



Report Number : ICRR0021220

## 1. Project Data

**Project ID**

P095173

**Project Name**

PH Mindanao Trust Fund-Reconstr &amp; Dev

**Country**

Philippines

**Practice Area(Lead)**
Social, Urban, Rural and Resilience  
Global Practice
**Additional Financing**

P132238,P147008,P157966

**L/C/TF Number(s)**

TF-13118,TF-56041,TF-57067,TF-90481,TF-91794,TF-93781,TF-95308,TF-95941

**Closing Date (Original)**

31-Dec-2015

**Total Project Cost (USD)**

8,260,000.00

**Bank Approval Date**

20-Jul-2005

**Closing Date (Actual)**

31-Mar-2017

**IBRD/IDA (USD)**
**Grants (USD)**

Original Commitment

26,377,262.11

26,377,262.11

Revised Commitment

24,934,013.59

24,742,915.46

Actual

24,833,300.71

24,833,300.71

**Prepared by**
Maria Vanessa  
Corlazzoli
**Reviewed by**
J. W. van Holst  
Pellekaan
**ICR Review Coordinator**

Christopher David Nelson

**Group**

IEGSD (Unit 4)

## 2. Project Objectives and Components

### a. Objectives

The three objectives of the project were to “(i) strengthen local level peacebuilding initiatives and (ii) to assist in the economic and (iii) social recovery of the conflict-affected areas of Mindanao.” (Trust Fund Administrative Agreement between CIDA and IBRD, April 2007, pg. 5).





The project objectives in the legal agreement were worded slightly differently from the ones on the PAD. The objectives in the PAD were: “(i) to promote inclusive and effective governance processes, and (ii) to assist economic and (iii) social recovery in the conflict-affected areas of Mindanao” (PAD, pg. 1).

While the objectives of the legal agreement and the PAD are different in word choice, they had the same essence, intention, and purpose. In fact, over the course of the 11 years that the project was in place, there were six donors and several other development partners which co-financed the project. The ICR notes that for reasons that were not clear, the PDO was articulated differently in some of the legal agreements with the donors and partners (ICR, pg. 61).

In November 2012, the project objectives were officially amended and the new objectives were changed: “(i) to improve social and (ii) economic recovery in targeted conflict-affected communities of Mindanao through (iii) activities which promoted confidence-building, peace, and demand-driven governance.” (Project Information Document, September 28 2012, pg. 2).

The current (amended) PDO aligned closely with the original project objective as described in the legal agreement. This Review, therefore, concluded that during this project’s implementation there was no material change to the original PDO in the legal agreement. The project’s achievements will, therefore, be compared with the original objectives to assess the project’s outcome.

**b. Were the project objectives/key associated outcome targets revised during implementation?**  
No

**c. Will a split evaluation be undertaken?**  
No

**d. Components**

**Component 1: Block Grants for Communities** (Original Estimated Cost: US\$33 million, Actual Cost: US\$14.12 million) This component aimed to provide block grants to conflict-affected municipalities, villages (known as barangays) as well as internally displaced people. The grants were to be used for public goods (community centers, water systems, concrete pathways, public markets, concrete bridges, etc), livelihood or income-generating activities. The grant could also be used for technical assistance (PAD, pg. 8).

**Component 2: Capacity and Institution Building** (Original Estimated Cost: US\$12 million, Actual Cost: US\$13.01 million). This component sought to finance all project management activities as they related to block grants for communities, capacity building of the Bangsamoro Development Agency (BDA) and other Moro Islamic Liberation Front (MILF) affiliated institutions. It supported management, planning, and implementation of program activities (PAD, pg. 9).

**Component 3: Implementation Support and Training** (Original Estimated Cost: US\$5 million, Actual Cost: US\$1.24 million). This component aimed to support information dissemination and social mobilization/preparation for communities, municipalities, and stakeholders to achieve governance goals. It





also sought to train key stakeholder to undertake planning, implementation, and maintenance of grant investments. It provided operational support to the program management office (PAD, pg. 9). This component also covered monitoring and evaluation, external implementation reviews, related impact studies, and audit of trust fund activities. It also covered administrative costs to establish a Mindanao Trust Fund Secretariat and its coordinating functions (PAD, pg. 9).

**Revisions to Components:** While the three main components remained constant throughout the life of the project, new sub-components were included in conjunction with Additional Financing agreements of the project in August 2014 and December 2015.

**Under Component 1:** The creation of sustainable livelihood opportunities or Program for Local Economic Development through Enhanced Governance and Grassroots Empowerment (PLEDGE) began in 2013. This program sought to create sustainable community enterprises in conflict-affected areas. It aimed to increase knowledge and skills of the BDA beyond community-driven development to cover market-linked enterprise development.

**Under Component 2:** The peace negotiations through the Framework Agreement on Bangsamoro (FA) was signed in October 2012. As a result, the framework shifted the relationship between the government and MILF from negotiating parties to implementing agencies. New activities were added to Component 2 that sought to (i) prepare the Bangsamoro Development Plan (socio-economic plan) and (ii) operationalize support for “Sajahatra Bangsamoro” the first joint development initiative between the government of the Philippines and the MILF. The Sajahatra Bangsamoro included health insurance coverage, updating health facilities, college scholarships, support to Madrasas and private schools, technical and vocational training, and cash for work programs. The additional scope of work also included needs assessments for affected communities.

**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project Cost.** At appraisal, the total cost of the project was estimated at US\$50 million (PAD, pg. 1). The actual total project cost was US\$28.37 million.

**Financing.** The appraised amount of finance needed for this project was estimated at US\$26.38 million (ICR, p.2). Six different donors through eight Specific Investments created a Trust Fund that encompassed the project. The actual total disbursement at the end of the project was US\$24.83 million (ICR, p.2).

**Borrower Contribution.** The legal agreements do not stipulate that the borrower (the Government) had to make a financial contribution.

**Dates.** The project was approved on March 30, 2005, and became effective on March 30, 2006. It underwent a midterm review on May 15, 2009. The original closing date was December 31, 2015.

The project received additional financing on November 26, 2012, which led to a restructuring process that





included changes in the implementing agency, PDO, results frameworks, component and costs, financing plans, loan closing dates, reallocation between disbursement categories, institutional arrangements, and implementation schedules.

On August 4, 2014, there was another restructuring which was triggered by the signing of the Comprehensive Agreement on the Bangsamoro (CAB). The restructuring led to further changes to the results framework, components, costs, and financing plans.

On December 22, 2015, the project received a third additional finance. This led to changes in result framework, components, costs, implementation schedule, and loan closing dates.

On December 6, 2016, the project received a six-month extension to March 31, 2017.

### 3. Relevance of Objectives

#### Rationale

**Country Context:** The Mindanao region had experienced over three decades of sub-national conflict, which resulted in the destruction of homes and infrastructure, displacement of people, community mistrust, and decreased socioeconomic development. In 2003, the government of the Republic of Philippines (GPH) requested donors, UN agencies, and the World Bank to support the peace process in Mindanao. Following a Joint Needs Assessment, the Mindanao Trust Fund for Reconstruction and Development Program (MTF RDP) was created. At that time, it was believed that peace talks between the Government and the Moro Islamic Liberation Front (MILF) would soon lead to a comprehensive peace agreement. An agreement was not achieved until 2012.

The creation of the Fund aimed to re-invest in development and economic growth in order to build social-cohesion within, between, and among the conflict-affected areas (PAD, pg. 5). A Joint Needs Assessment in 2004 identified 150 municipalities (with about 3,000 villages) that needed targeted development assistance. The municipalities were worse off than the rest of the Philippines. The poverty rate of 62.9% was almost double the national poverty average. Furthermore, this Fund would also provide skills, knowledge, and experience to the MILF in order to prepare them for governing. Hence, in the event of a peace agreement, the MILF would be prepared to assume government positions.

**Alignment with Country Strategy:** At inception, the project's objectives (towards a community-driven development) sought to contribute to the 2003-2005 CAS for the Philippines by addressing two cross-cutting challenges: (1) helping local government units to deliver public services more effectively; and (ii) providing assistance to conflict-affected region of Mindanao (CAS 2002, pg. 27-29).

The PDO remained relevant through the subsequent Country Assistance Strategies. For example, the PDO supported the CAS's 2005-2008 framework that sought to improve governance, economic growth, and social inclusion (CAS 2005, pg. 42). In the World Bank's Philippines Country Assistance Strategy (CAS) 2010-2012,





the PDO contributed to the CAS objective of reduction of vulnerabilities and outcome 4.3: “enhancing impact and conflict-sensitivity of development programs implemented in communities in Mindanao affected by armed or violent conflict” (CAS 2009, pg. 113 and para 81-82).

Finally, the PDO also aligns with the Bank’s current Country Partnership Strategy 2015-2018. The current strategy has five areas of engagement. The PDO contributes explicitly to the CPS’s 5th area of engagement: “Peace, Institutional Building, and Socio-Economic Opportunities.” In particular, the PDO contributes to building trust within communities (Outcome 5.1) and Development and Implementation of the Peace Dividend in Bangsamoro (Outcome 5.2). The PDO also indirectly contributes to other areas of engagement including Transparent and Accountable Government; Empowerment of Poor and Vulnerable; and Rapid, Inclusive and Sustained Economic Growth. A follow-on project under the MTF is currently being prepared to continue the Bank’s engagement in this area (ICR, pg. 13).

**Government Development Strategy:** The PDO also contributed to the government’s development strategy throughout the life of the project. The Medium-Term Philippine Development plan 2004-2010, prioritized economic growth, energy, social justice and basic services, and education. Within this plan, the government outlined its desire to increase agricultural production, access to electricity, improve housing, and build the infrastructure of Mindanao. The plan also outlined the government’s commitment to adopt and implement a peace plan, which included peacebuilding initiatives (Development Plan, Chapter 14: National Harmony, pg. 179-184). The Philippines Development Plan of 2011-2016 also devoted an entire chapter to peace and security including objectives on negotiated political settlements and reduction of poverty in conflict-affected villages (Philippines Development Plan 2011-2016, Chapter 9). The most current government development plan (2017-2022) acknowledges the need for a Bangamoro framework to be brought before Congress. Part of the six-point development and peace agenda includes “implementation of peace-promoting and catch-up socioeconomic development in conflict-affected areas” and “strengthen government and peace development institutions.” (Philippines Development Plan 2017-2022, Chapter 17, pg 264). The PDO of this project therefore strongly aligns with the current government development strategy.

**Previous Sector Experience:** At inception, the World Bank had previously implemented two projects in the Mindanao region. These were the Autonomous Region in Muslim Mindanao Social Fund Project and the Mindanao Rural Development Project. The bank had experience implementing other projects in the country in various sector areas including governance, roads and infrastructure, agrarian reform, education, and finance. From 2001 through July 2003, a pilot project in the conflict area entitled “Promoting the Transition from Conflict to Peace and Development at the Community Level” was also implemented and supported through the World Bank Post Conflict Fund (ICR, pg. 7, footnote 7). Given that the Bank had some experience in Mindanao and the ever-changing nature of working in conflict-affected states, the PDO and overall approach was adequate and realistic.

The Bank also had experience implementing similar multi-donor trust funds on behalf of donors in conflict and fragile states including Bosnia, Timor-Leste, Afghanistan, Iraq, and Palestine (PAD, pg. 4). Overall the relevance of the objective remained substantial throughout the life of the project. The country context and the conflict dynamic were ripe for an influx of additional funds to address social, economic and peacebuilding initiatives. Moreover, the creation of a Multi-Donor Trust Fund enabled an integrated and coordinated effort among multiple donors. The objectives of the program remained relevant and contributed to the country





strategy throughout the life of the project. The project was also well designed based on experiences from within the Philippines and other conflict-affected regions. Therefore, the objectives were adequate and realistic, while the approach remained flexible to changes in context and conflict dynamic.

## **Rating**

Substantial

## **4. Achievement of Objectives (Efficacy)**

### **Objective 1**

#### **Objective**

To strengthen local level peacebuilding initiatives in the conflict affected areas of Mindanao

#### **Rationale**

#### **Outputs:**

The key outputs that were achieved under this objective included:

- 378 Bangsamoro Development Agency (BDA) and Sajahatra Bangsamoro Project Team staff participated in capacity building sessions (target 377, target achieved, ICR, pg. 19).
- 17 program partnerships forged by BDA and other organizations (target 15, target exceeded, ICR, pg. 46)
- 30 members of the joint government-MILF Task Force helped coordinate access to the MILF camps (Staff Interview, May 17, 2018)
- 300 People's Organizations were formed as community-based organizations to support project implementation at the village or sub-village level (Bank staff interview, May 17, 2018) (ICR, pg. 49).
- 2444 training sessions were provided to Peoples' Organizations (target 2,172; target exceeded, ICR, pg. 17) on topics such as participatory assessment, facilitation skills, procurement, and process training (Staff Interview, May 17, 2018). The aim was for the Peoples' Organization to facilitate the implementation, operation and sustained maintenance of subprojects (ICR, pg. 53).
- 5,717 People's Organizations members were trained in participatory assessment, facilitation skills, procurement, and process training (Staff Interview, May 17, 2018; target 5,033; target exceeded, ICR, pg. 17).
- 46% of People's Organizations members were women (target 40%, target achieved, ICR, pg. 40).
- 92% of People's Organizations included females within their senior leadership (Presidents, Vice-President, Treasurer, and Secretary) (target 92%, target achieved, ICR, pg. 40).
- Bangsamoro Development Plan was delivered through at least five community consultations (target one plan, target achieved, ICR, pg. 19).





### **Outcomes:**

The project sought to create an environment conducive to strengthening local peace building initiatives. The project contributed to this objective by building the skills, capacity, and development of the Bangsamoro Development Agency (BDA). This agency came into existence as a result of the GRP-MILF Tripoli Agreement of June 2001. It was mandated to lead, manage and determine the relief and rehabilitation of the conflict-affected areas in Mindanao.

Throughout the life of the project, the organization grew from a few volunteers to have over 300 staff. According to an EU monitoring report, the BDA improved its recruitment, administrative, and financial systems (ICR, pg. 19). Staff at BDA gained skills to engage in local planning, procurement, financial management, budgeting, and socio-economic analysis. These new skills supported the implementation of the project activities. While the BDA improved its capacities, only 5% of regular monthly and quarterly reports were delivered on time (Target 10%, Target Not Met, ICR, pg. 46).

Nevertheless, the BDA gained the trust and confidence of the community by setting up participatory and transparent development approaches. In a 2017 beneficiary assessment, 60% of the project beneficiaries rated BDA's performance as excellent (46.8%) or above average (13.4%). Furthermore, 67% of these community members perceived the BDA as a credible development partner (Target 75%, Target almost met, ICR, pg. 45).

The project also contributed to the improved capacity of individuals through the formation of the People's Organizations (POs) which according to the ICR (page 10) were set up in each community to implement various sub-projects financed by the block grants.

A total of 300 POs were formed, that had an average of 25 members. Surveys found that almost 85% of community members perceived the People's Organizations as functional organizations (Target 50%, Target Met, ICR, pg. 42). These groups held community meetings, of which 621 were facilitated without incidents of conflict (Target 454, Target Exceeded, ICR pg. 19). The project sought to encourage women to participate in these meetings and aimed to have at least 50% of participants to be female at community meetings. At completion, almost 10% of community meetings had 50% female participation which, although significantly below the target, was progress in the right direction in a very traditional society.

The project also strengthened relationships between different actors involved with peacebuilding. For instance, the relationship between the BDA and the local government units improved through several initiatives such as task forces, the creation of the Bangsamoro Development Plan, and by implementing the different sub-projects financed by the block grants. A World Bank IEG 2016 evaluation of Middle Income Fragile or Conflict-Affected States, noted that government "cooperation with the newly formed BDA since 2005 was an achievement in itself that laid the basis for a parallel track of development cooperation alongside the negotiations for a political settlement that proceeded on a slower track" (ICR, pg. 19 and WB IEG, 2016, pg. 45).

The relationship between communities and the local government also improved. A 2009 assessment by an independent evaluation firm, Social Impact, provided evidence that communities that had a BDA sub-project





were working more closely with local government units than those that did not have a sub-project (ICR, pg. 20).

As a result of the project, community perceptions of the relationships between the government and the MILF improved. In 2017, between 53% and 61% of beneficiary respondents stated that they agreed or strongly agreed that the project had improved relations between the MILF and the government. Moreover, there was general agreement that the MILF and the government were working together for peacebuilding and hence the good of the community (ICR, pg. 20).

The project also supported the professionalization of an organization (BDA) mandated to provide assistance to the people of Mindanao. It supported the development of individuals and local committees to identify and prioritize sub-projects. As a result of the project, and working collaboratively, different actors and institutions also improved their relationships thereby building an important foundation for peaceful collaboration.

### **Rating**

Substantial

## **Objective 2**

### **Objective**

To assist in the economic recovery of the conflict affected areas of Mindanao

### **Rationale**

#### **Outputs:**

The key outputs that were achieved under this objective included:

- 614 community sub-projects were implemented in 332 villages (target: 430 projects, target exceeded, ICR pg. 15) with activities in various sectors including: agriculture (215 sub-projects), water and sanitation (121 sub-projects), social (111 sub-projects), transport (108 sub-projects), power (8 sub-projects), education (7 sub-projects), and health (2 sub-projects).
- 8 common facilities constructed and being used by the community (target: 11, target not met, ICR, pg. 44).
- 40,000 people had access to sanitation, 130,000 to safe water, and 100,000 to better access to markets through roads and bridges (ICR, pg. 5).
- 21 houses were provided to internally displaced people (IDPs), in 36 villages (ICR, pg. 50).
- The Sajahatra Bangsamoro program (financed under the revised component 2 of the project) helped to provide 50,000 people with health, education and livelihood assistance (ICR, pg. 51).
- 378 people were trained and supported in the MILF's Project Management Team for the Sajahatra Bangsamoro





- BDA established a new Economic Enterprise Development Unit (ICR, pg. 50).
- 1,500 people completed literacy and elementary or secondary school equivalency courses (ICR, pg. 50).
- 332 communities were provided with improved local infrastructure facilities and/or livelihood activities (target: 227 communities, target exceeded, ICR pg. 14).
- 1,178 individuals were trained on running small businesses (target: 680, target exceeded, ICR, pg. 16).

### **Outcomes:**

The ICR stated that the project did not collect data on increases in income at the individual or community level (ICR, pg. 16, footnote 16). The ICR did not include any proxy data on overall "economic recovery in the conflict affected areas of Mindanao" or in targeted communities.

A beneficiary assessment, however, measured economic recovery qualitatively by asking project participants about their perception of improved personal economic conditions. In 2017, a total of 38% of respondents stated that they considered themselves either slightly better off (24%) or much better off (14%) compared to a year ago. Only 20% of people who had not participated in the sub-projects felt slightly better off or 11.2% much better off economically (ICR, pg. 15). Similar findings were collected in 2013, with 36% of beneficiaries feeling their economic conditions had improved. This proxy indicator showed consistent overall economic optimism of the recipients at project closing, but it provided little substance in terms of increased levels of economic growth - presumably due to the extreme difficulties associated with the measurement of growth in a conflict affected area.

There was, however, information to show that the project increased access to services through sub-projects and improved infrastructure facilities and hence indirectly contributed to economic well-being. According to a beneficiary assessment survey in 2017, 51% of community members in targeted villages reported better access to basic services (target 50%, target achieved, ICR, pg. 14 and pg. 33). Access was defined as improvement in time, distance, and cost. Some of the highlights of this 2017 assessment included:

- 87% of beneficiaries of roads, bridges and box culverts felt it was easier to travel to basic services.
- 45% had used new infrastructure to go to the town center.
- 41.5% had used improved transportation links to go to schools.
- 66% of the recipients of improved water systems felt it was easier to get water now.

The comparable beneficiary assessment in 2013 also showed recipients generally gained access to markets, water and electricity.

A random sample of the quality of construction in sub-projects was assessed by the World Bank's rural engineer determined that 82% of sub-projects had adequate workmanship (target 80%, target met, ICR, pg. 15).

The project piloted several types of livelihood interventions, including the transfer of generation assets to





community groups. As a result of the PLEDGE pilot program, that was financed under component 1, some 1,178 individuals were trained; of these, 91% joined a community enterprise (target 60%, target exceeded, ICR, pg. 16). After further training, coaching, and access to business equipment, 42 community enterprises were formed. All of these enterprises were operating at project closing. An independent assessment one year after the end of the project observed, however, that 16 enterprises had closed down because of unrealistic business plans and enterprises lacking clear market linkages (ICR, pg. 17).

The ICR concluded that the PLEDGE pilot program was “not able to create sustainable livelihoods for a significant number of people or generate wider benefits for the community.” An ILO study estimated those who started an enterprise had a 25% increase in income (target 50%, target not met, ICR, pg. 43). However, this estimate is based on incomplete data and therefore the reliability of the evidence is questionable (ICR, pg. 43). The PLEDGE program was unable to implement its market-linked enterprise due to time constrained and therefore focused on ensuring that the community enterprises were sustainable (ICR, pg. 17). As a result, the project did not work towards attaining the following indicators: percent of those who received employment skills training and have secure employment, number of people trained and, increase in income for those who secured wage employment (targets not met, ICR, pg. 43-44).

**Rating**  
Substantial

### **Objective 3**

#### **Objective**

To assist in the social recovery of the conflict-affected areas of Mindanao.

#### **Rationale**

##### **Outputs:**

The project's outputs under Objective 1 and Objective 2 also contributed to this Objective. They are therefore not repeated here.

##### **Outcomes:**

A total of 638,000 people, of which 330,738 (51%) were women, directly benefited from this project (target 550,000 people and 275,000 (women), target exceeded, ICR pg.14). A beneficiary assessment in 2017, determined that 38% of community members reported participation in a collective effort and had improved well-being (target, 30%, target met, ICR, pg. 17). As a result, the project contributed to an improvement of trust within and between communities (target 5%, actual 16%, target exceeded, ICR, pg. 17).

A third party independent evaluation also surveyed and documented improved relationships within the communities. Fifteen percent of respondents stated that communications with members of a different group increased “a little or a lot” (target 25%, target almost met, ICR, pg. 38).

The communities also felt engaged in the project. A total of 86% of beneficiaries felt that the project





investments reflected their needs (target 60%, target exceeded, ICR pg. 17). The People's Organizations played a key role in getting community members involved in sub-project management. A total of 16% of community members felt that their opinion counted in what needed to be done in their community (target: 10%, target met, ICR, pg.35). All communities had sub-projects investments that matched one of the top three community-identified priorities (target 30%, actual: 100%, target exceeded, ICR, pg. 40).

The project also contributed to social stability at the community level. Fifteen percent of respondent in a beneficiary survey reported that the incidence of crime and violence had declined in the past year compared to 12% who stated that the situation had become worse (ICR, pg. 20).

**Rating**  
Substantial

### **Rationale**

The overall efficacy of this project's three objectives is rated substantial. The main rationale for this conclusion is that the project was able to support and strengthen a crucial local institution, the BDA. By doing so, it created a valued and dependable stakeholder in peaceful community development. Moreover, through the sub-projects and other activities, relationships between critical actors and stakeholders improved. This built the foundation for peaceful collaboration between former adversaries. This was a substantial outcome.

The activities under the economic recovery objective had mixed results. That said, more than 35% of project participants perceived during the project that they were economically "better than a year ago". As noted above, however, almost 40% of the community enterprise groups that had been established during project implementation were not functioning a year after the project also closed. Apart from some economic benefits, the communities gained access to key public infrastructure services and to social services provided by sub-projects implemented by the communities. Overall, on the basis of the evidence available, this Review rates the efficacy of economic recovery for the project's beneficiaries of this project as substantial.

When it came to the social recovery of the conflict-affected areas in Mindanao, 16% of participants stated there had developed an increased sense of trust between Christian and Muslim groups which was a significant improvement. The project was able to provide social benefits to more than half a million people across at least 300 communities. And, most significant, 86% of beneficiaries felt that the sub-project investments reflected their social needs. This was a substantial outcome.





## Overall Efficacy Rating

Substantial

### 5. Efficiency

At appraisal, an Economic Internal Rate of Return (EIRR) was not estimated. Instead, the analysis from a community-driven development (CDD) based project in the Autonomous Region in Muslim Mindanao (ARMM - Social Fund Project) implemented in a similar area determined that EIRRs ranged from 12% to 16% for that project's sub-projects with an average of 12%. The PAD assumed that this project would achieve this range of EIRRs for its sub-projects and that this range would be a satisfactory result and justify this project (PAD, pg. 17).

An EIRR analysis was undertaken for this project during implementation in 2009 and in 2013. The 2009 analysis showed that sub-projects had EIRRs ranging from 2.4% (Community Learning Center) to 26.4% (Water and Sanitation Subprojects). The 2013 analysis indicated that most of the projects were financially viable with rates varying from 12% (toilet-sanitation) to 342% (farm machinery). The ICR concluded that the data from 2009 and 2013 taken together suggested an average EIRR for the sub-projects of 12% (ICR, pg. 21).

Updated cost and benefit data from 2013 onwards were not readily available. The subproject investments from 2013 onwards were focused on infrastructure projects (water systems, access roads, post-harvest facilities). Hence, the ICR argues that it is likely that the economic rates of returns for projects after 2013 "would be positive and most likely higher than captured in the 2013 analysis" (ICR, pg. 21). However, no analysis was conducted.

Despite the fact that income generating activities were implemented as part of this project and economic recovery was part of the PDO, economic data at the individual level or the community level were not gathered. Therefore, the project was unable to conduct cost-benefit analysis at the individual level or community level.

In addition, the project delivered fewer community infrastructure sub-projects per dollar spent compared to other projects implemented in the Philippines. As the ICR stated "This was expected and considered in the design, given that the project was operating in a fragile environment with a heavy emphasis on the capacity building and institutional strengthening of the BDA and MILF, the main implementing partners of the project. In 2016-17, when the project used both contractors and communities to carry out the construction of subprojects, community members consistently outperformed contractors in terms of speed and quality. This demonstrated weaknesses in contractor supervision on the part of both BDA and the Trust Fund recipients in the earlier years" (ICR, pg. 21).

The ICR also noted weak contract supervision on part of both the BDA and the Trust fund recipients in the early years of project implementation. Delays in the peace accord (an uncontrollable external factor) prevented the project's ability to scale up as expected. As a result, it did not meet its original target of spending \$50 million and instead allocated only US\$28.37 million (ICR, Annex 3)

The ICR has noted that administrative efficiency "was given attention when possible" but that "this was not the





main factor driving project implementation" (page 21). This Review has not sought to assess administrative efficiency for similar reasons, namely that in a post conflict environment most activities are more costly than usual and typically unpredictable. Hence an assessment of the extent to which administrative costs contributed to the project's efficiency is unlikely to be fruitful.

In summary, this Review rates the project's efficiency as substantial. The basis for this conclusion is that the EIRR analysis undertaken in 2009 and 2013 showed that the project was on track to achieving an EIRR of 12% or above. The analysis of the sub-projects in Annex 4 showed that, apart from community centers, they were economically "efficient" with satisfactory to high positive economic internal economic rates of return. It is also worth noting that 100% of the sub-projects implemented were among the top three priorities of the communities, providing additional social or communal benefits which suggests an efficient allocation of resources to response to the revealed demand for investments.

The ICR has noted that administrative efficiency "was given attention when possible" but that "this was not the main factor driving project implementation (page 21). This Review has not sought to assess administrative efficiency for similar reasons, namely that in a post conflict environment most activities are more costly than usual and typically unpredictable.. Hence a detailed assessment of administrative costs for this project is unlikely to be fruitful.

## Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	12.00	66.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	12.00	50.00 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

The relevance of the project's objective remained substantial throughout the life of the project. The main reason was that the country context and the damaging impact of conflict combined to make Mindanao ripe for an influx of funds to address social, economic and peacebuilding initiatives. The objectives of the program continued to be relevant to country and government development strategies at the project's close.

Efficacy is rated substantial. The project was able to support and strengthen a crucial local institution, the BDA.





Moreover, through the sub-projects and other activities, relationships between critical actors and stakeholders improved. This has built the foundation for collaboration and over time trust has grown between adversaries. The activities under the economic recovery objective had mixed results. Nevertheless, more than 36% of project participants perceived that they were economically better off in 2013 than a year before. When it came to the social recovery of the conflict-affected areas in Mindanao that the project was operating in, 16% of participants stated increased of trust within and between communities. As a result of the project, communities have greater access to social services and infrastructure.

The efficiency of the project is also rated substantial. The EIRR analysis undertaken in 2009 and 2013 showed that the project was on track to have an EIRR of 12% or above.

This Review concluded that the project's achievements had minor shortcomings and has therefore rated its overall outcome as satisfactory.

#### **a. Outcome Rating**

Satisfactory

### **7. Risk to Development Outcome**

**Political** – The Comprehensive Agreement on the Bangsamoro (CAB) was signed on March 2014. A draft of the Bangsamoro Basic Law was introduced to Congress in September 2014. If passed, a plebiscite would be implemented to determine who will be the new entity in the ARMM provinces. The final step of the framework includes elections for the new Bangsamoro Government. This bill has not been passed by the government and was reintroduced in 2017. New arm groups are emerging in response to delays in the peace process, including some who claim affiliation with the Islamic State (ICR, pg. 30).

**Security** - Fragility, and conflict could affect the sustainability of community infrastructure. It would also affect gains in community relations and trust.

**Operational Support** – There is a lack of clarity about the future role of BDA given the current political uncertainty. Nevertheless, a few bilateral donors continue to provide support to the BDA. At the same time the Bank is also preparing for a follow-on operation. Therefore, it is likely that the BDA will have operational support to continue to advance economic and social recovery in Mindanao, through peacebuilding initiatives.

### **8. Assessment of Bank Performance**

#### **a. Quality-at-Entry**

The Bank's quality-at-entry is rated as Satisfactory. The project team design was informed by detailed assessments of the conflict situation, including the Social Assessment of Conflict-Affected Areas in Mindanao (2003) and a Joint Needs Assessment (2004).





The Bank coordinated successfully with a number of bilateral donors to create the Multi-Donor Trust Fund that enabled the financing of the social and economic development program to support the achievement of peace in Mindanao. This project was structured to meet the needs of the Government of the Philippines and the MILF. According to the ICR, assistance was provided in a timely manner and was responsive to the needs of a complex set of clients (ICR, pg. 28).

The Bank could, however, have paid more attention to the project's design and to knowledge management during the project's inception stage. In this context the results framework in the PAD was merely a listing of the PDO and expected intermediate outcomes. It was devoid of any results chains or any reference to a theory of change showing how institutions would facilitate the conversion of project inputs into intermediate and the PDO. Indeed the core institutions necessary for the implementation of the project such as the BDA were not mentioned in the results framework and the meaning of important aspects of the PDO such "social recovery" were not defined. These modest shortcomings in the results framework, and therefore in the project's quality at entry, also led to weaknesses in the M&E framework.

### **Quality-at-Entry Rating** Satisfactory

#### **b. Quality of supervision**

This Review rates the quality of supervision by the Bank project team as Satisfactory. The Bank team provided detailed and regular support in a complex and conflict situation for over a decade. The project benefited from having only two Task Team Leaders (TTLs), who were based in the Philippines. These TTLs were able to engage regularly with project stakeholders and conduct monthly technical missions to provide support and troubleshoot. The Bank also played a leadership role as Secretariat of the Multi-Donor Trust Fund and provided additional technical support to the BDA to ensure effective delivery of project activities.

The project remained flexible and responsive to the changing political landscape. A key achievement was managing the process to ensure that the government of the Philippines and the MILF stakeholders remained engaged in collaborative activities throughout the life of the project (ICR, pg. 29).

Significant additional financing was mobilized to expand scope and scale of the project. As a result, halfway through the implementation of the project, it graduated from being a small recipient-executed grant to an Investment Project Financing (IPF) operation. The scale-up of project activities was accompanied by increased Bank engagement and supervision (ICR, pg. 29). There were also improvements in knowledge management, more comprehensive ISRs and Aid Memoires. Standard review and approval processes were followed.

The Bank had multiple chains of accountability, the Government of the Philippines, the MLF, and donors. Throughout the project, it sought to navigated complex relationships carefully in order to maintain neutrality





(ICR, pg. 29). At times, decision-making was slow, in particular, when aiming to gain access to the six MILF camps. During the last eighteen months of the project, additional staff was hired to provide implementation support, particularly in the MILF Camps.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The PAD included a proposed monitoring system planned and identified the responsible party. For example, the measurement of inputs, outputs, and results was the responsibility of the Implementation Service Providers (PAD, pg. 19 and pg. 27). In practice, PMO/BDA and the Peoples' Organization provided supplementary monitoring data at the project and village level (Bank staff team interview, May 17, 2018). According to the PAD, a management information system (MIS) was tasked with enabling the creation of quarterly reports and identify any possible bottlenecks (PAD, pg. 10). The PMO/BDA was responsible for collecting sample quality data on such issues as "compliance with sub-project appraisal criteria by municipal level appraisal committees, quality of sub-project implementation, quality of operation/maintenance, safeguard compliance and the quality of the performance by Implementation Service Providers". An independent external evaluation consultant would "verify the internal monitoring process assess the adequacy of the Program approach and institutional arrangements, assess progress on outputs and outcomes, and identify policy and implementation issues together with recommendations to overcome these" (PAD, pg. 23). The external reviews were expected to be conducted annually (PAD, pg. 23). The project was also tasked with setting up a community monitoring, grievance redress mechanism, an internal learning process to review the adequacy of the approach, and address any implementation problems (PAD, pg. 23).

The M&E framework was created with the assumption that a peace agreement was imminent. The original Theory of Change (as reconstructed presented in the ICR) was focused on ensuring inclusive and effective governance while supporting social and economic recovery.

The framework was revised several times over the life of the project to take into account shifts in context, assumptions, and expectations of the peace accord. The framework also improved and refined indicators on at least three occasions. In 2009, changes were made to the indicators when the peace negotiations stalled. New indicators helped define the project in stages (ICR, pg. 65). In 2013, additional indicators strengthen the link between the project objective and the results framework (ICR, pg. 65). The improvements added useful qualitative indicators to measure peace. For instance, the perception of trust





among community members, and community members' perception of being heard. In 2013, additional indicators were added on a recommendation from the Country Team Portfolio Review (ICR, pg. 65).

All these changes significantly improved the results framework and they are indicative of good programming in conflict and fragile environments. Additional intermediate result indicators to measure strengthening of institutions, improvement of economic conditions could have been used to better determine the project's outcome. Moreover, a distinct and specific definition of social recovery, whether it was social cohesion or resilience to conflict, would have been helpful to assess the project's outcomes.

## **b. M&E Implementation**

During the early years of project implementation, the M&E system was weak. This is not uncommon in projects that operate in conflict and fragile environments, particularly in the early 2000s. For example, the project did not have a baseline – a difficult, if not impossible, task to undertake in a conflict zone.

As the project grew in size and scope, the Bank team suggested improvements in the M&E system. According to the ICR, improvements started in 2012 which correlated with a sector-wide push to improve M&E for peacebuilding projects. In 2012, geo-tagging was introduced to help increase transparency in project monitoring (ICR, pg. 26).

Three rounds of Beneficiary Assessments (2009, 2013, 2017) were conducted. The methodology included qualitative and quantitative research methods to better understand changing social dynamics. These could have been complemented with smaller community surveys to provide comparative data for participants and non-participants. Failure to provide such comparative data (as well as community vs. non-community participating) across time made it difficult to determine the project's contribution to social and economic outcomes. It is possible that the region's entire social and economic situation would have improved regardless of the project's contributions. But this counterfactual was not assessed. The methodology used to assess social and economic recovery was primarily based on beneficiary perception which measured changes in social and economic well-being as opposed to changes in income.

A independent randomized control trial (RCT) impact assessment was launched for the PLEDGE Livelihood program. However, it was difficult to protect the integrity of the treatment and control arrangements (ICR, pg. 26 footnote 30). As a result, the RCT was not carried out.

## **c. M&E Utilization**

The project utilized M&E findings and recommendations to improve project design and implementation. For example, findings from a 2009 assessment highlighted that community centers yielded the lowest economic rate of return. As a result, fewer community centers were built. The size and duration of the sub-project grants also changed based on findings from an evaluation of the national CDD program (Kalahi-CIDSS) (ICR, pg. 26).





Overall, given the improvements in M&E methods during implementation, M&E performance is rated as substantial. The basis for this conclusion is that additional steps were taken to improve the M&E system during implementation as the project grew in size and scope. The results framework, including indicators, were revised and improved over time. By the time the project closed it had created a wealth of information on its performance and impact through the collection of data and several rounds of beneficiary assessments.

## **M&E Quality Rating**

Substantial

## **10. Other Issues**

### **a. Safeguards**

The project was classified as Environmental Category B Partial Assessment. At appraisal, it triggered the following safeguards: Environmental Assessment (OP/BP 4.01), Involuntary Resettlement (OP/BP 4.12), and Indigenous People (OP/BP 4.10) (PAD, pg. 44).

The project developed an integrated Environmental and Social Safeguards Framework and an Environmental and Social Management Plan (ESMP) for the sub-projects to ensure safeguard compliance.

Safeguard compliance was satisfactory and no significant issues arose during the implementation (ICR, pg. 27). There were safeguard focal points in the BDA central and regional management offices. The focal points were trained on Bank's Standards. Overall, the environmental risks were considered low in the sub-projects. In two cases related to water systems, there were concerns of pollution from aerial spraying from neighboring plantations. Water was tested and no contamination was found.

Involuntary resettlement was prohibited under the project. Indigenous people were included in the People's Organization and among project beneficiaries as part of the approach to create new opportunities to work together with Muslims and Christians. At project closing, 8% of beneficiaries were considered indigenous peoples (ICR, pg. 27, footnote 32).

### **b. Fiduciary Compliance**

According to the ICR, the projects three Trust Fund Recipients had satisfactorily complied with financial conventions and the Banks Financial management policies and procedures. At the beginning of the project, there were lengthy delays caused by BDAs difficulties in reporting on fund used in the required format (ICR, pg. 27). This problem was improved in the last 18 months of the project as more qualified accountants were hired. BDA had its own Administration and Financial Management manual to guide financial procedures. There were no significant procurement problems or delays (Bank project staff interview, May 17, 2018).





**c. Unintended impacts (Positive or Negative)**

None

**d. Other**

None

## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Satisfactory	The project has demonstrated sufficient evidence in its relevance, efficacy, and efficiency to warrant a satisfactory rating.
Bank Performance	Moderately Satisfactory	Satisfactory	While the project could have maintained better knowledge management and M&E systems at inception, the Bank contributed to the successful management of a complex web of relationships to achieve social, economic, and peacebuilding outcomes under difficult circumstances.
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

## 12. Lessons

The following three lessons, based on lessons listed in the ICR and with some editing, were regarded by IEG as the most important ones that emerged from this project,

**1. In a fragile, conflict and violence (FCV) context, the nature of project benefits and how they are distributed will determine their impact on social cohesion amid fractured communities.** For example, in this project livelihood interventions were extremely popular because the benefits of these interventions were more likely to have a direct impact on community members. Nevertheless, if the community infrastructure can be accessed by large numbers in a community as in this project it was a better option than the livelihoods support because it was delivered efficiently, sustainably, and benefited a greater number of people, thereby addressing inclusion and equity issues (ICR, pg. 32).





**2. A Multi-Donor Trust Fund proved to be an effective and flexible mechanism to engage in Mindanao and ensure coordination of development efforts in conflict-affected areas.** The Trust Fund enabled six donors to fund activities and supporting the peace process in a flexible and adaptive mechanism. The trust fund management mechanisms in this case also enabled close donor engagement and coordination over the long-run (ICR, pg. 32).

**3. A conflict-sensitive approach to supporting the planning for post-conflict development well before the conflict ended worked well.** For example, the Bank and the Trust Fund donors were able to support the peace process by remaining engaged with a range of stakeholders and working with the BDA and MILF institutions. The gains from this pre-planning provided a strong foundation to engage more deeply, continue to build trust and scale-up development initiatives when a peace agreement was concluded (ICR, pg. 30-31).

### 13. Assessment Recommended?

Yes

Please explain

In future IEG may again evaluate the Bank's performance in assisting countries during post conflict recovery. A PPAR for this project could be a useful contribution to such an evaluation and it could also assess whether the rating of the project's Outcome and of Bank Performance higher by this Review than in the ICR was justified.

### 14. Comments on Quality of ICR

The Quality of ICR is rated as substantial. The ICR was concise, providing a good overarching project story, and information was tightly presented. Wherever possible, the ICR attempted to provide a high quality of evidence including quantitative and qualitative information from several sources (Evaluations, Beneficiary Assessments, External Studies). The annexes and appendices were very detailed and used adequately to provide additional and complementary information. The decision to use the 2012 revised PDO was well justified and researched.

The Quality of Analysis was overall good as it provided concise summaries of key points and linked conclusions to evidence presented. The ICR could have been more results-oriented by providing more information in the efficacy section. Too much space was taken up with indicator charts. Narrative description of the activities could have provided a greater understanding of the type, scope, and impact of project activities. These narrative descriptions in the efficacy sections could have better argued the contribution of the project's activities to the achieving the project's objectives. An updated analysis of the





project's efficiency would have been helpful rather than depend only on the project team's analysis of efficiency for 2009 and 2013

The ICR included a lot of useful information in footnotes. Some of these footnotes could have usefully been included as part of the ICR main text

For the most part, there was internal consistency throughout the document. The ICR did not, however, provide information on the results of project audits, as per the guidelines.

**a. Quality of ICR Rating**  
Substantial