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Overview of the Philippines' Conditional Cash Transfer Program: The *Pantawid Pamilyang Pilipino Program (Pantawid Pamilya)*

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1. Background

The **Pantawid Pamilya²** is a conditional cash transfer (CCT) program which provides cash to beneficiary households, subject to compliance with program conditionalities. The Pantawid Pamilya is targeted at chronic poor households with children aged 0-14 years who are located in poor areas. The cash grants range from P500 (US\$11) to P1,400 (US\$32) per household per month, depending on the number of eligible children.³ To qualify for the grants, beneficiary households must undertake certain activities that are meant to improve the children's health and education such as visiting health centers regularly, sending the children to school, and undertaking preventive check-ups for pregnant women. Like most CCT programs, the Pantawid Pamilya aims to alleviate current poverty by supplementing the income of the poor to address their immediate consumption needs, while the conditionalities can help improve human capital and thus break the intergenerational cycle of poverty.

The **Pantawid Pamilya is central to the Philippine government's poverty reduction and social protection strategy.** In recent years, several countries have adopted the CCT program as a new approach to providing social assistance to the poor. Many countries in Latin America have such a program, and large-scale CCT programs are also being undertaken in Asian countries such as Bangladesh and Indonesia. In the Philippines, the Pantawid Pamilya started as a pilot program of the Department of Social Welfare and Development (DSWD) in 2007 when the agency was embarking on social sector reform. Today, the program is seen more broadly as a vehicle for enhancing coordination within the government in assisting the poor and for increasing the effectiveness of social protection programs. The Pantawid Pamilya does this by complementing supply-side interventions of other line agencies such as the Department of Education (DepEd) and Department of Health (DOH) in addressing lagging human development outcomes.

Since its inception in 2007, the Pantawid Pamilya has expanded at a rapid pace and now covers about 30 percent of the Philippines' eligible poor households. Following the pilot program conducted at the end of 2007—in which the household targeting system and basic operation of the Pantawid Pamilya were tested—the Pantawid Pamilya was scaled up in March 2008 as a response to the food and fuel price shocks and global financial crisis.⁴ The Pantawid Pamilya has undergone two more phases of expansion since then. By January 2011, the

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² The Pantawid Pamilyang Pilipino Program was previously called 4Ps for short instead of Pantawid Pamilya.

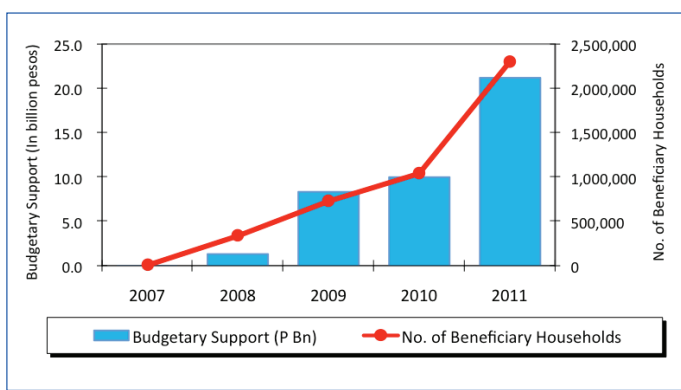
³ US dollar equivalent based on average exchange rate in January to March 2011 (BSP, 2011).

⁴ During the pilot period, the CCT program was called *Ahon Pamilyang Pilipino Program*. Six municipalities were covered: four rural (Sibagat and Esperanza in Agusan del Sur, Lopez Jaena and Bonifacio in Misamis Occidental) and two urban (Pasay City and Caloocan City in Metro Manila).



program had about 1 million beneficiary households, making the Pantawid Pamilya one of the largest social protection programs in the Philippines. The massive scale-up was made possible by pooling resources from the government and the World Bank. The World Bank and Australian Agency for International Development (AusAID) provided considerable technical assistance. Subsequent phases have also been supported by the Asian Development Bank (ADB) in coordination with the Government, World Bank, and AusAID.⁵ In 2011, the Pantawid Pamilya aims to cover 2.3 million beneficiary households, or almost 60 percent of the poor households in the Philippines. The program has budgetary support of P21 billion, or about 60 percent of DSWD's budget (Figure 1), for 2011.⁶

Figure 1. The Pantawid Pamilya Coverage and Budgetary Support, 2007-2011



Source: DSWD. Number of beneficiaries for 2011 refers to target.

The Pantawid Pamilya helps to fulfill the country's commitment to meeting some of the Millennium Development Goals (MDG).

These MDGs include: eradicating extreme poverty, achieving universal primary education, promoting gender equality, reducing child mortality, and improving maternal health. Government estimates indicate that 26.5 percent of the population was living below the poverty line in 2009, which was lower than the baseline figure of 33.1 percent in 1991 but still far from the target of 16.6 percent by 2015. Progress in achieving MDG targets in education and health has also been slow. In 2008, the net enrollment ratio in primary education was 85.1 percent, and only 75.4 percent of those in school were able to start Grade 1 and reach Grade 6. The number of maternal deaths per 100,000 live births was 162 in 2006, more than three times the target of 52.3, while only 79.2 percent of one-year-old children were immunized against measles in 2008.⁷

⁵ The World Bank provided funding support for the first and second phases of expansion, while ADB funded part of the second phase and the third phase of expansion. AusAID has supported the Pantawid Pamilya since 2008 by financing the World Bank's technical assistance to DSWD in designing and implementing the Pantawid Pamilya and also by providing direct technical assistance to DSWD.

⁶ According to Government estimates, the Philippines had 3.8 million poor households in 2009 (NSCB, 2011a).

⁷ MDGs as stated in Pantawid Pamilya website (DSWD, 2011); MDG indicators as of February 2011 (NSCB, 2011b).

DSWD takes the lead in implementing the Pantawid Pamilya, with support from key agencies and local partners. With the creation of the Pantawid Pamilya in 2007, the government formalized institutional arrangements among the agencies involved.⁸ DSWD works in partnership with key agencies such as DOH, DepEd, Department of the Interior and Local Government (DILG), and Land Bank of the Philippines (LBP) which help ensure the availability of health and education services as well as provide necessary support services in the targeted areas. DSWD created the Pantawid Pamilya National Project Management Office (NPMO), which handles the day-to-day operations of the program with assistance from Regional Project Management Offices (RPMO) and City/Municipal Links.⁹ DSWD also has support from local service providers such as the school principals and midwives who have been designated to oversee and ensure proper verification of compliance to conditionalities.

2. Design Features of the Pantawid Pamilya

2.1. Targeting System

The Pantawid Pamilya targets poor households located in the poorest areas of the Philippines. To be eligible for the cash grants, households must meet multiple criteria at the time of registration. First, they must reside in poor areas selected by the program. Second, they must be classified as poor. Third, a household must have a pregnant woman or at least one child aged 0-14 years. Fourth, the households must be willing to commit to meeting program conditionalities.

The targeting system follows a multi-step process. The poorest provinces are first selected based on official poverty incidence according to the latest Family Income and Expenditure Survey (FIES) by the National Statistics Office (NSO). Within the selected provinces, the poorest municipalities are selected based on the poverty incidence of Small Area Estimates (SAE) by the National Statistical Coordination Board (NSCB), while the poorest cities are selected based on a standard set of indicators such as data on

⁸ The institutional arrangement among government agencies in the implementation of Pantawid Pamilya was formalized in the following: a) Memorandum Circular 9 Series of 2007, Creating the Ahon Pamilyang Pilipino (APP) Program National Advisory Committees and defining their roles and responsibilities; b) Administrative Order 16, Series of 2008, guidelines on the implementation of Pantawid Pamilyang Pilipino Program (Pantawid Pamilya); and c) Joint Memorandum Circular 1, Series of 2009, defining the institutional arrangements for the implementation, monitoring, and evaluation of the Pantawid Pamilya.

⁹ City/Municipal Links are persons assigned to oversee program operations at the city/municipality level. They are in close contact with beneficiary households. One City/Municipal Link is assigned for every 1,000 beneficiary households in average starting in January 2011 to better respond to program implementation needs. From 2008 to 2010 the ratio was one municipal link to 1,500 beneficiary families.

pockets of poverty.¹⁰ A household targeting system is then used to identify poor households within the selected *barangays*. Finally, potential beneficiary households are selected among the poor households in the *barangays* based on the eligibility criteria.¹¹ List of potential beneficiary households is published at the barangay hall for community validation, before beneficiaries are enrolled in the program.

A core element of program implementation is the standardized household targeting system used to select beneficiary households. The targeting system uses the proxy means test (PMT) method to select the poor households within a municipality. The PMT is a statistical tool that determines a household's economic condition based on information such as household composition, socio-economic characteristics, assets, housing conditions and tenure status, education, access to basic services, and regional variables. It is widely considered to be the most straightforward, practical, and reliable way to gauge poverty, particularly in countries with large informal sectors where incomes are difficult to verify. In selecting Pantawid Pamilya beneficiary households, DSWD conducts a nationwide survey of households and uses the PMT to determine whether a household is poor. As of January 2011, about 10 million households were surveyed, of which 4.9 million households were identified as poor.¹²

The household targeting system was institutionalized and adopted as the main targeting system for identifying poor households in the Philippines. From 2007 to 2008, the targeting system was embedded in the Pantawid Pamilya operations and was being managed by the Pantawid Pamilya NPMO.¹³ In 2009, successful implementation of the program prompted DSWD to institutionalize the targeting system, which became the National Household Targeting System for Poverty Reduction (NHTS-PR). DSWD created a separate NPMO to manage the NHTS-PR through a de-concentrated approach at the regional level. The NHTS-PR, which contains a national database of poor households, can also be used by other government agencies in identifying potential beneficiaries of their programs. By January 2011, DSWD had shared the database with the Philippine Health Insurance Corporation (PhilHealth), Department of Agriculture (DA), DOH, and International Labor Organization (ILO).

Although the NHTS-PR has been used to select poor beneficiary households throughout the program, the selection criteria for municipalities have differed in every phase of expansion. The first phase of expansion (March-December 2008), which covered the first set of beneficiaries of the program ("Set 1"), was conducted in the poorest municipalities of the 20 poorest provinces as well as the poorest provinces in other regions (Table 1). The second phase of expansion (March-July 2009), covering "Set 2" beneficiary

Table 1. The Pantawid Pamilya Beneficiary Households, by Sets

Set of Beneficiary Households	No. of Beneficiary Households	% Dist.	Period of Expansion	Geographic Coverage	Selection Criteria
Pilot	4,459	0.4	September to December 2007	3 regions, 3 provinces, 2 districts	<ul style="list-style-type: none"> • 2 poorest provinces • Accessible municipalities to monitor pilot testing
Set 1	333,281	32.1	March to December 2008	17 regions, 33 provinces, 4 districts, 170 municipalities/cities	<ul style="list-style-type: none"> • Poorest municipalities in 20 poorest provinces • Poorest provinces in other regions
Set 2	288,192	27.7	March to July 2009	11 regions, 28 provinces, 140 municipalities/cities	<ul style="list-style-type: none"> • Poorest municipalities (poverty incidence above 60 percent)
Set 3	412,901	39.7	October 2009 to December 2010	17 regions, 77 provinces, 472 municipalities/cities	<ul style="list-style-type: none"> • Individual selection of municipalities
Total	1,038,833	100.0		782 municipalities	

Source: DSWD.

¹⁰ For the first two phases of Pantawid Pamilya expansion, all *barangays* within the selected municipalities were included in the program, while the number of *barangays* included within the selected cities depended on targets set by DSWD.

¹¹ All implementation details of the Pantawid Pamilya targeting system are documented in the Operations Manual for the National Household Targeting System for Poverty Reduction (DSWD, 2009a).

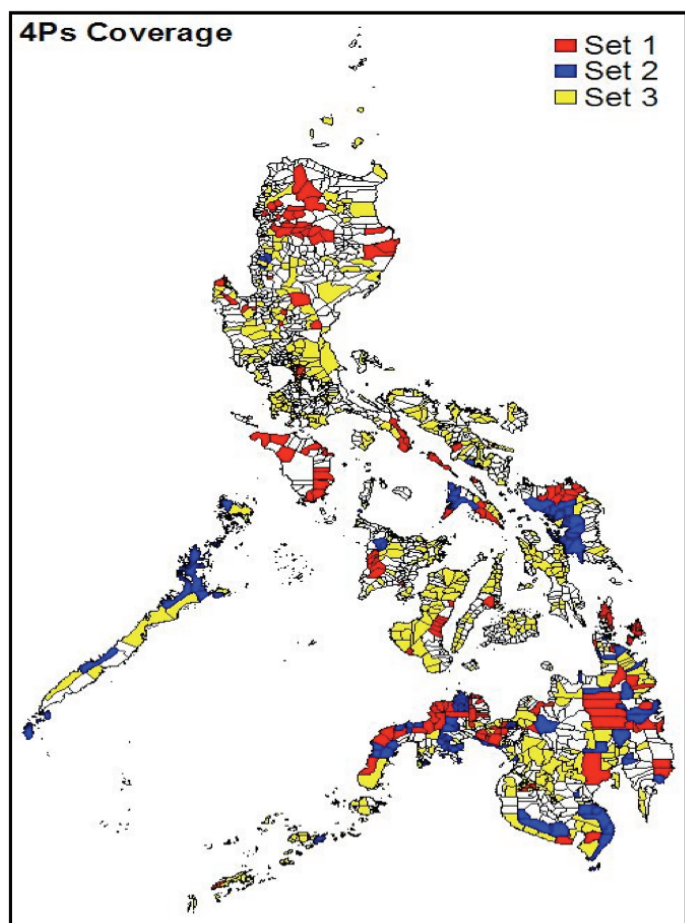
¹² The household targeting system uses the FIES 2006 poverty thresholds, which differ from the new poverty thresholds and new methodology for measuring poverty just released in March 2011 by NSCB.

¹³ The household assessment survey for the 2007 pilot program was conducted through universities, while subsequent surveys were conducted by DSWD through its regional offices.



households, was conducted in municipalities where poverty incidence was above 60 percent. The third phase of expansion (October 2009-December 2010), covering "Set 3" beneficiary households, did not take poverty incidence into account in selecting municipalities since the aim was to extend coverage nationwide.

Figure 2. The Pantawid Pamilya Geographic Coverage



Source: Pantawid Pamilya database as of January 2011.

Nonetheless, as in the case of Sets 1 and 2 beneficiary households, Set 3 beneficiary households were selected using the NHTS-PR. Figure 2 shows the geographic coverage of the Pantawid Pamilya.

2.2. Program Conditionalities

The health and education grants have different sets of conditionalities for the age-relevant members of the beneficiary household. For the health grant, household members are required to undertake activities that help improve preventive health care, particularly among pregnant women and children under 5 years (Table 2). The household has responsibility for bringing children aged 0-5 years to health centers for immunization and weight monitoring, while the children aged 6-14 years are required to take de-worming pills at schools. Pregnant women must avail of pre- and post-natal care, and delivery must be assisted by skilled personnel. The parents (including pregnant women) are also required to participate in Family Development Sessions conducted by DSWD in the Pantawid Pamilya areas. For the education grant, the conditionalities help improve the enrollment and school attendance rates of children. Children who attend pre-school or day care centers, primary school, or secondary school are required to maintain class attendance rates of at least 85 percent per month.

The numerous conditionalities of Pantawid Pamilya have made it more difficult to monitor compliance. In the initial design stage, the Pantawid Pamilya conditionalities included school attendance of children aged 6-14 years and regular check-ups for children aged 0-5 years and pregnant women. More conditionalities were added as the program evolved, partly in response to criticism by several sectors that the program would foster laziness and over-dependence on the government. DSWD added the conditionalities of pre-school or day care center attendance for children aged 3-5

Table 2. The Pantawid Pamilya Conditionalities

Household Member	Health Grant Conditionalities	Education Grant Conditionalities
Children aged 0-5 years	<ul style="list-style-type: none">Visit health centers to avail of health services in the periodicity defined by DOH protocol	<ul style="list-style-type: none">Children aged 3-5 years old who receive education grants must be enrolled in a day care or pre-school program and maintain a class attendance rate of 85 percent per month
Children aged 6-14 years	<ul style="list-style-type: none">Take de-worming pills twice a year at schools	<ul style="list-style-type: none">Must be enrolled in elementary or secondary school and maintain a class attendance rate of 85 percent per month
Pregnant Women	<ul style="list-style-type: none">Have at least one pre-natal consultation each trimester during the pregnancyDelivery is assisted by skilled health personnel	
Grantee	<ul style="list-style-type: none">Attend family development sessions at least once a month	

Source: Operations Manual for Pantawid Pamilya.

years¹⁴, taking of de-worming pills for children aged 6-14 years, and attendance of Family Development Sessions (FDS) by parents. While these conditionalities are meant to enhance program impact, they have increased the administrative burden of monitoring compliance considerably. However, the same added conditionalities had made the Pantawid Pamilya design unique among other CCT models. With a captured audience assured, the FDS is increasingly being looked at as a vehicle for increasing awareness on various advocacies on family issues.

Nonetheless, experience with the Pantawid Pamilya thus far indicates that beneficiaries are able to comply with program conditionalities. During the first quarter of 2010, about 79 percent of children aged 6-14 years in Set 1 beneficiary households who were attending school met the conditionalities of the education grant (Table 3). This figure increased to 90 percent in the third quarter of the year. A similar compliance rate of 89 percent was found among children aged 6-14 in the Set 2 beneficiary households

during the third quarter of 2010.¹⁵ However, a relatively lower compliance rate was observed for the health grant conditionalities. For the third quarter of 2010, only 69 percent and 57 percent of all eligible children aged 0-5 years in Set 1 and Set 2, respectively, were able to comply with the health conditionalities. This can be attributed to the high number of required visits according to the DOH protocol for children aged 0-5 years and the limited number of health centers and providers to meet the increased demand.

Households not meeting the conditionalities in the period monitored, will not receive the grant for that period. For health conditionalities, all members either children aged 0-5 years old or pregnant women, should comply with the health conditions to receive the health grant. The rule called: “all or nothing” means that all conditionalities should be met by all members of a household beneficiary of health grant, in order to receive it. Likewise, if a child does not comply with his/her education conditionalities, the household does not receive the education grant for that child.

Table 3. Rate of Compliance with Program Conditionalities (%), 2010

	Set 1 Beneficiary Households			Set 2 Beneficiary Households	
	Q1	Q2	Q3	Q2	Q3
Share of children aged 6-14 years that met education conditionalities	78.7	85.8	90.4	84.3	89.4
Share of children aged 0-5 years that met health conditionalities	63.9	66.2	69.0	54.5	57.2

Source: Pantawid Pamilya CVS database.

2.3. Grant Package

The Pantawid Pamilya provides health grants and education grants, with the total amount of grants per household depending on the number of eligible household members. Each beneficiary household receives a health grant of P500 (US\$11) per month (Table 4). As in other countries with CCT programs, the health transfer amount is flat regardless of the number of eligible children. This scheme has proven to be effective in other countries, in promoting good health and nutrition practices within households,

improving the nutritional status of infants, and increasing the utilization of health services. The education grant of P300 (US\$7) per month is provided for each child aged 6-14 years in the beneficiary household, up to a maximum of three children, for a period of 10 months during the year. Children aged 3-5 years are eligible for the education grant only if the beneficiary household has less than three children aged 6-14 years, so that it can complete the maximum allowed for the education grant. Beneficiary households receive the grants for five years as long as they remain eligible for the program and comply with the conditionalities.

Table 4. The Pantawid Pamilya Grant Package

Type of Grant	Amount	Eligibility
Health Grant	P500 per month per beneficiary household for 12 months of the year	Has children aged 0-14 years or pregnant woman at the time of registration
Education Grant	P300 per month per child aged 6-14 years (up to three children) in the beneficiary household for 10 months of the year	Has children aged 6-14 years at the time of registration. Has children aged 3-5 years and less than three children aged 6-14 years.

Source: Operations Manual for Pantawid Pamilya.

¹⁴ This conditionality only applies to beneficiary households who have grantees aged 3-5 years old (i.e., those who have less than three children aged 6-14 years).

¹⁵ In Sets 1 and 2 beneficiary households, there are about 1 million children aged 6-14 years attending 22,631 schools and about 546,000 children 0 to 5 years old attending 7,709 health centers.



On average, Pantawid Pamilya grants account for about 20 percent of beneficiaries' annual household income. Conceptually, the amount of grants an eligible household can receive depends on the number of eligible children in the household. Hence, the share of grants to total annual household income differs by household composition (Table 5). In the case of Pantawid Pamilya, the share is lowest for the households that have children aged 0-5 years only (13 percent) as they receive only the health grant

while it is highest for the households that have three or more children aged 6-14 years only as they receive both the health and education grants (26 percent). However, it is noteworthy that the beneficiary households who receive the least Pantawid Pamilya grants relative to their income account for the largest share of the total beneficiary households as they are also the poorest—they have the lowest average annual household income (PhP 45,540).

Table 5. Grants by Type of Eligible Household

Households by Family Composition	Share of Eligible Households (%)	Ave. Household Income/Year (Pesos)	Health Grant/Year (Pesos)	Education Grant/Year (Pesos)	Total Grants	
					In Pesos	% of Income
All children are 0-5 years old only	21	45,540	6,000	n/a	6,000	13
Children 0-5 years & 1 child 6-14 years	14	53,129	6,000	3,000	9,000	17
Children 0-5 years & 2 children 6-14 years	14	56,172	6,000	6,000	12,000	21
Children 0-5 years & 3 or more children 6-14 years	19	57,022	6,000	9,000	15,000	26
Only 1 child 6-14 years	11	53,268	6,000	3,000	9,000	17
Only 2 children 6-14 years	11	57,609	6,000	6,000	12,000	21
Only 3 or more children 6-14 years	10	61,872	6,000	9,000	15,000	24
Weighted Average		53,976			10,630	20

Source: 4Ps database for household income.

The Pantawid Pamilya transfer size is comparable to those of CCT programs in Latin America, which have been proven to serve as sufficient incentive for families to comply with program conditionalities. At the same time, the transfer sizes have been sufficiently low to avoid distorting labor market decisions. In Mexico's *Oportunidades*, the transfer size is about 21 percent of total annual household expenditures; in Colombia's *Familias en Acción*, it represents about 15 percent of minimum wage; and in Nicaragua's *Red de Protección Social*, it represents about 17 percent of total annual household expenditures.¹⁶

Payment of Pantawid Pamilya grants is terminated if a beneficiary household does not comply with the conditions of the program or no longer meets the eligibility criteria. Cash grants for a particular period are paid to beneficiary households within the next two months. This procedure allows DSWD to check and verify household compliance with the program conditionalities during the reporting period before payments are released. If a beneficiary household was found to be non-compliant with the conditionalities in a particular month, the cash grant will not be paid for that month. However, continued non-compliance will result in termination of payments and suspension from the program.¹⁷

The payment of grants is also terminated if there are changes in the household situation that make the household ineligible for the grants, such as a change in family composition—for instance, the youngest child in the household has turned 15 years old—or if the household moved to a municipality not covered by the program.

The Pantawid Pamilya grants are paid directly to beneficiary households through their own Land Bank of the Philippines (LBP) accounts. The LBP serves as the disbursing institution of the Pantawid Pamilya. Grants are remitted through the beneficiary households' LBP accounts and can be withdrawn from automated teller machines (ATMs) or through over-the-counter transactions. As in most CCT programs, the Pantawid Pamilya gives the responsibility of managing the cash grants to the mother. Experience in CCT programs shows that women make relatively better use of grant money by using it to purchase food or other necessities such as medicines, transportation to and from school, and school supplies. If the mother is absent or no longer part of the household, the Pantawid Pamilya allows another member of the household to be the grantee, in the order of the father, grandparents, aunt/uncle, or guardian, subject to verification, endorsement, and monitoring by the municipal social worker. Grants were paid quarterly during 2008-2010, but DSWD changed to bi-monthly payments starting the first quarter of 2011.

However, since some municipalities covered by the Pantawid Pamilya do not have LBP branches, not all beneficiary households receive their grants through the bank. The pilot spot check survey conducted in May 2010 in Northern Samar showed that 98

¹⁶ See IFPRI (2005). Due to lack of data across countries, it is not possible to have a single reference for comparison. Therefore, data are not strictly comparable.

¹⁷ The Operations Manual for Pantawid Pamilya states that the third offense of non-compliance results in termination of the grants and temporary suspension from the program (DSWD, 2009b).

percent of the respondents received Pantawid Pamilya grants.¹⁸ However, not all beneficiaries received the grants directly from the bank. As of October 2010, only around 59 percent of Set 1 and 71 percent of Set 2 active beneficiary households receive payments through LBP cash cards. Even for municipalities with LBP branches, issuance and distribution of cash cards to beneficiary households have been particularly challenging due to factors such as mismatch of beneficiaries' information in LBP and Pantawid Pamilya Management Information System (MIS) databases and documentary requirements to open accounts. DSWD has been exploring other channels for sending the grants such as Globe Telecom's GCASH Mobile program, which uses mobile phones to send and receive money.

3. Management Information System (MIS)

A MIS created for the Pantawid Pamilya handles the database and all data processing requirements of the program. The MIS for the Pantawid Pamilya manages all flows of information at the national, regional, and municipal levels. The MIS as well as all Pantawid Pamilya processes are guided by the Operations Manual for the Pantawid Pamilya. The MIS uses information and communications technology that handles all data processing requirements and maintains the database for the Pantawid Pamilya. It has built-in validation and duplicity checker routines, which help correct potential errors in the system. Essentially, the MIS helps ensure that every beneficiary household met all the eligibility criteria and is receiving the correct amount of cash grant depending on its current status and compliance with program conditionalities. The MIS is designed to include the following integrated modules: household information, registration, updates, compliance verification system, payments, and grievance redress system.

3.1. Updates System

The Updates System helps ensure that the correct amount of cash grants is provided to beneficiary households who remain eligible for the grants. Beneficiary households are required to report any changes in household information such as change in address, change in school or health center where the children go, change in household grantee, and new enrollment of children. Changes in family composition such as birth, death, departure, or return of legitimate children aged 0-14 years old of the household¹⁹ must also be reported. The household grantee is responsible for reporting the updates, which are verified by Parent Leaders, City or Municipal Links, and regional and national offices of DSWD.²⁰

¹⁸ DSWD, in collaboration with the World Bank and financial support from AusAID, developed a methodology for spot checks for Pantawid Pamilya, which was pilot tested during February-May 2010 in 33 *barangays* in Northern Samar. The survey covered 760 households, 57 schools, 16 health facilities and rural health units, and other program stakeholders.

¹⁹ Legitimate children are those who legally belong to the family (biological children or adopted, either of the head or the wife).

²⁰ A Parent Leader is a point-person between the Pantawid Pamilya, LGU/ Municipal Link, and the household grantees at the *barangay* level.

All updates are encoded in the Updates System by the MIS unit of the NPMO. With the updated household information, the system determines and verifies the correct amount of cash grants the beneficiary household is entitled to receive.

The updates process involves several verification points to prevent beneficiary households from manipulating information.

As changes in household information may affect the amount of cash grants received, households have the incentive to manipulate information. For example, the death or departure of a legitimate member of the household or a change in residence to a municipality not covered by the program would reduce or terminate the grants. On the other hand, correcting the dates of birth of children to satisfy the age criteria would increase the grants. To prevent this type of risk, the Updates System has validation routines and different levels for checking the veracity of updates. It does not allow an update without supporting documents such as birth certificate or proof of enrollment. The updates are also presented during monthly assemblies conducted by the Parent Leaders to increase the social oversight of other beneficiaries in the area. The Municipal Links also conduct another round of reviews before sending them to the DSWD regional offices.

3.2. Compliance Verification System (CVS)

The CVS links compliance with conditionalities to the payments of grants. The CVS serves as a monitoring system for verifying beneficiary household compliance with conditionalities, controlling payments, and generating managerial reports and progress indicators. The CVS involves the following steps: 1) NPMO generates the Compliance Verification (CV) Forms; 2) RPMO downloads and prints the CV Forms and disseminates them to cities and municipalities; 3) City/Municipal Links distribute the CV Forms to schools and health centers (including day care and pre-schools); 4) schools and health centers record non-compliance with conditionalities during the reported period;²¹ 5) City/Municipal Links collect the non-compliance data from schools and health centers, encode the data into the CVS program, and forward electronic and hard copies to RPMO; 6) RPMO reviews the non-compliance data and submits them to NPMO to serve as the basis for payment during that period; and 7) NPMO updates the database prior to the generation of CV Forms for the next reporting period.

3.3. Grievance Redress System

The Grievance Redress System (GRS) captures, resolves, and analyzes grievances about the program from beneficiaries and non-beneficiaries. This module includes the process of verifying and following up on complaints such as generating forms, updating and processing information, assigning a tracking number to every complaint as well as the person responsible for solving it, and producing reports of complaint resolution. The GRS design

²¹ As mentioned previously, the recording process focuses on non-compliance to reduce the burden of monitoring.



for Pantawid Pamilya features a grievance database which tracks the nature, origin, location, and status of complaints such as targeting errors, payment irregularities, fraud, and corruption. The GRS developed an application that is currently being tested by the regions. The Pantawid Pamilya NPMO has set up complaint reporting mechanisms, including Text Hotline using the DSWD SMS platform, email, Facebook, Google Site, and Twitter. In the first quarter of 2010, about 13,500 complaints were received, 83 percent of which related to payments. The pilot spot check survey conducted in Northern Samar, however, showed that only 8 percent of respondents to the spot check survey had complaints about payments. According to the spot check survey, complaints on payments include delayed payments, having to pay for transportation to go to the banks to receive the grants, or having to pay somebody to collect the payments.

3.4. Payments System

The Payment System controls and produces payments for beneficiaries based on reports of compliance and updated household information. To release the cash grants, the NPMO generates a payroll for a specific area from the MIS Payment System. The information, including account names, account numbers, and amount of cash grants, is verified by DSWD's Cash Division. Any discrepancies are reported back to the MIS for updating of the database. Once the payroll is verified, the NPMO prepares a voucher and sends it to the Project Director and Project Manager for approval then to the Financial Management Service for processing. Even if the payroll has been verified and approved on the DSWD side, it still needs to be verified by the LBP. The LBP checks the names and account numbers of the beneficiaries before payments are released. By design, this cycle could take at least one month. Moreover, the release of cash grants is subject to the beneficiaries' compliance with program conditionalities. Hence, in addition to the lengthy process, the processing of payments also depends on the submission of CVS forms from the field.

4. Monitoring and Evaluation

Monitoring and evaluation for Pantawid Pamilya is an integral part of the program and consists of regular supervision, biannual Spot Checks, Quantitative Impact Evaluation, and Qualitative Studies. In addition to regular supervision conducted by DSWD and the World Bank, biannual Spot Checks are conducted by a third-party firm. Spot Checks apply quantitative and qualitative methods to assess program implementation by interviewing beneficiary households as well as other actors such as school principals, health providers, and DSWD staff. A scientifically rigorous impact evaluation applying Randomized Community Trials and Regression Discontinuity is also being conducted by DSWD, with findings of the first round expected to be available toward the end of 2011. Qualitative studies will then provide more in-depth understanding of how and why the program works.

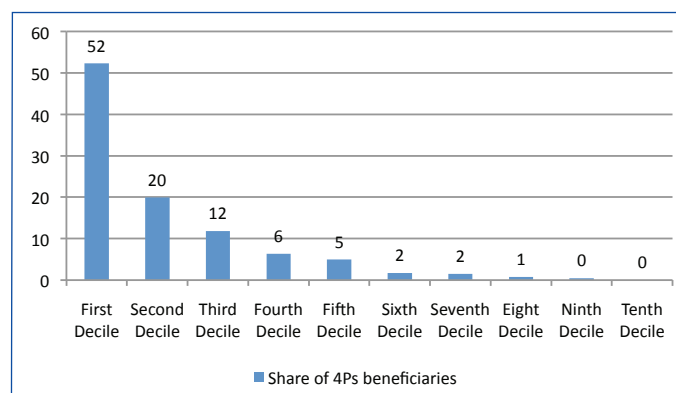
5. Supply Side Assessment

By design, DSWD needs to undertake a supply side assessment to determine the availability and utilization of education and health services in the municipalities prior to the implementation of Pantawid Pamilya. This ensures that the program has the required supply side interventions to respond to the increased demand for such services over time. In the event of a lack or inadequate health and educational facilities, DSWD will enlist the commitment of the local chief executive through a Memorandum of Agreement, to provide the required services for the Pantawid Pamilya beneficiaries. The rapid program expansion however, did not allow for a more thorough analysis of the availability of local services in the selected municipalities. DSWD has closely collaborated with AusAID for the development of a quick supply side assessment tool coupled with a program for modeling and projecting demand for these services. DSWD is strengthening its coordination with the Department of Health, Department of Education, Department of Interior and Local Government and the Department of Budget and Management for ensuring the availability and enhancing the provision of complementary services.

6. Targeting Outcomes

About 90 percent of Pantawid Pamilya beneficiaries belong to the bottom 40 percent of the population. Figure 3 shows the high concentration of Pantawid Pamilya beneficiary households in the lowest income decile. About 52 percent of beneficiaries belong to the first bottom decile and about 20 percent of Pantawid Pamilya beneficiaries belong to the second bottom decile. In total about 72 percent of Pantawid Pamilya beneficiaries belong to the poorest 20 percent of the population in the Philippines, as obtained from incidence analysis conducted with the most recent Family Income and Expenditure Survey (FIES, 2009).²² This clearly indicates that most of the resources allotted for the program go to the poorest population.

Figure 3. Distribution of Pantawid Pamilya Beneficiary Households by Per Capita Income Deciles, Net of Pantawid Pamilya Transfer



Source: Author's calculations with the FIES (2009) data which included a few variables to identify participants in Pantawid Pamilya.

²² For this analysis, households in the FIES 2009 were ranked by their per capita household income before the Pantawid Pamilya transfer. The average Pantawid Pamilya transfer in 2009 according to administrative data of the program was about 12,000 PHP/year per household.

7. Profile of Pantawid Pamilya Beneficiaries

The profile of beneficiary households indicates that the PMT has been identifying the beneficiary households appropriately. In beneficiary households belonging to the poorest income decile and residing in urban areas, the household heads and spouses finished Grade 6 or are elementary graduates, on average (Table 6a). Their counterparts in rural areas have lower educational attainment (one year less on average) in comparison (Table 6b).

Parents in households in the higher income deciles tend to have higher education levels, the highest being high school graduate. Beneficiary households also have large family sizes, ranging from five to seven household members, with those in the poorest income deciles having the largest families. Most households have more school-aged children who are 6-14 years old than children aged 0-5 years. The profile of beneficiary households coincides with that of the poorest households in the FIES, indicating that the PMT formula has captured the characteristics of the poor.

Table 6a. Social Indicators of Urban Poor Pantawid Pamilya Beneficiary Households, by Income Deciles

Per Capita Income Deciles ¹	Average Age			Average Education Levels*			Ave. No. of Children		Household Size
	HH Head	Wife	Children	HH Head	Wife	Children	Aged 0-5 Years	Aged 6-14 Years	
1	43	39	11	7	7	4	1.4	2.5	7
2	42	39	11	8	8	4	1.3	1.9	6
3	42	38	11	9	9	4	1.2	1.8	5
4	41	37	10	10	10	4	1.2	1.6	5
5	43	40	15	11	9	7	...	1.8	5
6 to 10	...	...	...	...	...	...	...	...	...

Table 6b. Social Indicators of Rural Poor Pantawid Pamilya Beneficiary Households, by Income Deciles

Per Capita Income Deciles ¹	Average Age			Average Education Levels*			Ave. No. of Children		Household Size
	HH Head	Wife	Children	HH Head	Wife	Children	Aged 0-5 Years	Aged 6-14 Years	
1	43	39	11	6	6	4	1.4	2.4	6
2	42	38	11	7	8	4	1.2	1.8	5
3	42	38	11	8	8	4	1.2	1.7	5
4	43	38	11	9	9	4	1.2	1.7	5
5 to 10	...	...	...	...	...	...	...	...	...

Source: Pantawid Pamilya database as of January 2011.

Notes: ... means no entries. * Education Levels: 0 – no grade completed; 1 – Kinder or day care; 2 – Grade 1; 3 – Grade 2; 4 – Grade 3; 5 – Grade 4; 6 – Grade 5; 7 Grade 6 or elementary graduate; 8 – 1st Year High School; 9 – 2nd Year High School; 10 – 3rd Year High School; 11 – High School Graduate.

¹ Households are ranked by estimated per capita income using the PMT.

8. Take-Up Rates

In the first phase of expansion, about 90 percent of eligible poor households in the selected municipalities became active Pantawid Pamilya beneficiaries, but this figure declined as Pantawid Pamilya expanded. During the first and second phases of expansion, the Pantawid Pamilya aimed to enroll almost all eligible poor households in the selected municipalities. For the third phase, each selected municipality was given a quota for the number of households that could be enrolled in the program.

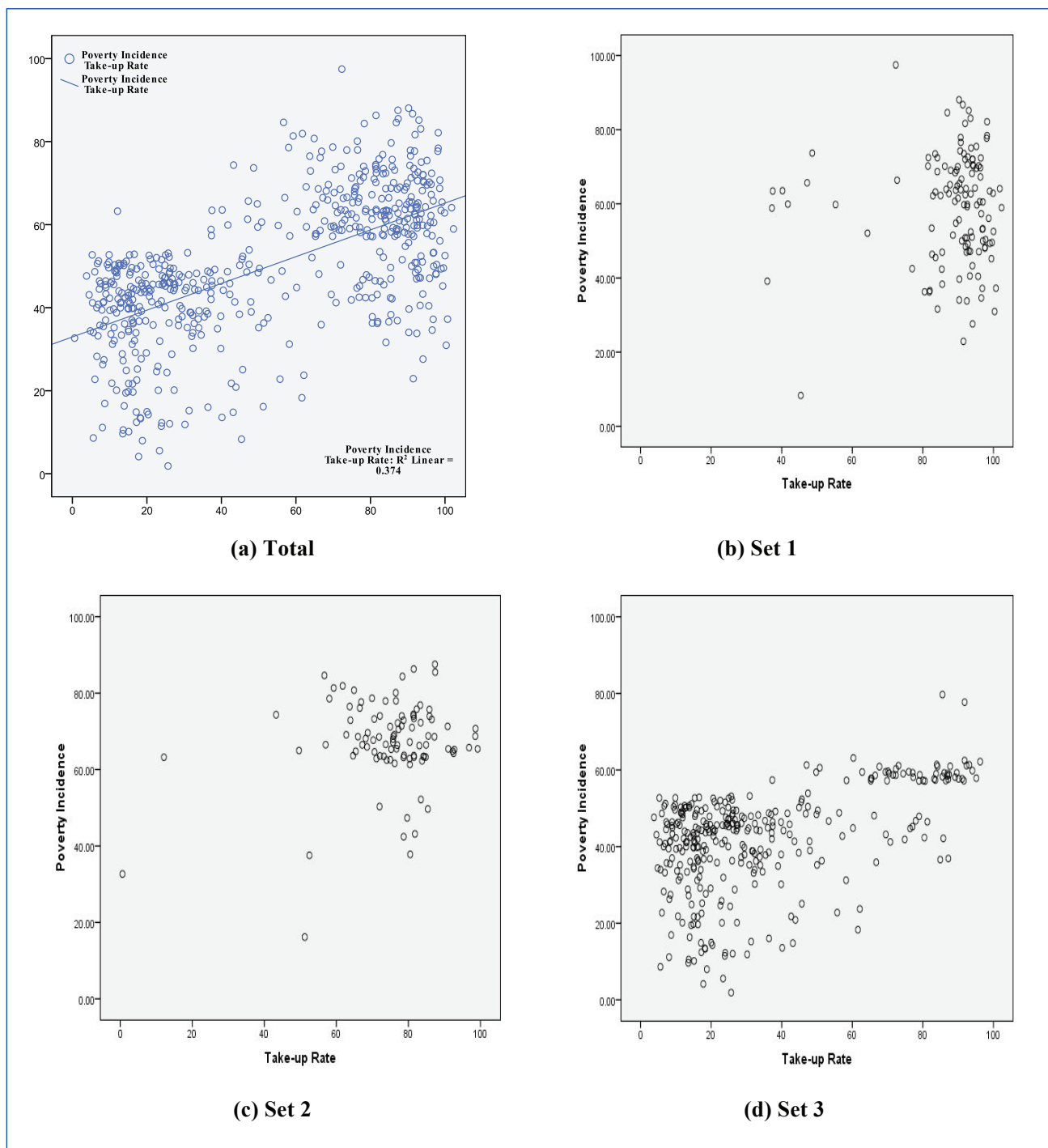
This difference resulted in varying take-up rates—meaning the proportion of active beneficiary households relative to all eligible poor households in a given municipality—across Sets. The average take-up rate for Set 1 was 87 percent, compared to 75 percent for Set 2, which can be attributed to factors such as implementation pressures (tight deadlines), low institutional capacity at the municipal level where the enrollment process happens, and lack of information dissemination to potential households about the enrollment process. The take-up rate for Set 3 was low at only 35 percent. Figure 4a shows take-up rates for all municipalities



covered by the program and the corresponding poverty incidence at the municipal level, while Figures 4b to 4d show those for each Set. Take-up rates were higher in municipalities with higher

poverty incidence, particularly for Sets 1 and 2. Take up rates are expected to increase as program expansion proposed to increase coverage of Set 3 municipalities by end of 2010 and early 2011.

Figure 4. Poverty Incidence and Take-up Rates of Pantawid Pamilya Beneficiary Households, by Sets



Source: Authors' calculations using Pantawid Pamilya database as of January 2011.

9. Poverty Impact of Pantawid Pamilya: Preliminary Estimates²³

Ex ante simulation analysis shows that the Pantawid Pamilya can reduce poverty in the targeted areas significantly.²⁴ Based on Pantawid Pamilya data, it is estimated that 62 percent of the population in municipalities covered in the first and second phases of program expansion live below the poverty line. The cash transfer to beneficiary households, which increases their household income, is estimated to reduce poverty incidence in these areas by as much as 2.6 percentage points. Potential impacts of Pantawid Pamilya on the income gap of the poor and on the severity of poverty in targeted areas also appear to be substantial.²⁵ In particular, simulations using the Pantawid Pamilya data show that the cash transfer could reduce the income gap of Pantawid Pamilya beneficiaries by 5.3 percentage points and poverty severity by about 4.3 percentage points. The average increase in per capita income among Pantawid Pamilya beneficiaries is 12 percent. Although based on predicted income figures, these estimates are consistent with the results of impact evaluations of comparable CCT programs in other countries. Poverty was reduced by 17 percent in *Progresa* communities in Mexico, while the *Familias en Acción* program in Colombia reduced the poverty gap by more than 6 percentage points.²⁶

10. Implementation Challenges

Like most CCT programs, the Pantawid Pamilya has faced several challenges, particularly in the early stages of implementation. Inherent in CCT programs are the implementation challenges associated with the administratively complex nature of the program. The rapid expansion of the Pantawid Pamilya in a short period of time exacerbated the implementation challenges. For example, DSWD needed to survey at least double the targeted number of beneficiary households, as it was estimated that almost half of the surveyed households would be identified as poor and would be eligible for the program. Because of this, DSWD faced several challenges mostly related to the limited resources available for the program, such as the number of personnel, physical equipment

(computers and IT systems), and financial resources necessary for program operation. Moreover, the Pantawid Pamilya was scaled up when the systems were still under development. DSWD has worked closely with technical experts on CCT programs from the World Bank and AusAID to mitigate the implementation risks.²⁷

The rigid institutional structure and weak procurement system have constrained the expansion of human and capital support for the Pantawid Pamilya. Despite the urgency to expand the Pantawid Pamilya, DSWD's institutional structure has not allowed for an increase in staff to work on the Pantawid Pamilya. Although it created the NPMO, the unit made use of existing personnel. By the end of 2010, staffing at the NPMO was 69 percent of what it should have been based on the number of approved positions.²⁸ Of the 109 approved positions, only 75 positions were filled. Likewise, the level of staffing at RPMO was 74 percent of the approved positions.²⁹ Limited manpower in the field was also evident as one Municipal Link, which was supposed to handle 1,000 beneficiary households, actually handled as many as 3,000 beneficiary households. Moreover, the weak procurement system in DSWD caused delays in some key implementation processes. The Pantawid Pamilya requires IT systems that can handle the massive data collection and management, but IT constraints at the regional level pose a major bottleneck, delaying the processing of payments.

Rapid expansion has also posed challenges to supply-side readiness in areas where Pantawid Pamilya is implemented. A supply-side assessment is conducted for the areas selected by geographic targeting, which involves meeting with the local government unit and conduct of surveys to assess the availability of health and education services in the area. In the municipalities or *barangays* where the supply-side facilities have been assessed as adequate, DSWD's regional offices facilitate activities leading up to implementation of the Pantawid Pamilya. However, given the pressure to expand the program—particularly to areas with a high concentration of poor—some municipalities with inadequate education and health facilities have also been included in the program. The lack of health facilities and schools in these areas has major implication for beneficiary compliance with conditionalities, thus potentially limiting program impact. Both the AusAID CCT Quick Supply Side Assessment and World Bank pilot spot check surveys, for example, found a poor state of day care centers, school infrastructure and an inadequate number of teachers in schools attended by children of beneficiary households.³⁰

²³ A more detailed analysis of poverty impact of the Pantawid Pamilya will be discussed in the Philippines Social Protection Note No. 3 (forthcoming).

²⁴ World Bank estimates based on analysis of Set 1 and Set 2 beneficiary households, where NHTS surveyed at least 80 percent of the total households. Household cash transfers (health and education grants) were computed according to the actual demographic composition of beneficiary households and per capita income predicted using the PMT. The transfer was adjusted by the latest compliance rate for education (77 percent) and health (70 percent) based on the Compliance Verification System (CVS) - Management Information System (MIS) - Pantawid Pamilya Database for the first quarter of 2011.

²⁵ *Poverty incidence* refers to the share of the poor population to the total population. *Poverty gap* measures the average income shortfall of the poor expressed as a share of the poverty line. *Poverty severity* is the squared income shortfall of the poor expressed as a share of the poverty line. Compared to the poverty gap, poverty severity is more sensitive to the income distribution of the poor so that a higher value of the poverty severity reflects a worse distribution of income.

²⁶ See Hoddinott and Skoufias (2004) and Institute for Fiscal Studies, Econometrica and SEI (2006) for Mexico and Colombia, respectively.

²⁷ Apart from the AusAID-funded World Bank TA, AusAID has embedded an international CCT Expert in DSWD to help it manage and consolidate the program's rapid scale up, providing strategic guidance at key junctures of the program's rapid expansion and implementation.

²⁸ AusAID TA has helped DSWD develop an organisational structure for the PMO with clear resource requirements and delineation of roles and responsibilities among units.

²⁹ One of the reasons to low staffing is the lengthy procedure to hire employees in government.

³⁰ The spot check survey found a teacher-student ratio of 1:41 in elementary schools, compared to the national average of 1:36, and one-fifth of the schools employed multi-shifts, indicating lack of classroom infrastructure and/or teachers.



11. Conclusion

Despite the early challenges, the government successfully rolled out the Pantawid Pamilya to reach the poorest households in the Philippines. To date, the Pantawid Pamilya is the largest social protection program in the Philippines and has been able to achieve the widest coverage of the poor. The concerted efforts and commitment of DSWD and its partner institutions in implementing the pilot program and establishing the household targeting system were critical to program expansion. The pilot program imparted several lessons that were essential in improving the core design of the Pantawid Pamilya and in preparing the systems for rapid scale-up. Although the expansion brought several challenges for DSWD, the agency managed to get the program running and has continually improved the systems necessary for program operation.

The PMT-based targeting system combined with geographic targeting has helped minimize the inclusion and exclusion errors,³¹ thereby enhancing program impact. The combined approach of a standardized targeting mechanism to select potential beneficiaries for the program and a registration process to validate the information gathered have been key to the credibility and acceptance of the program. This process was complemented by the GRS, which allows people to present complaints about inclusion errors, exclusion errors, and program operations and which has clear guidelines for complaint resolution.

The targeting system based on PMT has produced good targeting outcomes. About 90 percent of Pantawid Pamilya beneficiaries belong to the bottom 40 percent of the population. This outcome has been achieved by combining geographic targeting based on poverty maps with a rigorous and standardized household assessment, including validation of poor households with local communities.

Nearly three years since its launch, the Pantawid Pamilya has already shown positive impacts on beneficiary households. The cash grants increase the household incomes of the poor, while the conditionalities have helped improve the education and health of their children. Anecdotal evidence shows that net education enrollment rates of children in beneficiary households have risen, and the number of children who undertake de-worming at schools and avail of vaccines from health centers has also increased. In addition, field reports indicate that beneficiary households benefit from the seminars and development sessions in their communities.³²

Other social protection programs in the Philippines can learn from the best practice methods developed in the Pantawid Pamilya. A considerable amount of resources has been invested in setting up the

Pantawid Pamilya, in terms of financial resources as well as efforts to build technical and program implementation capacity within DSWD and its regional and local counterparts. Thanks to these efforts, the government has a pioneer social protection program that takes into account international best practice and methods. The Pantawid Pamilya is the only social protection program in the Philippines in which control and accountability mechanisms are embedded in the core program design. Other government agencies implementing social protection programs can take advantage of the investments made by DSWD in creating the Pantawid Pamilya and in improving the targeting and delivery systems of the program.

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³¹ Error of inclusion occurs when unintended individuals or households get to the roster of beneficiaries. On the other hand, error of exclusion occurs when deserving individuals or households are missed out, not permitted or not able to participate in the program.

³² An impact evaluation of Pantawid Pamilya will be conducted in 2011.