

ASIAN DEVELOPMENT BANK

JFPR: PHI 35480

PROPOSED

GRANT ASSISTANCE

(Financed by the Japan Fund for Poverty Reduction)

TO THE

REPUBLIC OF THE PHILIPPINES

FOR

STRATEGIC PRIVATE SECTOR PARTNERSHIPS

FOR URBAN POVERTY REDUCTION IN METRO MANILA

September 2002

CURRENCY EQUIVALENTS

(as of 30 August 2002)

Currency Unit	–	peso (P)
P1.00	=	\$0.0193
\$1.00	=	P51.71

ABBREVIATIONS

ADB	–	Asian Development Bank
CMP	–	Community Mortgage Program
HOA	–	homeowners' association
HUDCC	–	Housing and Urban Development Coordinating Council
JFPR	–	Japan Fund for Poverty Reduction
LGU	–	local government unit
NCR	–	National Capital Region
NGO	–	nongovernment organization
PBSP	–	Philippine Business for Social Progress
PIU	–	project implementation unit
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In response to poverty incidence increasing from 32% in 1997 to 34% in 2000, the Medium-Term Philippine Development Plan (1999–2004) of the Government places its main thrust on poverty reduction. In urban areas, the primary concern is on delivery of basic services, urban sector programs, and policy reform. In response, the Asian Development Bank (ADB) country assistance plan (2001–2003) provides support for poverty reduction and environmental upgrading with an aim to improve the access of urban poor communities to municipal services, housing, and land tenure. Two closely related investment projects currently in the country assistance plan—the Development of Poor Urban Communities and Metro Manila Urban Services for the Poor—are designed as core poverty interventions to upgrade slums, expand access to basic services, and improve quality of life.

2. The board of trustees of the Philippine Business for Social Progress (PBSP), the country's leading corporate-led social development organization, decided to take the primary role among the business sector to proactively support the Government's poverty reduction efforts. In urban areas, PBSP is expanding its program of activities in the National Capital Region (NCR) with a focus on urban poverty reduction using integrated approaches. The Project proposed for grant financing under the Japan Fund for Poverty Reduction (JFPR) aims to introduce and enhance private sector partnerships, multisectoral stakeholdership, and risk reduction and management to address urban poverty in an integrated and strategic manner. A business consensus group has been formed, headed by selected PBSP board members, to focus the business sector on the resolution of urban poverty. Meetings with peoples' organizations in target communities, nongovernment organizations (NGOs), and representatives from the local government units (LGUs) and relevant national agencies were conducted during preparation of this proposal. Selected LGUs have expressed strong support to the Project and their interest to participate. The Government endorsed the JFPR Project on 11 December 2001.

II. BACKGROUND AND RATIONALE

3. Urban poverty in the Philippines, especially in Metro Manila, has increased in the past 3 years from 17.9 to 20.4%.¹ With the peso devaluation in the context of the Asian financial crisis, Metro Manila outpaces all other regions of the Philippines in terms of rise in the number of families living below the poverty line. In Metro Manila, the increase in the incidence of income poverty was more than 50%, the highest in the country. An estimated 21.2% of families are living in poverty. The number of families living below the food threshold (severe poverty) was 35,137 in 2000.²

4. With continued migration to the cities and particularly to Metro Manila, and exacerbated by faltering public funds, the number of poor are increasing and living standards in the crowded slums worsening. About 40% of Metro Manila's population are estimated to live in slum areas, and the majority are poor. While the urban poor find it more problematic to develop survival strategies to meet their basic needs, their frustration with Government is rising, and the continued neglect creating a situation of potential conflict.

¹ This compares with a rise in overall poverty between 1997 and 2000 from 31.8 to 34.2%, and in rural poverty from 44.4 to 47.4%.

² The severe poverty line for a family of six is defined at P10,802 (about \$203) in 2000, up from P8,934 (\$168) in 1997. The poverty line in Metro Manila stands at P18,001, up from P14,299 in 1997.

5. Government alone, working with NGOs and affected communities, cannot effectively address the scope and scale of the problem. Broader private sector involvement is urgently required. While surveys confirm that some \$40 million was provided by 220 domestic corporations for various social development programs nationwide in 1999, only a fraction of the total corporate sector participates. PBSP, a leading NGO, mobilized about \$15 million from the business sector in 2000. The need to broaden participation is urgent, and an effective framework is needed to rationalize corporate social responsibility for urban poverty reduction.

6. The level, scope, and means of corporate outreach in the Philippines have been weak, ineffective, and poorly focused, often achieving little or no lasting development impact due to the sporadic and reactive nature of the interventions. Strengthening the interface between the urban poor and the business community, in close alliance with credible NGOs and in the form of multistakeholder partnerships, is critical if sustainable development impacts are to be achieved. There is strong willingness on the part of business and NGO sectors to improve the effectiveness of corporate social responsibility, and develop new partnerships for more coordinated, strategic, and multifaceted responses that can leverage significant resources in the fight against poverty.

7. While the Government's Community Mortgage Program (CMP) has enabled numerous urban poor communities in Metro Manila to secure land tenure—a critical first step—many remain mired in poverty and suffer a degraded quality of life due to a continuing lack of access to basic services, livelihood opportunities, and overall community development. Having availed of the CMP, and thus identified as beneficiaries, these slum communities fall outside the focus of further government-initiated development assistance. With land tenure issues met and established community association structures in place, these communities offer an appropriate focus for strategic interventions by private sector-led partnerships. The 23 communities prioritized under the Project, representing approximately 6% of the total CMP mortgage take-outs in the NCR, will serve as the model for developing post-CMP areas using an integrated area development approach with critical involvement of the private sector. Target communities have been selected based on the urgency and magnitude of needs, prospects for high-profile impact, and their potential role in facilitating replication in other communities.

III. THE PROPOSED JFPR PROJECT

A. Objectives

8. The goal of the JFPR Project is to reduce poverty among urban poor of selected communities in Metro Manila through public-private sector partnerships. The purpose of the Project is to pilot a strategic role for private sector/corporate involvement in urban poverty reduction efforts. The ultimate outcome envisaged is the creation of a new covenant between the urban poor and other sectors of society to achieve demonstrable, high profile results in urban poverty reduction that can be replicated and expanded to other cities. This will be done by utilizing the comparative advantages of private sector support for urban poverty reduction, and promoting new partnerships that broaden the base of stakeholders in urban poor programs. Geographically-defined, city-level coalitions of private sector and NGO stakeholders will be created to support 23 communities who have completed land acquisition through the CMP program, through the provision of basic urban services; livelihood opportunities; and a prevention program against risks of fires, floods, and typhoons. The project framework is in Appendix 1.

9. The JFPR Project will have three, interrelated thrusts: (i) promoting corporate involvement in urban poverty reduction programs through a strategic framework as an

expression of corporate social responsibility; (ii) building and strengthening multisectoral partnerships that will channel resources to target beneficiary communities in Metro Manila through a focused, integrated urban poverty reduction program; and (iii) addressing risk reduction and management to reduce the threat of fires, floods, and other risks to beneficiary communities.

B. Scope

10. The JFPR Project will target 23 poor communities in Metro Manila. It will target about 35,000 people, of which 60% are severely poor. This comprises 0.35% of Metro Manila's total population of about 10 million, and 0.8% of the city's population living in slum communities.

11. The Project will (i) promote demonstrable strategic business sector involvement in integrated urban poverty reduction programs through a focused, strategic framework; (ii) create a strong multisectoral coalition capable of advocating urban poverty programs and policies in a sustainable manner; (iii) improve living conditions of 5,823 households, comprising an estimated 35,000 individuals; and (iv) undertake an integrated urban poverty reduction program, including a risk reduction and management component. The Project has three components.

1. Strategic Partnership Building

12. Under this component, activities will promote corporate involvement. Partnerships among private businesses, NGOs, and the local government will be established to form a broad framework for soliciting and channeling in-kind and financial assistance from the private business sector, complementing and sustaining efforts initiated by the NGO and government sectors for site-specific urban poverty reduction activities. Through PBSP's existing network of members and service providers, the Project will cofinance the process of establishing a strategic framework and operational work plan that assesses the needs of target communities and the relative strengths and interests of multistakeholder partners, such as NGOs, businesses, and other donors. The framework will spell out a time-bound, high-profile, and measurable program of targeted interventions in 23 selected urban poor communities in 9 cities/municipalities in Metro Manila. The program will have visible and significant corporate involvement among employees of PBSP member and nonmember companies in the provision of various urban poor services i.e., house construction, medical services outreach, education and training, waste management, and consultancy for small livelihood and microenterprise programs.

13. Nine city-level multisectoral coalitions are expected to be formed and strengthened, comprising the concerned LGU, business sector, homeowners' associations (HOAs), and selected NGOs. These coalitions will oversee the targeted, strategic program of urban poverty reduction activities, serve as mechanisms for widening the stakeholders' base and ensuring representation of communities in city councils, and provide guidance to the business sector consensus group. Particular focus will be given to strengthening the HOAs in areas of urban estates management, organizational/financial and project management. A business sector consensus group comprising chief executive officers of selected PBSP member and nonmember companies will be organized to evolve models and deepen the strategic involvement of business in the urban poverty reduction program.

14. Training, workshops, and seminars will be provided to (i) the multisectoral coalitions, and (ii) the HOAs. For the multisectoral coalitions, training, seminars, and workshops will focus on organizing, strategic planning, resource mobilization, systems development (organizational and financial), and support to the PBSP program secretariat. For the HOAs, training, seminars, and workshops will focus on estate management, management systems (financial, organizational, project management, and communications), organizational leadership (forming a board,

management, second line leaders), values formation, enterprise management, marketing support, and technologies. Training will be provided both formally, and on the job.

2. Funds for Housing Improvement, Livelihood, and Community Infrastructure

15. The JFPR Project will support three funds for housing Improvement, microenterprise and livelihood development, and community infrastructure. These funds will match private sector funding for poverty reduction, thereby increasing the impact of existing private sector involvement for the urban poor through better rationalized investment and enhanced fund mobilization. This component is aimed at providing the necessary financial resources for undertaking the program. Three funds, two in the form of revolving funds and one as grant assistance, will target housing improvements, microenterprise and livelihood, and community infrastructure and facilities, respectively. These funds will be managed by PBSP.

16. **Housing Improvement Fund.** A sustainable revolving fund will extend housing improvement loans to targeted households living in poverty, supplemented with a housing improvement materials bank comprised of in-kind support from the private sector. Different packages will be developed to respond to the varied needs and capacity to pay of the beneficiary households. Approximately 71% of the beneficiary population, or 4,130 households, are expected to avail of housing improvement loans during the first period of lending under the Project. Loan sizes will be between P5,000 and P70,000, depending on assessed need and repayment capacities, with a market-based interest rate of 10–12%. Based on historical CMP and other experiences, PBSP expects a repayment rate of 95% or higher. Intensive social preparation is envisaged under the Project, a key factor to successful repayment rates. Special provisions will be made to target only poor, and probably very poor, households in the 23 slum areas of Metro Manila covered under the Project.

17. **Microenterprise and Livelihood Fund.** A sustainable revolving fund will extend microenterprise loans to targeted households living in poverty, supplemented with a livelihood improvement materials bank comprising leveraged in-kind support from the private sector. The microenterprise and livelihood interventions will vary in the different communities. They will be a combination of individually managed, group-managed, job/service contracting with companies and urban agriculture to make sure that the community will not be saturated with one type of livelihood activity (i.e., sari-sari store) that could result in project failure due to lack of sustainability. About 44% of the beneficiary population, or 2,550 households (or individuals therefrom) are expected to avail of microenterprise and livelihood loans. Loan sizes will be between P10,000 and P70,000, depending on the type of loan (individual or group) and purpose. Similar to the housing improvement fund, microenterprise and livelihood loans will have a market-based interest rate of 10–12%. Based on historical experience, PBSP expects a repayment rate of 95% or higher.

18. **Community Infrastructure and Facilities Fund.** This component entails one-time grant funding for the construction of water facilities, drainage, roads, reblocking, and other infrastructure; this will be matched by counterpart contributions of the LGUs and the business sector. Community proposals will be reviewed and recommended by PBSP, and subject to ADB approval. Maintenance of these facilities and infrastructure will be covered from the monthly dues of the HOAs.

3. Risk Reduction and Management

19. A risk reduction and management mitigation program will be developed for application in selected communities in Metro Manila. The program will focus on policies, education, and training in risk prevention and preparedness, and carry out pilot activities as appropriate.

Mitigation measures will include physical design of houses, small infrastructure projects to protect communities from floods and typhoons, and educational activities. Resource persons from the Philippine Red Cross, the Corporate Network for Disaster Response, and other agencies involved in risk reduction and management are expected to provide the training.

20. **Geographic Targeting.** The program will be piloted in 23 identified urban poor communities in the nine priority cities. These communities have been selected based on the agreed criteria which include (i) security of land tenure; (ii) existing HOAs; and (iii) pronounced needs in terms of infrastructure, basic services, capability building, and livelihood. To reach the most depressed communities, coordination involves the Urban Poor Affairs Offices and the Department of Social Welfare and Development. In the selection of the cities, the following criteria were considered: (i) magnitude of squatting/informal settlements, (ii) status of the CMP, (iii) openness and capability of the LGU, and (iv) presence of PBSP member companies. Preference was also given to the identified cities under ADB's counterpart project, the Metro Manila Urban Services for the Poor. Based on the assessment, the following priority cities have been identified: Caloocan, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Pasig, Quezon City, and Taguig. Caloocan, Manila, and Quezon City are the cities with highest absolute numbers of the poor. Excluding Makati, PBSP's member companies' head offices are located in Mandaluyong, Manila, Pasig, Quezon City, and Taguig, a reinforcing correlation for meaningful partnerships between the private sector and the target communities. Appendix 2 identifies sites, their location, and number of households. Appendix 3 provides a list of the HOAs.

C. Cost Estimates and Financing

21. **Budget.** The total project cost is estimated at \$6.928 million. The JFPR contribution will be \$3.6 million. The balance of the total project cost will be provided by the members of PBSP, the poor beneficiaries, and the required LGU contributions. A summary of cost estimates is provided in Appendix 4. Appendix 5 provides the detailed inputs and commitments from the private sector.

22. **Funds Flow.** The JFPR funds will be channeled from ADB to the JFPR imprest account of the project implementation unit (PIU). The PIU will maintain two subaccounts: one for the subproject activities implemented through NGOs; and another for project management, strategic partnership building, and impact assessment. Implementing NGOs will likewise maintain separate JFPR imprest accounts, which can be audited independently. For the separate imprest accounts maintained by implementing NGOs, the PIU will keep and maintain separate ledgers under the subaccount for subproject activities. Appendix 6 provides a summary of the fund flow arrangements.

D. Implementation Arrangements

23. **Executing Agency and Implementing Agencies.** The Housing and Urban Development Coordinating Council (HUDCC) will be the Executing Agency for the counterpart projects. HUDCC's function will concentrate on policy advice and overall guidance. However, the decisions on project implementation will rest with the PIU led by PBSP.

24. **Business Consensus Group and Multisectoral Coalitions.** PBSP will be the project coordinating agency for JFPR project implementation, and will administer the program in association with other NGOs in selected communities in Metro Manila. PBSP will convene the business consensus group, which will be tasked to develop innovative strategies and approaches for strategic involvement of the private sector in urban poor poverty reduction.

Representatives from the LGUs, government agencies, and NGOs; and the community members will form part of the multisectoral groups.

25. **Steering Committee.** A steering committee will be established, comprising (i) one representative each from HUDCC, the Metro Manila Development Authority, the Presidential Commission for the Urban Poor, and other concerned agencies; (ii) three representatives from the participating local governments selected on a yearly rotating basis; (iii) five representatives from the poor beneficiaries and three from implementing NGOs, selected yearly on a rotating basis; (iv) five representatives from the involved business sector selected on a yearly rotating basis; and (v) one representative each from PBSB and ADB. HUDCC will chair the steering committee and PBSP will be its secretariat. The steering committee will meet half-yearly to discuss project progress and provide policy guidance.

26. **Project Implementation Unit and Implementing Agencies.** A PIU will be established with PBSP. PBSP will be responsible for administering the JFPR Project. Background information on PBSP is provided in Appendix 7. Implementing agencies will be NGOs working on urban poverty issues in selected communities in Metro Manila, selected on a competitive basis by PBSB (confirmed by ADB). A local research institute will be the implementing agency for the two independent poverty impact assessments carried out after month 18 and month 27 of project implementation. An organization chart for the program is given in Appendix 8.

27. **NGO and Community Involvement.** NGOs, people's organizations, and community leaders will be involved in the multisectoral groups that will be formed. Participation will be solicited from community members in the planning, implementation, monitoring, and evaluation of the various program activities. In addition, NGOs will be tapped to implement some of the components in their areas of expertise like capability building, livelihood, health, and day care management.

28. **Procurement and Consulting Services.** Procurement under the Project will be conducted in accordance with ADB's *Guidelines for Procurement*. Consistent with JFPR criteria, subproject packages up to \$10,000 will be awarded by the PIU, while those for more than \$10,000 will need preclearance from ADB. Hiring of consultants, if the program warrants, will be done in accordance with ADB's *Guidelines on the Use of Consultants*. Project consultants, to provide technical and other assistance as may be required, will be hired by the PIU using direct selection procedures, in consultation with ADB. During project implementation, the terms of reference for such consultants will be submitted to ADB for approval. A project implementation manual, to be finalized before project commencement, will detail the implementation arrangements.

29. **Disbursement Procedures.** The Project will be implemented in line with ADB's imprest account and statement of expenditures procedures, in accordance with ADB's *Loan Disbursement Handbook*. The PIU can disburse project funds up to \$10,000 based on ADB's statement of expenditures procedures. Expenditures of more than \$10,000 need prior approval from ADB, and will require submission of supporting documents. The detailed disbursement arrangements will be specified in the letter of agreement and in the project implementation manual.

30. **Performance Monitoring and Impact Assessment.** The PIU in consultation with HUDCC and the concerned local governments will establish an evaluation and monitoring framework. Performance monitoring will be conducted at various levels. On the implementation level, the accomplishments of the targets will be monitored along with the effectiveness, efficiency, and appropriateness of program activities. The level and quality of participation of the business sector and the other stakeholders will be explored. On the program level, the improved quality of life of the urban poor beneficiaries in terms of human development indicators,

minimum basic needs indicators, income, and other poverty relevant indicators will be measured, and lessons for similar projects in the future will be identified. Baseline surveys, process documentation, video documentation, periodic reporting, midterm evaluations, and case writing will be utilized. The baseline surveys will be conducted per community using the community-based poverty indicators monitoring system, which is an enhanced minimum basic needs system to measure poverty being used by leading NGOs in the Philippines. An independent poverty impact assessment will be conducted by a local research institute.

31. **Reporting.** PBSP, as the Implementing Agency, will prepare and submit semiannual narrative and financial reports to ADB and HUDCC. The reports will note the major activities undertaken during the period, the facilitating and hindering factors and the actions taken, and the plans for the next period. Approval will be sought from ADB for any changes in the program scheme, i.e., beneficiaries, sites, and project activities. An external audit will be conducted yearly and be submitted to ADB not later than 3 months after the end of each project implementation year. A poverty impact assessment will be prepared after 18 and 27 months of project implementation by an independent domestic research institute. A project completion report will be submitted within 3 months of project completion, incorporating inputs from all the stakeholders.

32. **Implementation Schedule.** The JFPR Project will be implemented between October 2002 and September 2005.

E. Impact Assessment

1. Cooperation and Partnership

33. **Conceptual Link to Counterpart Loan.** The JFPR Project will complement the proposed \$50 million Metro Manila Urban Services for the Poor Project, which is currently being processed with an expected 2003 loan approval date. A project preparatory technical assistance (TA) was launched in January 2002.³ The loan project will support the policy reform agenda primarily related to (i) unblocking urban land markets; (ii) initiating a phased, multiyear slum eradication and upgrading program in support of decentralization and devolution where local governments assume responsibility for urban renewal and regeneration; and (iii) carrying out integrated urban development subprojects in selected LGUs in Metro Manila. The JFPR Project will provide a framework for strategic private sector-led participation, and a mechanism to leverage complementary, sustained, private sector involvement that otherwise would not be achieved. The JFPR Project has links to urban upgrading and relocation pilots funded by the JFPR in Muntinlupa and Payatas, where innovative LGU- and NGO-led squatter community upgrading and relocation approaches are being piloted.⁴

34. The counterpart project is focused on integrated urban development on government land in selected LGUs within Metro Manila. The JFPR component addresses a separate sphere of communities, specifically urban poor CMP sites located within the same geographic area of focus, and which lack access to basic urban and social services. The linkage between the projects is strong, logical, and geographically focused: the loan project seeks to strengthen LGU capacity for pro-poor integrated urban development, enhancing LGU-led networks through the implementation of major subprojects on large government land parcels; the JFPR Project would

³ ADB. 2001. *Technical Assistance to the Republic of the Philippines for Preparing the Metro Manila Urban Services for the Poor Project*. Manila.

⁴ ADB. 2000. *Grant Assistance to the Republic of the Philippines for On-Site Integrated Urban Upgrading for Vulnerable Slum Communities of Payatas and Off-Site and Off-City Relocation of Vulnerable Slum Communities of Muntinlupa City*. Manila.

promote a sustainable strategic framework for private sector participation, tackling urban poverty in a complementary manner in surrounding communities.

35. **NGO and Community Involvement.** NGOs, people's organizations, and community leaders will be involved in the multisectoral groups that will be formed. Participation will be solicited from community members for the planning, implementation, monitoring, and evaluation of the various program activities. In addition, NGOs will be tapped to implement some of the components in their areas of expertise like capability building, livelihood, health, and day care management.

2. Poverty Reduction Impact

36. **Sustainability of the JFPR Project.** Three mechanisms or structures will sustain the program initiatives after its phase-out, namely (i) the business sector consensus group, which will continue to craft policies and strategies for private sector involvement in urban poverty reduction; (ii) the multisectoral groups, which will continue to provide the delivery of the basic services, extend technical support, and recommend policies that can be adopted by the city; and (iii) the HOAs, which will have the capability to run local estate and neighborhood affairs, and manage/maintain the basic services installed, i.e., water systems, multipurpose centers, day care, and health centers, etc.

37. **Microfinance Sustainability.** The JFPR Project has two microfinance components, one for housing improvement loans, and one for livelihood activities. The housing finance allows for a 6-month grace period and up to a 36-month repayment period with an interest rate of 10–12% per year. During project implementation all targeted poor households are eligible to receive housing loans. Microfinance for microenterprise and livelihood, while having the same interest rates as housing finance, will have a shorter repayment period of 6–18 months. This will allow for more frequent lending cycles to other poor people within the targeted communities. Within the project period, the re-flows of the microfinance for housing improvement and microenterprise will be reinvested in new lending for the same purpose. At the end of the Project, ADB and the JFPR project steering committee, in close cooperation with PBSP will evaluate the performance of the microfinance components and decide on the mechanism for using microfinance for urban poverty reduction activities through PBSP or any other agency involved in the Project.

38. **Structural Poverty Reduction Impact.** The JFPR Project will address aspects of urban poverty reduction in Manila that will not be addressed by the loan project; i.e., the target communities will be established CMP communities that have availed of tenure. The Project will also have the ability to leverage significant private sector and possibly bilateral donor resources, and most importantly, alter the very way that the corporate and business sector of the Philippines interacts with the poor. The poverty reduction impact will be (i) a targeted response to urban poor communities to directly improve their quality of life and incomes, and provide the means to lift these households out of poverty; (ii) a greatly strengthened framework for enhanced corporate social responsibility on a sustained basis; and (iii) an approach that can be brought to scale in Metro Manila and replicated in other urban centers. Urban poverty will be significantly addressed, and a long-term strategic framework for expanded private sector involvement in urban poverty reduction activities will be set in place. The city-level multisectoral coalitions are the mechanisms to be formed to sustain project implementation and policy advocacy at the local level even beyond completion of the JFPR Project. The HOAs will likewise be strengthened to manage their estate affairs. The Project will be carefully monitored, and impacts assessed and thoroughly documented for replication and expansion. Appendix 9 provides a poverty description of the selected CMP project sites.

39. **Targeting the Very Poor.** Throughout project implementation, careful attention will be paid to targeting the very poor and ensuring that program reserves reach households with the greatest needs. Baseline surveys will help establish the various categories of poverty within participating communities, with special focus on the very poor.

40. **Participatory Development Issues.** The Project will be highly participatory by design, and greatly strengthen the voice of the urban poor in urban development. By creating new multistakeholder partnerships for urban poverty reduction, the Project will break new ground in enhancing the interface and mechanisms for interaction and communication between the private sector, civil society, and the urban poor.

F. Risks, Assumptions, and Assurances

41. **Risks.** Risks include (i) the inability of corporate partners to deliver on their financial counterpart commitments; and (ii) lack of demand on the part of urban poor homeowners to avail of loans from the revolving funds for home improvement, and microenterprise and livelihood activities.

42. **Assumptions.** The assumptions include (i) willingness of many companies to participate in the program; (ii) availability of company resources—financial, technical, and human resources; (iii) proper matching of corporate competencies and needs of communities; (iv) openness of various stakeholders to participate in the multisectoral setting and pledge contributions; (v) receptiveness and involvement of the communities; (vi) affordable program packages; (vii) stable and continuous leadership in the target communities; and (viii) ability of PBSP to implement the multifaceted program in a timely and efficient manner.

43. To mitigate the probable risks, the following steps are being taken by PBSP: (i) corporate survey for both PBSP member and nonmember companies to determine their existing community relations program with the urban poor, and their available resources and expertise; (ii) data collection on available volunteer resources; and (iii) mobilization of chief executive officer champions for this program. The Government and PBSP have confirmed the following: (i) involvement of LGUs, government agencies, and NGOs in the selection of sites; (ii) stakeholders' studies to determine complementary programs and sharing of resources with other players; (iii) continuous consultation with the community in every stage of the implementation of the program; (iv) selection of relatively stable communities and intensive networking and social preparation to ensure smooth implementation; and (v) commitment by PBSP to provide sufficient staff for community organization.

IV. THE PRESIDENT'S RECOMMENDATION

44. The President recommends that the Board approve ADB administering grant assistance to the Government of the Philippines in an amount not exceeding the equivalent of \$3,600,000, to be financed by the Japan Fund for Poverty Reduction on a grant basis, for Strategic Private Sector Partnerships for Urban Poverty Reduction in Metro Manila.

PROJECT FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <ul style="list-style-type: none"> Achieve a strategic role for private sector/ corporate involvement in urban poverty reduction in Metro Manila 	<ul style="list-style-type: none"> Increased level of corporate participation in urban poverty reduction Reduced poverty and increased household incomes in selected Metro Manila communities 	<ul style="list-style-type: none"> Project progress reports, project impact reports, and review missions 	
<p>Purpose</p> <ul style="list-style-type: none"> Promote demonstrable strategic business sector involvement in integrated urban poverty reduction programs through a focused, strategic framework Create a strong multisectoral coalition capable of advocating urban poverty programs and policies Undertake an integrated urban poverty reduction program, including risk reduction and management 	<ul style="list-style-type: none"> Corporate commitment to a strategic framework for urban poverty reduction Visible, active multisectoral coalition of private sector, LGUs, NGOs, and communities Improved living conditions for 5,823 urban poor households in 23 communities in 9 Metro Manila cities/ municipalities 	<ul style="list-style-type: none"> Number of corporations involved; financial commitments Matching of funds and outreach to community projects and beneficiaries Confirmation of project's physical accomplishments 	<ul style="list-style-type: none"> Robust corporate sector Corporate commitment to corporate social responsibility Shared vision among stakeholders (business, LGU, NGO, and community) Training programs provide adequate training
<p>Outputs</p> <p>1. Partnership Building</p> <ul style="list-style-type: none"> Business sector consensus group formed with strategic plan for urban poverty reduction Nine multi-sectoral groups formed and strengthened to serve as a mechanism to broaden stakeholders participation Twenty three HOAs with capability to manage their community affairs 	<ul style="list-style-type: none"> Achieving or exceeding commitments made to date by participating corporations Nine groups formed and meeting regularly Twenty three HOAs involved in pilot 	<ul style="list-style-type: none"> Number of business groups involved Resources mobilized from business sector Active participation of local stakeholders Presence of action plans Memorandum of Agreements, and Resolutions Functioning HOA, with estate management policies, working committees 	<ul style="list-style-type: none"> CEOs' commitment to support the program Companies with available resources to support urban poverty reduction projects Interest of local stakeholders to participate in the program Supportive LGUs Organized, recognized, duly registered HOAs

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<ul style="list-style-type: none"> • Regular involvement of corporate volunteers in various urban poor services <p>2. Housing Improvement</p> <ul style="list-style-type: none"> • Established of sustainable revolving fund for housing improvements • Households provided with housing loan assistance • Acceptable repayment rate <p>3. Microenterprise and Livelihood Fund</p> <ul style="list-style-type: none"> • Develop livelihood program • Loan assistance • Acceptable repayment rate • Revolving fund/seed capital with guidelines/systems/policies on application to expansion sites <p>4. Community Infrastructure</p> <ul style="list-style-type: none"> • Communities with access to improved road, drainage, multi-purpose center, water facilities, etc. <p>5. Risk Reduction Management</p> <ul style="list-style-type: none"> • Developed site-specific risk reduction management program • Organized community-based disaster response team with systems and basic support. • Improved mitigating capability of HOAs 	<ul style="list-style-type: none"> • Active demand demonstrated by beneficiaries • Loan releases • Timely repayment <ul style="list-style-type: none"> • Active demand demonstrated by beneficiaries • Loan releases • Timely repayment <ul style="list-style-type: none"> • Improved roads, drainage, multipurpose centers, water supply in 23 communities <ul style="list-style-type: none"> • Number of trainings undertaken • Organized team meets regularly; has action plan • Number of involved HOAs 	<ul style="list-style-type: none"> • Number of companies that participated • Number of volunteers mobilized <ul style="list-style-type: none"> • Program document • Houses built or improved • Collection performance based on CMP standards <ul style="list-style-type: none"> • Survey • Number of loans provided, number and types of enterprises developed • Increased income <ul style="list-style-type: none"> • Number of improved roads, drainage, multi-purpose centers, water facilities, etc. • Enhanced accessibility to better health and sanitation, and other basic social services • Generated business opportunities <ul style="list-style-type: none"> • Organized team; area disaster mitigation plan • Readily available equipment • Memorandum of Understanding with CNDR and City Disaster Coordinating Council 	<ul style="list-style-type: none"> • Companies' willingness to share staff's time and expertise <ul style="list-style-type: none"> • Acceptable/affordable housing loan assistance <ul style="list-style-type: none"> • Beneficiaries with interest and initial skills on micro-enterprise management <ul style="list-style-type: none"> • No occurrence of severe calamities (i.e., persistent flooding, La Niña) that will delay infrastructure works <ul style="list-style-type: none"> • Level of appreciation for this component by participating communities • Continuity and community commitment after end of program

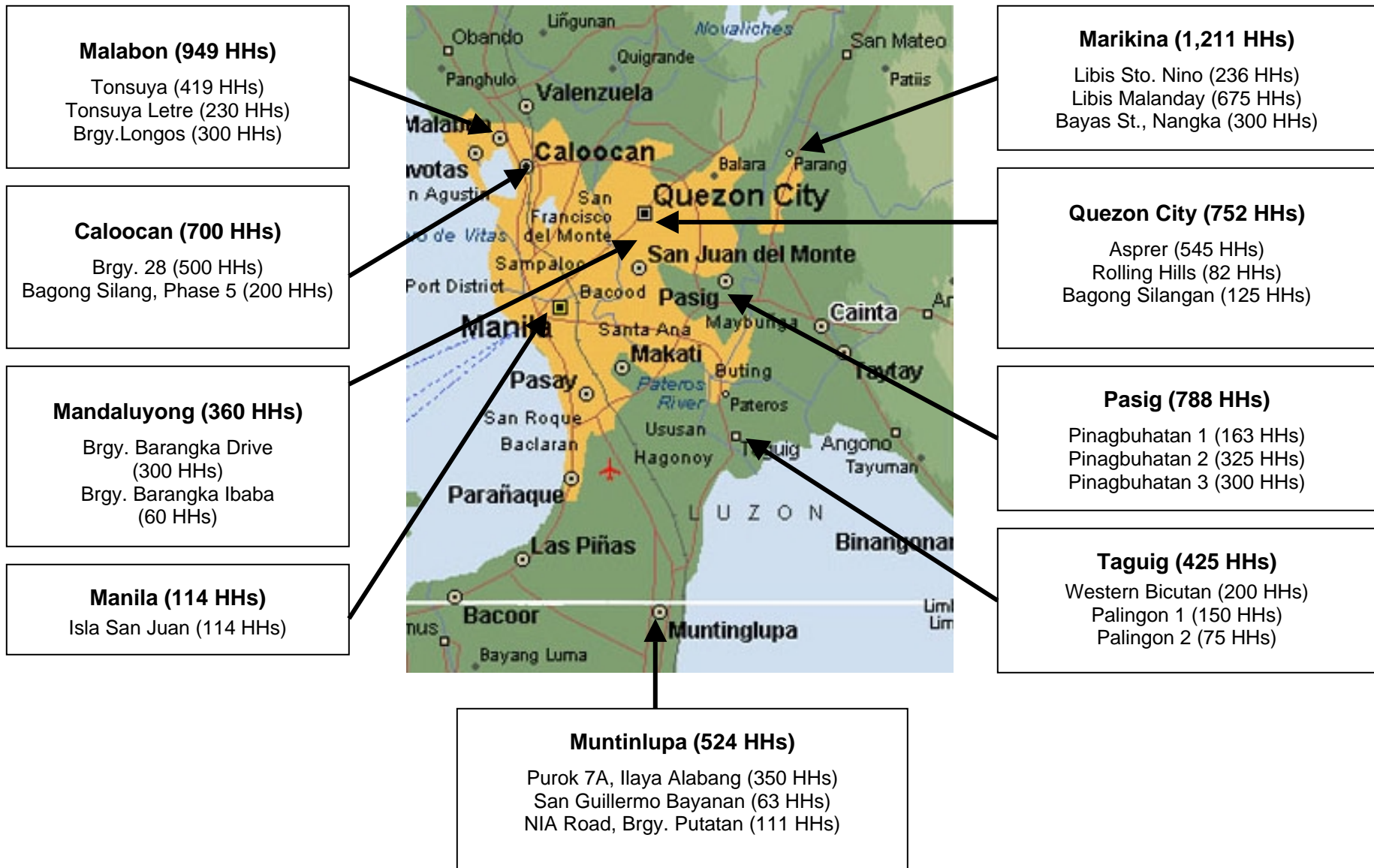
Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Activities</p> <ul style="list-style-type: none"> • Research, consultation, planning workshops, training and seminars, policy advocacy • Training needs assessments, capacity-building for HOAs • Mobilization, networking, and scheduling of activities for corporate volunteers • Matching of corporate competencies and needs of community • Developed housing loan component with various schemes • Installed credit and collection policies and system • Training on credit management and worthiness • Household and skills survey, MBN, business planning, market linkaging, networking with companies • Consultancy on civil and engineering works • Community mobilization • Formulation of estate management policies • Mobilization of LGUs and business sectors for provision of resources i.e., heavy equipment, etc. • Community risk assessment • Training and Consultancy on disaster management • Coordination with City Disaster Coordinating Council and CNDR • Baseline, video documentation, progress report, mid-term evaluation, case studies 		<ul style="list-style-type: none"> • Assessment reports • Progress reports • Midterm reports • Annual audits • Completion reports • Process documentation 	<ul style="list-style-type: none"> • PBSP has the ability to mobilize appropriate skilled and adequate number of staff • Effectiveness and efficiency of NGOs and HOAs • Participatory approach in use at all levels and participation from all stakeholders

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<ul style="list-style-type: none"> Program documentation/learning insights, recommendation, evaluation 		<ul style="list-style-type: none"> Case documentation, video documentation, program evaluation, site visits by key stakeholders 	<ul style="list-style-type: none"> Availability of good researchers and case writers
<p>Inputs</p> <ol style="list-style-type: none"> Revolving credit facilities 1,720,000 Civil works 558,824 Equipment, machinery, and other capital costs 312,863 Supplies 5,882 Training, workshops, seminars 253,725 Technical support 267,471 Project management 285,196 Audit/Poverty Impact Assessment 42,549 Contingencies 153,490 <p>Total JFPR Budget 3,600,000</p>		<ul style="list-style-type: none"> IA's work plan IA's monthly progress reports Project accounts 	<ul style="list-style-type: none"> Timely recruitment and deployment of competent consultants Good coordination among IA, NGOs, HOAs and PBSP business members

Note: Numerical Targets to be reflected in the detailed workplan.

CEO = Chief Executive Officer, CNDR = Corporate Network for Disaster Response, HOA = Homeowners' Association, IA = implementing agency, LGU = Local Government Unit, MBN = Minimum Basic Needs, PBSP = Philippine Business for Social Progress

NATIONAL CAPITAL REGION PROJECT SITES



LIST OF HOMEOWNERS' ASSOCIATIONS

Community Association	Barangay/City District
MALABON CITY	
Flordeliz Village HOA	Tonsuya
Letre Urban People HOA	Tonsuya
Samahang Damayan ng Longos	Longos
MANILA	
Isla San Juan HOA	Gagalangin, District 1
MUNTINLUPA	
Purok 7-A Samahang Nagkakaisang Magkakapitbahay	Alabang
Tinig ng Nagkakaisa HOA	Bayanan
Hillsvie HOA	Putatan
QUEZON CITY	
Asosasyon ng Pagkakaisang Maralita ng taga Asprer	District 2
Rolling Hills Association	District 2
Tagumpay ng Magkakapitbahay	Bagong Silangan, District 2
PASIG CITY	
LPLU HOA	Pinagbuhatan
Asosasyon sa Idolong Organisasyon	Pinagbuhatan
Damayan Kapa HOA	Pinagbuhatan
TAGUIG	
Bagong Pag-asa ng Taguig HOA	Palingon
Palingon Neighborhood Association	Palingon
Sto. Niño de Bonifacio Responsible Parenthood Association	Western Bicutan
CALOOCAN	
Katipunan ng Walang Lupa HOA	28
Bagong Silang Phase 5 HOA	Bagong Silang
MARIKINA	
Kapisanan Lakas Bisig HOA	Libis, Sto. Niño
Libis Bulelat HOA	Libis, Malanday
Camacho Compound HOA	Bayabas St., Nangka
MANDALUYONG	
Lupang Adhikain HOA	Barangka Drive
St. Jude HOA	Barangka Ibaba

SUMMARY OF COST ESTIMATES AND FINANCING PLAN
(\$)

Inputs	Components							Total
	1 Partnership Building	2A Housing Improvement	2B Microenterprise and Livelihood	2C Community Infrastructure and Facilities	3 Risk Reduction and Management	4 Program Administration, Management and Audit	5 Contingencies	
A. JFPR Financing								
1. Revolving Credit Facilities	-	1,220,000	500,000	-	-	-	-	1,720,000
2. Civil Works	-	-	-	558,824	-	-	-	558,824
3. Equipment, machinery, materials and other capital costs	-	-	-	248,039	45,098	19,725	-	312,863
4. Supplies	-	-	-	-	-	5,882	-	5,882
5. Training, workshops, seminars	106,078	-	85,686	61,961	-	-	-	253,725
6. Technical Support	25,441	4,510	58,627	40,588	72,157	66,147	-	267,471
7. Project Management	143,529	22,118	22,118	-	33,824	63,608	-	285,196
8. Other Project Inputs: Audit/Poverty Impact Assessments	-	-	-	-	-	42,549	-	42,549
9. Contingencies	-	-	-	-	-	-	153,490	153,490
Subtotal	275,049	1,246,627	666,431	909,412	151,078	197,912	153,490	3,600,000
B. Counterpart Financing								
1. Participating LGUs	17,206	-	60,882	375,980	-	-	-	454,069
2. Civil Society and Others ^a	252,647	562,000	916,176	485,294	163,039	62,676	-	2,441,833
3. Contribution of the poor	6,765	324,000	-	102,255	-	-	-	433,020
Subtotal	276,618	886,000	977,059	963,529	163,039	62,676	-	3,328,921
Total	551,667	2,132,627	1,643,490	1,872,941	314,118	260,588	153,490	6,928,921

JFPR = Japan Fund for Poverty Reduction, LGU = local government unit.

^a Philippine Business for Social Progress business membership contribution (cash and in kind).

Source: Government's proposal and Asian Development Bank estimates.

INITIAL INDICATIONS OF CORPORATE CONTRIBUTIONS
(P million)

Item	Targets
1. In-kind/Services	
CEO's time (Consensus Group)	25.0 ^a
Corporate Volunteerism (Employee's Time)	10.0
PBSP Directors	2.0 ^b
In-kind donations/services	
SyCip, Gorres, Velayo and Company	0.5
J. Cunanan and Company	0.5
RFM Corporation	0.2
Kraft	1.0
Philippine Daily Inquirer	1.0
2. Company's Projects	
Mercury Drug's Water System	0.6
A. King Building Fund	5.4
Meralco's DAEP	2.5
ABS-CBN Bayan Micro	1.0
Bayer's Men in Baygon	0.5
Petron's Disaster Program	1.0
Marcel Artesian Well	0.5
Philip Morris Feeding Project	1.0
3. Adopt-a-Community	
Philippine Long Distance and Telephone Company	3.0
Nestle	3.0
Fort Bonifacio	3.0
International Business Machines Corporation	3.0
Citibank	3.0
San Miguel	3.0
Unilab	3.0
First Philippine Holdings	3.0
Mirant Philippines	3.0
Banks: ING Bank, ^c Equitable-PCI,	9.0
Planters Bank	
Total	91.7^d

CEO = chief executive officer, PBSP = Philippine Business for Social Progress.

^a Computed time of 2 co-chairs (in 3 meetings).

^b Computed time of 2 PBSP directors.

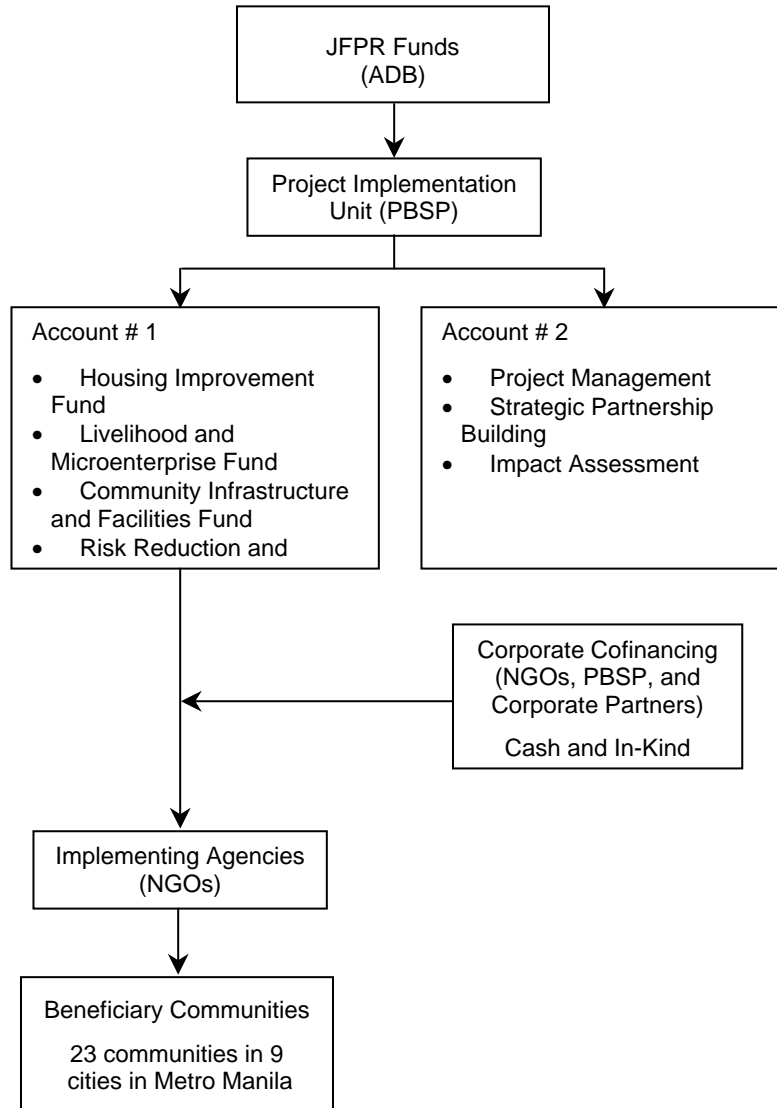
^c The country manager, during informal discussions with PBSP, expressed interest in supporting the program.

^d This represents approximately 50% of the committed counterpart contribution, which is expected to be catalyzed by JFPR funding during the first year of the 3-year program. The remaining 50% will be mobilized in parallel during the Business Fora (which would include both PBSP member companies and nonmember companies) and program presentations to individual corporations.

Source: PBSP estimates.

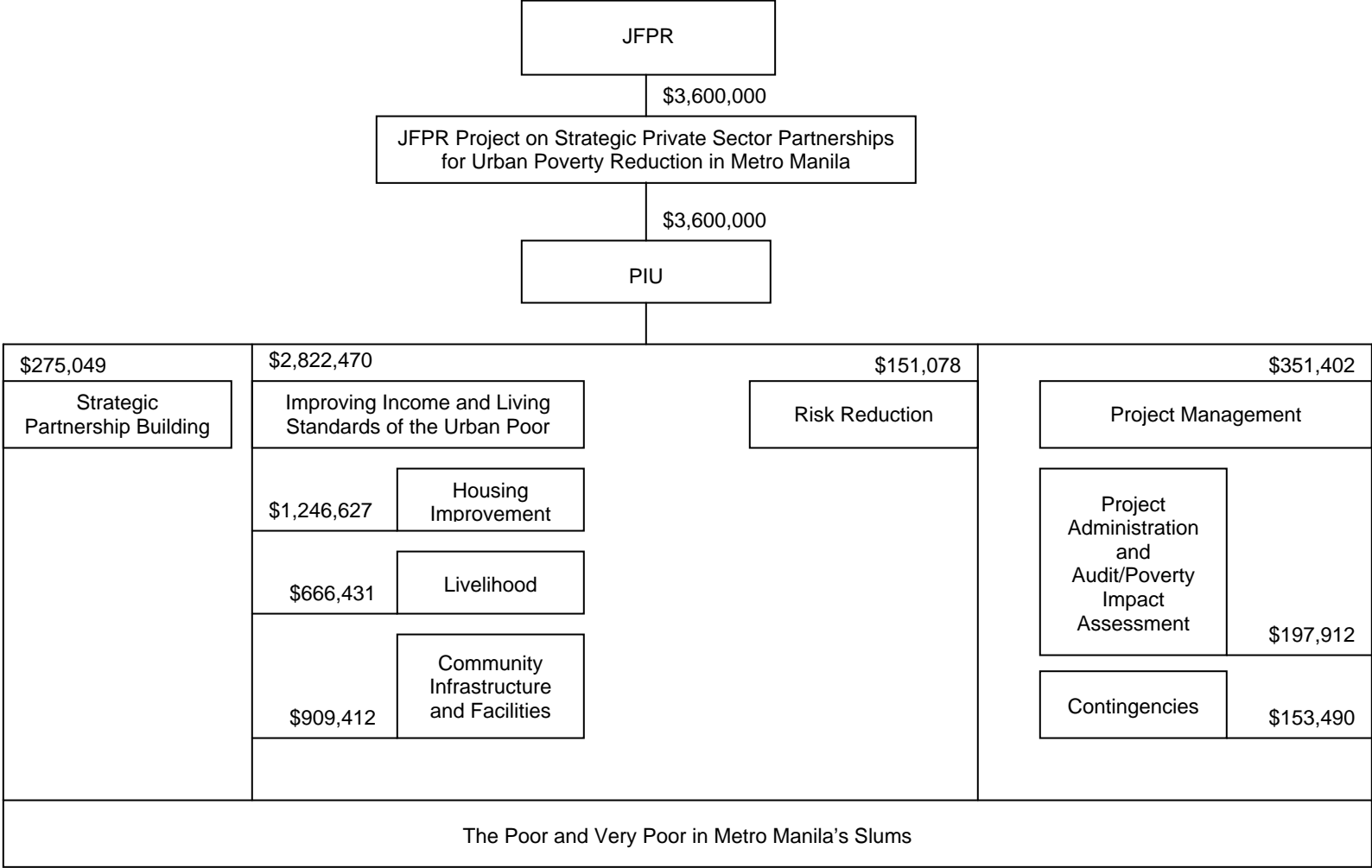
FUND FLOW ARRANGEMENTS

Figure A6.1: Summary of Project Fund Flow Arrangements



ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, NGO = nongovernment organization, PBSP = Philippine Business for Social Progress.

Figure A6.2: JFPR Fund Flow Arrangements



JFPR = Japan Fund for Poverty Reduction, PIU = project implementation unit.

A BRIEF ON PHILIPPINE BUSINESS FOR SOCIAL PROGRESS AND SELECTED CORPORATE PARTNERS

A. Background

1. The Philippine Business for Social Progress (PBSP) is a collective of 158 Filipino corporations committed to promote business sector commitment to social development. PBSP's board is composed of chairs/chief executive officers (CEOs) from its member corporations, which include Citibank N.A.; Dole Philippines; Dow Chemical Pacific Ltd.; Far East Bank and Trust Co.; First Philippine Holdings Corporation; Fort Bonifacio Development Corporation; IBM Philippines; Mercury Drug Corporation; Nescic Philippines Inc. (Japan); Nestle-Philippines; Philippine Long Distance Telephone Company; Planters Development Bank; San Miguel Corporation; Shell Philippines; Sycip, Gorres, Velayo, & Co.; and United Laboratories. PBSP utilizes mentors from Fujitsu Ten, Matsushita Electric Philippines Corporation, and Matsushita Communication Industrial Corporation of the Philippines for an environmental response project, and has been the focus of study tours on corporate social responsibility by Japan Tobacco Inc. (Pharmaceutical Division); NEC Corporation; and OMRON Corporation of Tokyo, Japan. Organized in 1970 by the country's business leaders, PBSP, has, since been the corporate sector's vehicle in delivering organized, professional, and sustainable assistance to the underprivileged sectors: landless farmers, fisherfolk, rural workers, urban poor, and indigenous cultural communities.

2. For the past 30 years, PBSP has mobilized over P1.8 billion that has funded 4,200 projects of 2,500 partner organizations, benefiting 2 million families in 65 of the country's 78 provinces—of which only 3.5% (P63 million) was allocated for Metro Manila slum upgrading and education projects. PBSP promotes multisector partnerships for effective and sustainable growth, as indicated in the following table.

Table A7.1: PBSP Activity by Sector

Sector	%
Enterprise development (including microcredit)	32
Institution building (community organizing, capacity building, project financial management, etc.)	18
Integrated estate management (housing, site development)	20
Relief and rehabilitation	3
Environmental management	2
Provision of basic social services	10
Overall program management and administration	15
Total	100

3. PBSP's involvement in housing dates back to the 1970s as the institution involved with the Sambahayan Condominium and Carmona Resettlement projects. In 1998, the program on housing was intensified as housing emerged as one of the main concerns of the urban poor sector, a priority group of PBSP's assistance. PBSP's involvement in housing has touched on all aspects ranging from advocacy, capability building, brokering, development, and financing. Other major projects implemented include (i) the Accessing the Urban Poor to Low Income Housing capability building program for Community Mortgage Program originators funded by DESWOS (a German nongovernment organization on housing); (ii) the Decentralized Shelter

for Urban Development program funded by the United States Agency for International Development comprising a housing guarantee loan program, and technical and training for the development of shelter-related infrastructure in selected cities; (iii) the Mt. Pinatubo Resettlement Assistance Program, with integrated components for over 400 affected families, and (iv) the National Capital Region-Area Resource Management program, an on-site development program for depressed communities.

B. Corporate Initiatives Led by PBSP

4. **Corporate Response for Urban Poverty Program.** The corporate response for Urban Poverty Program (CRUP) was spearheaded by the PBSP board as the business sector response to urban poverty. A subcommittee was formed to set the directions, convene the business consensus group, and enjoin the larger business community to support the program.

5. **Urban Poverty Reduction.** The implementation of PBSP's Area Resource Management Program in the National Capital Region (NCR-ARM) was a corporate-led program. Under this program, the business sector participated as partners, and not merely as donor or funding agencies to alleviate the blighted living conditions of six urban poor communities. About 19 companies participated in the implementation of the NCR-ARM program of PBSP. The following are the involvement of the corporate groups:

- (i) **Capacity Building for Community Associations.** Personnel from various companies were mobilized as key speakers and consultants for building the capacities of the homeowners associations in the areas of estate management, business planning and management, basic bookkeeping, and project management. The majority of these assistance came from the banking and financing sector. Companies involved in this component were Asia Trust, Bankers Trust, Fareast Bank, Fort Bonifacio Development Corporation, Max's Restaurant, and Solid Bank.
- (ii) **Livelihood Support.** Nine companies provided both technical and financial assistance to the program to support the livelihood activities and augment the income of the targeted beneficiaries. These were Bankers Trust, Bayer Philippines, Cititrust Bank, Consolidated Industrial Gas, Fareast Bank, Fort Bonifacio Development Corporation, Mondragon, Philips, and Solid Bank. Types of projects developed are micro-businesses, job sub-contracting and micro-lending programs.
- (iii) **Community Infrastructure and Basic Social Services.** Aside from the financial assistance, various companies also extended employee volunteering activities and technical assistance (civil works/engineer support) in the implementation of community infrastructure and basic social services projects. These were Angelo King, Bankers Trust, CMG Marketing, Eveready, Fareast Bank, Levi Strauss, Monarch, Philippine Rock, Planters Bank, Solid Bank, and Unilab. Implemented projects under this component are community roads and drainage systems, multi-purpose centers, land filling materials and water systems.

6. **Cebu Hillyland Development Program.** The Cebu Hillyland Program which addresses watershed rehabilitation and upland productivity is heavily a business-led initiative. A Hillyland Committee was established. The Adopt-A-Hectare project was a campaign to invite companies to fund the reforestation component of the program. To date, 38 companies have supported this project with total P1.27 million funds generated. Some of these companies are Aboitiz & Company, Book Mark, Cebu Shipyard, Citibank, First Phil. Holdings, IBM, PCIB, Pilipinas Shell, SGV, SMC, Unilab, and VECO to name a few.

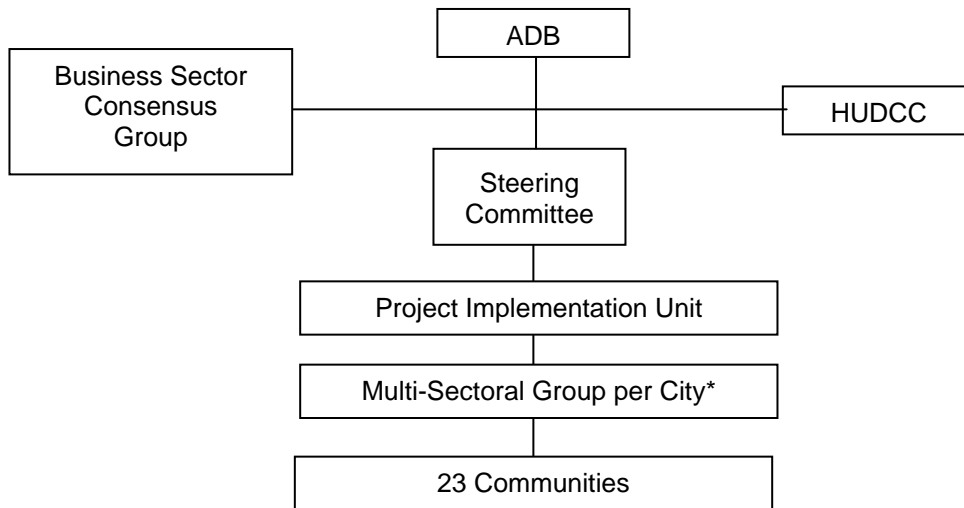
7. **Workforce and Education Program.** The Visayas Workforce and Education Program was initiated by the business sector led by the PBSP Visayas Regional Committee. A Workforce Committee was formed to define and set the directions of the program. At present, 4 pilot projects have been tested and ready for replication.

8. **Mindanao Peace and Development Program.** The Mindanao Peace and Development is an initiative of the PBSP Board of Trustees led by the Chairman of the Mindanao Regional Committee. A sub-committee has been formed to set the directions and raise funds for the program.

9. **Corporate Network for Disaster Response.** This was set up in 1990 as a systematic response by the business sector to the Baguio earthquake. Later, it continued as a separate and independent corporate-led NGO specifically for disaster response and mitigation. The Network has responded to the Mt. Pinatubo eruption and major typhoons.

ORGANIZATIONAL ARRANGEMENTS

A. Structure



ADB = Asian Development Bank; HUDCC = Housing and Urban Development Coordinating Council

* Including representatives from the local government units (barangay, municipal, city-level), representatives of Homeowners' Associations, Government agencies such as the Department of Social Welfare and Development, Urban Poor Affairs Office, etc., and non-government organizations operating in the project site.

B. Roles and Functions

ADB	<ul style="list-style-type: none"> (i) Acts as funding source (ii) Coordinates with Japan Fund for Poverty Reduction (iii) Monitors/evaluates overall program implementation (iv) Recommends program improvements
HUDCC	<ul style="list-style-type: none"> (i) Acts as the Executing Agency (ii) Reviews program implementation reports
Project Implementation Unit	<ul style="list-style-type: none"> (i) Coordinates project implementation (ii) Facilitates formation/strengthening of business sector consensus group and multisectoral formations (iii) Coordinates with ADB, HUDCC, local government units, government line agencies, partner nongovernment organizations, and communities (iv) Responsible for achieving targets, and fiscal management and accountability
Business Sector Consensus Group	<ul style="list-style-type: none"> (i) Develops innovative strategies/approaches for active involvement of the private sector in urban poverty reduction (ii) Mobilizes resources
Multisectoral Groups	<ul style="list-style-type: none"> (i) Facilitates complementation of programs among stakeholders (ii) Ensures participation of stakeholders (iii) Advocates and recommends policies supportive of the program
Communities	<ul style="list-style-type: none"> (i) Participates in the planning, implementation, monitoring, and evaluation of the Project (ii) Provides counterpart contribution (iii) Continues and sustains the Project

POVERTY DESCRIPTION
COMMUNITY MORTGAGE PROGRAM SITES IN THE NATIONAL CAPITAL REGION

Profile	CMP Project Sites in the National Capital Region
Physical Characteristics	<p>The target 23 CMP sites comprise 6% of the total number of CMP sites located in the NCR. The community sites are located in 9 of the 13 cities and 4 municipalities of Metro Manila, largely in flat alluvial lands between Manila Bay and Laguna Bay to the west and south respectively, extending to the higher rugged lands surrounding Marikina Valley in the east and the Sierra Madre mountains. Directly north are the plains of Central Luzon.</p> <p>The 23 CMP sites comprise on average about 250 households per community, or about 1,500 people. Average home sites are 30 square meters per home site, and all target communities lack access to potable water sources. Most households are connected illegally to the water system, or buy water (not potable, only for household use) P3-5 per 16 liters or 4 gallons. Potable water, on average, costs about P8 per liter in these communities.</p>
Poverty Incidence	<p>In the 23 target CMP sites, household income is very low at P5,000 to P7,000 per month, far below the poverty threshold for Metro Manila of P17,713 (2001 data) per person per year. Main sources of income in these communities are food hawking, seasonal construction work, and other forms of self-employment and microenterprise. This data was collected during site surveys by PBSP staff of all 23 communities; in-depth and comprehensive baseline surveys will be undertaken during project implementation.</p> <p>Overall, the poverty incidence in Metro Manila was measured at 8% (National Statistics Coordination Board) in 1997 based on income, a figure equivalent to about 151,264 households living below the poverty threshold line of P14,299 per person. Urban poverty is more pronounced among laborers with unstable jobs and low pay: hawkers, peddlers, microentrepreneurs, and scavengers. Although poverty incidence in urban areas is lesser than in rural areas, the urban poor face serious problems of lack of gainful income, poor housing, unavailability of basic social services, and poor environmental health.</p>
Informal Settlers	<p>The households in the CMP sites are comprised primarily of informal settlers who have secured land tenure under the CMP. The 23 target sites comprise high-priority communities that form part of the estimated existing 375 CMP sites in the NCR, beneficiaries of land tenure that are a small fraction of the total population of informal settlers. In 1992, the magnitude of informal settlers in Metro Manila was 223,947 households. Their number increased to 432,450 households in 1996. The number increased by 93% after 4 years. On average the squatting incidence in Metro Manila is 26.5%.</p> <p>In the LGUs where the target CMP sites are located, the highest magnitude of squatting is in the city of Manila with a total of 91,356 households. However, the highest incidence of squatting (squatter versus population) is in Muntinlupa City with an incidence rate of 49%. The 432,450 informal households in NCR are located in private properties (21.8%), public lands (22.9%), danger area (15.3%), and government infrastructure projects (39.9%). As noted, CMP sites are communities that have availed of land tenure through the Government's CMP program.</p>
Education	<p>While firm statistics are not yet compiled in a baseline survey, based on field visits the CMP sites are estimated to have a disproportionate number of out-of-school youth. Many heads of households in these communities lack education beyond grade or high school. Most communities lack preschools and day care facilities. In general, these communities comprise the very poor, who have lacked opportunities to pursue formal education.</p> <p>More broadly, the literacy rate for Metro Manila (1990) is 99% for those 10-75 years old. A total of 2,745 schools were operating in school year (SY) 1994/95. Of this total, 1,778 or 35% were private schools and the remaining 967 or 35% were government schools. The teacher-pupil ratio of government elementary school was 1:35 for SY 1994/95, while the ratio for public high school was 1:32.</p>

Profile	CMP Project Sites in the National Capital Region
Labor Force	For the target CMP sites, a disproportionate number of people are unemployed, estimated to be above the metropolitan-wide unemployment rate of 14.4%. Overall in the NCR, the labor force population (15 years old and over) in October 1995 reached 3.80 million, of which 3.252 million or 85.6% are employed. Across sectors, 71.2% of the employed persons in October 1995 were in the service sector, 27.4% were engaged in industry, only 1.4% in agriculture.
Health	In almost all CMP sites under the Project, the incidence of diarrheal disease, tuberculosis, and dengue is very high. Detailed health statistics will be compiled during the baseline surveys. Overall in the Philippines, the crude birth rate, which indicates the status of population growth, stood at 24.9 per thousand population or simply 2.49% in 1994. The crude death rate or mortality rate is 4.1 per thousand population or 0.41% for the same year. Pneumonia is considered as the number one killer disease at 59 per hundred thousand population, while vascular disease (heart attack) ranked next at 43.8 per hundred thousand population. Other leading causes of mortality in descending order were tuberculosis (all forms), hypertension, accidents, diabetes, septicemia, kidney and liver disease, and cirrhosis. While there were 143 hospitals reported in 1994 with a total bed capacity of 23,980 and bed population ratio of 1:369 for the NCR, the CMP project sites generally lack access to adequate health care. In 1994, the entire NCR had 370 health centers while total registered physicians numbered 684, licensed nurses 731, and registered midwives 1,291.
Urban Governance and Management	<p>As previous beneficiaries of the Government's CMP program, all 23 CMP sites have established homeowner associations, existing relationships with either LGU or NGO CMP loan originators, and an established community leadership hierarchy.</p> <p>The local government units, including the 89 cities participating in the Project, are mandated under the 1991 Local Government Code to find viable solutions to the problems of urban poverty. However, faced with scarcity of resources and the tremendous demands, the cities are finding it even more difficult to cope with its urban blight.</p> <p>Participation of the private sector and civil society in urban development management, consultation, and decision-making is low; the Project intends to address this.</p> <p>Constraints limit the effectiveness of even the most innovative of local governments. Their potential for local funding is restricted and they are heavily dependent upon the internal revenue allotment. In addition, these units have limited skilled personnel, hence restricting their abilities to initiate strategic improvement programs. Their capability to enforce national and local regulations must also be strengthened.</p>

CMP = Community Mortgage Program, LGU = local government unit, NCR = National Capital Region, NGO = nongovernment organization, PBSP = Philippine Business for Social Progress.