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COVID-19 and Social Assistance in the Philippines: Lessons for Future Resilience

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Executive Summary

The COVID-19 pandemic in the last two years has gone through multiple phases in the Philippines and its impact is still unfolding. The magnitude of disruptions in jobs and livelihoods due to lockdown measures as well as government social protection responses have varied across time. In the same period, the country experienced natural disasters including Typhoon Odette, which triggered the declaration of a state of calamity and underscored the importance of an adaptive social protection (SP) response.

This note describes the phases of the COVID-19 SP response in the Philippines and assesses the performance with a focus on social assistance (SA). We provide estimates of the coverage, adequacy, targeting accuracy, timeliness, and payment delivery of COVID-19 social assistance in the Philippines based on several household surveys and studies. We pay special attention to the Philippines' flagship social protection program, the Pantawid Pamilyang Pilipino Program (4Ps), and the COVID-19 emergency cash assistance program, the Social Amelioration Program (SAP). Salient findings are summarized as follows:

- **Overall SA coverage was very high during the pandemic.** In the first half of 2020, 96 percent of Filipino households reported receiving some form of social assistance. The most common forms of assistance were local relief (mainly food aid distributed by local government units or LGUs). SAP also reached a high share of households—close to 60 percent of households based on a nationwide survey—and about 23 million beneficiaries based on administrative data.

- **Despite the large coverage of SA programs, their ability to mitigate the negative impact of the pandemic was modest.** Timely support provided to 4Ps beneficiaries helped them cope with the shock better. Delivery of cash assistance to beneficiaries beyond 4Ps was challenging due to weak delivery systems. The overall impact of SA was modest given the magnitude of the shock and the prolonged pandemic as well as the required amount and timeliness of assistance. Food insecurity rose sharply, and many households were forced to employ negative coping strategies. Household employment rebounded as economic

activities gradually resumed when quarantine restrictions were relaxed, but recovery of household incomes was much slower. A significant increase in the poverty rates is expected.

- **The targeting accuracy of social assistance programs varied greatly.** 4Ps continued to be relatively well targeted, though targeting accuracy continued to decline. SAP also demonstrated progressivity in targeting. Other programs were not as well-targeted and, in some cases, regressive. While food aid reached households faster than cash due to the country's well established relief mechanism developed to cope with frequent natural disasters, it was not well targeted, the monetary value was small, and it was also costly to deliver.

- **SAP payments were delivered through three different channels: cash cards for current 4Ps beneficiaries, physical delivery by LGU officials, and banks and e-money issuers.** This indicates that the government-to-person (G2P) payment mechanisms in the country have mixed levels of development. The initial attempt at large scale digital payments using banks and e-money issuers for the second tranche of SAP presented both current challenges and future opportunities for leapfrogging the country's G2P mechanisms.

The experience provides some important lessons. First, it is critical to have well-established SP policies, programs, and systems upon which emergency operations can be built. Second, SP delivery systems require regular updates and modernization investment and efforts. Third, digital tools and technological advances should be actively used for SP delivery. Fourth, timely and agile policy adaptations building on the lessons learned from each shock can help strengthen overall SP systems and delivery for future resilience.

The note proposes the following priorities for adaptive and resilient SP program delivery: adoption of the national ID system for SP delivery; enhancement of the targeting system; development of digital platforms and tools; continued innovation in digital G2P payments; strengthening of contingency financing mechanisms and readiness for disaster response; and shift of resources from in-kind to cash assistance.

1. Introduction

COVID-19 has caused an unprecedented health and economic crisis in the Philippines. Between the start of the crisis and March 29, 2022, about 3.7 million Filipinos contracted COVID-19 and over 59,000 died from the disease;¹ the GDP growth rate fell from 6.0 percent in 2019 to -9.5 percent in 2020 then rebounded to 5.6 percent in 2021;² and the poverty rate that was on the downward trend prior to the pandemic increased from 16.6 percent in 2018 to 23.7 percent in the first semester of 2021 (based on estimates of the Philippine Statistics Authority).³ Survey evidence and official statistics indicate that the crisis has led to a number of secondary negative effects, including hunger, stress and anxiety, and domestic violence; and simulations suggest that there are likely large additional unmeasured negative effects, such as high learning loss among students (Rivas 2021; Tee et al. 2020; Calleja 2020; Gayares 2021).

The Government of the Philippines acted quickly to provide assistance to households affected by the crisis especially during the early period of the pandemic by adjusting existing social assistance programs and launching new ones. Conditions for the country's flagship conditional cash transfer program, the Pantawid Pamilyang Pilipino Program (4Ps), were lifted during the initial period of the pandemic;⁴ in-kind food aid was distributed to many households; and a new and large unconditional cash transfer program aiming to cover over three quarters of Filipino households, the Social Amelioration Program (SAP), was launched. With narrowing fiscal space as the pandemic continued, and the COVID situation varying by locality, nationwide social assistance (SA) response was phased out whereas assistance based on the

discretion of local government units (LGUs) continued and increased in the later phase of the pandemic.

In December 2021 amid the pandemic, Typhoon Odette hit the country and heavily affected six regions. A state of calamity was declared in the regions, the third such declaration in the country in the last two years. This new state of calamity overlapped with the nationwide state of calamity due to COVID declared in March 2020 and extended over time. It was also in addition to the earlier state of calamity that was declared in May 2021 due to the African swine flu. While the coverage, populations affected, and severity of the shocks varied, the events highlighted the country's frequent exposure to natural disasters and the importance of adaptive social protection for resilience.

In this note, we use representative household survey and administrative data to discuss the coverage, adequacy, targeting accuracy, timeliness, and payment delivery of COVID-19 SA in the Philippines. We synthesize results from a variety of data sources, including the Annual Poverty Indicator Surveys (APIS), Family Income and Expenditure Surveys (FIES), Social Weather Stations (SWS) surveys, Labor Force Surveys (LFS), World Bank Household Panel and Economic (HOPE) Survey,⁵ and World Bank High Frequency Monitoring (HFM) Survey.⁶ Where possible, we also compare different social assistance programs and different methods for delivering social assistance to provide insight into the combination of social assistance programs and delivery channels that is likely to be most effective in future emergencies.



Photo by: Joham Kirby Datoy

1 <https://ourworldindata.org/coronavirus/country/philippines>

2 *National Accounts*. Philippine Statistics Authority.

3 <https://psa.gov.ph/poverty-press-releases>

4 Conditions of 4Ps were brought back in October 2020.

5 See policy notes based on the HOPE survey focusing on low-income households:

<https://www.worldbank.org/en/country/philippines/brief/covid-19-impacts-on-low-income-families-in-the-philippines>

6 See overview, survey findings, and policy notes using the high frequency monitoring survey – firms, households, and communities: <https://www.worldbank.org/en/country/philippines/brief/monitoring-covid-19-impacts-on-firms-and-families-in-the-philippines>

2. Background

2.1 Pre-Pandemic Social Protection Context

The SP Policy Framework in the Philippines has seen steady progress with synergistic initiatives and legislations. The Philippine Development Plan 2017-2022 recognizes SP as an important pillar in poverty reduction and inclusive growth. The Pantawid Pamilyang Pilipino Program Act (4Ps Act) was enacted in 2019, building on over a decade's success of the program and institutionalizing it as a national poverty reduction strategy. The law was the basis for the SP Operational Framework, which was complemented by the SP Plan for 2020-2022. Along with the 4Ps Act, other key legislations and reforms to support the poor and vulnerable populations were established.⁷ These laws, operational framework and plans helped establish the institutional arrangement and coordination mechanisms among various SP agencies. Among various SP instruments—SA, social insurance, social services and active labor market programs—SA is most prominent with a wide coverage in the Philippines.

The achievements of 4Ps are noteworthy and widely recognized. Numerous studies show that the program has contributed to reducing poverty, improving human capital, and supporting women's empowerment, among others. 4Ps is a conditional cash transfer (CCT) for promoting health, nutrition, and education for the poor. The 4Ps Act increased the benefit amount, and the program now transfers ₱750 (US\$15) for monthly health grant and ₱300 to 700 (US\$6 to 14) for monthly education grants depending on the level of grades up to 10 months a year. Additional benefits include rice subsidy (₱600 [US\$12] per month) and PhilHealth coverage.⁸ The positive impacts of 4Ps are evident across various indicators. Estimates suggest that a quarter of overall poverty reduction in the country from 2006 to 2018 could be attributed to government transfers driven by 4Ps (World Bank 2018). Likewise, 4Ps children were more likely to stay in school than others from a similar socioeconomic background (e.g., junior high school enrolment rate at 83.4 percent for 4Ps versus 78.2 percent for non-4Ps) (Orbeta et al. 2014). 4Ps households showed significantly lower incidence of hunger,⁹ and greater expenditure for children (e.g., education, clothing and footwear) in part due to payments being transferred mostly to mothers. By transferring resources to women and empowering

them, it was also found that 4Ps has reduced gender-based violence among the poor. The program, the largest SP program in the country implemented by the Department of Social Welfare and Development (DSWD), serves about 4.2 million poor and vulnerable households objectively identified by the country's targeting system, Listahanan.

The Unconditional Cash Transfer (UCT) Program under the Tax Reform for Acceleration and Inclusion (TRAIN) Law was introduced as a tax reform mitigation program in 2018. The intention was to support households that may not benefit from the lower income tax rates but may be adversely affected by rising prices. It covers about 2.2 million additional poor households identified through Listahanan in addition to current 4Ps beneficiaries (4.2 million) and non-contributory social pension (SocPen) beneficiaries of indigent senior citizens (3.4 million). Thus, close to 10 million households receive benefits from the TRAIN-UCT, although the extent to which the three different target groups overlap is unclear. Since the TRAIN-UCT program was introduced to temporarily mitigate the impact of the tax reform, the program expired in 2021. 4Ps beneficiaries received additional TRAIN-UCT benefits of ₱300 [US\$6] per month while the program lasted, in addition to their regular health and education grants supplemented by rice subsidies. SocPen beneficiaries received their regular benefits (₱500 [US\$10]) and TRAIN-UCT benefits (₱300 [US\$6]) per month.

In contrast to social assistance which has high coverage, social insurance is accessible to only a fraction of the workforce, mostly in the formal sector. Two institutions administer contributory social insurance/pension schemes for the public and private sectors: the Government Service Insurance System (GSIS) and the Social Security System (SSS), respectively. The SSS includes a partially funded scheme for informal workers,¹⁰ with de-jure worker participation in the pension schemes mandatory; however, actual or de-facto coverage rates are low (only about 38 percent of wage workers contribute to SSS). Further, the distribution of pension income is concentrated in higher-income households (World Bank 2018). The SSS faces a challenge in achieving long-term sustainability considering the aging profile of contributors and retirees.

7 These include the Universal Health Care Act, Social Security Act, Magna Carta of the Poor, National Commission of Senior Citizens Act, Community-Based Monitoring System Act, and Philippine Identification System Act.

8 See Cho et al. 2020a.

9 Share of households reporting hunger: 13.1% for 4Ps versus 18.7% for non-4Ps. In the 3rd impact evaluation based on 2017-2018 data.

10 Contribution rates are 8.5% for employers and 4.5% for employees, or 13.0% total for both as of 2021. The self-employed pay the full 13.0 percent contribution. Options to contribute to SSS for voluntary and non-working spouse members as well as OFWs also exist.

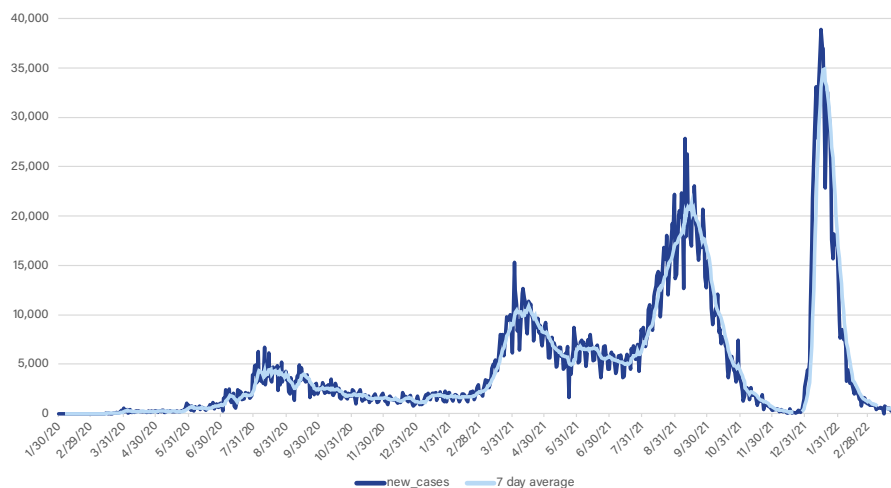
Despite active implementation of various SP programs especially SA,¹¹ SP delivery systems are underdeveloped in the country. Only 4Ps and social insurance programs use digital channels to transfer resources to individuals, but most other programs tend to rely on physical (over-the-counter) cash delivery. When the pandemic happened, the national targeting system (Listahanan) that was intended to help identify and verify eligible beneficiaries, was not up-to-date. Moreover, the national ID system (PhilSys) was at a nascent stage and was not operational.

2.2 Evolving COVID-19 Environment
COVID-19 spread to the Philippines in early 2020, with the first official case in late January and the first official case of community transmission in March 2020. To reduce the spread of the virus, the Government of the Philippines declared a state of calamity in March 2020 and imposed strict lockdowns on many areas of the country, restricted travel, closed businesses, and prohibited large gatherings.¹² The number of daily COVID cases was relatively low in 2020, but fluctuated widely in 2021 with an average level a lot higher than that of 2020

(Figure 1). The last quarter of 2021 saw a huge decline in the number of cases as if the pandemic was over in the Philippines, but in the beginning of 2022, the country again experienced an unprecedented surge, in part due to the Omicron variant.

The pandemic period can be roughly divided into four phases, characterized by varying severity of quarantine and social protection measures, levels of compliance, and global environment (Table 1).¹³ Phase 1 of the pandemic covered Q1 and Q2 of 2020, when the lockdown was most stringent and mobility was significantly limited. Business and consumer confidence plummeted, and the economy contracted by 16.9 percent from Q2 2019 to Q2 2020. Little was known about the virus worldwide, and lockdown measures were considered the only option to “flatten the curve” and avoid the collapse of the healthcare system. During this time, compliance with lockdown measures was high but consequently, many jobs were lost with the skyrocketing unemployment rate (World Bank, 2021). The Philippine government introduced a large social protection program, SAP, to support pandemic-affected populations, including displaced workers.

Figure 1. New daily cases of COVID-19 in the Philippines



Source: Our World in Data

11 Apart from programs providing regular cash transfers at scale, there are several other programs that address community needs or respond to disasters. The Sustainable Livelihood Program and National Community Driven Development Program support poor, vulnerable, and marginalized households or communities in building their assets and promoting self-help through community projects. Various Cash [Food]-for-Work, Cash [Food]-for-Training, Cash [Food]-for-Caring support, assistance for emergency shelter, and most recently, the Emergency Cash Transfer, are in place to provide emergency assistance. Assistance to individuals in crisis situations (AICS) provides temporary cash assistance based on on-demand requests in case of exposure to personal shocks. The AICS program was a small scale support with an on-demand application, but during the pandemic, a large number of beneficiaries received support from this program.

12 According to the Oxford COVID-19 Government Response Tracker, the lockdown in the Philippines was one of the most severe lockdowns in the world and significantly more severe than in most countries in the East Asian and Pacific region.

13 This part is adopted and updated from the Philippines Economic Update – December 2021 edition. See World Bank (2021).

Phase 2 was between Q3 of 2020 and Q1 of 2021 when the economy was slowly rebounding and jobs were coming back, in part with the help of the end-of-year seasonal effect. Better knowledge about the disease and active vaccine development and deployment¹⁴ occasioned cautious optimism. The implementation of SAP during this phase was concentrated in areas still under the enhanced community quarantine (ECQ). Meanwhile, overall business and consumer confidence was slowly returning, and government support focusing on the labor market (e.g., wage subsidies and public works) was introduced and enhanced. During this phase, measures to control the spread of the virus were diversified from lockdowns to contact tracing, testing, and isolation.

Phase 3 was marked by a surge of COVID-19 cases in Q2 2021 that led to another round of strict lockdown measures in the National Capital Region (NCR) and surrounding regions. Since then, localized lockdowns depending on the number of new cases were imposed. Along with the decisions on lockdown measures, SA support also became decentralized, relying on the discretion of local governments. As the cash assistance distributed as part of the national government's initiative dwindled, local ayuda consisting mostly of food and non-food in-kind packages were provided to locally identified populations. During this period, lockdown fatigue

and uncertainties and inconsistencies in community quarantines and government support prevailed. Similar patterns were repeated in the surge in August 2021 due to the Delta variant. The government's health sector efforts focused on providing vaccines throughout the country and addressing vaccine hesitancy and misinformation. By the end of the year, the number of cases rapidly declined and remained very low in November and December 2021 as if the pandemic was coming to an end.

Phase 4 in Q1 2022 is again seeing an unprecedented surge of the Omicron variant, with the alert system enhanced and stricter measures implemented in many parts of the country. With an estimated 63 million people (58 percent of population) fully vaccinated,¹⁵ the Philippine government's efforts are focused on last mile delivery of vaccines and mass vaccination for booster shots. While hospitalization and death rates may be lower, the sheer number of cases continues to raise concerns about the health care system. Despite many uncertainties, an increasing number of countries are acknowledging a COVID endemic scenario where the virus threat would become less serious after a large-scale inoculation or infection. In such a case, even if the number of cases increases, reduced hospitalization or death rates can occasion a cautious shift to a period of living with the virus.

Table 1. Characteristics of the four phases of the pandemic

Characteristics	Phase 1 Beginning – Q2 2020	Phase 2 Q3 2020 – Q1 2021	Phase 3 Q2 2021 – Q4 2021	Phase 4 Q1 2022
Lockdown measures	Stringent community quarantines, high compliance	Relaxed community quarantines	Mixed community quarantines, lockdown fatigue	Localized alert systems
Health policy environment	Huge uncertainty; heavy reliance on lockdowns	Modest confidence; marked by need for tracing, isolating, and treating, in addition to lockdowns	Growing confidence; marked by need for large vaccine procurement and distribution	Unprecedented COVID surge due to variants; booster vaccination drive; marked by uncertainty
Major COVID-19 SA programs including for displaced workers	SAP 1st tranche (cash, large scale, nationwide)	SAP 2nd tranche (cash, large scale, focusing on NCR and neighboring regions)	Local assistance or ayuda (cash and in-kind per LGU discretion)	Local assistance or ayuda (cash and in-kind per LGU discretion)
Major COVID-19 labor market programs	Limited wage subsidies and cash for work, increased demand for repatriation support of OFWs	Expanded cash for work, continuous repatriation and reintegration of OFWs; training and livelihood assistance	Continued programs, renewed commitment through the National Employment Recovery Strategy	Continued programs
External environment	Global recession/uncertainty	Economic rebounding/vaccine optimism	Vaccine optimism mixed with caution against variants' surge	Acknowledging a COVID endemic scenario

¹⁴ COVAX, a global vaccine facility for COVID-19 vaccine development and deployment was launched in July 2020.

¹⁵ As of February 27, 2022.

2.3 COVID-19 Social Protection Response

The government's decision to support households affected by the pandemic was swift.

In late March 2020, the Bayanihan¹⁶ to Heal as One Act (Bayanihan I) was enacted within two weeks of the declaration of a state of calamity in mid-March. The law included far-reaching initiatives to help firms and households cope with the effects of the crisis which included, along with several other smaller programs, a new and large unconditional cash transfer program called Social Amelioration Program or SAP.¹⁷ Conditions of 4Ps associated with school attendance, health facility visits, and family development sessions were waived on the basis of force majeure, and 4Ps beneficiaries automatically became priority recipients in SAP.

In September 2020, the government passed the Bayanihan to Recover as One Act or Bayanihan II.

This enabled expanded support for labor market interventions while continuing efforts for SP as envisaged in Bayanihan I. Labor market measures through Bayanihan II include expansion of a cash-for-work program called TUPAD or Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers¹⁸ that helped displaced informal sector workers; and access to capital with concessional rates, especially to micro, small, and medium enterprises, through the Small Business Corporation, Land Bank of the Philippines (LBP), Development Bank of the Philippines, and PhilGuarantee (World Bank, 2021). While it was encouraging that the overall direction of policy providing support beyond SA included labor market interventions through Bayanihan II, the budget allocation was not as extensive as Bayanihan I (World Bank, 2021).¹⁹

After SAP implementation, SA support became decentralized as localized lockdown and alert

measures were implemented in the later phases of the pandemic in 2021.

As the central government's fiscal and human resources for additional SA programs diminished and the prospect for potential Bayanihan III became dim despite multiple bills, local government units took the lead in providing ayuda in a decentralized manner starting in April 2021 (Phase 3). DSWD expanded its specialized program for emergency response, the AICS, to provide support to beneficiaries on an on-demand basis and also through LGUs.²⁰ Unlike the centralized system of cash assistance, localized ayuda can be either cash or in-kind and mostly untargeted. The challenging part of this approach is the lack of coherent data that indicate the coverage and size of the transfers, which vary widely by localities. Meanwhile, voluntary "community pantries"²¹ from grassroots organizers became part of high-profile phenomena in the country, indicating both the bayanihan spirit of citizens and the daunting needs that are beyond government's support.

The Philippines spent roughly 2.5 percent of GDP on the overall fiscal response to COVID-19, the majority of which was for social protection.

When measured by growth rate of real GDP per capita in 2020, it is clear that the Philippines experienced larger shocks than regional peers. While the Philippines' response to COVID-19 was large by historical standards and received justification considering the magnitude of the shock, it was smaller as a share of GDP compared with many other countries' responses (Figure 2). For example, Thailand, which experienced a smaller economic contraction than the Philippines, spent over 8 percent of GDP on its COVID-19 response. Fiscal space and debt-GDP ratios were important considerations for determining the size of response.



Source: <https://www.facebook.com/dswdserves>

¹⁶ "Bayanihan" is a Filipino word that roughly translates as "spirit of civic unity."

¹⁷ In official documents SAP is referred to as the "Emergency Subsidy Program." We use the more widely used "SAP" in this paper.

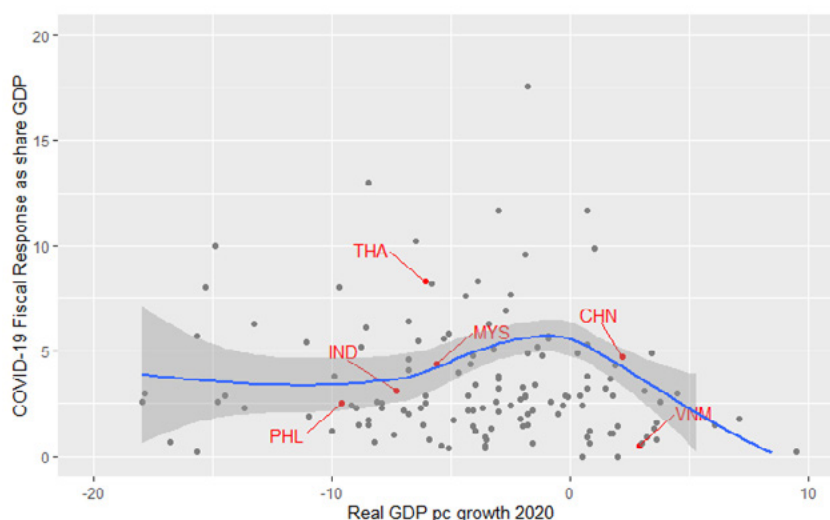
¹⁸ TUPAD is implemented by the Department of Labor and Employment.

¹⁹ Based on the Department of Budget and Management (DBM) data on COVID-19 releases as of September 30, 2021, Bayanihan I had more than ₱387 billion total budget allocation to implement the law while for Bayanihan 2, about ₱214 billion was allocated.

²⁰ DSWD reports that AICS supported 2.8 million individuals in 2020 to mid-2021. <https://www.pna.gov.ph/articles/1153520>

²¹ In April 2021, local entrepreneur Ana Patricia Non created a small "community pantry" in her neighborhood of Quezon City and encouraged local residents to "give according to your ability, take according to your need." Non's community pantry concept attracted large media attention and resulted in numerous similar community pantries. However, it was not received well by some quarters in government (Gozum et al. 2021).

Figure 2. Magnitude of COVID-19 shock and fiscal response as share of GDP



Source: Real GDP per capita growth figures are from the January 2022 issue of the World Bank's Global Economic Prospects database. Size of fiscal response figures are from the March 2022 issue of the IMF's database of fiscal responses to COVID-19.

Note: The blue line indicates a Locally Weighted Scatterplot Smoothing (LOWESS) curve. PHL=Philippines; IND=Indonesia; MYS=Malaysia; THA=Thailand; VNM=Vietnam; and CHN=China.

Social Amelioration Program

The major component of the government's COVID-19 SP response was SAP, a new and large unconditional cash transfer program. The initial intention was to deliver ₱5,000-8,000 (US\$100-160) in cash per month for two months to 18 million households across the country (DSWD 2020).²² The level of benefits was calculated to cover one month of household subsistence expenses based on the minimum wage of each region. The eligibility criteria of SAP included categorical conditions (e.g., solo parent, pregnant women, informal sector workers) and welfare conditions (e.g., indigent individuals, those unemployed and with income loss). 4Ps beneficiaries were automatically included for top-up benefits from SAP. As of 2019, nearly two-thirds of 4Ps beneficiaries received their benefits digitally through LBP cash cards (Acosta et al. 2019). When SAP was introduced, close to 90 percent of 4Ps beneficiaries already had the cash cards, and these

households were able to receive their SAP quickly through the digital channel by the first week of April 2020 in most cases (Cho et al. 2020a).

Identifying SAP beneficiaries beyond 4Ps and transferring cash grants to them turned out to be far more challenging than initially envisaged.

Given that there was no readily available, accurate, and recent list or registry of poor and vulnerable persons,²³ DSWD introduced a paper application form (i.e., Social Amelioration Card or SAC form) and manual application process, while LGUs prioritized poor and vulnerable populations based on their local knowledge. Intake of beneficiaries based on self-reported assessment forms and local verification (e.g., visual inspection of housing conditions for disaster relief) has been commonly used during disaster relief and humanitarian assistance delivery.²⁴ However, given the nature of the shock brought about by the pandemic with mobility constraints,

22 The total number of households in the country is approximately 23-25 million based on PSA estimates. So the initial target was to provide 72 to 78 percent coverage of the support.

23 The National Household Targeting System (Listahanan) covers around 70 percent of population with socioeconomic status at the household level, but the information was outdated as the latest data (Listahanan 2) were collected in 2015. Enumeration for a new Listahanan 3 was ongoing until the activity was suspended in March 2020 due to the pandemic. The enumeration for Listahanan 3 resumed in September 2020, but due to large-scale grievances and validity challenges, the targeting system was not yet operational as of December 2021.

24 The Joint Memorandum Circular No. 1 Series of 2020 identified the SAC as the primary means of identifying SAP beneficiaries. The SAC form is distributed in the barangay; it captures the family profile that will be used by families to access the social amelioration programs of government, similar to the Disaster Assistance Family Access Card. However, given the situation related to COVID-19 with restrictions in mobility, implementation challenges were anticipated: SACs were physical forms that needed considerable effort and coordination to distribute to LGUs; geographically isolated areas had difficulties receiving SAC in a timely manner, raising the concern for delay and exclusion; LGU staff were identified to consolidate and encode the SAC, which added to the workload of already stretched workers engaging in other important COVID-19 activities; SAC required physical submission of forms which was challenging during community quarantines and restricted mobility.

infection concerns, and absence of visual verification mechanisms for the eligibility criteria, implementing the process was a huge challenge. Without a comprehensive digital ID that enables beneficiary verification and cross-checking with government databases, and with the time pressure for program implementation, beneficiary enrolment was done with little deduplication or eligibility verification.²⁵ Consequently, there were significant delays in SAP delivery and confusion among LGUs and non-4Ps beneficiaries entitled to the SAP. DSWD's record shows that the distribution of the first tranche of SAP (SAP 1) for non-4Ps households stretched beyond June 2020.²⁶ Moreover, a greater number of beneficiaries requested SAP benefits than initially anticipated, in part due to the confusion between "family" as commonly understood and "household" as a unit of SA support as well as few mechanisms to differentiate them.²⁷

The experience in the implementation of SAP 1 led to several changes in the implementation of the second tranche or SAP 2.²⁸ The government had to accommodate many waitlisted families that applied for SAP and did not receive the first tranche benefits. To include more families within the allocated budget, LGUs still under ECQ in May 2020 were prioritized. DSWD's records²⁹ indicate that SAP 1 payments were delivered to 16.7 million households, among whom close to 4.3 million were 4Ps beneficiary-households. SAP 2 benefitted a total of 12.6 million households, including 1.4 million 4Ps households, among whom 7.6 million households received the two transfers. In addition, the government scaled up digital payments for the SAP 2 by partnering with six financial service providers (FSPs)—three traditional banks and three e-money issuers (EMIs).

As a result, SAP payments ended up using three different channels for delivery. For 4Ps households, SAP payments were delivered through their existing 4Ps payment channel, in most cases LBP cash cards; for non-4Ps households receiving SAP 1 payments, cash was delivered by LGU officials; and for non-4Ps households receiving SAP 2 payments, digital transfers through FSP partners in addition to physical cash delivery were used. Responsibility for digital delivery of SAP 2 grants was assigned

geographically, with each FSP delivering the assistance in its assigned locality (though in some areas there were both a bank and an EMI assigned for cash delivery to accommodate beneficiaries that did not have smartphones).

In addition to the front-end differences in the delivery of cash assistance, there were also substantial back-end differences between the three channels in handling beneficiary data.

Little back-end processing was required for 4Ps households since all of them were included in SAP and systems were in place to transfer cash to most 4Ps beneficiaries. For non-4Ps households receiving SAP 1 payments, collection of application details and approval of applications were performed manually at the local level.³⁰ In SAP 2, beneficiary details from SAC were first digitized and then shared with the FSPs for digital payments. To facilitate data entry, the government, with the support of a group of volunteer coders, created a web-based application called ReliefAgad for entry of SAP beneficiary details. However, with various technical challenges, the application was unable to fulfill its intended purpose, with self-reported data of approximately 2 million households entered without any verification or deduplication. More common was that LGU officials coded SAC information using Excel spreadsheets that they then shared with DSWD (Cho et al. 2021).

Localized Ayuda

In addition to SAP, and as in previous crises, the government delivered large quantities of food aid.

While some of this food aid was centrally managed by DSWD, a large portion of the aid was managed locally by LGUs. From the onset of the pandemic, local ayuda had often been provided, but starting from the lockdown period of April 2021 in NCR and surrounding regions, LGU-led ayuda became the major source of support as centrally-managed large scale cash assistance came to an end. The ayuda package was approximately ₱1,000 for an individual or ₱4,000 for a family, or in-kind assistance with an equivalent value. A typical ayuda package included rice and noodles, canned goods (e.g., sardines, fruits, and sauces), light snacks, and instant foods and drinks. In addition to the food package, some LGUs distributed a hygiene package including masks, hand

25 With the time pressure for assistance, a 'pay first, verify later' approach was generally condoned. See this article for instance. <https://www.rappler.com/voices/thought-leaders/258072-analysis-pay-now-verify-later-subsidy-program-coronavirus/>

26 See Cho et al. 2020a for discussions of the implications of delay in SAP on the well-being of low income households.

27 The government intended to provide support for each household. Few mechanisms existed to prevent multiple family members within the same household from receiving benefits.

28 See the case study on SAP 2 (Cho et al. 2021) for details.

29 As of February 2021.

30 DSWD originally intended to conduct a centralized review of applications but due to the urgency of the situation, it delegated the responsibility to LGUs.

sanitizers, and alcohol. While anecdotal evidence suggests that the ayuda is predominantly in-kind, few data on the share of in-kind versus cash exist.

Worker protection programs

The government launched several new programs to support formal and informal sector workers.

Under the Abot Kamay ang Pagtulong (AKAP) Program, the Department of Labor and Employment (DOLE) provided US\$200 to stranded migrants.³¹ As of December 2021, financial assistance totalling ₱5.5 billion was extended under AKAP, benefitting 540,876 displaced overseas Filipino workers (OFWs). DOLE's TUPAD programme provided temporary employment to informal sector workers who lost their jobs due to

the COVID-19 Bayanihan I and about 1 million workers crisis (supporting about 400,000 workers under Bayanihan II). In addition, the government launched two major wage subsidy programs, namely, the COVID-19 Adjustment Measures Program (CAMP) and the Small Business Wage Subsidy (SBWS) Program.³² For CAMP, the DOLE provided a one-time financial assistance of ₱5,000 (US\$100) to about 660,000 workers (under Bayanihan I) and 1.5 million workers (under Bayanihan II) in the formal sector. On the other hand, the SBWS provided ₱5,000-8,000 (US\$100-160) twice to workers in small businesses affected by lockdown measures. The Financial Subsidy for Rice Farmers Program provided ₱5,000 to about 600,000 smallholder rice farmers (World Bank, 2021).



Photo by: junpinzon

³¹ In addition, the Philippine Overseas Labor Offices (POLOs) provided an extra US\$200 to migrants who tested positive for COVID-19. Migrants also received support such as hygiene kits and food packs from the POLOs.

³² In the guidelines for the SBWS Program, small businesses are sole proprietorships, corporations, or partnerships not under the jurisdiction of the Bureau of Internal Revenue (BIR) Large Taxpayers Service. The SBWS is a joint undertaking of the Department of Finance, Social Security System, and BIR.

3. Assessment of SA Performance

This note uses data from a variety of surveys and draws from the findings of multiple studies (Table 2). In the section describing the impact of COVID-19 on the welfare of low-income households, the primary data sources are the Household Panel and Economic (HOPE) survey of poor and near-poor households from across the country tracing the same households over time, and the High Frequency Monitoring (HFM) survey of a representative sample of households in the Philippines. The HOPE survey was conducted over five rounds between December 2019 and October 2020 (see Cho et al 2020b for a detailed description of the sample). The findings were corroborated by the nationwide HFM survey conducted by the World Bank over three rounds in August 2020, December 2020, and May 2021. In the sections on coverage and targeting accuracy of social assistance programs, we use the World Bank’s HFM survey as well as data from the Annual Poverty Indicator Survey (APIS) 2020.³³ Finally, for beneficiary

experience of using digital payment mechanisms for SAP 2, the World Bank and Innovations for Poverty Action (WB-IPA) survey was used.

3.1 Coverage and Adequacy

Nearly all households received some form of social assistance in the first half of 2020 based on the APIS 2020.³⁴ The most common forms of social assistance were non-DSWD government relief (mainly food aid distributed by LGUs) at 85 percent of households, SAP (excluding 4Ps beneficiaries) at 42 percent of households, non-government aid at 24 percent of households, and 4Ps at 15 percent of households (Table 3). There is little variation across regions in the coverage of LGU food aid, indicating a similar level of support provided by LGUs. The average amount of support was about ₱1,700, which was far below the monthly subsistence level of households.

Table 2. Data sources of COVID-19 impacts on households and SP program availment

Data Source	Sample Coverage	Data during the pandemic	Description
Philippine Statistical Authority	Nationwide/households (APIS)	<ul style="list-style-type: none"> APIS 2020 Quarterly LFS (monthly from January 2021) 	<ul style="list-style-type: none"> Household welfare measures and SP programs Individual/household labor market activities
	Nationwide/households/adult individuals (LFS)		
Social Weather Stations (SWS)	Nationwide/adult individuals	Quarterly SWS pulse survey	Public sentiment on various topics such as food security, vaccine hesitancy, and government response
World Bank	Nationwide/households	High Frequency Monitoring Survey <ul style="list-style-type: none"> R1: July 2020 R2: Dec 2020 R3: May 2021 	Complementary to APIS and LFS, with more detailed information on COVID impact and coping mechanisms, SP support, and health and education situation
World Bank	Nationwide/low income households	Household Panel and Economic Surveys <ul style="list-style-type: none"> R0: Dec 2019 R1: April 2020 R2: June 2020 R3: August 2020 R4: October 2020 	Focusing on low income households with a sample of 4Ps beneficiaries and non-4Ps comparable/low income households; capturing the initial two phases of the pandemic; and comparing with the pre-pandemic period of late 2019
World Bank and Innovations for Poverty Actions (WB-IPA)	Four regions/recipients of digital payments of SAP 2	WB-IPA survey in April 2021	Focusing on experience of beneficiaries who received SAP 2 digitally

³³ APIS and Family Income and Expenditure Survey (FIES) are both official, regular large household surveys conducted by the Philippine Statistics Authority (PSA). FIES collects detailed data on consumption, income, and expenditure. It is conducted every three years while the APIS survey collects self-reported and simplified data annually except the years of FIES.

³⁴ Surveyors explicitly asked about regular social assistance and Bayanihan emergency programs by name and implementing agency. In cases where a household received relief from an LGU, the surveyor probed to determine whether the relief was distributed by DSWD.

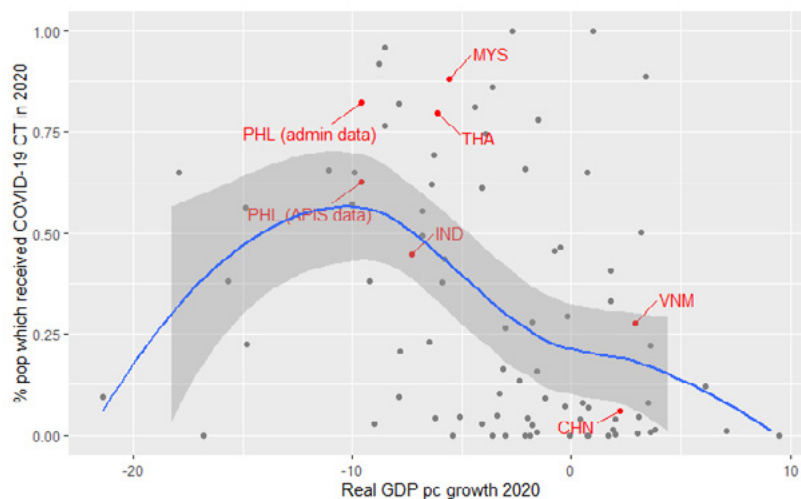
SAP was provided to close to 60 percent of total households (4Ps 15 percent and non-4Ps SAP 42 percent). The overall coverage of 4Ps is 21 percent when translated to the share of population, which is similar to the share found in the 2018 FIES (about 23 percent) and 2017 APIS (about 21 percent).³⁵ DSWD official records show that 4Ps covers about 4.2 million households representing about 18 percent of household coverage. Receipt of SAP, which reflects the coverage of the first tranche, is substantially lower than the official figure of 16.7 million households (as of February 2021 record), equivalent to 76 percent coverage. The World Bank HFM survey conducted in July 2020 shows about 75 percent coverage of cash transfer (reflecting the coverage of SAP 1). Low reporting of SAP in the APIS 2020 may be due to the timing of the survey, which was conducted in early July, when a small share of households were still receiving SAP 1 (Cho, Johnson, et al. 2020). Confusion on households versus family, and receipt of benefits by multiple members in the same households may also contribute to lower coverage in survey relative to the administrative data. The average reported amount of SAP is about ₱6,100, closely reflecting the official amount set between ₱5,000 and 8,000.

Countries that experienced a greater shock (measured by growth rate of per capita GDP in 2020) tend to have a greater coverage of COVID-19 cash transfers as a share of population (Figure 3). This indicates the political economy of social assistance that a large coverage, even if this

means a very small amount, is pursued in the face of a deep crisis. Compared with other countries, the share of Filipinos who received a COVID-19 cash transfer is relatively high based on the SAP1 administrative data. Even if we consider the lower estimate from APIS at about 57 percent and exclude all other COVID-19 assistance, the proportion of the Filipino population that received SAP is higher than the share of people receiving cash transfers in many other countries.

Both TRAIN-UCT and SocPen show very low coverage in the APIS (Table 3 rows b and c). The administrative data suggest that these programs should cover 2 million households and 3.4 million individuals, respectively. The low level of reporting the receipt of the benefits may have to do with the delivery challenges. Both programs provide cash assistance by delivering physical cash, and thus the payments have been infrequent. Unlike 4Ps that transfers grants bi-monthly (once every other month), these programs transfer their respective grants of ₱300 and ₱500 per month once or twice a year, varying largely by region. Recognizing the challenge of physical cash delivery and infrequent payment, DSWD started distributing the LBP cash cards to these beneficiaries similar to 4Ps. However, little is known about the status of digital payments of TRAIN-UCT and SocPen through LandBank cash cards. Some other programs surveyed include the individual medical assistance, student financial assistance, and emergency shelter assistance, all of which have very limited coverage.

Figure 3. Coverage of COVID-19 cash transfers and level of development



Source: Log GDP per capita growth figures are from the January 2022 issue of the World Bank's Global Economic Prospects database. Data on the share of population receiving COVID-19 cash transfers in 2020 are from Johnson and Palacios (2022).

Note: PHL=Philippines; IND=Indonesia; MYS=Malaysia; THA=Thailand; VNM=Vietnam; and CHN=China

³⁵ See Acosta, Avalos, and Zapanta (2019).

Table 3. Social assistance support to households between January and June 2020 based on APIS 2020

Program	Recipient households (%)	Recipient individuals (%)	Average amount per recipient household (Jan-Jun 2020, ₱)
Regular social assistance (selected major programs)			
a. 4Ps	15.2%	20.8%	9,129
b. UCT (under tax reform)	2.1%	2.5%	3,017
c. Indigent Senior Citizen's Social Pension (SocPen)	9.7%	8.4%	4,018
Social assistance under Bayanihan Act			
d. SAP (excluding 4Ps)	41.9%	41.8%	6,176
e. DOLE TUPAD	0.7%	0.8%	3,987
f. DOLE COVID-19 (CAMP)	0.6%	0.7%	5,383
g. DOLE AKAP	0.1%	0.1%	10,441
h. DTI Livelihood Seeding Program	0%	0%	4,293
i. DA Rice Farmers Assistance	2.9%	3.1%	4,967
j. DSWD Relief Assistance	22.0%	22.7%	940
k. Relief Assistance from Government (other than DSWD)	85.5%	86.2%	1,712
l. Relief Assistance other than from Government	24.3%	24.9%	1,070
m. Any social assistance	96.0%	97.0%	N/A

Source: APIS 2020

Note: DTI=Department of Trade and Industry; DA=Department of Agriculture

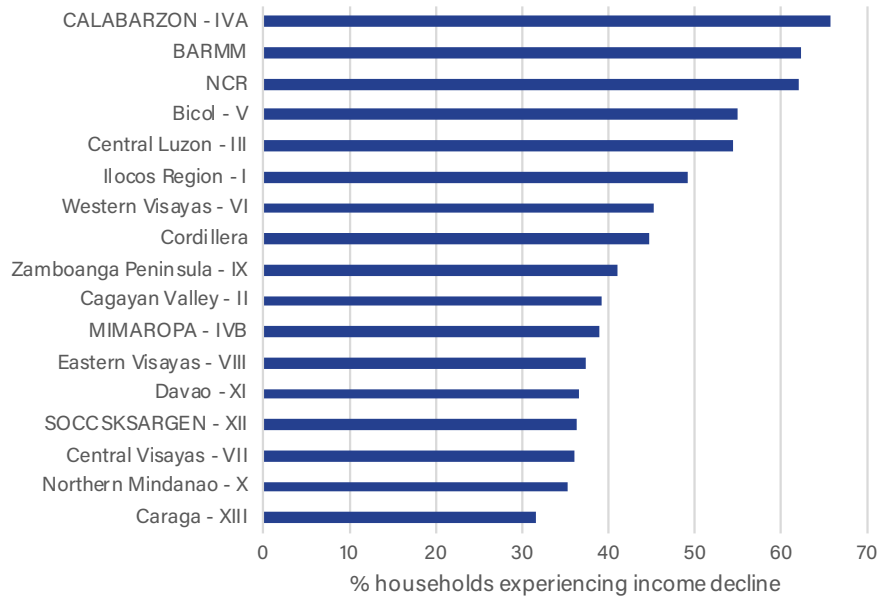
Despite the reported high coverage of social assistance through regular programs and Bayanihan laws, many households experienced large declines in total income. Two-thirds of households experienced a decline in total per capita income despite social assistance between the first and second quarters of 2020, and a tenth of households experienced a decline in total per capital income of 50 percent or more. The share of

households reporting a decline in per capita income varied significantly by region (Figure 4). Households in Luzon that were hit hard by the pandemic (e.g., NCR or regions IVA and V) and already vulnerable regions (e.g., BARMM) reported large income declines. The share of households experiencing income decline was also higher among lower income and female-headed households, based on round 1 of the World Bank HFM survey in July 2020.



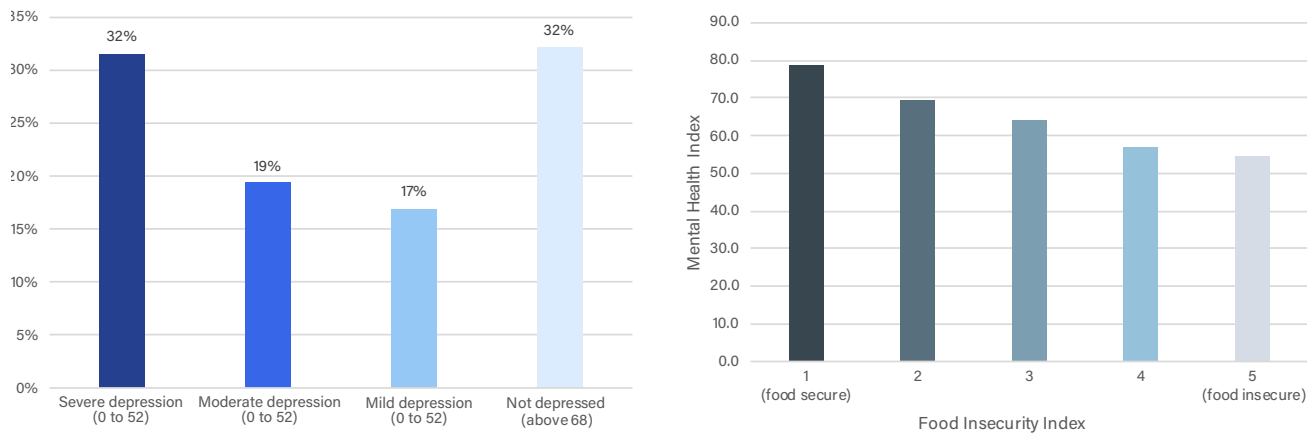
Photo by: rene_salta

Figure 4. Share of households reporting income decline by region



Source: APIS 2020

Figure 5. Mental health and food insecurity



Source: HOPE survey in August 2020 adopted from Cho et al. 2020b

The large income declines were accompanied by a sudden and severe rise in hunger, along with mental health issues. Data from the Social Weather Stations show that the share of households reporting hunger came down to under 10 percent prior to the crisis but soared to 31 percent in September 2020. Data from the HOPE and HFM surveys also reveal high rates of hunger and food insecurity throughout 2020. The vast majority (>80 percent) of HFM survey respondents in July 2020 who reported that they were unable to purchase food cited lack of money as the main reason, rather than mobility restrictions, increases in prices, or closed markets. Along with

economic hardship and food insecurity, a less visible stress that the households suffered included mental health issues. The HOPE survey in August 2020 shows that almost a third of surveyed low income households reported severe depression and mental health declining with food insecurity (Figure 5).

A straightforward assessment of how SA assistance helped cash-strapped households cope with the pandemic's impact is difficult to undertake. An analysis based on the HOPE survey in April 2020, when most 4Ps beneficiaries had received their top-ups but non-4Ps beneficiaries had not



Photo by: Rey Borlaza

received their SAP 1 benefits, suggests that the timely provision of SA support helped beneficiaries with food security during the lockdown. The results suggest that 4Ps and non-4Ps experienced similar labor market shocks, but 4Ps households were less likely to report food insecurity: 53 percent of 4Ps households reported food insecurity compared with 60 percent non-4Ps. The gap between the two groups widens to almost 10 percentage points when pre-pandemic covariates are added in the regression. When disaggregated by pre-pandemic per capita household earning quintile, the results indicate that SAP emergency top-ups helped the 4Ps households cope better with the shock, especially those in the lower end of income distribution. This underscores the importance of having a functioning SP program already in place before the shock arrives and providing timely support when the households are in greatest need.

Despite SA support, the poverty rate is expected to rise significantly due to the pandemic. Prior to COVID-19, poverty was on a downward trend from 23.5 percent in 2015 to 16.7 percent in 2018. As the crisis and economic disruptions continued, poverty deepened despite the modest level of mitigation resulting from large-scale social assistance. The PSA estimated that the poverty rate of the first semester of 2021 was about 23.7 percent. This means that almost 26.7 million individuals from 4.74 households were living in poverty and approximately 7 million more individuals living in poverty compared with that of 2019.³⁶ A World Bank estimate suggests that the poverty rate would have been almost 2 percentage points higher in 2020 if it were not for government assistance (Belghith 2021). Nonetheless, given the sheer magnitude of the shock and the prolonged pandemic, SA support appears to fall short of the daunting needs of households.

³⁶ <https://psa.gov.ph/infographics/subject-area/Poverty>

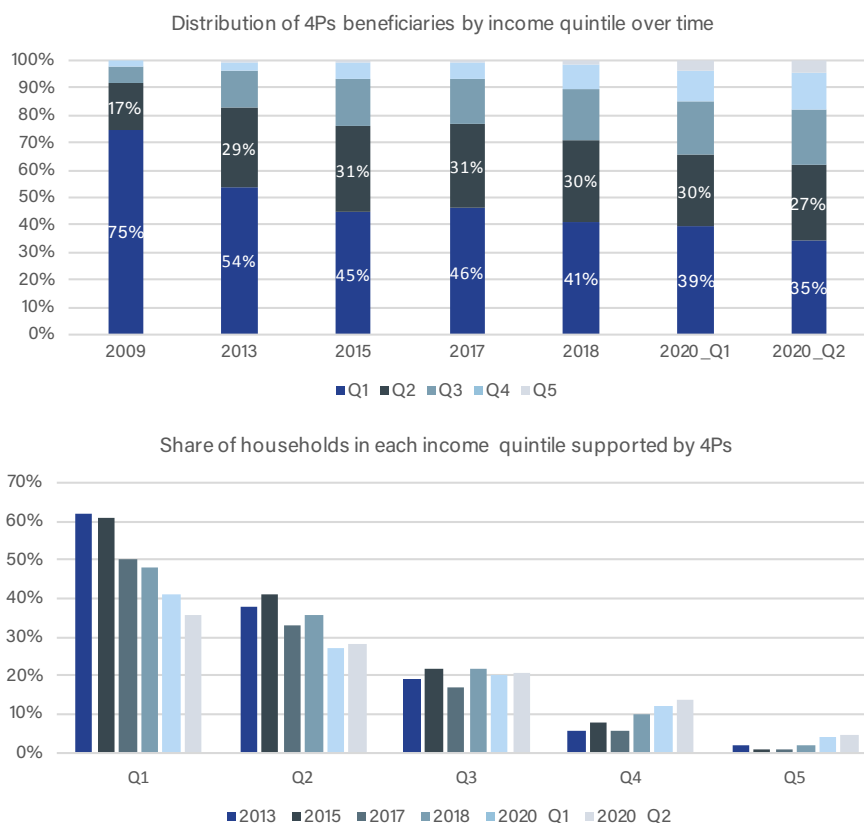
3.2 Targeting

The most common indicators used in assessing targeting performance are benefit incidence, beneficiary incidence, and coverage.³⁷ Benefit incidence indicates the percentage of benefits reaching each quintile of the welfare distribution (e.g., poorest quintile). Similarly, beneficiary incidence indicates the percentage of beneficiaries in each welfare quintile. Coverage indicates the share of households (individuals) in each welfare quintile who are receiving benefits. If households were all the same size and benefit amounts did not vary by household, benefit and beneficiary incidence should be identical. Well-targeted programs expect benefit and beneficiary incidences to be progressive and concentrated around the poor. Coverage, along with the generosity of the benefits, depends on the available fiscal space for SA support and captures more than targeting accuracy. However, if targeting accuracy improves and finite resources are concentrated on the poor, the coverage of lower quintile households would rise.

The targeting performance of 4Ps, measured as the share of beneficiaries belonging to the bottom two quintiles (lowest 40 percent), has been decreasing and the trend continued during the pandemic

(Figure 6; see also Box 1 for discussion on the current targeting systems in the Philippines). During the initial period of 4Ps and before the nationwide scale-up, targeting performance was excellent based on the recently completed Listahanan 1 with over 90 percent of beneficiaries belonging to the bottom two quintiles. In 2013 the share of beneficiaries belonging to the bottom two quintiles was 83 percent, but it gradually decreased to 71 percent in 2018. According to APIS Q1 and Q2 of 2020, only 65 and 62 percent of 4Ps beneficiaries belong to the lowest two income quintiles. On the flip side, an increasing share of 4Ps beneficiaries now belong to higher income groups and they may no longer need government assistance. While the improving welfare status of 4Ps beneficiaries is encouraging, this highlights the need for the recertification of existing beneficiaries and enrolment of the new poor. As these processes are not taking place, the ability of 4Ps to provide assistance to low income households has also been diminishing over time (Figure 6). For instance, since 4Ps became a nationwide program, it was able to provide benefits to over 60 percent of the lowest income households in 2013, but only 35 percent of the lowest income households benefitted from 4Ps in Q2 2020.

Figure 6: Distribution of 4Ps beneficiaries and 4Ps coverage over time



Source: 2009, 2015, 2018 FIES and 2013, 2017, 2020 APIS from Acosta et al. (2019) and Acosta and Velarde (2015) for years up to 2018, authors' calculation for 2020

37 We also considered other indicators as specified in Annex A. Key findings are similar to the outcomes presented here.

Box 1. Targeting Systems in the Philippines

The National Household Targeting System for Poverty Reduction (NHTS-PR or Listahanan) is an information management system used to identify who and where the poor are (DSWD, 2019). It was designed to identify poor households that will be prioritized for government assistance programs, especially 4Ps. The list of the poor is used by 59 national government agencies including several large programs, such as the Social Pension, TRAIN-UCT, and the PhilHealth subsidized health insurance program. It is also used by local government units (LGUs) and other institutions. In 2020, the Philippine Statistics Authority (PSA) used Listahanan to prioritize the first registrants for the Philippine Identification System (PhilSys).

Listahanan follows a census sweep approach where all or most households in specific localities are surveyed en masse. Listahanan uses three steps to identify poor households: 1) geographical prioritization; 2) welfare ranking using a Proxy Means Test (PMT) method to predict the household's level of income and classify them into poor, near-poor, and non-poor by applying the official provincial poverty threshold; and 3) community validation by DSWD and LGUs, during which households and communities can submit grievances (e.g., for misclassification, not surveyed) to be addressed (e.g., re-survey, re-application of PMT). By incorporating households' key characteristics – demographic information, living conditions, and assets, Listahanan enables geographic, demographic, and welfare targeting based on the relevant information captured at the time of the census sweep.

Listahanan census sweeps were conducted in 2010-11 (L1), 2014-15 (L2), and 2019-2021 (L3). Listahanan was originally designed to support intake and registration for 4Ps through a pilot registration in 2007 but was expanded to a nationwide census sweep in L1. L1 and L2 collected data for 10.9 and 15.2 million households (around 50 and 70 million people) and identified 5.2 and 5.1 million poor households, respectively (Fernandez 2012; Velarde 2018). As census sweeps were planned every four years (based on Executive Order 867 Series of 2010), the L3 census sweep was expected to be completed around 2019 with the aim of covering 70 percent of the total population. However, implementation experienced delays and was further disrupted by the COVID-19 pandemic. L3 data collection was completed in November 2021, and it was at its final stage of community validation by the year end. DSWD records show that L3 surveyed over 14 million households, but many grievances about exclusion complaints were received.

A new standardized targeting system envisaged in the 4Ps Act has not been developed. The Act's Implementing Rules and Regulations (IRR) specify the adoption of a standardized targeting system (STS) for beneficiary identification with a regular revalidation of beneficiary targeting every three years. Until the STS is set up, the Listahanan continues to be the main targeting mechanism. However, with the delay of L3, the establishment of an STS or a validation and update of records were also delayed. At the same time, the Community-Based Monitoring System (CBMS) Act under Republic Act No. 11315 of 2019 and its IRR adopted in 2020 requires national government agencies to use CBMS data (collected by LGUs and managed by PSA) in prioritizing the beneficiaries of social protection programs with updated data every three years. Although data generated through CBMS could provide more up-to-date socio-economic information about Filipinos and those data can be used in Listahanan to identify the beneficiaries of 4Ps and other SP programs, the coordination mechanism between CBMS and Listahanan/STS is not defined. Compounding the policy disconnect as to which government agency has the mandate in identifying the poor was the passage of the Magna Carta for the Poor (Republic Act 11291 of 2019). The law provides for the development of a single system of classification to be used for targeting the beneficiaries of the government's poverty alleviation programs and projects. The responsibility to identify target beneficiaries was given to DSWD, National Economic and Development Authority, and National Anti-Poverty Commission.

The STS will need to incorporate various institutional developments for an objective targeting based on dynamic information updates. The objectivity of the targeting is achieved by a scientific and data driven approach in assessing poverty and vulnerability and identifying potential beneficiaries for social assistance. At the same time, flexibility and dynamism can be promoted by frequent updating of information, especially those related to changes in demographic and socioeconomic status. The former (i.e. objectivity of the targeting) can be done at the central level including through Listahanan while the latter (i.e., flexibility and dynamism of the targeting) can also be done at the local level including through CBMS. Progress in digital technology and data governance, along with the use of PhilSys, are key to balancing these two. As more up-to-date information and data become available, the census sweep and PMT-based targeting method that uses a statistical model of a limited set of observable variables should be revisited.

Nonetheless, 4Ps demonstrates the best targeting accuracy among various programs in the country (Figure 7).³⁸ Other regular SA programs including SocPen and TRAIN-UCT show similar progressive targeting. Indeed, beneficiaries from these programs were identified through L2. While the SAP and other pandemic relief had a long list of eligibility criteria combining categorical conditions and welfare conditions, there were few methods to verify such information. Share of households in each income quintile covered by these programs (Figure 8) shows that there is a wide variation in the progressivity and targeting performance of SA programs.

The high frequency monitoring survey conducted in July and December 2020 captures the progressivity and coverage of government support. The round 1 survey covers the assistance from government between March and July 2020, and round 2 covers August to December 2020. Assistance was more progressive during the earlier period of the pandemic than in the later period (Figure 9). As the pandemic continued and the government support for the poorest quintile diminished, nongovernment organizations and religious organizations appeared to have stepped in (Figure 10).

Figure 7: Benefit incidence of various programs in Jan-Jun 2020

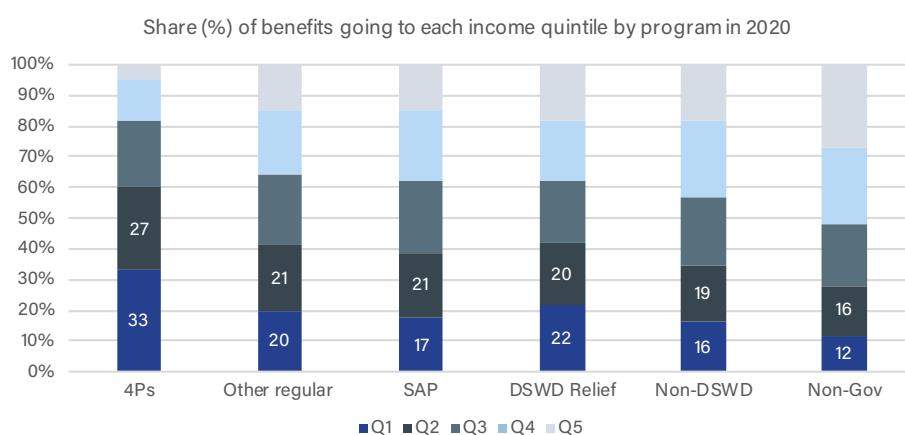
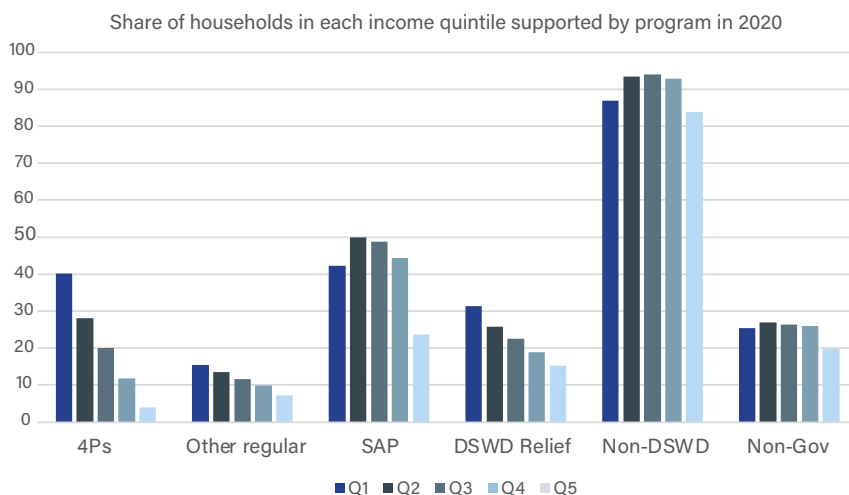


Figure 8: Coverage of various programs in Jan-Jun 2020

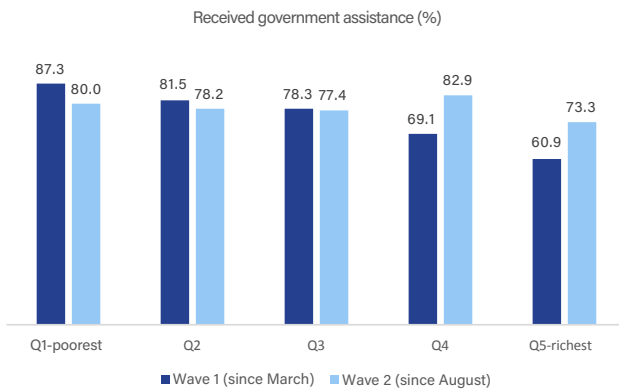


Source: Figures 7 & 8 from APIS 2020

Note: Programs examined here include 4Ps, other regular programs (e.g., social pension, TRAIN-UCT), SAP excluding 4Ps, other DSWD pandemic relief, non-DSWD programs (e.g., LGU relief, DOLE programs, farmers' subsidy, and other government's programs), and non-government support.

³⁸ Typically, analysts subtract the value of a transfer when calculating household welfare for the purpose of assessing targeting accuracy. As APIS income data is very noisy we instead use the raw income measure. All of these figures use unadjusted reported income from January to June 2020 and thus may understate targeting accuracy especially for programs with large transfer amounts.

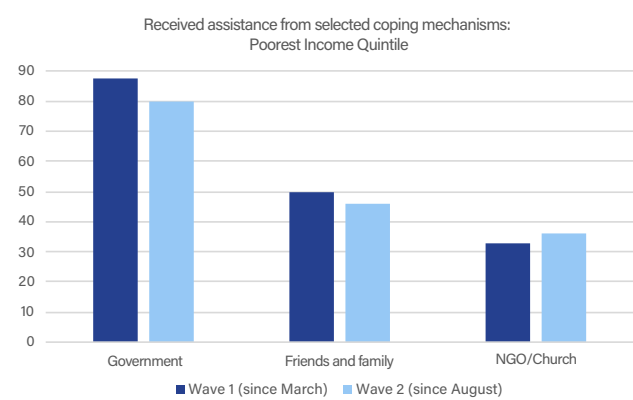
Figure 9: Coverage of government assistance by income quintile



Source: WB HFM survey in July and December 2020

Given the large coverage of SAP, one may think that a universal rather than targeted program would have made sense. In such case, the program could have avoided all errors of exclusion as well as the cost and issues associated with processing program applications. Given the urgent need for a fiscal stimulus, it is not uncommon for countries to adopt (near) universal subsidies. In response to the COVID-19 crisis, governments of 12 countries provided one-off universal cash transfers to citizens (Gentilini et al. 2022), and some have raised

Figure 10: Coverage for the poorest households by type of assistance



the question of feasibility of a Universal Basic Income (UBI) in the Philippines (Arriola 2021). However, providing support to 23 million instead of 18 million households would have required an additional budget of around US\$1.6 billion (US\$100-150 given twice to 5 million additional households). Moreover, in an environment where information about individuals, families, and households is difficult to verify and digital payments are limited, universal assistance could have brought significant risks of leakages with duplicative receipts of benefits.



Photo by: Nomad1988

3.3 Financing and Delivery

The Philippines has a few financing options that can be used in case of disasters, but they have not been scalable or quick to provide cash assistance to affected families.³⁹ The General Appropriations Act in 2020 provides a legal basis through which regular social protection programs such as 4Ps and social pension find the budget by the annual congressional approval. The same Act includes a provision on calamity funds—National Disaster Risk Reduction and Management Fund (NDRRMF) so the fund can be used for various purposes including relief, recovery, reconstruction and other work or services in connection with natural or human induced calamities and disasters. About 30 percent of NDRRMF is allocated as Quick Response Funds, a standby financing mechanism that agencies such as DSWD can use for their disaster responses. Previous experience however suggests that the administrative process of triggering and appropriating the funds can be lengthy, with delays of up to one year or more reported against the prescribed timeline for national government agencies (NGAs) of 15 to 30 days (Qian et al. 2020).

Local governments also maintain about 5 percent of their revenue as contingency funds, which can be supplemented by NGAs' funds in case needed. These funds are often used to finance food/in-kind assistance, but are not sufficient to finance large scale cash-based interventions. It was only in 2019 that emergency cash transfers (ECT) in the case of disasters were formally established and LGUs and NGAs were authorized to use funds from the Quick Response Funds and other sources, for cash assistance purpose. Although the ECT guidelines include a range of funding options including contingent financing, these options have not been widely used to date and DSWD has yet to mainstream ECT. Meanwhile, local governments continue to stock up and rely mostly on food and in-kind support rather than cash assistance. COVID-19 response resorted to a new series of laws (Bayanihan I and II) to allow the reallocation of the budget to finance SAP cash transfers instead of activating ECT or using existing financing mechanisms.

The country's COVID-19 response, while being swift in the budget processing, brought to light significant gaps in the SP delivery systems. Most processes including application for programs, beneficiary enrolment, and cash transfer payments were carried out manually. The Philippines lacked updated social and beneficiary registries and a national ID system, both of which are crucial for countries to expand their support quickly (Palacios, 2020). When there is accurate and up-to-date information relevant in determining the basic socioeconomic status of households, the government can more readily identify potential beneficiaries. An inclusive and trusted national digital ID system⁴⁰ can help by facilitating secure identity verification and deduplication of potential beneficiaries. However, the Philippines had neither the registries nor the ID system when the pandemic happened.

Lack of digitized information of beneficiaries limited the use of digital G2P payment mechanisms and delayed digital payments.

Learning from the experience of manual and physical delivery of SAP 1, the shift to digital payments through partnerships with multiple FSPs was a major milestone. The country's financial sector ecosystem, which has been developing and evolving rapidly, could provide a conducive environment for digital G2P payments. For instance, inter-bank payment systems (e.g., PhilPaSS) and national retail payment systems (e.g., InstaPay and PESONet)⁴¹ enable account holders to receive, pay and transfer funds securely and promptly across different financial institutions and affiliated agents.⁴² Despite this delivery option, there were significant delays and challenges in the digital payment of SAP 2, with the delays reaching up to six months in some cases (Australian Aid et al. 2021). The problem was attributed to the use of paper-based forms in gathering beneficiary data in the first place as the information had to be encoded first to enable digital transactions. However, when the digitalized data became available, data quality issues (e.g., duplicate mobile phone numbers and beneficiary records) were raised, which prevented seamless financial transactions (WB-IPA 2021). Verification of information and deduplication took some time, so

39 Financing options include national and local contingency funds for more frequent but smaller scale disasters and insurance and risk transfer mechanisms for less frequent but greater scale disasters.

40 If not a digital and foundational ID, a functional ID that is widely used could also facilitate identity verification and deduplication of potential beneficiaries. For instance, Togo used the country's voter ID for identifying and deduplicating beneficiaries of COVID-19 assistance. See Aiken et al. (2022).

41 See Acosta et al. (2019).

42 PESONet and InstaPay were used to transfer grants to beneficiaries who registered their account via an online portal, while PhilPass was used to transfer batch grants from LBP to partner FSPs that did not have accounts with LBP.

that unresolved cases had to rely on physical cash delivery.

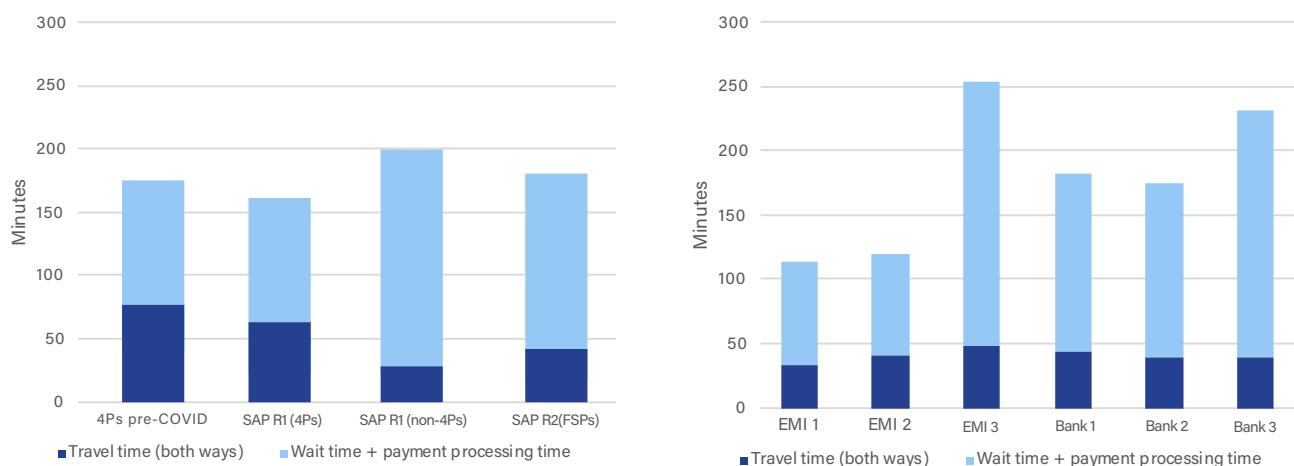
Notwithstanding the challenges associated with data governance, once digital payments were made, delivery efficiency and beneficiary satisfaction improved. The WB-IPA (2021) shows a high degree of beneficiary satisfaction and ease of access among SAP 2 beneficiaries who received payments digitally. The study also found that average total time costs for traveling and waiting for services were lower in SAP 2 than in SAP 1. This was despite the fact that many beneficiaries had to travel beyond their barangays to get to the designated FSP’s contact points to receive SAP 2 payments and the traveling time was indeed longer for SAP 2 than SAP1. Note that beneficiaries did not have the option to choose their FSPs and instead had to use the FSPs assigned to serve their locality.

The comparison of three payment channels in terms of beneficiary travel and wait time provides an important insight for G2P payments policy direction (Figure 11, left). 4Ps beneficiaries rely almost entirely on Land Bank ATMs, but these ATMs are quite limited—on average there are about five Land Bank ATMs for 10,000 beneficiaries (Cho et al. 2020). This could explain the significant amount of travel and wait time. SAP 1 physical cash delivery was mostly done in barangay offices, so the round

trip travel time was on average less than 30 minutes, but the wait time was quite long. The SAP 2 beneficiaries using digital payment channels had to cash out their benefits at FSPs’ contact points including bank branches and ATMs (for brick-and-mortar banks) and local agents (for EMIs). There is a large variation by FSP (Figure 11, right). Beneficiaries who received their SAP 2 payments through two of the EMIs spent significantly less time accessing their payments. This suggests that if beneficiaries could choose an FSP that provides the nearest and most convenient cash-out point as well as ensures that the cash-out point fulfills the required service standards, the beneficiaries’ travel and wait time costs can be significantly reduced (WB-IPA 2021).

The financial account through EMIs or banks for SAP 2 could have provided a way for greater financial inclusion. A large number of beneficiaries opened the restricted purpose financial account that could be used beyond receiving SA benefits once converted into a regular account. However, as the large scale cash assistance at the central level phased out, such an opportunity was not utilized. Relying mostly on the local ayuda meant an increase in food-based aid whose delivery has implications on the efficiency and impact of assistance, as discussed in the following section (see Box 2).

Figure 11. Mean travel and wait time by payment channel



Source: Data on travel and wait time for all channels except for SAP 2 come from the HOPE survey. Data on the travel and wait time for SAP 2 are from the WB-IPA survey.

Box 2. Efficiency of Cash versus In-Kind Transfers

One of the most basic decisions when designing a social assistance program is the type of benefit to provide, often either cash or in-kind. In the past, most social assistance programs in both developed and developing countries provided in-kind benefits (Cunha 2014). Recently, more countries including the Philippines are choosing to disburse cash rather than in-kind benefits in social assistance programs. Evidence suggests that, in most contexts, cash is faster and less expensive to disburse (Gentilini 2016). Further, defeating a common myth that cash transfers may lead to increased spending on “temptation goods” such as alcohol and tobacco, evidence suggests the opposite, indicating that the inflexibility of food aid is a weakness rather than a strength (Gentilini 2016; Evans and Popova 2017). Nevertheless, the relative advantages and disadvantages of each form of benefit depend greatly on context.

During the COVID-19 crisis in the Philippines, unlike in other countries, food aid reached households significantly more quickly than cash payments. The first round of the HOPE survey conducted between the end of March and early April found that 90.5 percent of respondent households received food aid from the government. A survey by the Social Weather Stations around the same time (May 4 and May 10) found that 99 percent of all households received government food aid.⁴³ Yet another household survey conducted by IPA in late June found that 86 percent received food aid from the government. These data suggest that food aid reached a majority of households within two weeks of the first lockdowns in late March. By contrast, it took a few weeks to several months for SAP beneficiaries to receive their cash.

The quick delivery of food aid is likely attributed to the readily available stock and well-established delivery mechanisms in response to frequent natural disasters in the country. For instance, after Typhoon Yolanda (Haiyan), which was one of the largest natural disasters in the country destroying about 2.7 percent of GDP and affecting 5.1 million households, family food packs were distributed within the first six weeks of the response while the first cash transfers were only delivered a month after the disaster (Bowen 2015). Also, once the locality of distribution is determined, food aid tends to be provided to all households in the selected locations without individual eligibility

criteria, thus the administrative costs of identifying the beneficiaries and verifying the eligibility is small. Meanwhile, social protection delivery systems, which determine the ability and ease of identifying beneficiaries, verifying eligibility, and transferring cash assistance, have been weak in the Philippines and this state could explain the delays in cash delivery.

While data on the cost of delivering cash and food during the COVID-19 crisis are limited, data from 4Ps prior to COVID-19 as well as procurement data suggest that in the Philippines, similar to other countries, cash is much less expensive to deliver than food. Researchers estimated the cost of delivering cash to 4Ps households at 1.2 percent of the total value of the transfer—one of the lowest delivery costs of any major cash transfer program (Bowen 2015). In contrast, procurement estimates indicate that the cost of packaging and transporting food aid to LGUs is approximately 13 percent of the total cost of the aid (DSWD 2021). These estimates do not include the cost of local officials’ time incurred in delivering food aid, which will further raise the cost of delivering aid (though the estimates also do not take into account potential differences in local retail and national wholesale prices of food items, which might slightly reduce the cost of food aid). These data, while incomplete, suggest that the cost of delivering food aid is likely substantially higher than the delivery of cash. In particular, the cost of digital payments of cash should be quite small.

Food aid is preferred in the context of high food insecurity and local market disruptions with limited food supply. The flip side is that if food insecurity concern is low or local markets are functioning well, food aid is generally less efficient than cash. During the peak of pandemic lockdowns in Phase 1, there seemed to be some modest disruptions to local food markets. According to the IPA RECOVR survey carried out in June 2020, about 60 percent of respondents reported difficulty in accessing local markets due to mobility constraints, and 50 percent reported that local markets were closed (Warren, Parkerson, and Collins 2020). However, the HFM survey shows that as community quarantines eased by August and December 2020, only 15 percent and 6 percent of households respectively reported mobility restrictions or markets being closed as the main

⁴³ <https://www.pna.gov.ph/articles/1103616>

reasons for their difficulty in buying rice. This suggests that food aid was appropriate at the start of the pandemic, but cash assistance was more effective as local markets resumed operation.

Some may argue that food aid offers nutritional value that can contribute to food security. However, independent studies found that the family food packs in the Philippines do not meet nutritional standards. An analysis (UNICEF 2018) of the contents of family food packs, typically consisting of rice and canned goods, found that the packs were not sufficient to meet nutritional

needs. Similarly, Gomez and Ignacio (2020) reached a similar conclusion that the packs during the pandemic fell short of meeting nutritional requirements.

Taken together, these data suggest that there is a role for food aid in the initial response to crises to provide support when the market is disrupted and cash transfers are not ready. However, when the market is functional and cash transfers can be delivered, cash is superior. To make cash assistance more efficient, timely, and responsive, overall delivery systems should be enhanced.

4. Policy Recommendations

The Philippine experience in SA program implementation during the pandemic presents a useful learning opportunity for delivery of future social assistance. The country will likely face more crises given its exposure to natural disasters and man-made risks (Behlert et al. 2020). The large and varied social assistance response to the COVID-19 crisis allows us to compare different forms of social assistance and different methods of targeting and delivering assistance. Using data from a variety of sources, we find that the government was able to quickly introduce emergency social assistance to a large proportion of households but that the social assistance measures varied greatly in terms of speed and targeting accuracy.

Lessons of experience highlight the need for strong policies, systems and tools. First, it is critical to have well-established social safety policies, programs, and systems upon which emergency operations can be built. Second, SP delivery systems require regular updates and modernization investment and efforts. Third, digital tools and technological advances should be actively used for SP delivery. Fourth, timely and agile policy adaptations building on the lessons learned from each shock can help strengthen overall SP systems and delivery for future resilience.

Social assistance should be enhanced for better coverage and adequacy, targeting, and delivery. Our findings suggest specific policy options to further improve the Philippine social protection systems and help the country be better prepared to rapidly provide aid to households that need it most in any future crisis:

1. Prioritize the rollout of PhilSys and its adoption for SP delivery. A pre-existing foundational ID

system could have enabled a relatively quick expansion or introduction of new SP programs to new beneficiaries during the pandemic (Palacios, 2020). It is encouraging that the government doubled down the commitment and efforts for PhilSys rollout during the pandemic. Together with the PhilSys, efforts to open Land Bank accounts for the unbanked populations were also made. For these measures to be an effective enabler for SP delivery, there is a need for SP programs to actively adopt and use the PhilSys for identification and authentication and to promote digital payments.

2. Enhance beneficiary targeting by developing a dynamic social registry and fully adopting PhilSys. Providing the right services and benefits to the right beneficiaries can maximize the impact of assistance. Even before the pandemic, 4Ps targeting performance has been declining due to the lack of active recertification and new enrolment. Other SA programs were not any better in targeting performance as they faced the same challenges as 4Ps in identifying vulnerable populations for assistance. Thus, there is a strong need to improve the targeting mechanism, making it more dynamic and accessible to citizens. It can be achieved by creating a social registry that will receive dynamic updates from various databases (e.g., tax registry, PhilHealth, civil registry). The role of existing systems such as Listahanan and the CBMS and their synergies should be clearly defined for objective and transparent targeting.

3. Make common and interoperable digital tools and infrastructure available to national and local governments and accessible to citizens. During the pandemic, many local governments delivered their own assistance with limited digitized records. Some LGUs introduced their own digital initiatives (e.g., tracing application, digital vaccine certificate,

or social assistance), but despite good intentions, they did not optimize the economies of scale and some reinvented the wheel. Meanwhile, citizens have limited access to systems where they can report their needs and request for government assistance. With the introduction of PhilSys and development of data ecosystems as well as interoperable information systems, there is an opportunity for the central government to lead the establishment of shared infrastructure (e.g., shared software, standards, and interfaces), which the national and local governments can use to design and deliver national and local SP programs.

4. Continue to improve digital G2P payments through multiple FSPs that beneficiaries can access. Building on 4Ps and SAP 2 experience, the Philippines can leapfrog to the next generation G2P framework involving multiple FSPs (banks and e-money issuers) from which customers and beneficiaries can select based on convenience of access. This framework should also enable people to use the accounts and resources for their transactions beyond G2P payments (e.g., purchase, payments, savings, remittances).

5. Streamline the administrative process of social protection contingency financing for better disaster readiness. The mechanisms for contingency financing include NDRRMF and QRF as well as budget allocation through a special allocation

release order (SARO). The activation of institutional mechanisms for disaster response including cash assistance should be processed in a timely manner if they are to be useful. Multiple scenarios of budget requirements can be developed ex-ante, using historical data to assess the size and type of a shock and scope of assistance. Further, the activation process and mechanisms for financing for central and local governments, depending on the scenarios, should be developed.

6. During a crisis, consider using food aid as a short-term measure but replace with cash as soon as the local market becomes operational. Delivering food aid locally without much targeting during a crisis has been so common and widely used that the government was able to deliver food aid more quickly than cash assistance during the COVID-19 response. Nonetheless international evidence shows that cash is far less expensive, easily delivered, more transparent and better targeted, especially if used with enhanced targeting and payment mechanisms. Important factors for governments to monitor in the food to cash transition in disaster response include the functionality and prices of the local food market, especially in remote areas. As long as the markets are able to supply sufficient food and other necessities, and inflation is not of major concern, cash assistance should be prioritized over food aid.⁴⁴



44 See Filmer et al. (2021) on the caution against providing cash assistance when the local market function is limited.

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Annex A. Additional indicators reflecting targeting accuracy

The following table provides more detailed leakage and performance metrics for each of the major social protection programs. Definitions of each metric is also included. For metrics that require the poverty line, regional poverty lines from PSA are used and income is adjusted slightly to ensure that the overall share of households that fall below the poverty line matches official statistics.

- **Leakage (benefits)** – the share of program benefits received by the non-poor
- **Leakage (beneficiaries)** – the share of program beneficiaries who are not poor
- **Under-coverage** – the share of poor households that are not enrolled in the program

▪ **Benefits-cost-ratio** – the share of program benefits that goes towards reducing the poverty gap. For example, if a household whose income is ₱10 below the poverty line receives a transfer of ₱15, only ₱10 of the transfer is included in the numerator of the benefits-cost-ratio.

▪ **Coady-Grosh-Hodinott** – for a given value x between 0 and 1, the Coady-Grosh-Hodinott metric is the share of households below the x percentile that received the program divided by x . The table uses .2 for x .

▪ **F-score** – the harmonic mean of $1 - \text{leakage}(\text{beneficiaries})$ and $1 - \text{undercoverage}$

Program	Leakage (benefits)	Leakage (beneficiaries)	Under-coverage	Benefits-Cost-Ratio	Coady-Grosh-Hodinott (20%)	F Score
Regular social assistance (a few selected major programs)						
4Ps	52%	52%	70%	30%	1.97	37%
UCT under tax reform	43%	45%	95%	52%	2.46	9%
Indigent Senior Citizen's Social Pension	74%	73%	89%	21%	0.99	15%
Social assistance under Bayanihan Act						
SAP (excluding 4Ps)	73%	72%	52%	20%	0.99	35%
DOLE TUPAD	75%	74%	99%	20%	1.03	1%
DOLE COVID-19 (CAMP)	91%	90%	100%	8%	0.38	0%
DOLE AKAP	92%	91%	100%	4%	0.19	0%
DTI Livelihood Seeding Program	83%	75%	100%	11%	0.42	0%
DA Rice Farmers Assistance	68%	68%	71%	30%	1.28	30%
DSWD Relief Assistance	68%	68%	71%	30%	1.28	30%
Relief Assistance from Gov (Other than DSWD)	78%	76%	15%	20%	0.80	38%
Relief Assistance other than from Gov	80%	74%	74%	18%	0.73	26%

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