

**STRATEGIC PRIVATE SECTOR PARTNERSHIPS FOR URBAN POVERTY
(STEP-UP) REDUCTION IN METRO MANILA**

**STEP-UP Program: A Collective Effort by the
Business Community to Invest in the Poor**

By Ruth G. Honculada

Recent data shows that urban poverty in the Philippines, especially in Metro Manila, is increasing. With a continuing influx of rural migrants to the city in search of a better life, the living standards of urban poor communities have worsened. It is estimated that 35% of Metro Manila's population live in slum areas with inadequate access to potable water, living in substandard homes with poor sanitation. Such depressed settlements are growing at 4.4% annually, at a pace nearly twice the overall average for Metro Manila.

The problem of housing and security of land tenure in poverty stricken urban communities has been at the core of the government's campaign against poverty. Under President Gloria Macapagal-Arroyo's leadership, with the Housing and Urban Development Council and other government agencies, a Medium-Term Development Plan for Shelter has been formulated. The key aim is to reduce the backlog of 3.5 million homes through the provision of affordable housing units and improved living conditions. Steps include providing better housing terms and addressing the issue of housing finance in a sustainable, long-term way, securing land tenure through the government's Community Mortgage Program (CMP), and strengthening policies to apprehend and prosecute professional squatting syndicates that prey on the urban poor. Secretary Michael Defensor, Chairman of HUDCC, notes, "For the government to succeed in achieving its plans, we will need to find innovative, sustainable strategies that address the shelter problem, and which draw in support from the private sector.

COLLECTIVE BUSINESS RESPONSE TO URBAN POVERTY

In response to widespread problem of urban poverty and the government's call for support, Philippine Business for Social Progress (PBSP) is stepping up its efforts in promoting sound urban development, and providing increased livelihood opportunities for the urban poor.

Established in 1970, PBSP is the leading non-stock, non-profit, corporate-led social development foundation with a membership of more than 160 companies. These companies have come together to express their collective commitment to tackle the many challenges of poverty found among landless and marginal farmers, fisher folk, indigenous communities and the urban poor. As a member of PBSP, companies are given an

opportunity to reaffirm and express their commitment to become responsible corporate citizens. As defined by PBSP, corporate citizenship is an emerging business principle based on the view that the long-term interest of business is best served when its profitability and growth are accomplished alongside the development of communities, the protection and sustainability of the environment, and the improvement of the people's quality of life.

Mr. Manuel V. Pangilinan, Chairman of PBSP and President & CEO of the Philippine Long Distance Telephone Company, stresses, "Businesses cannot exist in an island of prosperity amidst a sea of poverty".

INTEGRATED URBAN DEVELOPMENT PROGRAM

From 1991 to 1996, PBSP, through its NCR-Area Resource Management (NCR-ARM) Program, adopted six CMP communities involving almost 800 families in Marikina, Paranaque, Mandaluyong, Las Pinas and Taguig. Common problems faced by these communities included flooding, poor or no drainage, lack of paved roads and alleys, poor access to potable water; makeshift, dilapidated houses, and weak community organization. Most notably, unemployment rates were high, and those lucky enough to have jobs earned very meager incomes.

Through an integrated urban development approach, PBSP's program focused on comprehensively addressing the communities' problems, assisting with organizational development, site improvement through the provision of roads and drainage, livelihood training and skills upgrading, and improving access to basic services such as potable water, health and sanitation services, and primary education.

The success of the program was clearly evident. The impact of the various interventions led to increased land values, improved living conditions and health and sanitation, and increased economic activity within the community. Household incomes grew from an additional ₱ 1,000 to as much as ₱ 15,000 per month, providing a real, and tangible, means of escape from poverty for these families.

These initiatives were undertaken through assistance – both financial and in-kind -- from the corporate sector. Financial and banking institutions, companies in the construction industry, and a range of other businesses, readily adopted projects and communities located near their headquarter or satellite offices. This relationship enhanced corporate community relations initiatives by encouraging the involved companies to take a direct role in supporting the economic and social transformation of their adopted communities.

PROMOTING SELF-RELIANCE AND RESPONSIBILITY

The message however was clear from the very beginning. This program was not a dole out. Leaders and members of the homeowner's associations understood that PBSP and its

corporate partners would not be there to help forever. “Our role is to help people help themselves”, says Mrs. Maria Luisa Perez-Rubio, President of PBSP.

For communities to sustain their initial gains, local people’s organizations had to persevere and work together in order to provide their required counterpart contributions to the program. More often than not, sweat equity was required by residents for the construction of roads and multi-purpose centers, while mandatory loan repayments were instituted for the micro-finance fund to assist women entrepreneurs. These were all part of PBSP’s comprehensive strategy to ensure sustainability after the life of program life, building self-reliance and responsibility among beneficiaries

LEARNING FROM THE EXPERIENCE

Learning from the experience of the NCR-ARM Program, PBSP applied an enhanced approach to urban poor development in a follow-on initiative. In 1997, similar depressed communities were adopted in Taguig and Muntinlupa. This time, however, focus was placed on establishing multi-sectoral partnerships. This meant working closely with the business community, local government units, people’s organizations, and various non-government organizations, bringing together all stakeholders in new partnerships. PBSP’s new role was to facilitate the coordination between these various organizations, all of whom had a stake in the successful development of their local municipality.

While the business community was not strategically involved in the beginning, the program, and the role of many in the business community, has evolved. Today, rather than just being looked upon as a funding source for projects or stand-alone events and activities, companies like Fort Bonifacio Development Corporation are engaged more broadly in development, such as with their support extended to formulation of the municipal development plan. Local community leaders have been also empowered through the process, and are increasingly taking a seat at the negotiating table, especially during decision-making on land tenure and community development issues. Local governments and national agencies, on the other hand, recognize the importance of participation, consultation and genuine partnership in the delivery of much needed services to their constituents.

PBSP has realized that it is more efficient in achieving its goals by working with like-minded not-for-profit organizations already on site, who have established relationships with communities. The idea is not to replicate what other NGOs are doing, but rather enhance and complement each other’s efforts. As a result, on-going housing construction projects are being implemented in partnership with the Habitat for Humanity chapters in Taguig and Muntinlupa.

SCALING UP

Recognizing that the growing problem of urban poverty and unserved slums must be tackled, the Asian Development Bank (ADB) is taking the lead in pilot-testing new approaches for on-site urban upgrading and off-site relocation of informal settlers under the Japan Fund for Poverty Reduction (JFPR) program. This innovative fund has been established by generous assistance from the Government of Japan.

Upon hearing of PBSP's collective business model for poverty alleviation, as well as its extensive track record in urban upgrading, a new JFPR program has been designed to improve, expand, and document integrated approaches to urban poverty reduction in Metro Manila. As Matthew Westfall, a Principal Urban Development Specialist at ADB and officer in charge of the program, points out, "ADB is working with HUDCC, local governments and selected communities to make Metro Manila a showcase project for urban poverty reduction. We have initiated several pilot activities, the latest being the PBSP program that aims to promote corporate involvement in poverty reduction a more meaningful, sustained way, with the end goal being strategic, focused and measurable impact on the lives of the urban poor."

STEP-UP PROGRAM

After a year of developing and fine-tuning the program proposal, the Strategic Private Sector Partnerships for Urban Poverty Reduction Program in Metro Manila is now a reality. A JFPR grant in the amount of \$3.6 million is being extended by ADB, for a program that will leverage an initial \$3.33 million equivalent in Philippine pesos in financial and in-kind counterpart assistance from the private sector.

With HUDCC as the executing agency and PBSP as the implementing agency, the STEP-UP Program is a corporate-led strategy which employs an innovative, integrated urban development approach.

STEP-UP aims to reduce poverty and improve the living conditions of 5,823 urban poor families in 23 communities in nine cities in Metro Manila, namely Malabon, Caloocan, Mandaluyong, Manila, Marikina, Quezon City, Pasig, Taguig and Muntinlupa.

Says Mr. Juan B. Santos, PBSP Board of Trustee and Chairman and CEO of Nestle Philippines, Inc., "In the initial stages, PBSP conducted a thorough assessment of the communities it has selected. While we will have to prioritize the communities and municipalities in the first year, and build out the program over time, we are also looking for visible, high-profile results."

The program will be anchored on building and strengthening of strategic public-private partnerships on three levels. *First*, partnerships will involve the collaboration of the private sector through a Business Consensus Group. The purpose will be to encourage more businesses to engage by providing financial assistance, employee volunteers, skills

sharing and mentoring and even sub-contracting products and services with assisted communities. “Given the scope and scale of the problem here in Metro Manila, says Mr. Westfall, “ it is clear that everyone needs to be involved, especially the corporate sector. Government or the donor community will not be able to address the problem on their own, we need every stakeholder to come together on this issue.”

Second, partnerships will be established in the form of functioning multi-sectoral coalitions, where the local government,, NGOs, people’s organizations/homeowners associations (HOA), national line agencies, business establishments, and academe, will oversee the coordination and implementation of their specific housing and interrelated community programs. Regarding the vital role of partnering with NGOs, Mr. Pedro Roxas, PBSP Board of Trustee and CEO of Central Azucarrera Don Pedro, says “What is important is that we don’t replicate what others are doing, we need to tap the expertise of NGOs, and ensure that our support leverages and complements what they are already doing”.

Lastly, at the community level, partnerships will be created as part of the capability building activities to be provided for the involved homeowner’s associations. Although associations with good track records and cohesive communities have been selected, this assistance will empower and build the confidence these organizations to actively participate in the program, and also become more responsible for their own community’s growth and improvement.

Very much like PBSP’s integrated urban development approach, housing improvement, micro-enterprise and livelihood fund assistance will be provided to the adopted local communities. Since CMP sites have been selected, revolving funds for housing improvement will be made available. The loan per single family may range anywhere between ₱ 15,000 – ₱ 70,000, depending on the need. The private sector can also participate through housing materials donation and/or technical assistance for architectural housing designs. A revolving fund will also be established to provide loans to qualified micro-entrepreneurs. There will also be a one-time grant assistance to the communities for the construction of water facilities, drainage, roads, re-blocking and other infrastructure needed in the community, such as multi-purpose centers which are used as day care centers.

An added feature of the STEP-UP Program is the Risk Reduction and Management component for urban poor communities. Since most of these communities are prone to floods, fire, and other disasters, the program will help develop policies, disseminate information and provide education through training on relief assistance and precautionary measures. The aim of this component is to protect and preserve the hard-earned development gains made in these communities from the risk of disasters.

“There will inevitably be challenges along the way, says Mr. Pangilinan. “It will always be an excuse on the part of the corporation sector that the economy is tough, sales are down, but the fact is, a number of leading corporations have core business revenues that

are pretty solid, and there is an opportunity to build on that. As responsible corporate citizens, we need to be visibly active in the fight on poverty.

Businesses need not go out of its way. “If companies can start in their own backyard, and look at its core business, it should find a way to engage and adopt components of the program. It is manageable,” said Mr. Santos.

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