



Why Does the Conditional Cash Transfer Program Matter in the Philippines?

A Governance Perspective

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1. Introduction

The Pantawid Pamilyang Pilipino Program (Pantawid Pamilya) is a conditional cash transfer (CCT) program. It transfers cash to poor households on condition that their children attend school and visit a health facility for health check-ups and services, such as growth monitoring and vaccination. There is strong empirical evidence that the program is making a positive impact on the day-to-day lives of millions of poor people in the country.¹ The program has five key design elements which are all characteristic of good governance. The five elements are (i) the selection of program beneficiaries is based on objective, verifiable criteria; (ii) a systemic feedback mechanism exists for people to ask questions, suggest improvements, and lodge grievances; (iii) there is active citizens' and community engagement throughout program implementation; (iv) the focus is on measurable results, which are continuously monitored; and (v) there are strong public communication and outreach efforts. These design elements make people feel included in a relationship with government which is open, accountable, and responsive to their needs and concerns while giving them a real sense of empowerment in decision making which affects their lives.

2. Pantawid Pamilyang Pilipino Program (4Ps)

Launched in 2007 as a pilot and gradually rolled out since 2008, Pantawid Pamilya is a social protection program administered by the Department of Social and Welfare Development (DSWD). It is one of the government's flagship programs to eradicate extreme poverty, promote universal primary education, and improve child and maternal health. The program currently provides financial grants to 4.4 million poor households with children ages 0-18 years old across the country, on the condition that they

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¹ World Bank. 2014. *Keeping Children Healthy and in School: Evaluating the Pantawid Pamilya Using Regression Discontinuity Design Second Wave Impact Evaluation Results*. Washington, D.C.: World Bank; World Bank. *A Qualitative Follow Up to the Impact Evaluation of the Philippines Pantawid Pamilya Pilipino Program*. Unpublished, Washington, D.C.: World Bank; World Bank. 2013. *Philippines Conditional Cash Transfer Program Impact Evaluation 2012*. Washington, D.C.: World Bank; Chaudhury, Nazmul and Yuko Okamura. 2012. "Conditional Cash Transfers and School Enrollment: Impact of the Conditional Cash Transfer Program in the Philippines." Philippines Social Protection Note No. 6. Washington, D.C.: World Bank; and Manasan, Rosario G. 2011. "Pantawid Pamilyang Pilipino Program and School Attendance: Early Indications of Success." PIDS Policy Notes 2011-19. Makati, Philippines: Philippine Institute for Development Studies.

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meet specific requirements with respect to the health and education of their children. The program helps enroll increasing numbers of poor children in school, improve their health and nutrition, and increase poor families' investments in education and health. According to the administrative data, the program has reached 100 percent coverage of the target population: poor households with children ages 0-18 years old, as identified by the national household targeting system. In the year 2015, about 400,000 children from Pantawid households graduated from high school. This is an important milestone, as poor children are empirically found to experience a significant disadvantage and deprivation in access to secondary education.

3. Key Elements of Pantawid Pamilya's Success

Transparency, openness, accountability, participation, and integrity are essential to ensuring that Pantawid Pamilya supports good governance. These principles are not only a means to achieve the program objectives, but also an end in themselves.

i. Objective Selection of Program Beneficiaries

Pantawid Pamilya selects beneficiaries based on objective and verifiable criteria such as estimated household income below the official poverty threshold, validated by the community. To ensure that only eligible beneficiaries receive cash transfers, DSWD developed an objective and transparent targeting system called *Listahanan*, or the National Household Targeting System for Poverty Reduction (NHTS-PR). *Listahanan* is a national database of poor and vulnerable households.² It provides the essential basis for the way in which Pantawid Pamilya is delivered to the poorest people in the country. The major data collection effort for *Listahanan*

² *Listahanan* is currently used by more than 1,200 local and national government agencies. All national government programs, including the CCT and the subsidized health insurance program for the bottom 40% use *Listahanan* to identify their beneficiaries. Based on available empirical evidence on the targeting performance of the CCT program, which uses *Listahanan* to identify its beneficiaries, *Listahanan* targeting performance is excellent by international standards. In 2013, 65 % of the CCT beneficiaries were poor and 82 % were from the bottom 40 % of the population (World Bank. 2014. *Snippets from the Benefit-Incidence Analysis of the Pantawid Pamilyang Pilipino Program*. A Power Point Presentation from November 17, 2014. Manila). *Listahanan* replaced a previous practice of targeting public benefits to poor and vulnerable population, where the identification of beneficiaries

was undertaken in 2009/10, when close to 11 million households or almost 60% of all households in the Philippines at the time were visited and data about their income status was collected. Using the proxy means test method and community validation, 5.3 million households were identified as poor and they have been targeted for anti-poverty programs.

Pantawid Pamilya draws the initial lists of beneficiary households (poor households with children ages 0-18 years old) from Listahanan. The lists are then verified for program eligibility requirements, upon which households are enrolled in the program and receive the financial grants subject to conditionality compliance. This objective and transparent approach to selecting beneficiaries affects how people perceive the nature of government service. The beneficiaries are now able to see the grants they receive as “rights, due to the objective lack of opportunity you face” rather than “gifts, courtesy of your politicians” in exchange for votes. One of the most profound transformations in state-society relations occurs when people realize and start demanding that they should receive government services as public goods, not as private favors or personal rewards. The method of objectively selecting beneficiaries through Listahanan assists in initiating such a transformation.



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ii. Systemic Feedback Mechanism

Another key good governance principle of Pantawid Pamilya is its systemic feedback channel through which program beneficiaries and the public can express their needs and concerns. Grievances and other feedback from stakeholders provide Pantawid Pamilya with a critical source of information about how the program is performing and what needs to be done to improve its performance. It helps DSWD better understand citizens’ demands and strengthens its accountability to the people, whom the program is designed to serve. Pantawid Pamilya has set up a fully functional Grievance Redress System (GRS), putting together sound institutional and organizational structures, robust business processes and standards, and highly motivated and dynamic staff at all levels. Feedback can be received through multiple channels such as email, mail, faxes, phone calls, complaint boxes, text messages, and face-to-face walk-ins. Once people file grievances, the GRS puts them into a database and tracks their status until they are resolved.

Nearly 660,000 grievances have been solved since its inception. The grievance resolution rate is almost 100 %, with an average resolution time of 32 days. Today, the GRS is widely recognized. According to an independent study conducted in 2012, more than 80 % of the beneficiaries who were interviewed were aware of the system.³ The GRS is central to Pantawid Pamilya’s ability to respond to the needs and concerns of the public in a timely, impartial, and accurate manner. Equally importantly, it gives people an invaluable “voice” to hold DSWD accountable for what it does. This is an essential principle of good governance.

was based on subjective criteria and performed by local government officials and politicians. As a result, resources allocated to programs leaked to unintended beneficiaries – mostly to those who had political connections and were not necessarily poor – while the poor became marginal recipients of government assistance. See Manasan, Rosario and Janet Cuenca. 2007. “Who Benefits from the Food-for-School Program and Tindahan Natin Program: Lessons in Targeting?” PIDS Discussion Paper Series No. 2007-10. Makati, Philippines: Philippine Institute for Development Studies. Fernandez, Luisa and Rashiell Velarde. 2012. “Who Benefits from Social Assistance in the Philippines: Evidence from the Latest National Household Surveys.” World Bank Philippine Social Protection Policy Note No. 4. Manila, Philippines: World Bank.

³ Patel, Darshana, Yuko Okamura, Shanna Elaine B. Rogan, and Sanjay Agarwal. 2014. “Grievance Redress System of the Conditional Cash Transfer Program in the Philippines.” Social Development Department and East Asia Social Protection Unit Case Study. Washington, D.C.: World Bank.



iii. Active Citizens' Participation and Community Engagement

Pantawid Pamilya is a community-centered program. Engaging communities is critically important in promoting participation in decision-making, ensuring that Pantawid Pamilya reflects the real interests of communities while empowering them to be the drivers of the program. Communities are not passive recipients of government services, but active participants with a strong sense of ownership. This level of engagement has a positive impact on the outcomes of the program. Poor communities, including marginalized and indigenous groups, are actively involved in key stages of the Pantawid Pamilyang implementation. For example, they are engaged in the validation of the eligible beneficiaries. School principals, health workers, barangay captains and other community members help beneficiaries comply with the conditions to receive the cash transfers from the program. Program beneficiaries themselves are organized as parent groups and each group has a "parent leader". There are about 125,000 parent leaders, mostly mothers, across the country, who have been trained and educated not only in performing their functions as community leaders but also in raising awareness on citizens' rights.

Every month, representatives of beneficiary households attend Family Development Sessions. In these sessions, they support each other, share knowledge and experience, and promote learning on issues such as reproductive health, good parenting practices, financial literacy, disaster risk preparedness, and their rights as citizens. As a result, beneficiaries often become more engaged with government and start demanding better provision of education and health services. This can result in local government officials becoming more responsive to their needs. As basic principles of good governance, it is this kind of community engagement and empowerment which drive Pantawid Pamilya.



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program management. The strong focus on managing for results enhances program control, oversight, and integrity of Pantawid Pamilya. There has been a positive impact on the quality of the accountability relationships between policy makers, service providers, and the public.

iv. Strong Results-Oriented and Management

Pantawid Pamilya's strong results-orientation also helps ensure that objectives and resources are strategically aligned and result in an efficiently executed program. The program continually emphasizes management for results and strives to improve the quality of performance to achieve the twin objectives of reducing poverty and investing in the human capital. As a result, the program has expanded from 760,000 households with about 3.8 million members in 2009 to 4.4 million households with about 22 million people in early 2015. Commensurately, the budget allocation to finance the program has increased from 0.1 % of GDP in 2010 to 0.5 % of GDP in 2014. The program has a strong built-in culture of impact evaluation (for program performance) and spot checks (for implementation and business processes assessment) that provides empirical feedback on the program performance and has served as a cornerstone for evidence-based policy adjustments and

v. Public Communication and Outreach

In recognition of the importance of transparency and openness in program implementation, Pantawid Pamilya carries out a series of strategic communication campaigns and outreach activities. Targeted at various stakeholders at the national, regional, and local levels, including policy makers, civil society organizations, the media, and program beneficiaries, strategic communications are designed to build broad public support for Pantawid Pamilya and to promote positive changes in the behavior of beneficiary households. To ensure that the public has timely access to necessary and credible information on the program, Pantawid Pamilya actively utilizes television and radio channels, newspapers, internet, social media, face-to-face meetings, workshops, etc. Public communication and outreach efforts are critical to making the program more transparent and open, enabling beneficiaries and other stakeholders to participate in the implementation, and strengthening the program's accountability and responsiveness to the public.

4. Lessons for Other Programs and Agencies

There is an enormous potential for the Pantawid Pamilyang program to help transform governance in the country by showing people that public goods and services could be provided in accordance with official rules and proper procedures without using patronage and clientelism. What is important from a governance perspective is not so much whether Pantawid Pamilya is provided, but how it is provided. The five key principles described above are integral parts of Pantawid Pamilya's good governance practice. When strong leadership, commitment of senior executive officials at DSWD, and participation by beneficiaries and communities form a coalition around these principles, the quality of public services improves and governance is transformed. This formation of a coalition of stakeholders around key principles of good governance is an approach which could be replicated across government and throughout the country.



Annex 1 – Main Findings from the Impact Evaluation of the Pantawid Pamilyang Pilipino Program⁴

The impact evaluation conducted in 2012 found that the Pantawid Pamilyang Pilipino program was largely meeting its objective of helping to keep poor children in school, by expanding enrollment among younger children (by 10 percentage points for 3-5 years old) and improving attendance by 4.5 percentage points for 6-11 year old, in comparison with the control group of poor households who did not participate in the program. More children of all age groups across the beneficiary households, except for the youngest pre-school/daycare age group, attended schools. However, the evaluation concluded that the program did not significantly increase enrollment among older children aged 12-17 years old. It noted that though Pantawid Pamilya did not explicitly focus on improving schooling of children above age 14, the program was unable to improve enrollment of children 12-14 years of age, who are currently covered under Pantawid Pamilya.

The impact evaluation also confirmed that the program was achieving its objective of helping to keep poor children healthy. It found that the program helped make a positive impact on the long-term nutritional status of younger children (6-36 months old). The program reduced severe stunting of young children (6-36 months old) by a 10 percentage point while 24 % of the same age group were severely stunted in those barangays that were not enrolled in the program. The main reason behind this improved long-term nutritional status is that the program made it possible for parents to provide better and constant care for their children such as providing their children with more protein-rich food like eggs and fish. The program has also promoted among poor women the use of maternal and child health services such as antenatal care, postnatal care, regular growth monitoring, and receipt of Vitamin A and deworming pills. In addition, it has helped beneficiary households seek healthcare services when their children become sick.

Furthermore, the study indicated that the program was helping poor households increase their investments in meeting the health and education needs of their children. It noted that beneficiary households were changing their spending patterns, spending more on health and education than non-beneficiary households. It was also found that beneficiary households spent less on vices such as alcohol and that the program had helped beneficiary households increase their savings. On the other hand, there was no clear evidence that the program achieved an overall increase in per capita consumption among beneficiary households, although the study showed that poor households were saving more in certain provinces. It is estimated that per capita consumption per day of the sampled households was PHP 46 per day in both program and non-program barangays, while beneficiary households claimed they received PHP 5 per day (equivalent to US\$ 0.11 a day), representing approximately 11 % of the households' per capita consumption.

Finally, the study reported that there were several positive impacts of the program apart from the originally targeted objectives. One of them is the increased coverage of the PhilHealth health insurance program. A larger number of poor households claimed that they were covered by PhilHealth in barangays that received Pantawid Pamilya than their counterparts in barangays that did not receive the program. The findings of the impact evaluation also suggested that the program did not influence household decisions to work or fertility rates. In spite of the additional household income received under the program, there was no evidence that beneficiary households worked less or made less effort to obtain more work. The study also pointed out that beneficiary households were not having any more children than non-beneficiary households.

⁴This section is drawn from World Bank. 2013. *Philippines Conditional Cash Transfer Program Impact Evaluation 2012*. Washington, D.C.: World Bank. The impact evaluation has applied two analytical methods: (i) Randomized Control Trial (RCT), which compared randomly assigned program areas and non-program areas, and (ii) Regression Discontinuity Design (RDD), which compared the outcomes of poor households who received the program with similar poor households just above the poverty line. The 2012 evaluation focuses on the RCT component only. For the findings from the RD component, see Annex 2.

Annex 2 – Main Findings from the Second Impact Evaluation of the Pantawid Pamilyang Pilipino Program⁵

Regarding the objective of helping keep poor children healthy, one of the key findings in the second impact evaluation study is that there were more mothers from the beneficiary households who had undergone delivery in health facilities. At the threshold, there were 7 in 10 child births among the beneficiary households in the past five years, in comparison with 5.5 in 10 births among non-beneficiary households and to the national average of 6 in 10 births. Also, more mothers from the beneficiary households had access to postnatal care in health facilities and postnatal care services by a skilled health professional.

Another key finding is that Pantawid Pamilya was able to expand children's access to some key health care services. The study showed that significantly more children from the beneficiary households, compared to those from non-beneficiary households, had access to basic health services that were considered to be critical to improving children's health. Also, it reported that almost 9 in 10 children from the beneficiary households received Vitamin A supplements, and over 3 in 10 received iron supplements. In addition, approximately 8 in 10 received deworming pills at least every year. About 1 in 5 children under 2 years and nearly 1 in 2 children aged 2-5 years went through weight monitoring in health centers on a regular basis. Among the beneficiary households, nearly 9 in 10 households were enrolled in the PhilHealth health insurance plan.

It is important that the evaluation study clearly demonstrated that Pantawid Pamilya kept older children in school. Gross enrollment rate for high school children (12-15 years old) was higher for children from the beneficiary households living near the poverty threshold. It is critical to ensure that high school-aged children are enrolled in school because children in this age group are more likely to drop out of school in order to pursue employment opportunities. While the program's cash grants were not sufficient to completely keep children from working, it has helped beneficiary children spend less time working in comparison with their non-beneficiary counterparts, perhaps because of increased time spent on schooling.

Equally importantly, the evaluation provided indications that Pantawid Pamilya increased beneficiary households' investments in education. It highlighted that the beneficiary households spent PHP 206 more per school-aged child per year at the threshold than non-beneficiary households. The beneficiary households paid less exam fees while they did more on uniform or clothing. Nevertheless, the study found little evidence of difference in total per capita expenditure between the beneficiary and non-beneficiary households at the cutoff.

It was also confirmed that Pantawid Pamilya did not produce unintended consequences such as dependency and spending more on vices. The evaluation study made it clear that beneficiary households worked as much as non-beneficiary households. Working-age members of the beneficiary households who were already employed, continued to seek more work contrary to popular myth that they completely depended on the cash grants. Also, it found that beneficiary households did not spend more on vices such as gambling, tobacco and alcohol.

Finally, the study implied that Pantawid Pamilya appeared to improve beneficiary parents' perspectives on their situation and that of their children's future. With the thought of their children graduating from college, as compared to non-beneficiary parents, beneficiary parents could expect to have better opportunities and prospects and believe that their children will have better lives. These findings suggest that beneficiary parents are aware of how the program will improve their family's future and welfare. It is this positive outlook that may help them strive to achieve their aspirations.

⁵This section is drawn from World Bank. 2014. *Keeping Children Healthy and in School: Evaluating the Pantawid Pamilya Using Regression Discontinuity Design Second Wave Impact Evaluation Results*. Washington, D.C.: World Bank. The second impact evaluation provides the findings from the Regression Discontinuity Design component. The sample size is 5,041 households from 30 municipalities in 26 provinces. The beneficiary households in the sample have been exposed to the program for two to four years at the time of data collection from October to December 2013.

