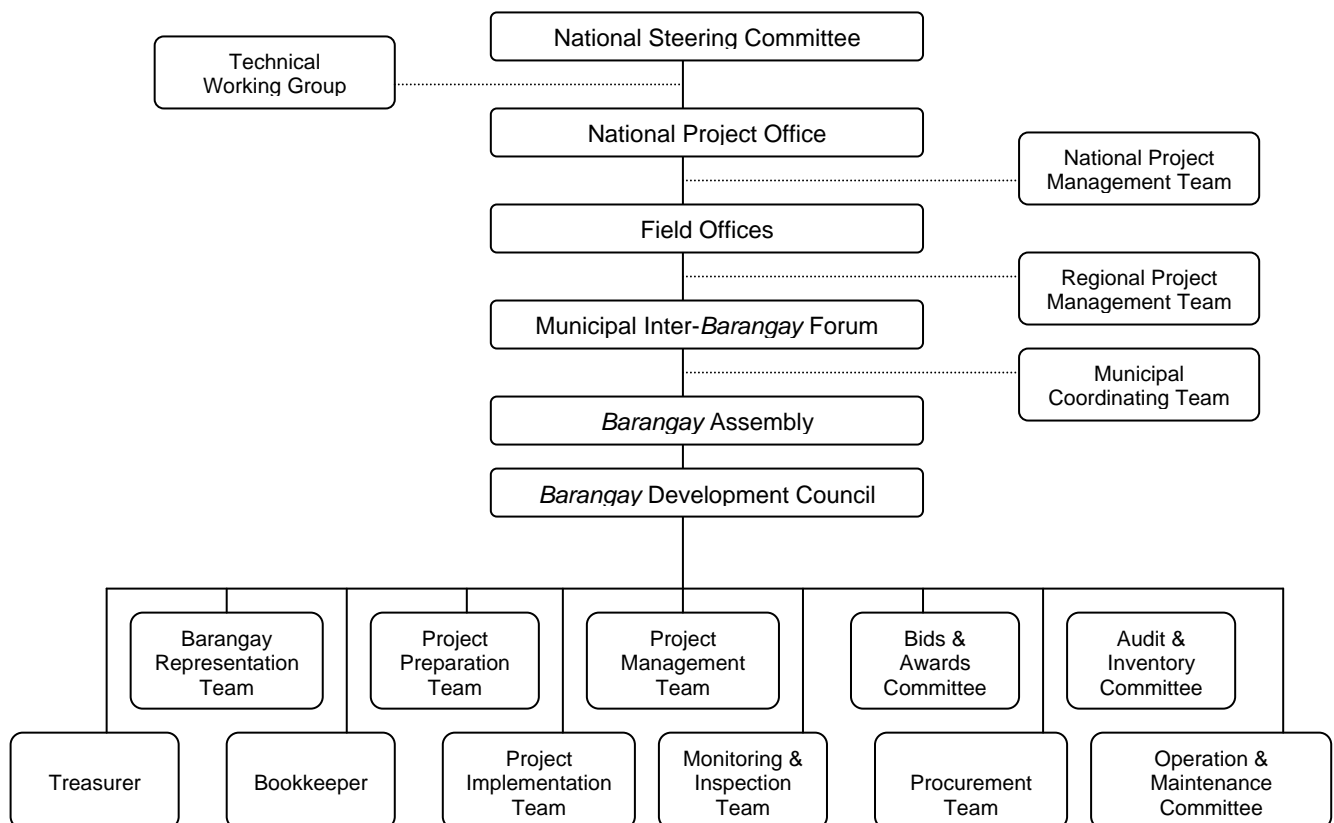
Meanwhile, *barangay*-level organisations constitute the core of this implementing structure. The *barangay* assembly—constituted by all residents of a given village—is part of the decentralized formal governance structure in the Philippines. It is formally governed by the *Barangay* Development Council (BDC), a body composed of the

¹⁵ Fifty percent is released upon approval of the MIBF, 30 percent upon 40-50 percent completion of the project, and 20 percent upon 'near' completion of the project. The *barangay* assembly is convened midway and towards the end of the project cycle to certify above completion rates.

¹⁶ In the Figure 1, the regional and municipal teams comprise the 'field offices'.

elected officers of the *Barangay* Council (BC)¹⁷ and representatives of civil society, who by law are to constitute one-fourth of the BDC. In KALAH-CIDDS areas, the BDC effectively delegates the functions of planning, mobilising and monitoring KALAH-CIDDS projects to *barangay* members elected to sit in various committees and teams. Box 1 summarises the functions of these *barangay* committees, which are the key implementing agencies of the programme. Members of these committees are elected in *barangay* assemblies at various points of the project cycle.

Figure 1. The KALAH-CIDDS Organisational Structure



Source: Adapted from the KALAH-CIDDS Brochure, DSWD

¹⁷ Directly elected every 6 years, this is composed of the *barangay* captain, the village “chief executive”, and local councilors called *barangay* kagawad.

Box 1. Functions of *Barangay* Committees in the KALAH-CIDDS Structure

Barangay Representation Team (BRT) – Elected three-member team designated as the official *barangay* delegates to the MIBF and vested with the authority to vote on all matters decided in the forum. Trained in criteria-setting for project prioritisation.

Project Preparation Team (PPT) – Elected three-member team that prepares the project proposal for the project chosen by the *barangay*.

Project Management Team (PMT) – Constituted by heads of the various *barangay* committees described in this box and chaired by an individual elected by the *barangay*.

Audit and Inventory Team (AIT) – Elected three-member team tasked with auditing the records of the Treasurer and Bookkeeper.

Treasurer – The *Barangay* Council (BC) Treasurer also functions as the PMT treasurer, who has custody over the funds of the project and ensures that these are kept independent of funds of the (BC).

Bookkeeper – Elected individual who records all financial transactions and prepares financial reports.

Project Implementation Team (PIT) – Elected three-member team responsible for ensuring that materials, supplies and equipment are safely stored. Ensures that planned daily activities of the project are carried out efficiently.

Monitoring and Inspection Team (MIT) – Elected three-member team who validates the accomplishment reports of the PIT.

Bids and Awards Committee (BAC) – Constituted by the *Barangay* Captain (if not elected PMT chair), the *Barangay* Treasurer and all the committee heads (except the Procurement Team and AIT). Where the *Barangay* Captain is also PMT head, the *Barangay* Development Council (BDC) elects one representative from Non government organisations in the BDC. Responsible for procuring goods, supplies, materials and equipment. Contracts works and hires personnel for the project. The local government auditor, area coordinating team leader and head of the AIT are invited as *ex-officio* members.

Procurement Team (PT) – Elected three-member team who drafts the procurement plan, assists in the preparation of bidding documents and prepares contracts.

Operations and Maintenance Committee – Elected three-member team who sees to the smooth operations of the project and maintains its functionality.

Source: Adapted from DSWD (2003)

Project cycle

The KALAH-CIDDS project cycle typically commences with a 1-2 month ‘social investigation’ phase that enables the municipal KALAH-CIDDS team to identify allies and threats within a locality. (Bhatnagar and Burkley 2003:17) This is followed by a 16-step, 4-stage set of activities, summarized in Box 2. The ‘social preparation’ phase involves training volunteer villagers in participatory situation assessment (PSA). These volunteers then assess the village needs upon which community projects are chosen. They present their findings to the *barangay* assembly for validation. The ‘project development’ phase involves training BRT and PPT members in project

Table 1. KALAHI-CIDDS Project Cycle in Steps and Stages

Steps	Activities to be conducted
<i>Stage 1: Social Preparation</i>	
1-Municipal Orientation	Municipal-level Program launching
2- <i>Barangay</i> Orientation	<i>Barangay</i> Assembly
3-Participatory Situation Analysis (PSA)	<i>Barangay</i> Volunteers' Training and Workshop
4- Validation of PSA Results	<i>Barangay</i> Assembly
<i>Stage 2: Project Development</i>	
5-Criteria-setting for ranking of sub-project concepts	<i>Barangay</i> Representatives' Workshop
6-Preparation of sub-project concepts	<i>Barangay</i> Volunteers' Workshop
7-Validation of sub-project concepts	<i>Barangay</i> Assembly
8-Finalization of sub-project concepts	<i>Barangay</i> Volunteers' Workshop
<i>Stage 3: Project Selection and Prioritisation</i>	
9-Ranking of sub-project concepts by the MIBF	1st MIBF
10-Feedback on the results of MIBF ranking	<i>Barangay</i> Assembly
11-Formulation of detailed sub-project proposals	Detailed project planning by <i>barangay</i> volunteers
12-Validation of detailed sub-project proposal	<i>Barangay</i> Assembly
13-Approval of detailed sub-project proposals by the MIBF	2nd MIBF
<i>Stage 4: Project Implementation</i>	
14-Pre-implementation workshop	Training workshop of <i>barangay</i> volunteers
15-Sub-project implementation, monitoring and evaluation	Project implementation by volunteers Reporting of project status by volunteers to <i>Barangay</i> Assembly
16-Sub-project operation and maintenance	Sub-Project operation by volunteers Reporting of operations and maintenance status to <i>Barangay</i> Assembly

Source: Adapted from DSWD (2003)

proposal writing and project-prioritising. Project concepts are prepared in preparation for the next phase, 'project selection', when the MIBF is convened to prioritise projects and proposals are formulated, finalized and approved. In the 'implementation' phase, village teams involved in project management, overseeing

bidding and procurement and operations and maintenance along with local government staff are trained in the technical skills necessary to implement and maintain the community projects. The community preparation phase (steps 1-13) typically takes an average of 4-6 months while project implementation takes an average of 3-4 months. This 16-step process is fully codified in a manual by DSWD (2003) used in training community facilitators, who are the helm of assemblies and trainings.

Through these mechanisms of site and project selection and the design of fund flows, KALAH-CIDDS operationalises the celebrated features of SF, namely: a rational, poverty-targeted means of transferring central funds to local sites; enhanced community ownership through counterpart and the exercise of voice; and the ability to overcome the inertia wrought by bureaucratic red tape through an innovative management and fund disbursement structure. The next section analyses the political incentives embedded in these mechanisms against the backdrop of a historical analysis of the democratisation challenge in the Philippines.

3. KALAHI-CIDDS and democratic deepening in the Philippines

3.1 The nature of the Philippines' 'democratic deficit'

Democratisation in the Philippines is now largely about democratic deepening or contending with what Hutchcroft and Rocamora (2003:252) call the Philippines' "democratic deficit":

"the enormous need for responding to pent-up demands and pressures from below, as well as the incapacity of the country's democratic institutions to do so with any degree of effectiveness."

Contemporary political events are indicative of the problems faced by democratic institutions in the Philippines. For example, that it took an extra-constitutional uprising¹⁸ in January 2001 to unseat President Joseph Estrada—who as of this writing is still under trial for economic plunder—is a testament to the failure of formal institutions to resolve conjunctural political crises and hold elected officials accountable for their misdeeds. Meanwhile, the April and May 2001 uprisings that followed in the heels of this uprising—this time powered by thousands of the fallen president's wide base of supporters among the urban poor and quelled only by violent dispersal by the police—signal the continuing inability of democracy to improve the lives of the excluded.

To be sure, the Philippines has a fully elaborated legal framework for direct citizen's participation in governance. The 1987 Constitution—which mirrors a lot of concessions to the strong authoritarian movement that toppled the Marcos dictatorship in 1986—has a strong Bill of Rights and fully-elaborated support for associational autonomy and participation. The 1991 Local Government Code (LGC) is typified as among the deepest and most extensive decentralisation initiatives in the Southeast

¹⁸ While dubbed as "People Power II", following the "People Power I" uprising that toppled the Marcos dictatorship, Putzel (2001:6-7) posits that this uprising was really a "rich people's power", comprising of "an alliance of elite actors who has opposed Estrada the moment from the moment he won landslide victory in the 1998 elections". However, the people who massed up in the streets were largely organised and unorganised members of the middle class as well as members of progressive sectoral organisations—sections of the population who perceived President Estrada as blatantly corrupt.

Asian region (Rocamora 2003:11). It not only automatically 40 percent of national taxes¹⁹ to local governments and increases their taxing and borrowing powers but also provides guarantees for sectoral representation in the local legislature and participatory planning and budget processes up to the *barangay* level.

It would be naïve to assume that such legal guarantees are enough for democratic deepening to take root. To understand why elite democracy persists and state predation endures require tracing the historical formation of the Philippine state and the civil society that engages with it.

Weak state, strong society

The enduring culture of state predation can be traced to the institutional imprints left by the US colonial legacy. (Sidel 1997) Since the American period, Philippine politics has been controlled by a:

“landed elite, later elaborated into commerce, manufacturing and finance but centered on family conglomerates” (Rocamora, 2003:1)

From thence sprung the Philippine state, typified as a:

“classic case of what Joel Migdal describes as a postcolonial ‘weak state’ confronting a ‘strong society’ dominated by ‘traditional elites’ and ‘local strongmen’” (Migdal 1988 in Sidel 1997:949)

The political power of these local strongmen were built on the colonial American project of ‘self-government’ of making municipalities and provinces the initial sites of electoral democracy in 1900 and scaling up elections to the national legislature almost a decade after. This was part of a strategy of benevolent assimilation aimed at quelling guerilla unrest based in local centers of the archipelago. Philippine polity has thus been built on “autonomous town governments as foundations for a system of good government” (Hutchcroft , 2002:7).

¹⁹ The implementation of this provision was phased in for three years—beginning from 30 percent and rising to 40 percent in 1994. But this represented a substantial increase in internal revenue allotments for local governments, which averaged at 11 percent before the implementation of the LGC.

Then as now, local factions of power are the “major building blocks of political maneuvering”. (Hutchcroft, 2002 :6) National electoral politics has evolved to work through patron-client networks from *barangay* village leaders to municipal mayors, provincial governors, congressmen and presidents. In these networks, political exchange is marked by the exchange of delivering local votes during elections for clientelistic largesse once state power is secured by the elite. These networks take the place of political parties as the organisational base and of policy platforms as currency for political exchange. Says Hutchcroft (2002:8):

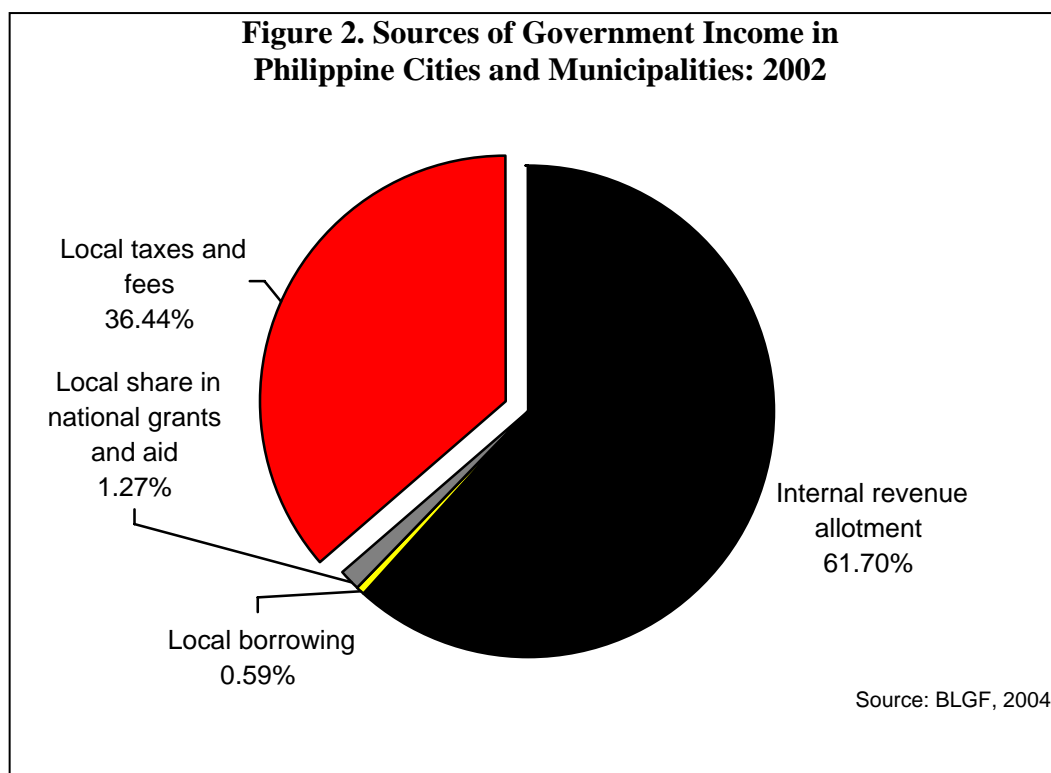
“Local leaders delivered blocs of votes in exchange for benefits from allies in Manila, while ‘national’ politics itself was often dominated by the need of congress persons to consolidate local bailiwicks (through such means as rampant pork-barrel spending)”.

Clientelism and local development financing

The clientelistic nature of the central-local ties are best illustrated with the unraveling of decentralisation in the Philippines. In particular, the structure of central-local fiscal relations tends to undermine the democratising impulses of the LGC. *First*, bulk of local development financing²⁰ comes from IRA, as shown in Figure 2. IRA shares are biased towards cities (and against municipalities) because of the formula used to apportion allotments is based largely on population size. *Second*, the discretionary funds of congressmen²¹ and project funds of line agencies can be easily accessed by ‘enterprising’ local politicians. Congressmen possess gateway information for many of these lineage agencies fund flows. ‘Enterprising’ mayors thus

²⁰ The ‘development’ of municipalities and/or cities is the unit of analysis here.

²¹ This is also referred to as the ‘pork barrel fund’ in this paper. This fund is allocated to each congressman, who can spend it at will, on social and economic infrastructure spending for his district. The annual allocation P65mn per congressman, partly funded out of the Department of Public Works and Highway’s (DPWH) budget.



are those who are able to foster good relations with their district representatives so that they can access these funds. In 2002, P9.78bn (about \$195mn)²² was allocated by congressmen to their congressional districts, an amount equal to 22 percent²³ of local taxes and fees raised by municipalities and cities or 8.02 percent of total income. Eight percent is nothing to trifle with as this is equal to almost half of the local development fund, the portion of the municipal/city budget that is effectively allocated for public investments.²⁴ *Third*, rural poor municipalities, where the share of local revenue sources to IRA is 80:20²⁵, are largely constrained by levels of development that naturally constrain their local tax base. These three taken together imply that municipal and city governments in the Philippines face soft budget constraints and that incentives are generally weak for local revenue generation. In

²² Author's computation based on data from DBM (2004)

²³ Author's computation based on data from DBM (2004) and BLGF (2004)

²⁴ As has been stated, the share of the budget that is actually subjected to participatory processes is 20 percent of the municipal/city budget, constituting the local development fund. In municipalities, 50 of the remaining 80 percent of the budget typically goes to personnel. Ramos (2002) explores the problem of patronage hiring and how jobs in the municipal hall are part of the largesse typically bestowed by mayors to their supporters.

²⁵ Author's computation based on data from BLGF (2004).

such a setting, local public goods are not really funded by local taxes and citizens thus will not necessarily have the incentive to monitor and hold accountable their local government, which is axiomatically believed to hold true in the localism discourse.

“Formal democracy without civic basis”

To a large extent, the Philippines then still suffers from what ailed the post-independence Philippine democracy: colonial rule brought forth “formal democracy without civic basis”. (Putzel 2000:175). The economic and political spheres are dominated by networks of patronage emanating from a small number of families and ‘self-made’ local strongmen. In such a setting Putzel (2000) observes that the preponderant social capital—far from the functions performed by institutions of reciprocity and trust in Putnam’s Northern Italy—is a resource for power brokering for a few families and political bosses, which hinder rather than lead to the deepening of democratic practice.

To be sure, the democratic transition from authoritarianism to democracy gave birth to a robust civil society sector in the Philippines composed of social movements and non government organisations. Rocamora (2003:3) notes how the Marcos regime broke down elite solidarity organised against lower class challenges and thus created “democratic spaces for grassroots initiatives”. Hutchcroft notes the explosion of NGO activity in the late Marcos years, continuing into the post-Marcos years as the 1987 Constitution encouraged NGOs and the “anti-authoritarian instincts of the Aquino administration encouraged a ‘bias for NGOs’” (Brillantes 1994 in Hutchcroft 2002:14). But, this paper submits that the blossoming of the NGO sector in the Philippines cannot be taken to mean the deepening of democratic civic traditions. The phenomenon of two uprisings in 2001—one that successfully unseated a popular but corrupt president and another that sought to bring him back to power—brings to sharp

focus that the ‘civil society’ is not a homogenous construct. It may be peopled by both the weak and the strong in society. It may even stand for varied if not opposing values.

What are the implications of the nature of historically and culturally embedded political institutions described above on democratic deepening in the Philippines? For one, the strategy of localism must be approached with care, in a setting where ‘the local’ is the hub of clientelistic politics. Here, the imperative of state-building is crucial—specifically in strengthening it against the impulses of oligarchical interests. In the Philippine setting, this will involve both the promotion of transparent and rules-based governance and the overhauling of the patronage-based party system. This will also involve the transformation of central-local fiscal relations so that incentives are created for revenue generation where there are inherent taxing capacities (as in cities) while central transfers are biased towards those without these innate capacities. Reforming fiscal circuits of patronage is crucial in encouraging the transition from clientelism to citizenship. This is an important means by which a strong state can foster civic life: encouraging the contest for public funds to be mediated not by the hidden political discretion of the powerful but by rational rules in transparent arenas where the powerless can come together and bid for funds. In understanding this aspect of transition from clientelism to citizenship, Fox (1994) and Evans (1996) offer useful insights about the role of the state. Fox emphasizes the role of progressive elements within the state apparatus who offer progressive openings that social movements can then gnaw at as central in the democratic transition in Mexico. Meanwhile, Evans underscores the synergistic relations between the state and society in the construction of social capital—belying Putnam’s conception of the non-constructibility of the same.

3.2 How the KALAH-CIDDS addresses the problem of democratic deepening

There are two distinct ways in which KALAH-CIDDS confronts the democratisation challenge in the Philippines. *First*, contrary to the hypothesis that SFs necessarily raze state power, KALAH-CIDDS could be seen as contributing to the (central) state-building goal in the Philippines in two ways. The *first* contribution is towards a more transparent and rational basis of transferring central funds to local units of governance. As has been posited by this paper, line agency transfers are an important source of local development financing in the Philippines. To the extent that KALAH-CIDDS are poverty-targeted central funds and not distributed based on political discretion, they constitute new norms in central-local fiscal relations and a model after which transfers of other line agency funds can be patterned. Moreover, KALAH-CIDDS funds can contest the discretionary funds of congressmen as a circuit of patronage. The *second* contribution to the imperatives of state-building is the space it gives for the exercise of central government authority in decentralized setting to the extent that DSWD field offices coordinate activities and hire key personnel/community facilitators. Historically, the Philippine central state bureaucracy has never been strong enough to supervise the workings of decentralisation (Hutchcroft 2002:8) and there is a sense in which the central government bureaucracy is struggling to strengthen itself simultaneously with local governments (Rocamora 2003:11). KALAH-CIDDS provides the opportunity for a central agency to gain experience in overseeing the decentralized delivery of local public goods.

Second, KALAH-CIDDS also provides the arena for the exercise of voice at the *barangay* level, and that way contribute to the operationalisation of the participatory

provisions of the LGC at the village level. It mobilizes *barangay* structures, manned by individuals chosen via elections in *barangay* assemblies, to propose, design, vote for, implement community projects. Doing so, it re-organises the political organisation of service delivery. To a large extent, however, it effectively weakens municipal governance structures. It sets up a well-funded parallel governance structure, not subjected to the rules of accountability ascribed in the budget process. But as funds flowing directly to *barangays*, it contests another traditional circuit of patronage: local fiscal resources collected on the strength of clientelistic ties between village leaders (*barangay* captains) and mayors. The MIBF is key in transforming villages from ‘supplicants’ vying for ‘imperial municipal funds’ to deliberative/problem-solving political actors.

This paper will treat these assertions as empirical questions. How substantial are KALAH-CIDDS fund flows relative to ‘pork barrel’ funds? How ‘rational’ are the rules and processes that allocate resources at the MIBF? What insights can be gathered from documentation of pilot sites about the political dynamics of negotiations within villages? The next section deals with these questions and investigates what evidence says about their impact on the challenge of democratic deepening in the Philippines. It zooms in on three arenas that this paper proposes are the target of KALAH-CIDDS’ implicit political agenda: (i) intergovernmental fiscal transfers and relations; (ii) municipal governance processes; and (iii) *barangay* governance processes.

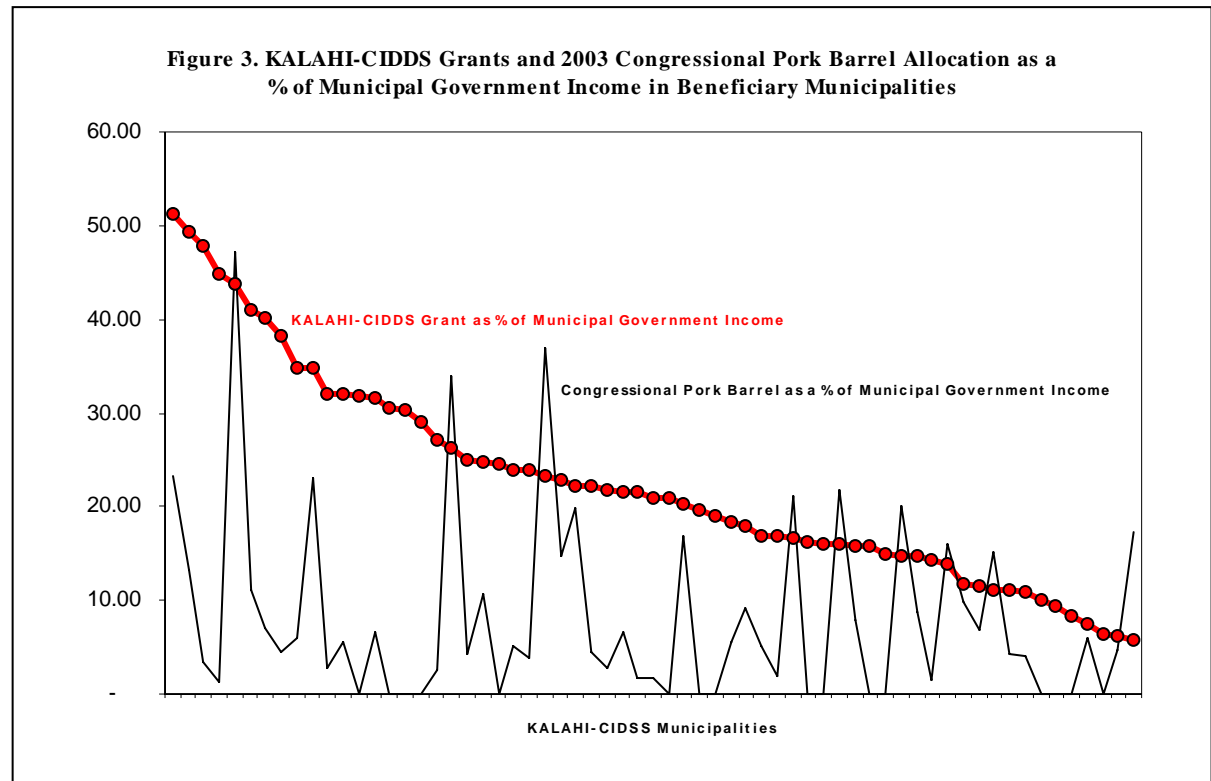
4. Implicit political agenda: incentives, evidence and impact

4.1 Bringing back the central state?

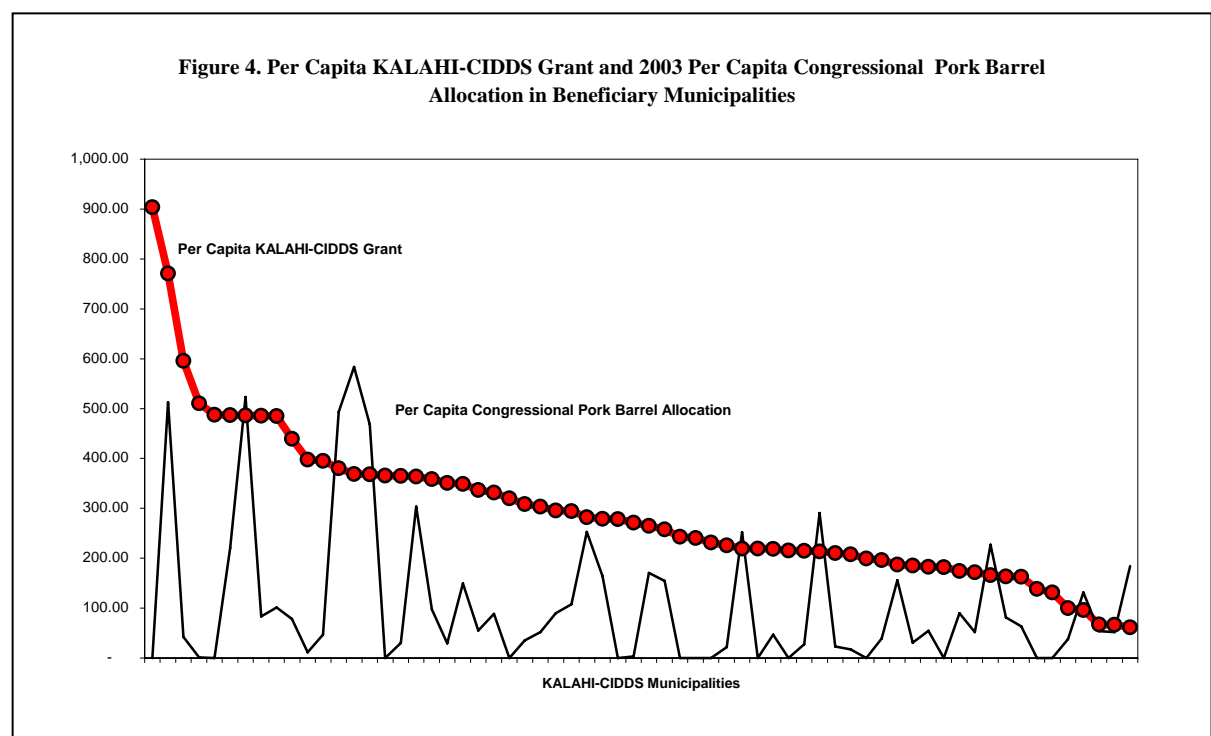
By allocating funds based on poverty indicators and the willingness of municipal governments to raise counterpart financing, KALAH-CIDDS shows a way by which national funds can be allocated based on transparent and rational parameters rather than relationships of patronage. But are KALAH-CIDDS fund flows substantial enough to pose a threat to central allocations distributed on the strength of clientelistic connections? Figures 2 and 3, where each point on the lines correspond with the 63 municipalities that have been reached by KALAH-CIDDS, indicate that they may be so: that the red lines are generally above the black lines indicate that KALAH-CIDDS grants are substantively bigger than ‘pork barrel’ allocations²⁶ both as a percentage of municipal government income and in per capita terms in beneficiary areas. Only in less than ten of the 63 KALAH-CIDDS municipalities are ‘pork barrel’ funds more substantive than KALAH-CIDDS grants using above-mentioned parameters. Meanwhile, Table 2 reveals that the beneficiary municipalities are typically more dependent on national transfers and pork barrel allocations than your average city or municipality. They rely on IRA for an average of 90 percent of their income—almost twice that of cities and 1.15 times that of municipalities. Moreover, relatively more ‘pork barrel’ allocations, measured relative to local government income, flow into the beneficiary areas, too. These mean that KALAH-CIDDS is a genuine alternative to ‘pork barrel’ funds in municipalities where it could be deduced patronage circuits are most active—that is, in local governments most dependent on central transfers for government financing. By 2008, KALAH-CIDDS would have

²⁶ To be sure, this only includes congressional ‘pork barrel’ and not the discretionary funds of senators—all 24 of them receiving P200mn each. Unlike congressional funds, not all of these are allocated to municipalities and cities nor in *barangays* within them. The data is structured such that it is difficult to match senate with congressional data and thus had to be excluded from the analysis.

contested ‘pork barrel funds’ in 12 percent of all municipalities in the Philippines—and more importantly, the poorest ones too where this resource for clientelism is most important.



Source: Author's computations based on DSWD (2004b) and DBM (2004)



Source: Author's computations based on DSWD (2004b) and DBM (2004)

Table 2. Selected LGU Financing Indicators in the Philippines

Selected Indicators	Cities	Municipalities	KALAHl areas	All districts
Average 2002 total income (in pesos)	561,191,406.67	39,028,037.50	31,345,076.74	
Average 2002 local sources (in pesos)	288,394,356.96	7,786,609.26	2,745,535.94	
as % of government income	51.39	19.95	8.76	
Average 2002 IRA (in pesos)	262,513,108.71	30,503,500.66	28,335,160.63	
as % of government income	46.78	78.16	90.40	
Congressional 2003 pork barrel allocation			138,235,000.00	9,783,300,950.00
as % of government income			6.92	5.10

Source: Authors' computations based on data from DBM, 2004 and DSWD, 2004b

KALAHl-CIDDS' political agenda of pushing a rules-based and centrally-coordinated poverty alleviation programme is buttressed by two factors. *First*, the central government that promoted this set of new norms in inter-governmental fiscal relations was politically-insecure. KALAHl-CIDDS was identified as a core project of the Gloria Macapagal Arroyo administration in 2002, a year after the two popular uprisings described in section 3 of this paper—one that swept it to power and another that sought to topple it. That the administration did not have the traditional electoral mandate undoubtedly made a programme like KALAHl-CIDDS an important political currency for President Arroyo as she was consolidating her base and legitimising her rule in the precarious early stages of her administration. It provided the executive branch leverage against the legislature as programme beneficiaries could constitute a base formed without the aid of the 'pork barrel' politics. Moreover, it provided the chance for the administration to project itself as as 'pro-poor', something that the ousted populist ex-president Estrada was perceived to be. *Second*, at the helm of the programme was the DSWD secretary²⁷, who was a well-known civil society personality with decades of credible experience in rural development. More

²⁷Dinky Soliman still holds the post as of 2004.

importantly, she was a technocrat with no political debts to pay. To a large extent, the desire to strengthen the central state has then less to do with democratic deepening and more with the alignment of political incentives in the executive branch of government.

4.2 Razing municipal governments?

KALAH-CIDDS attempts to involve the municipal government structure more than traditional community-driven projects do. (Bhatnagar and Burkley 2003:16)

Municipal government staff members are involved in nine of the 16 steps in the project cycle—although they have neither voting nor veto powers in all these. Upon programme entry in a given municipality, the mayor signs a memorandum of understanding (MOU) with the DSWD whereby the municipal government commits to: (a) assigning counterpart staff to the project in aligned municipal departments (b) providing counterpart contributions to support approved community projects (although amounts are not specified); (c) providing technical assistance to participating *barangays* such as engineering advice and support; and (d) convening the MIBF. Aside from chairing this crucial forum, which—as has been described in section 2—is where the *barangays* prioritise community projects for funding, the mayor also convenes the municipal intra-agency committee (MIAC), a coordinative body constituted by all municipal government department heads, local representatives of national agencies, NGOs and other donor institutions operating in the given municipality. This body sees to the provision of ‘software’ necessary to run the community infrastructure— for example, *barangay* health workers for the clinics and teachers for classrooms built.

The MOU hopes to cast the municipal government as a stakeholder in the “KALAH way”—albeit with no real power other than performing facilitative

functions. In the pro-forma MOU (DSWD, 2003), a municipal government reneges on its commitments on pain of its *barangays* being delisted from the programme in future and specific or all community projects being discontinued. The problem with such an accountability mechanism is that it effectively punishes communities for the sins of the municipal government. The credibility of the municipal government's commitment then depends on the political importance of the beneficiary communities to the mayor. Moreover, the financial commitment embodied in the MOU is not spelled out in terms of actual resources but as a promise 'to commit'.

Attempts to institutionalise the "KALAH! way" of participatory planning in local governments by synchronizing KALAH!-C!DDS processes with the official budget cycle and requiring municipal governments to submit "institutionalization plans"—including the promise of passing local legislation to this effect—face the same problem as described above. The mayor may initially say 'yes' to these requirements for his municipality to be allowed in. But institutionalisation may take years while KALAH!-C!DDS funds are disbursed within a year given. What then holds a municipal government to its word? By bypassing the municipal government budget process, KALAH!-C!DDS bypasses both the problem of leakages due to corruption but also the chance of reforming a process where the accountability mechanism for the municipal government is more straightforward. Estrom (2002:3) warns that:

"[I]ntroducing well-financed parallel structures can have the undesirable consequence of weakening government [and] [T]herefore should only be contemplated if the risks of undermining government financial processes do not exceed the prospects for reforming existing systems."

These are risks that need to be validated as an empirical question and not assumed.

But by design, KALAH!-C!DDS assumes that the balance of risk is against the chances of the municipal budget process being reformed in all municipalities.

4.3 Essentialising communities?

As was described in section 2, *barangay* committees—constituted by residents elected in various *barangay assemblies*, and trained and deployed to do a myriad of tasks from participatory needs analysis to project proposal writing, prioritisation, selection, implementation maintenance and monitoring—are the lifeblood of KALAHI-CIDDS. These units are implicitly deemed superior to municipal government structures in the deployment of these tasks.

The field notes of a WB consultant (WB, 2003b)²⁸ observing a crucial MIBF assembly provide critical information about the dynamics of this community process. The notes pertain to the pilot site in Dolores, Quezon involving 6 *barangays* of which only 5 will receive funding. The six proposed projects are depicted in Table 2. In the Dolores MIBF, the *barangay* representatives agreed to a project selection criteria based on the following: (a) responsiveness to identified problem and number of families benefited –25 points; (b) urgency of the project – 25 points; (c) community counterpart – 20 points; effect on other *barangays* – 25 points; and values espoused (e.g. cooperation, unity) – 5 points. The process agreed upon by the group is one whereby *barangay* PPTs are given 20 minutes to present their respective projects and then members of BRTs are given five minutes to “grade” the project based on the criteria described above. The scores are written on cards, colour-coded according to criteria, initially posted on its back side and then revealed for everyone to see and tabulated at the end of all presentations.

The consultant’s account of the process reveals problematic aspects of the process. For example, it was observed that 5 villages actually connived to give the *Barangay* Bulakin I (refer to Table 2) proposal a low cumulative score—while five of the

²⁸ This is being cited with permission from the World Bank consultant, Danilo Songco, who requested the author to cite the World Bank as the owner of the information.

villages received scores in the range of 82-90, Bulakin consistently received scores in the low 50s. This project was the most expensive among the project proposals and had it been approved would have given space for only one other project in the project fund. The consultant does not find this problematic, saying that what matters is that communities decided on this project's fate. But it seems to reveal some of the pitfalls of participation. Here, it appears that project costs (and seeing to a mix of projects that accommodates most of the proposed budgets)—rather than objective project criteria—played a dominant role in the decision-making process.

Table 3. Community Projects Proposed in Pilot Site Dolores, Quezon: 2003

Barangay	Proposed Project	Funds requested (in Pesos)	Counterpart (% of Project Cost)
Pinagdanglayan	Health center	261,000.00	39%
Putol	School building (3 classrooms)	312,000.00	48%
Cabatang	Road (1 km.)	748,000.00	25%
Dagatan	Water system	250,000.00	54%
Bulakin I	Water system	1,300,000.00	15%
Manggahan	Road (500 m.)	288,000.00	35%

Source: WB, 2003

The codified process also gives an inordinately important place for the oral project presentations of the PPT. Better-educated PPTs more confident of their presentation skills will have an inherent edge over others. From the documented process, these presentations also appear to be the sole source of information on the basis of which municipal priorities are identified. There is no way data provided can be verified in the five minutes by BRT members are given to make their judgements. This also seems to be a missed opportunity to shore up municipal government capacity to provide information necessary for communities to make informed decisions.

In general, KALAHI-CIDDS appears to vest in communities technical responsibilities—which as essayed in Box 1, includes contracting, procurement,

bidding, auditing, operations and maintenance—that depending on project types may find a more logical place in municipal governments. For example, Table 4 depicts the project types that have so far been allocated funding by KALAH-CIDDS. It shows that almost half of the projects are invested in road and bridge-building. A closer inspection of project breakdown reveals that 25 percent²⁹ of these are not necessarily small-community-level infrastructure projects but farm-to-market roads requiring central coordination. The same could be said of the large water potable system projects.

Table 4. Project Types: Allocation, Share in Total allocation in Phases I-II of KALAH-CIDDS as of June 2004

Project type	KALAH-CIDDS allocation (in pesos)	Share in total allocation (in percent)
Road and bridges	196,898,932.07	46.94
Water	107,460,144.32	25.62
Health and education infrastructure	64,326,845.74	15.34
Others	33,211,679.03	7.92
Agriculture infrastructure	17,531,568.78	4.18
Total	419,429,169.94	

Source: Author's computations based on data from DSWD, 2004b

Finally, the practice of electing individuals into the key decision-making and implementing *barangay* organs of KALAH-CIDDS and making these individuals the main recipients of capability-building investments may be open to abuse by the local elite. This is exacerbated by the fact that these elected individuals are expected to function as “volunteers”—the requirement in terms of time and skills made by the *barangay* processes can be postulated to self-select the more educated members of the community. As Platteau and Abraham (2002:28) observes, the election of leaders in this case is being used to “circumvent the problem of scarcity of institutional

²⁹ Authors computations based on data from DSWD (2004).

organisers” and with the dire consequence of further “entrenching a privileged minority”. Esman and Uphoff (1984:249 in Platteau and Abraham 2002) warn that in these processes:

“most prominent members are invariably selected and then given training and control over resources for the community, without any detailed and extended communication with the other members about objectives, right or duties. Creating the groups through these leaders, in effect, establishes a power relationship open to abuse”

The problems, says Platteau and Abraham (2002:28) may be especially severe in lineage-based societies, where “elders and local chiefs are ideally positioned to capture the benefits of decentralised development”. This is another important point for empirical scrutiny—especially among indigenous communities in the northern and southern Philippines, which are among the beneficiary sites of KALAH-CIDDS—that the programme chooses not to probe.

In general, this section has shown that KALAH-CIDDS offers a double-edged sword for the prospects of democratic deepening. On one hand, it stands for rationalizing new norms in fiscal relations—an important aspect of the challenge of democratisation in the Philippines, where central-local fiscal transfers have historically been the hub of patronage and where the central bureaucracy has not really shepherded the decentralisation process. A good complement to this would have been reforming the process of allocating public resources by municipal governments across its *barangays*. KALAH-CIDDS chooses to respond to this problem by bypassing the municipal budget process altogether and directly channeling resources to communities. Therefore, on the other hand, the KALAH-CIDDS operationalises the principle “it’s broke, then bypass it” –in this case privileging *barangays* whose technical and political virtues are essentialised and assumed rather than examined *a priori*.

5. Conclusion

This paper set out to answer the question: *what promise does KALAH-CIDDS hold for the prospect of democratic deepening in the Philippines* given the programme's ideological underpinnings and the nature of the democratisation problem in the Philippines?

Probing the political incentives embedded in KALAH-CIDDS, this paper found the following.

First, the rational norms introduced by KALAH-CIDDS in central-local fiscal relations—even if technicist—cannot be belittled given the history and nature of central-local political relations in the Philippines. The preponderance of patronage-based transfers from central to local levels of government has a structuring influence on political life and severely undermines the transition from clientelism to citizenship. To be sure, social funds are not ideal for reforming fiscal transfers. Faguet (2003) notes this end can be achieved at less cost by reforming the tax and budget process. For example, simply halving the 'pork barrel' allocations or re-thinking the rules governing IRA may have a more lasting impact on democratisation in the Philippines. However, line agency funds are a crucial funnel of central-local fiscal relations and while reforming them may be second-best, their impact and importance cannot be underemphasized. Rationalising these relations provides an arena for the central state to herd the process of decentralisation.. Observes Platteau and Abraham (2002:30):

“To curb the obnoxious influence of local elites, a strong central government must exist that is determined to confront the clientelism of rural areas in an environment rife with rent-seeking opportunities.”

Second, it is the by-passing of municipal governments and the vesting of immense technical and political responsibilities on *barangay* structures that this paper finds problematic for the prospects of democratic deepening. The LGC offers a well-fleshed framework for citizen's participation in the municipal budget process. Operating

directly within this framework would lend to debilitating the very roots of patronage circuits in the country. For example, rationalising the rules of fiscal transfer from the municipal government to the *barangays* would merely entail using the very same criteria used by KALAH-CIDDS as allocation criteria for the municipal budget.

KALAH-CIDDS misses out on shoring-up state capacity to coordinate development at the municipal level by opting to set up parallel structures at the *barangay* level.

Meanwhile, the distribution of political power within communities is completely unproblematised. Because KALAH-CIDDS has no sense of the politics of the *barangay*, it sees not the danger of entrenching local elite interest where only elected community ‘volunteers’ are trained in skills that enable them to fully engage citizenship rights.

In conclusion, on balance KALAH-CIDDS will not have a lasting impact on deepening democracy—taken to mean the movement towards the rule of the underclass—in the Philippines. Its contribution in the form of rationalising central-local fiscal relations while important, can be lasting only to the extent that the principle of a rules-based system of fiscal transfers is institutionalised in all types of central transfers. In the case of KALAH-CIDDS, this was abetted by a president insecure about her position.

What KALAH-CIDDS has gotten fundamentally wrong is that the site of power imbalance in the Philippines is not between ‘the community’ and ‘the state’. The balance that needs to be tipped is in social relations. This in turn requires political organising by the underclass and platform-based party building—political projects that, surely, cannot be technocratically designed by international development agencies.

Bibliography

- Baliscan, A., R. Edillon and G. Ducanes. (2002). "Poverty Mapping and Targeting for KALAHI -CIDSS Phase I". Final report prepared for the Department of Social Work and Development (DSWD). Republic of the Philippines. December 2002.
- Bardhan, P., and D. Mookherjee, 2000b, "Corruption and Decentralization of Infrastructure Delivery in Developing Countries", *IED Discussion Paper Series* No. 104. Institute of Economic Development, Boston University: Massachusetts, USA.
- _____. (1999). "Relative Capture of Local and Central Governments: An Essay in the Political Economy of Decentralization", *IED Discussion Paper Series* No. 97. Institute of Economic Development, Boston University: Massachusetts, USA.
- _____. (2000a). "Decentralizing Anti-Poverty Program Delivery in Developing Countries". Manuscript. University of California, Berkeley: California, USA.
- Batkin, A. (2001a). "Social Funds: Project and Program Issues", pp 461-480 in I. Ortiz (ed) *Social Protection in Asia and the Pacific*. Asian Development Bank: Manila, Philippines.
- Batkin, A. (2001b). "Social Funds: Theoretical Background", pp 429-459 in I. Ortiz (ed) *Social Protection in Asia and the Pacific*. Asian Development Bank: Manila, Philippines.
- Bhatnagar, B. and C. Burkley. (2003). *Philippines: KAPITBISIG LABAN SA KAHIRAPAN (KALAH) Project*. Manuscript. Department of Social Welfare and Development (DSWD): Manila, Philippines.
- Briones, R. (2002) "Aggressive Poverty Reduction in a Politically Polarized Society: The Case of the KALAH-CIDSS Program in the Philippines Paper", paper presented at the 5th *Regional Conference of the Southeast Asian Conflict Studies Network*, 4-7 November, Horizon Hotel, Hanoi, Vietnam.
- Bureau of Local Government Finance. (2004). *Local Government Units Financial Data: Statement of Income and Expenditures*, retrieved from the internet address <http://www.blgf.gov.ph/lgudata.htm>
- Chambers, R. (1996). "Participatory Rural Appraisal and the Reversal of Power", *Cambridge Anthropology* 19(1), pp. 5-23.
- Cleaver, F. (2001) "Institutions, Agency and the Limitations of Participatory Approaches to Development" in B. Cooke and U. Kothari (eds) *Participation: The New Tyranny?*, pp 139-152. Zed Books: NY, USA.
- Department of Budget Management (DBM). (2004). Data on Legislators' Allocation 2003-2004 retrieved from the internet addresses http://www.dbm.gov.ph/dbm_releases/congress_2002_1st_tranche.htm, http://www.dbm.gov.ph/dbm_releases/congress_2002_2nd_tranche.htm, http://www.dbm.gov.ph/dbm_releases/congress_2003_1st_tranche.htm, http://www.dbm.gov.ph/dbm_releases/congress_2003_2nd_tranche.htm

- Department of Social Welfare and Community Development (DSWD). (2003). *KALAHI-CIDDS Main Manual*, retrieved from the internet address <http://itd.dswd.gov.ph/kalahi/downloads/index.html>
- _____. (2004a). “KALAHI-CIDDS at a Glance”, retrieved from the internet address <http://itd.dswd.gov.ph/kalahi/glance/index.html>.
- _____. (2004b). “Status of Community Projects: Phases I and II”, retrieved from the internet address <http://itd.dswd.gov.ph/kalahi/commproj/index.html>
- Estrom, J. (2002). “Indonesia’s Kecamatan Development Project: Is it Sustainable?”, *Social Development Paper* No. 39. The World Bank: Washington, D.C.
- Evans, P. (1996) “Government Action, Social Capital and Development: Reviewing the Evidence on Synergy”, *World Development*. **24**(6), pp 1119-1132.
- Faguet, JP. (2002). “Designing Effective Social Funds for a Decentralized Context”, *World Bank Social Protection Discussion Paper*. The World Bank: Washington DC, USA.
- Fox, J. (1994) “The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico”. *World Politics* 46(2). January 1994. pp 151-184
- Harris, J. (2002). *Depoliticizing Development: The World Bank and Social Capital*. Anthem: London, UK.
- Hutchcroft, P. (2002). “The Political Dynamics of Decentralization: The Philippines and Thailand Compared”. Manuscript. Department of Political Science, University of Wisconsin-Madison.
- Hutchcroft, P. and J. Rocamora.(2003). “Strong Demands and Weak Institutions: The Origins and Evolution of the Democratic Deficit in the Philippines”, *Journal of East Asian Studies* 3(2003), pp 259-292.
- Jack, W. (2001). “Social Investment Funds: An Organizational Approach to Improved Development Assistance”, *World Bank Research Observer*, 16: 109-124, 2001.
- Mohan, G. and K. Stokke. (2000). “Participatory Development and Empowerment: The Dangers of Localism”, *Third World Quarterly* 21(2), pp 247-268.
- National Economic and Development Authority (NEDA). (2003). *11th Overseas Development Assistance Review*. Republic of the Philippines: Manila, Philippines.
- National Statistical Coordination Board (NSCB). (2004). Data on poverty statistics retrieved from internet address <http://www.nscb.gov.ph>
- Nelson, N. and S. Wright (1995). “Participation and power” in N. Nelson & S. Wright (eds), *Power and Participatory Practice*, pp 1-17 . London: Intermediate Technology Publications

- Parker, A. and R. Serrano. (2000). "Promoting Good Governance through Social Funds and Decentralisation". *Social Protection Discussion Paper Series* Number 0022, September 2000. Social Protection Unit, Human Development Network, The World Bank: Washington DC, USA.
- Platteau, J. and A. Abraham. (2002). "Participatory Development in the Presence of Endogenous Community Imperfections". Manuscript. Department of Economics and Centre de Recherche en Economie du Développement, University of Namur, Belgium.
- Przeworski, A. (1996) "A Better Democracy, A Better Economy". *Boston Review* **XXI**(2), April/May 1996.
- Putnam, R. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press: Princeton, New Jersey, USA.
- Putzel, J. (2000). "Social Capital and the Imagined Community: Democracy and Nationalism in the Philippines", in *Asian Nationalism*. Edited by Leifer, Michael. Routledge: London. pp 170-186.
- _____. (2001). "A Muddled Democracy: 'People Power' Philippine Style", *Development Studies Institute (DESTIN) Working Paper Series* No. 00-14, November 2001. LSE: London, UK.
- Ramos, C. (2002). "*Palakasan, Pakiusap, Padrino*: The Institution of Patronage Hiring, *Political Brief*, Vol. 8 No. 4, April 2000.
- Reuschmeyer, D., E. Stephens and J. Stephen. (1992). *Capitalist Development and Democracy*, Chapter 3, pp. 40-78. Polity Press: Cambridge, UK.
- Rocamora, J. (2003). *Legal and Policy Frameworks for 'Participation' in the Philippines*. Unpublished manuscript. Institute for Popular Democracy: Manila, Philippines.
- Schacter, M., M. Grosh and S. Jorgensen. (1992). "What? Why? How? A Primer on the ESF", in M. Schater, M. Grosh and S. Jorgensen (eds) *Bolivia's Answer to Poverty, Economic Crisis and Adjustment: The Emergency Social Fund*. The World Bank: Washington DC, USA.
- Serrano, R. and D. Warren. (2003). "Re-engineering Social Funds for Local Governance: The Central American Experience", *Spectrum*, Fall 2003, pp 44-47.
- Shah, A. (1994). *The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies*. The World Bank: Washington DC, USA.
- Sidel, J. "Philippine Politics in Town, district, and Province: Bossism in Cavite and Cebu". *The Journal of Asian Studies* 56(4), pp 947-966, Nov. 1997
- Tendler. (2000). "Why are Social Funds do Popular?", in *Local Dynamics in the Era of Globalization*, edited by Shahid Yusuf, Weiping Wu, and Simon Everett. Oxford University Press: Oxford, UK.

- White, H. (2002) "Social Funds: A Review of Issues", *Journal of International Development* 14, pp 605-610
- Wong, S. (2003). *Indonesia Kecamatan Development Program: Building a Monitoring and Evaluation System for a Large-Scale Community-Driven Development Program*. The World Bank Environment and Social Development Unit (EASES) in East Asia and the Pacific: Washington DC, USA.
- World Bank, The (WB). "Governance and Development". The World Bank: Washington DC, USA.
- _____. (1997). *World Development Report: The State in a Changing World*. Oxford University Press: Oxford, UK.
- _____. (2002). *Integrated Safeguards Data Sheet on KALAH-CIDDS*. The World Bank: Washington DC, USA.
- _____. (2003a). *Memorandum of the President of the International Bank for Reconstruction and Development and the International Finance Corporation to the Executive Directors on a Country Assistance Strategy of the World Bank Group for the Republic of the Philippines*.
- _____. (2003b). Danilo Songco's Unpublished Field Notes Nos. 1-6: Dolores, Quezon Pilot of KALAH-CIDDS taken between August 2002-January 2003.
- _____. (2004a). "The World Bank and Social Funds", retrieved from the internet address
<http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/socialfunds/912775EDFEC3102C85256BBA0065558D?OpenDocument>
- _____. (2004b). "WB Projects in the Philippines", retrieved from the internet address
<http://www.worldbank.org.ph/external/default/main?menuPK=333017&pagePK=141143&piPK=399272&theSitePK=332982>