



The Philippines Sustainable Livelihood Program: Providing and expanding access to employment and livelihood opportunities

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The Philippines' Department of Social Welfare and Development has taken the lead in providing opportunities for income generating activities/livelihood development through the implementation of the Sustainable Livelihood Program (SLP) since 2011, with the objective to reduce poverty and inequality by generating employment among poor households and by moving highly vulnerable households into sustainable livelihoods and toward economic stability. This note describes the design and core processes of the SLP and reflects on the opportunities that the program has to improve and complement other Social Protection programs to make an impact on households' welfare, and provides recommendations to maximize its impact.

1. Background

Social protection (SP) schemes have proved to be an efficient tool to reduce poverty in most countries, including the Philippines.² SP programs protect vulnerable households from adverse impacts related to natural disasters, financial, and other shocks. In the Philippines, the importance of a social protection system to build resilience among Filipinos is highlighted prominently in the 2017-2022 Philippine Development Plan (PDP) (NEDA, 2017).

Governments are also increasingly designing active labor market programs with an objective of encouraging and supporting employment to accelerate and further reduce poverty. These programs are increasingly being linked or integrated with safety nets programs to create synergies between transfers and productive inclusion interventions, including skills and capacity-enhancing programs, within a broader SP system. Combining grants with interventions to improve livelihoods and productive inclusion (e.g. through access to productive assets, training, financial services, and others) has proved to help households increase their income (Banerjee et al. 2015). This can lead to productive investment by beneficiaries with potential long-term benefits, thus paving a sustained route out of poverty.

In the Philippines, the Department of Social Welfare and Development (DSWD) has taken the lead in providing opportunities for income generating activities/livelihood development. While other national agencies such as the Department of Labor and Employment (DOLE), Department of Agrarian

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² The State of Social Safety Nets 2018. World Bank



Reform (DAR) and Department of Agriculture (DA), among others, implement livelihood programs, the DSWD has been implementing the SLP for more than 40 years. Starting in 1993 DSWD, through the Self-Employment Assistance – Kaunlaran (SEA-K), has provided uncollateralized loans at zero interest rate with the aim to establish self-managed community-based credit facilities to provide poor families access to credit. In 2011, DSWD replaced SEA-K with the Sustainable Livelihood Program (SLP) with the objective to reduce poverty and inequality by generating employment among poor households and by moving highly vulnerable households into sustainable livelihoods and toward economic stability.

The SLP works to expand economic opportunities and employment in agriculture, forestry, and fisheries and in generating more opportunities for micro and small enterprises and cooperatives. Since its inception in 2011, SLP has remained a program focused on *Pantawid* conditional cash transfer (CCT) beneficiary households,³ many of which rely on agriculture, fisheries, forestry, and services as means of living. The SLP is in sync with the 2017 PDP’s strategy to reduce poverty.⁴

2. Purpose of the Report

The report describes the design and core processes of the SLP and reflects on the opportunities that the program has to improve and complement other SP programs to make an impact on households’ welfare.

The note begins by providing an overview of the SLP, including the theory of change underpinning the program, describing its implementation architecture, its business processes, and providing a brief description of program coverage. It later summarizes previous program evaluations and proposes a way-forward for the program.

3. Overview of the Sustainable Livelihood Program

3.1 Program objective

The objective of the SLP is to increase wage- and self-employment in the short run, and to improve socio-economic wellbeing in the long-run through acquisition of productive assets and income. With its two tracks, the SLP supports microenterprises to become organizational and economically viable, and link participants to employment opportunities and relevant training.

The program is guided by the community-driven enterprise development approach anchored on being resource-based and market driven. The SLP encourages community members to organize formal associations known as Sustainable Livelihood Program Associations (SLPAs) that are responsible for projects’ implementation with the long-term goal of making these associations self-sufficient. Together with the SLP field implementers, SLPAs help identify market opportunities in the broader community that they can potentially capitalize on with the support of the SLP tracks—the micro-enterprise development (MD) track and employment facilitation (EF) track—and its modalities (Table 1). Those who would like to access the MD track need to be part of the SLPAs but they do not need to set up their enterprises with all members of the associations.

3.2 Program tracks and modalities

The micro-enterprise development (MD) track⁵ provides participants with access to funds and training to set up their own micro-enterprise. Participants that choose this track can avail of the Skills Training Fund that offers grants aimed at increasing technical-vocational knowledge and skills that will help them develop their micro-enterprise. The grant covers skills training, basic living allowance, training supplies, equipment, and materials, as well as assessment fees to take the National Certification exam⁶. Participants can also

³ The *Pantawid Pamilya* CCT program started in 2008. In 2017, it reached 4.1 million household beneficiaries.

⁴ PDP, Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries and Chapter 9: Expanding Economic Opportunities in Industry and Services Through *Trabaho* and *Negosyo*

⁵ The MD track is very similar to the original SEA-K design. In 1993, the SEA-K was originally adopted from the Grameen model of providing small loans to the poor through self-managed groups known as SEA-K associations (SKAs). Ballesteros, et.al. (2014) note that the change from the original SEA-K to SLP SEA-K in 2011 resulted in a bigger focus on capacity building. However, the design of the SEA-K financing remained unchanged with the provision of uncollateralized loans at zero interest rate. In 2015, the SLP SEA-K was transformed into the MD Seeds Capital Fund modality which provides grants instead of loans.

⁶ Participants undergo an assessment in order to get a National Certificate which employers look for in their applicants. To employers, the National Certificate serve as proof of the skills acquired by the participants in the trainings.

Table 1: Modalities under SLP tracks

Modality	Track	Benefits	Amount of benefits	Partners
Skills Training Fund	MD, EF	Technical-vocational skills training fee; basic living allowance; training supplies and materials; equipment and materials needed for employment; assessment fees	Maximum of Php 15,000 for all benefits including training	NGAs, state universities and colleges (SUCs), and/or local counterparts to provide the training and materials as needed; technical-vocational institutions if NGAs and SUCs are unavailable
Seed Capital Fund	MD	Working capital for small tools, raw materials, start-up expenses, permit/s to operate, large and long-lived tangible assets required to start or expand a microenterprise	Maximum of Php 15,000 per program participant	NGAs, LGUs, other stakeholders for additional funding in excess of the maximum amount
Cash for Building Livelihood Assets	MD	Employment for 11 days, with possibility of extension to a maximum of 3 months	75% of regional minimum wage	Local Government Units
Employment Assistance Fund	EF	Acquisition of employment requirements such as legal documents and licenses; meal and transportation allowance within the first 15 days of guaranteed employment	Maximum of Php 5,000 per program participant	

access a one-time grant, the **Seed Capital Fund (SCF)**, that can be used as working capital for inputs or materials needed to set-up or expand a micro-enterprise. The SLPA is expected to recover the funds through members' repayment with the intent of capital build-up or possessing emergency or operational funds for the group. Lastly, participants under the MD track can benefit from the Cash for Building Livelihood Assets (CBLA) modality to build natural and physical assets needed for more profitable, self-sustaining, and resilient micro-enterprises. This modality finances 11 days of participants labor who earn 75% of the prevailing daily regional minimum wage for their work in labor-intensive projects.⁷ Projects under this modality include development or rehabilitation of assets that benefit not only the SLPA but the community as a whole.

The employment facilitation (EF) track provides employable individuals access to locally available jobs through public-private partnerships. The track aims to adequately prepare the participants for employment through skills enhancement and pre-employment training and provide direct linkages to the labor market.⁸ Similar to the MD track, participants in the EF track can also avail of the **Skills Training Fund** which is intended to increase their employability through technical-vocational knowledge and skills training. Grant coverage is the same as that provided for the MD track. Those who require initial assistance in securing their employment can access the **Employment Assistance Fund**. This modality is intended for those who need to acquire employment requirements such as legal documents and licenses, and meal and transportation allowance for the first 15 days of employment.

The program does not employ a sorting tool to assign participants into the MD or EF tracks. Beneficiaries self-select into the track and modalities of their preference. In general, Project development officers (PDOs) organize community assemblies where they explain the MD track, after the session PDOs ask if potential SLP beneficiaries would like to engage in the MD track. If potential beneficiaries do not sign up for the MD track, then they are presented with the option of the EF track. The activities undertaken through the modalities in each track comprise an integral part of the SLP results framework that culminate in the program objective as shown in the program's theory of change (Box 1).

Ratio of targets between MD and EF. Targets for each track are set by the SLP NPMO and cascaded to the regional and provincial offices. Provincial coordinators allocate the targets for both MD and EF to cities and municipalities depending on the opportunities available in the provinces. The provincial coordinators have the flexibility to reallocate within the year to meet target accomplishments. The targets within municipalities/cities are equally divided among the PDOs assigned in the area. The PDOs then identifies the specific barangay (village) and/or individuals to benefit from the program. The NPMO has faced challenges in determining accurately the ratio of MD and EF slots given the lack of information at their disposal and different opportunities in target areas. Thus, there are areas where MD outputs are higher than EF or vice versa.

⁷ Projects can be extended under justifiable reasons for up to three months.

⁸ Also known as job search assistance and matching (direct job referral).



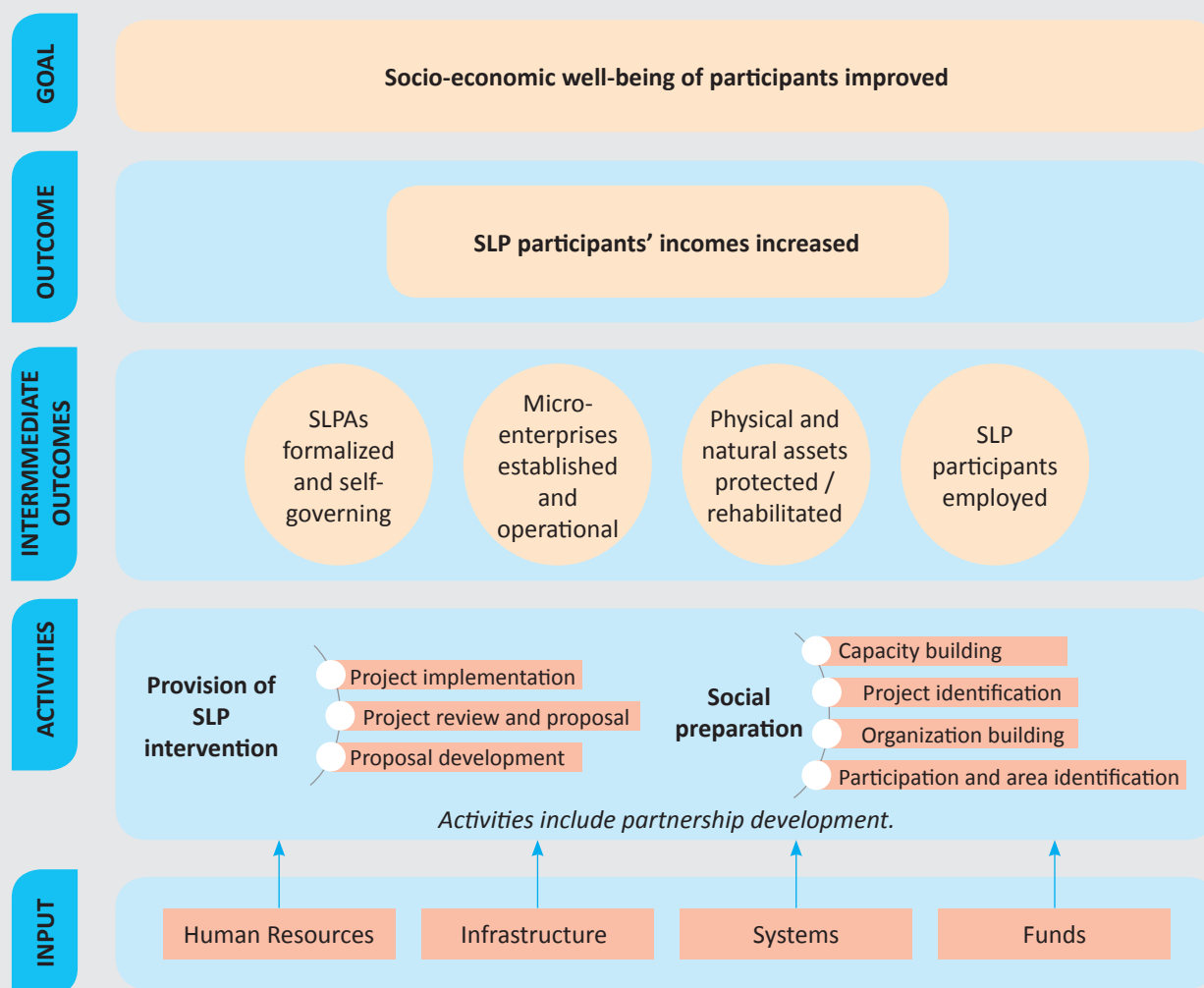
Box 1: The SLP theory of change

The SLP theory of change maps the logical chain of how program inputs achieve changes in outcomes. It is used to guide and design the monitoring and evaluation indicators and activities of the program. The long-term goal of the program is to improve the socio-economic well-being of its beneficiaries through their engagement in self- and wage employment. The SLP expects to achieve its goal by transforming program inputs through a series of implementation phases to outputs that lead to the desired immediate, intermediate, and final outcomes.

The program inputs include establishing program systems, funding, infrastructure, and hiring and training program implementers. The activities designed to realize outputs are the implementation phases and partnership development. These activities identify, prepare and organize beneficiaries in SLP associations; and offer them capacity building activities, skills training, job matching and financial support through its tracks and modalities, all of which will enable SLP participants to access assets and jobs and engage in sustainable livelihood activities. Partnership development helps SLP refer and monitor program beneficiaries.

Expected short-term direct outputs of activities are increase in beneficiary skills, access to funding for entrepreneurial activities, access to funds to search or secure employment, and creation of SLPAs. The translation of program outputs to outcomes relies on the assumption of existing demand for the goods, services and/or skills beneficiaries offer. The achievement of program outcomes is dependent on the conditioning and confounding factors that influence and shape the overall environment the program interventions operate in. These factors define the overall potential that can allow beneficiaries to achieve higher incomes and better welfare. For instance, lack of adequate access to local supply chains or access to training facilities diminish the expected impact of the program's interventions.

The program has identified several indicators to assess outputs and outcomes. For example, outputs are measured in terms of number of SLP participants served through the various modalities, while intermediate outcomes are measured in terms of the number of SLP participants who have or are involved in a microenterprise with ongoing business operations (MD) and who are employed (EF). On the other hand, the end of program outcome is measured in terms of the percentage of SLP participants with increased income obtained either through business operation or through wage employment.



More than one member per family is allowed to participate in the SLP. While a family can only access to funding once under the MD track, multiple family members can avail of services through the EF track. The participants can also maximize the benefit from the program by recognizing the complementary nature of the modalities A participant undergoing the EF track can avail of the employment assistance fund after completing his or her skills training. Similarly, those in the MD track can avail of the seed capital fund to start up their microenterprise and the skills training to operationalize them. The CBLA is also used by beneficiaries to provide inputs to their MD project. For example, under the CBLA, SLPA members can work towards building a storage room or shop.

3.3 Program expenditure and coverage

As part of the overall SP budget, allocations for SLP have risen from 84 million pesos (US\$ 1.7 million) in 2011 to 9.1 billion pesos (US\$ 182 million) in 2017 in line with expansion of coverage and launch of new program modalities (Figure 1). The rapidly growing SLP budget has led to lower disbursement in the last two years.

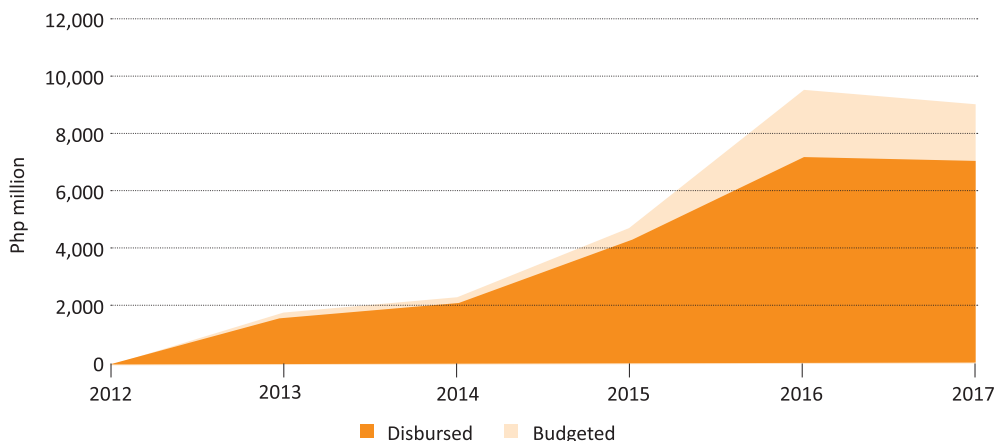
Concurrently, the SLP has grown from serving 46,000 families in 2011 to 340,000 in 2015, and 166,000 families in 2017. The number of beneficiaries served in 2017 has dropped from the previous 3 years, and is notably, only 36% of 2015 numbers. The decreasing number of served beneficiaries coupled with the increasing obligation has led to

a considerable increase in program cost per beneficiary family (Figure 2).⁹ To be effective with funds allocation, several activities have been carried out to strengthen operationalization of the program, including creating linkages and referrals with other programs with similar objectives but separate budgeting and delivery mechanism.

The number of served participants increased four-fold from 2012 to 2015. The jump in number of participants served through the EF track is notable from 2014 to 2015 and 2016, reflecting the administration's plan at the time to use the SLP as a graduation strategy for *Pantawid* children finishing high school. However, the expansion in EF track participation did not carry over to 2017 as the focus shifted back to improving the level of beneficiaries' economic sufficiency through micro-enterprise development. One possible explanation of the overall decline in 2017 could be the saturation of the Listahanan registry (the social registry used to target *Pantawid*), considering beneficiaries cannot repeat participation in SLP. As a percentage of total number of participants served, the distribution has hovered around the 75% mark for MD participants in the years 2015 and 2017, down from a 2012 high of 92%, as some of the focus is shifted to the EF track

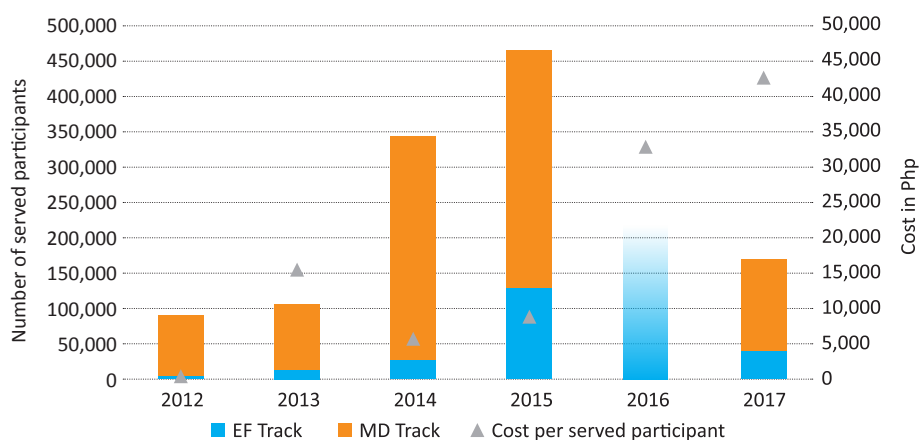
(see table Figure 2 and note that MD track data is not available for 2016).

Figure 1: SLP Budget and Disbursement, 2012-2017



Data Source: SLP Budget reports

Figure 2: Number of SLP beneficiaries and program unit cost



Data Source: SLP Budget reports and Information System.

⁹ Unit cost includes overhead costs of the program.



Data from 2017 shows the distribution of modality within each track (Table 2). The Skills Training Fund is the most popular modality for both MD and EF tracks, constituting 49% and 41%, respectively, of track totals. For the MD track, the Seed Capital Fund is a close second. Twenty-one percent of those who were served through the EF track were directly referred to their employers. It is worth noting, however, that there is no information on the degree of overlap between modalities, which would give an indication of what combination of investments typically lead to successful employment or successful creation of a micro-enterprise.

Table 2: Number of participants served by track and modality in 2017

Modality by track	Number of served participants	Distribution
Skills Training Fund (MD)	61,955	49%
Seed Capital Fund	50,659	40%
Cash for Building Livelihood Assets	14,713	12%
Subtotal (MD)	127,327	77%
Skills Training Fund (EF)	15,599	41%
Employment Assistance Fund	14,743	38%
Direct Referral	7,957	21%
Subtotal (EF)	38,299	23%
TOTAL	165,626	

3.4 Implementation architecture

3.4.1 Organizational set up

The overall operations and supervision of the program is managed by a National Program Management Office (NPMO) housed in the DSWD. The NPMO is in-charge of creating policies and setting program standards and institutional arrangements for program implementation. It works with 18 regional program management offices (RPMOs) to implement the program throughout the country. RPMOs officers include provincial coordinators at provincial level and project development officers (PDO) at municipal or city level. Field officers rely on the implementation phases and templates documented in the program operations manual to implement the program in a standard way. Regional, provincial and city/municipal teams are important in program implementation as they coordinate and provide development plan information necessary by SLP participants.¹⁰

SLP interventions are accomplished through connections with public, private and non-government organizations groups which act as co-implementers of the program. The SLP promotes partners' involvement throughout its phases, especially to build capacity and transfer knowledge to participants when designing and implementing their projects and to link them with jobs. The services of partners can extend from providing business development services such as product and marketing development to diversified loan packages for further financial assistance. At the national level, SLP partners with several government agencies such as the Department of Public Works and Highways, the Department of Environment and Natural Resources, and the Department of Agriculture to provide jobs to EF track participants. SLP tries to engage with the Public Employment Service Offices (PESO) which help link beneficiaries with local jobs. In addition to PESOs, which are managed by the local government units, SLP looks for local private manpower service providers and with technical-vocational institutions to link participants to gainful employment.

¹⁰ Regional, provincial and municipal inter-agency committees are intergovernmental bodies which coordinate and link several stakeholders for an effective implementation of DSWD programs.

3.4.2 Operational components

Targeting and beneficiary selection

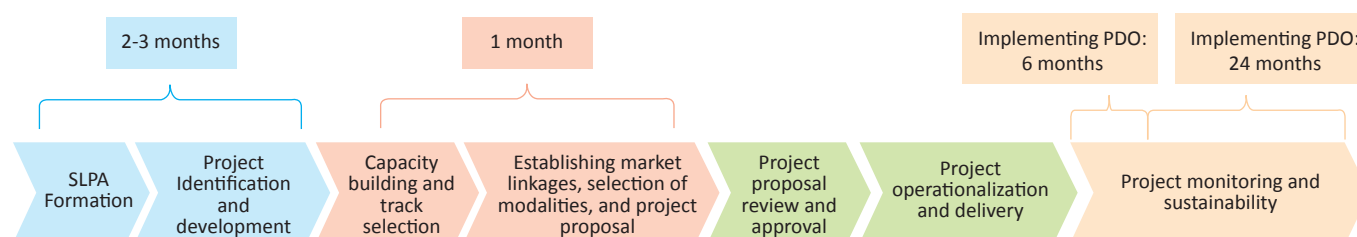
The program uses a three-stage identification strategy. The first stage, geographical targeting, involves identification of priority barangays (villages) which is accomplished through a barangay targeting matrix tool.¹¹ This stage includes securing the official commitment of each municipal local government unit (LGU) in supporting SLP implementation through a memorandum of agreement. The second stage, household targeting, consist of identifying poor households as identified by *Listahanan* of the National Household Targeting Office (NHTO), which uses a Proxy Means Test instrument to determine whether a household is poor (the first national assessment was conducted between 2009-2010, while the second one was collected in 2015). Households benefiting from the *Pantawid Pamilya* conditional cash transfer program are priority targets for the SLP. The third stage is individual targeting. The PDO consolidates the final list of potential participants during his or her community integration wherein household vetting is conducted through the review of case folders and Social Welfare Development Indicator (SWDI) results, which measures progress of household well-being status and probability of exiting poverty. The PDO will then assess the capacity and interest of household members to participate in the program and subsequently identify one household member to participate in the program and form part of a group or association.

Households not included in the *Listahanan* registry may still be covered by the program through a proxy means test to determine if they are poor or if a certificate of indigence is issued by the city or municipal social welfare, or if they are identified as part of a vulnerable or marginalized group (e.g. persons with disabilities, senior citizens, out-of-school youth, disaster-affected communities). Participants must be at least 18 years old, except for MD track participants who may be 16 having presented a written legal consent from parents or legal guardians. The program tries to attend to all eligible individuals even when there is excess demand. PDOs take the challenge to look for entrepreneurship opportunities or jobs for excess applicants. Alternatively, when demand is below target, PDOs from SLP work together with city/municipal links from the *Pantawid* program to identify households which have not been served by SLP.

Implementation Phases

The SLP project cycle. The first two implementation phases of the SLP takes two to three months to execute and consists of several activities including the targeting and identification of potential participants (Figure 3). The activities for the next two implementation phases which culminates with the submission of a project proposal all take place within a timeframe of one month. The following two phases (project proposal review and approval; and project operationalization) have no definite timelines.¹² The final phase, project monitoring, comes after project operationalization which is conducted by the implementing PDO for the first six months and taken over by the monitoring PDO for two years.

Figure 3: SLP Project Timeline



SLPA formation. Upon identification of the list of participants, a group assembly is organized that results in the formation of an association of 5 to 30 individuals; crafting of its rules and regulations including the design of its structure and selection of officers; and preparing to formalize the organization.¹³ The SLPA formation is considered a major output in the early implementation phase of the program as it is a requirement for participation in the SLP tracks. Although participation in an SLPA is required, an individual does not need to set up his or her enterprise with other members of the association.

¹¹ The barangay targeting matrix uses density of unserved Pantawid beneficiaries, presence of other DSWD programs, availability of natural resources, involvement of businesses or civil society organizations, and accessibility of the barangay to commercial areas, to rank barangays.

¹² A recent program evaluation notes that the project proposal review and approval phase can take from two months to as long as one year to complete (Ballesteros, et.al., 2017).

¹³ Individuals group themselves into the associations.



Project identification and development. The process of project identification begins with the participatory sustainable livelihood analysis (PSLA), a program activity which assesses local market opportunities, resources, and assets; and identify corresponding livelihood interventions (3-5 potential projects for each SLP associations).¹⁴ The livelihood projects identified at this stage can be for both micro-enterprising and employment.

Capacity-building and track selection. Following the identification of potential projects, participants are given a training on enterprise development and financial management to provide a better understanding of what it requires to establish a micro-enterprise. The MD capacity building sessions are conducted by partners such as civil society organizations (CSO), micro-finance institutions, and academic institutions. After the first capacity building session, the program participants then decide if they want to opt for the MD track or not. Those who choose the MD track will proceed to the preparation of their project proposal while those who choose to proceed with the EF track will undergo the second capacity building session for employment, known as the Basic Employment Skills Training (BEST). This session covers enlisting of potential job matches, basic work etiquette, resume writing, and mock interviews. The EF session is conducted by resource persons from the PESO or private institutions.¹⁵

Establishing market linkages, selection of modalities, and project proposal. For those who undergo the EF track, the PDOs, using roster of jobs prepared by the RPMOs, will assist program participants in securing employment through direct referral or placement, job fairs, and identification of potential employers within or outside the province or region. Those who would benefit from the skills training modality can already be identified at this stage to acquire hard skills necessary for employment. Those undergoing the MD track would have already identified the gaps that could impede the attainment of the group’s envisioned livelihood through PSLA and with the assistance of the implementing PDOs, bridge these gaps through the provision of SLP modalities or linkages with partner institutions. The choice of modalities for the participants’ chosen tracks is formalized through the preparation and submission of a project proposal to the implementing PDO who will then conduct a feasibility assessment before submitting to the regional field office for review and approval. Group enterprises are encouraged for those in the MD track, however, individual enterprises are allowed when group enterprises are not viable.¹⁶ Beneficiaries participating under the EF track require securing proof of guaranteed employment as an attachment to their project proposal.

Project proposal review and approval. Project proposals undergo evaluation using project feasibility indicators to ensure that proposals comply with program standards and contribute to achievements of SLP’s outcome.

The review of the proposal focuses on checking that all required documentation is submitted and that project feasibility has been assessed. The review takes place at the provincial and regional level. The provincial review is conducted through workshops organized by provincial coordinators where community enterprise development officers from KALAHI CIDSS-National Community-Driven Development Program provide their technical inputs on the projects. The regional reviews sign off on previously approved projects by provincial coordinators. Approved project proposals are submitted for funding.

Project operationalization and payment delivery. Some supportive administrative documents and processes must be completed before participants receive their grants and start with their proposed projects. Training fees, materials and inputs are generally procured by a combination of the service provider and DSWD. Trainings are provided by the civil society organizations or by the Technical Education and Skills Development Authority (TESDA), and in some cases, by DSWD staff directly. Grants and wages for the CBLA are transferred to individuals or groups directly. Table 3 presents the mode of disbursements per modality and guidelines for transferring funds to participants. Monitoring of funds disbursements and usage is difficult to track.

Table 3: Payment delivery by modality

Modality	Disbursement method	Stipulations
Skills training fund	Fund transfer to SLPA, fund transfer to NGAs or SUCs as service providers; procurement process (RA 9184) for technical vocational institutions	
Seed capital fund	Fund transfer to SLPA	Fund utilization check within 3 days of grant withdrawal
Cash for Building Livelihood Assets	Cash assistance payroll or fund transfer to SLPA	Acknowledgement receipt by each program participant upon payment; paid within 2 weeks of the last working day
Employment Assistance Fund	Cash assistance payroll	Acknowledgment receipt by each program participant upon payment

¹⁴ Other secondary data sources, including market opportunities outside the municipality, are considered.

¹⁵ PDOs only act as resource person if pre-identified resource persons are not available for the MD and EF capacity building sessions.

¹⁶ SLP beneficiaries need to belong to a SLPA regardless if they plan to start a group or individual enterprise. PDOs need to present written justification to provincial coordinator to authorize individual enterprises.

Project monitoring and sustainability. This program phase aims to sustain the projects by tracking, mentoring, coaching and more provision of capacity building. At this phase, there is an assessment of the project organization, participants and financial evaluation. There are quarterly monitoring reports conducted to assess how associations are reaching their targets, disbursing funds and spending the money.

Program Monitoring and Evaluation

The program currently monitors usage of grants and some projects' outputs. Some monitoring tasks are assigned to LGU workers. For example, under the MD track, the LGU Livelihood Worker is expected to attend the SLPAs' meetings and assemblies during the first year of operations and at least twice a month thereafter. However, due to heavy workload, monitoring is done on a case to case basis.

For EF, generally, the interviewed SLP staff count EF Track outputs based on the number of participants with employment for at least three months. To get updates, PDOs need to communicate with the partner institutions and participants. Some partner manpower service providers submit reports to the DSWD on the employment of the participants they are assisting/ have already linked to their client-employers. It is also expected that the SLPA should also have its own internal monitoring of its member's employment and enterprises.

Box 2: SLP in practice: an aquaculture micro-enterprise in Romblon

The coastal location of the municipality of Looc has positioned it to be a large producer of marine products in the province of Romblon. Being situated along the shores of Looc bay, the municipality has high potential for aquaculture integrated farming. The Sustainable Livelihood Program (SLP) helped establish a successful micro-enterprise in the municipality which took advantage of the community's natural resources and market demand.

Project development officers (PDOs) worked together with *Pantawid* municipal links to identify 10 individuals who were previously organized and registered as an association with the Department of Labor and Employment to participate in the SLP. As beneficiaries, they reconvened to establish a Sustainable Livelihood Program Association with the aim to access the SLP micro-enterprise development modalities. The SLPA was organized swiftly and held regular meetings where they selected its officers and drafted its constitution and by-laws. The association engaged in the culturing of fresh blue crabs as advised by local government experts who identified the activity as having high market demand with potential for commercial aquaculture production in the region. The SLP project involved the construction of large cages in the ocean which are then stocked with lean crabs so that they put on additional weight after molting. Fattening can take 15-90 days.

The *Pantawid* municipal links and the local government unit (LGU) coastal resource management helped SLP PDOs identify potential areas for crab culturing. Several consultations and activities with the municipal and provincial SLP officers, the LGU, the Bureau of Fisheries and Aquatic Resources under the Department of Agriculture were undertaken to design and implement the project. Technical assistance included orientation of participants on needed technology for crab culturing as well as the relevant laws and regulations governing the municipal waters.

The SLPA employed the micro-enterprise skills trainings and cash for building livelihood assets (CBLA) modalities. PDOs used the skills training funds to hire resource persons to hold seminars and skills trainings on aquaculture businesses. Sessions on life cycle, reproduction, and factors affecting growth and survival of blue crabs and skills on net sewing were given to SLPA members engaging in the enterprise. A key output of these sessions was an action plan for the construction of cages to house the crabs which was funded with CBLA funds (e.g. materials for construction of cages, nets, and labor).

Technical assistance provided during skills sessions was useful in project implementation and monitoring. SLPA members caught fingerlings during low tide and caged them until they spawned to produce juveniles. Members then organized themselves to feed the crabs and monitor their growth. Harvested crabs were marketed and sold at trade fairs and exhibits suggested by PDOs. Some SLPA members also started preparing food for sale using crabs as their main product. This SLP project gained recognition as a social enterprise at the national level.

PDOs monitoring this project note that SLPA members were earning between nil to 100 pesos per day from their previous livelihood (some of them were fishermen). Profits from the project allowed each member to earn 225 pesos per day. In addition, project implementers acquired assets such as fish nets and small boats used to earn additional income. Both men and women were able to enjoy the returns of their labor. Many of the female participants received no income prior to the project as they were not active in the labor market.

This showcases how SLP projects which incorporate technical inputs from local experts, receive support from LGU and other national agencies, and receive support in establishing market linkages can make a project successful in the short term.



The implementing PDO hands over monitoring task to a monitoring PDO who is in charge on following up and check on the implementation of the project. For example, monitoring PDOs conduct a fund utilization check where SLPAs reconcile grant's utilization with proof of purchase. The work of the monitoring PDOs comes post-SLP assistance. Monitoring is conducted for two years, in which time, the program participants are able to scale up their business operations and become self-governing.

4. Evaluation findings

The SLP has undergone several process evaluations with the aim to determine if program activities are working as designed and to request feedback from implementers. The following are key evaluation findings:

Implementation of MD and EF tracks vary across regions. Previous program process evaluations have demonstrated the variation in program implementation for both the microenterprise development and the employment facilitation tracks (Microsave 2016, Ballesteros, et.al., 2015, 2016). For the MD track, the determination of the loan differed across regions. While some PDOs went by a general rule of providing a maximum amount of Php 10,000, others applied additional criteria which included the type of enterprise and the participants' "capacity to pay and their families" debt status (Ballesteros, et.al. 2014). Meanwhile, different models have arisen for the EF track with DSWD awarding the best models during their annual *Bangon Kabuhayan* (award ceremony) based on the models' impact, innovation, economic viability, sustainability, functional collaboration, and gender responsiveness. The best EF track models were those whose partnerships were developed with employment-directed training institutions (Ballesteros, et.al., 2016).

Participant qualities are key to the success or failure of EF efforts. A significant proportion of participants drop out at various stages – during development of the project, post approval of the proposal, post training and during the implementation – which disrupts the SLP operations and leads to wasted efforts. Previous evaluations of the EF track have noted the contribution of participant qualities to the success or failure of employment facilitation efforts. Difficulties lie in the qualifications of the participants, many of which do not reach the minimum educational attainment and age limit set by the employers, a sentiment echoed by PESO managers. Private partners have noted that the upside of facilitating for EF track participants is their willingness to take on any type of job, enabling them to address labor shortages in jobs that did not appeal to other workers. Other issues noted were some participants' lack of confidence while others had insufficient funds to complete the requirements for employment and could not move on with the process. Provision of additional interventions to improve employability of *Pantawid* beneficiaries was recommended to address these barriers (Ballesteros, et.al., 2016).

Severe challenges are expected in the formation and performance of SLPAs. Studying the older version of the SLPAs, the SEA-K associations (SKA), Ballesteros, et.al. (2014) found that equity build up was not sustained or implemented as originally envisioned and shows that transforming the SEA-K associations into self-managed credit facilities was a challenge. Even when SLP members repaid their loans to the SEA-K associations, managing and leadership skills were obstacles for SKAs to prosper and transform into the facilities envisioned by SLP. Another finding was that beneficiaries grouped into SLPAs but ended up requesting individual projects

Effective utilization of funds by MD track participants depends on the level of vulnerability of the households. More vulnerable families often used the funds for both household consumption and livelihood activities. Because there was less emphasis on savings and growth and more on daily turnover, these families had more difficulty with repayment. Less vulnerable families engaged in small scale enterprises, however, not as their primary source of income. There are those who already have existing enterprises and choose to avail of the capital funds to develop their enterprises. By 2014, 76% of enterprises funded under the SLP SEA-K were split between the services sector (retail trade and convenience store) and agricultural activities (backyard livestock raising and small-scale farming). The choice of enterprise had less to do with market demand or potential than it did with the participants' lifestyles, ease of entry and exit into the chosen enterprise, familiarity, and social network (Ballesteros, et.al., 2014).

Program sustainability of the MD track is in jeopardy. Repayment performance of the beneficiaries is far from ideal. Factors that were found to be negatively associated with repayment performance include larger sized SKAs and poverty incidence (indicative of economic development in the area). Conversely, longer payment duration is associated with better repayment rates. When comparing repayment performance of the original program to the SLP SEA-K program, results indicate that the change in policy of providing repeat loans may have improved repayment. However, the overall collection efficiency rate of 66% was found to be not financially sustainable. When comparing to their private counterparts, microcredit service delivery by government was found to be more expensive than microfinance institutions, with operational costs being twice that of the latter. The study estimated that SEA-K fund has to charge an annual interest rate of at least 95% to break-even from its operations (Ballesteros, et. al., 2014).

Pantawid coverage and the low uptake of EF track. By 2014, the SLP SEA-K had served nearly 330,000 Pantawid CCT beneficiaries. Of these beneficiaries, 98% were served through the MD track, 2% through the EF track (Ballesteros, et.al. 2014). By December 2015, the number of Pantawid families served through the EF track had increased to 14% (Ballesteros, et.al., 2016). Albeit improving, the uptake of the EF track remains relatively low, especially for Pantawid families. Ballesteros et.al. (2016) found that most participants of the EF track comprised of children of Pantawid beneficiaries and fathers who are still able to do hard labor. Retention in the track has been low for participants who were signed up by their parents. Job location was also identified as a deterrent to accepting employment through the EF track as the wages were not enough to cover the daily commute to and from the workplace. One of the modalities under the EF track, the Pre-Employment Assistance Funds, would have provided a solution to this impediment. However, as noted in the 2016 follow-up study on the EF track, in most provinces, the said modality has worked as a reimbursement scheme instead of immediate assistance, undermining the objective of the PEAFF¹⁷. For the Skills Training Fund, regular training cost in the technical-vocational institutions in 2016 are higher than the maximum amount of Php 20,000 that the participants can avail of. One of the study's recommendation is to adjust the training budget based on quality or employment training needs instead of assigning a fixed cost per participant.

Effective support from job intermediation service providers are key to EF success. Employment facilitation is an integral part of the EF track. Ballesteros et.al. (2016) and Microsave (2016) have noted both successes and barriers to the program component which stems from both the participant and the service provider. DSWD works with both public sector agencies such as the Public Employment Services Officers (PESOs) and private manpower service providers to link EF track participants to various employments. Both the public and private providers, in some instances, conduct services other than employment facilitation such as career coaching, values formation, and training for actual jobs applied to. The partnership with PESO does not guarantee prioritization of SLP EF track participants, entailing that they compete with non-SLP clients. Success in collaboration between PESO and DSWD has varied, with some partnerships leading to good service delivery while others requiring PDOs to continue looking for other avenues of employment for the participants (Ballesteros, et.al., 2016).

5. Way forward for SLP¹⁸

Key recommendations taken from previous evaluations, international experiences, and the review of the current field operations manual are proposed to further fine-tune the program with the aim of achieving its objectives. We summarize findings in two groups, (5.1) business process recommendations and (5.2) program design recommendations.

5.1 Business processes recommendations

Revamp and update social preparation to reduce participant drop-outs. The program faces important challenges with the commitment of participants to proceed with the project and pursue their chosen track. Most often, drop outs are a result of poor commitment setting during the social preparation stage. More focused counselling and information setting expectations for potential participants in the initial participant selection can substantially improve this situation.

Strengthen capacity of field personnel and adequate support provision. The program relies heavily on PDOs to implement all phases of the program and monitor projects, they are required to perform a variety of operations which require a diverse set of technical and soft skills which can be difficult to master and execute. PDOs need to be proficient in the tracks and modalities of the program, including having training for all the activities they perform throughout program implementation. Lack of PDO's preparedness to utilize program tools can potentially result in delays in submission, poor design of proposals, with lack of proper assessment, which may lead to the proposal being rejected during assessment stage. In addition to improving the training of program implementers, the program will benefit from refining the roles of the implementing PDOs.

Revise PDOs performance indicators which put pressure on their performance and wrongly incentivize them to increase beneficiary enrollment compromising program quality. Current performance indicators may be counterproductive as some PDOs feel the pressure to take advantage of flexible rules or vague illegibility criteria to reach targets. The MD track enables PDOs to meet their annual targets. PDOs are aware that the availability of uncollateralized, zero interest fund through seed capital fund can attract families to participate in the microenterprise scheme. However, meeting EF targets are more difficult. Beneficiaries need to find a job and be employed at least for 3 months and receive minimum wage. Performance indicators related to intermediate outputs and outcome indicators should be put in place.

¹⁷ The 2017 version of the SLP's Operations Manual has adjusted the PEAFF to provide immediate assistance.

¹⁸ Many of these recommendations were discussed with SLP management and regional focal officers in a brainstorming workshop on current modalities and experiences organized by the Bank in December 2016 (World Bank, 2017).



Enhance current and develop new monitoring tools; use monitoring information strategically; and inform program performance.

Further tools can be developed to capture important intermediate output and outcome indicators of the program according to the theory of change. The program would also benefit from conducting spot checks and beneficiary feedback surveys. Easy-to-process templates can be created to effectively manage and distill incoming monitoring and spot check information. Spot checks can be used to ensure any deviation from processes and policies are reported and rectified. Monitoring data can be used to present to local government units the current status and features of the program with the objective to convince authorities of the benefits of the program. Although efforts to improve the program M&E have taken place (tools to collect output and outcome information are being revised; hundreds of M&E officers have been hired to support the program's M&E efforts), collecting, encoding and sending information from field offices to the national program management office has proven difficult. The program needs to continue improving its M&E system so that it is possible to assess cost-effectiveness and impact of each track, keep and scale up modalities that perform well, and redesign modalities that perform poorly.

Expand venues for program outreach. In some areas, the *Pantawid* CCT Family Development Sessions (FDS) are utilised by PDOs as the only platform to directly communicate program information to their target audience. PDOs have limited opportunity for SLP orientation in FDS as PDOs are allocated limited time towards the end of the meeting to deliver their message. Also, this type of arrangement does not give flexibility to PDOs as they need to follow FDS's schedules.

5.2 Key program design recommendations

Set realistic expectations and refine program goals. The SLP's objectives have increased extensively from its early stages of enablers and financiers of small enterprises to its current objective of transitioning households from poverty through creating self- and wage employment. The program is facing the immense challenge to create and/or find employment for a large group of uneducated people. Requiring a guaranteed job for program participation is a significant barrier to program participation as PDOs can only engage so many partners to find jobs for program participants. Instead of creating jobs, the objective should be to provide skills and link beneficiaries to other programs.

Select SLP participants through an objective procedure. The creation of an indicators-based system to effectively identify and sort participants into each track would improve program performance as the program will only be effective among certain groups of people. It is essential to narrow down the eligibility criteria and to rely on an objective tool to classify participants into tracks and program modalities that fits their characteristics best, instead of leaving the decision solely to the participant and avoid PDOs from encouraging participants to go into one track over the other. The creation of an indicators-based system to effectively identify and sort participants into each track would improve program effectiveness. This tool, coupled with training sessions informing participants about each track's pros and cons, can also reduce participant drop-outs. Additionally, it must be recognized that the SLP may not be for everyone, and such a tool should help determine who is and who is not suited for SLP.

Involve local experts in implementing modalities of the MD track to increase the likelihood of success for microenterprises. It is important to involve local experts to conduct market analysis to ensure that projects are adapted to the local economy and to any particular skills and specializations of the local population. Such local understanding is best derived from local actors, such as municipalities or district offices, who have a key role to play in area-specific diagnosis; and may even involve the private sector, whose activities impact local demand for labor and the development of local markets. Programs similar to SLP in other countries emphasize regular coaching or transfer of knowledge to guide projects.

Study further the added value of SLPAs. While communities need to be part of their development, in the case of a program like SLP, associations (SLPA) may not work as expected. The process to form, constitute and formalize a SLPA adds to the costs of beneficiaries and may hinder opportunities for some participants. Potential participants of the employment facilitation track may be dissuaded from participating in the program if required to join SLPAs. Evaluation findings note that program beneficiaries prefer to set up their individual enterprises even though they belong to the SLPAs.

Review the sustainability of the Seed Capital Fund under the MD track. As mentioned before, repayment rates under MD track is low in comparison with other microfinance modalities in the country. Given these findings, it is worth looking into the current repayment performance of beneficiaries to assess the financial sustainability of the modality as it is currently designed. This would inform the program of the need to either tweak or completely redesign this particular modality.

Strengthen referral linkages to other programs. Effective collaborations of SLP with other agencies can significantly improve the efficiency of the program as well as ease the burden on the program implementers. The SLP should look to involve other national and local agencies with capacity to provide further guidance and resources to their entrepreneurial projects and job search. Especially for beneficiaries that have selected micro-enterprise as their preferred pathway out of poverty, it is key to link them to markets and provide further coaching so that they have a profitable and sustainable outlet for their produce or services. Securing employment

Box 3: Mexico's PROSPERA Social Inclusion

The PROSPERA Social Inclusion Program is Mexico's flagship social protection program. It evolved from a conditional cash transfer program (known as *Progresa* between 1997-2002 and *Oportunidades* between 2002-2014) focused on three components—food, health, and education—to a social inclusion program responsible for coordinating and linking beneficiaries to livelihoods and active labor market interventions provided by other actors across multiple government sectors.

In 2016, the program's productive, labor, financial and social inclusion operations were combined into a fourth component called "linkage". The linkage component can be divided into the following sub-components:

- i) Productive inclusion: linkage schemes to facilitate access to productive development programs and income generation promoted by the national government. PROSPERA provides advice to the development and registration of productive projects;
- ii) Labor inclusion: targets young beneficiaries who are high school graduates but do not intend to pursue higher education. This sub-component provides access to training and employment programs that ease their insertion into the formal labor market;
- iii) Financial inclusion: facilitates access, under preferential conditions, to financial education, savings, life insurance and credit;
- iv) Social Inclusion: provides priority access of beneficiaries to programs that enable them to obtain complementary support, including programs promoting early childhood development and preventing gender violence; and provision of scholarships, among others.

An important feature of PROSPERA's design is the partnerships with other agencies to better serve its beneficiaries. The program has several linkages to programs within each inclusion sub-component. For example, in the case of the productive inclusion sub-component, PROSPERA leads the identification of beneficiaries with productive potential and advise beneficiaries for the development and registration of their productive projects with local and international partners. These beneficiaries are then referred to an array of programs offered by the federal government.

PROSPERA highlights that establishing mechanisms of coordination and enforcement provisions with other line ministries is key to successful program implementation. A reliable system to link social protection beneficiaries to other aspects of welfare requires an institutional framework to harmonize agencies with misaligned financial and political incentives. The framework will also establish defined roles and responsibilities across ministries, as well as dynamic and integrated registries and management information systems to ensure proper program management and monitoring.

before entering the program put a lot of burden on PDOs to link beneficiaries to potential employers. So, for those who choose the employment facilitation services, the program can engage new or tap existing partnership with TESDA-accredited training institutions for the provision of life skills and technical-vocational skills training based on participants' assessed needs, and engage private sector for on the job/internship opportunities which may lead to eventual absorption and job placement. Forging more partnerships with DOLE and with other PESO is key, especially outside the National Capital Region, in order to expand employment facilitation services.

Integrate SLP with other livelihood and active labor market programs in the country. Philippines' initiative to increase sustainable livelihoods suffers from fragmentation of multiple livelihood programs with overlapping objectives but separate budgeting and delivery mechanisms. There are several livelihood programs across national agencies, among which SLP is the larger one. Fragmentation means that each program creates their own system and makes their own payment, monitor their own way, and resolve complains or grievance in their own way. Even though some programs use the National Household Targeting System (*Listahanan*) to target beneficiaries, there is no standard procedures to select program participants or coordination among these agencies. This creates programs having different databases and each program following a different reporting structure, with very little information flow across programs even though these may be targeted at the same population. This fragmentation creates considerable inefficiency both from the perspective of the implementers and beneficiaries. A strong mechanism for institutional coordination is important in order to integrate SLP with other government agencies. A government wide inventory of all antipoverty and livelihood interventions of programs already in place is needed to assess which ones can be combined or coordinated to achieve the goals established for a unique Livelihood Program. This unique program may use a single registry which combined with other regional information can enable better targeting and more effective implementation.

Improve integration livelihood/graduation programs with social assistance programs. International evidence suggests that long-term employment prospects are hardly improved by livelihood assistance programs acting on their own. Safety net programs can complement and enhance a livelihood program. International evidence has shown that receipt of a regular cash transfer may reduce barriers to the labor market to the extent that these are influenced by inadequate income (see Box 4). The guarantee of reliable support can also have a psychosocial impact, instilling confidence and promoting a beneficiary's ability to plan with a degree of certainty otherwise made impossible by the need to prioritize immediate consumption over longer term production strategies. This can compromise the ability to envisage and embark on more productive employment (for example, own-account over daily wage labor) if there is a lag



between investment and returns—which is usually the case, particularly with agricultural income (Freeland, 2017). Evidence suggest that combining social assistance grants with interventions to improve livelihoods and productive inclusion (e.g. through access to productive assets, training, financial services, and others) helps households to increase their autonomous income. This can lead to productive investment by beneficiaries with potential long-term benefits, thus paving a sustained route out of poverty. As such, the combination of social grants and productive inclusion interventions has the potential not just to reduce poverty but also to stimulate inclusive growth (UNDP, 2015).

Box 4: The importance of complementing the SLP with social assistance programs and the example of Peru

Complementing livelihood/graduation programs with social protection programs is a promising strategy to help households increase their income. Safety net programs can complement and enhance a livelihood program. Receipt of regular cash transfers may have a psychosocial impact, instilling confidence and promoting a beneficiary's ability to plan with a degree of certainty otherwise made impossible by the need to prioritize immediate consumption over longer term production strategies. Lack of consumption support can compromise the ability to envisage and embark on more productive employment) if there is a lag between investment and returns – which is usually the case, particularly with agriculture (Freeland, 2017).

Evidence suggest that combining social assistance grants with interventions to improve livelihoods (e.g. through access to productive assets, training, financial services, and others) helps households to increase their income. Banerjee et. al. (2015) found that a multifaceted graduation program can help the extreme poor establish sustainable self-employment activities and improve their well-being. The 24-month Graduation approach program provides beneficiaries with a holistic set of services including livelihood trainings, productive asset transfers, consumption support, coaching, savings plans, and healthcare. Evaluation results show significant and lasting impacts on key outcomes (e.g. income, revenue, consumption, household assets, and food security) in the immediate and medium term (3 years after program implementation). The combination of social protection grants with livelihood programs can lead to productive investment by beneficiaries with potential long-term benefits, thus paving a sustained route out of poverty. One of the challenges of such multifaceted approach is how to achieve effective large scale while maintaining successful performance.

A practical example of how other countries are combining livelihood of social assistance programs at large scale to foster more inclusive growth is the case of Peru. The Ministry of Development and Social Inclusion (MIDIS) implements Haku Wiñay, a demand-driven program that provides a bundled of interventions to improve household income and living standards by strengthening family production systems and improving access to local markets.

The program targets rural households living in extreme poverty, focusing on the same rural areas where Juntos, the Peruvian CCT program, is being implemented. This is part of a joint strategy aimed at strengthening household's ability to sustainably overcome extreme poverty (UNDP 2015). Haku Wiñay is considered a graduation program for Juntos households as it aims to achieve economic and food self-sufficiency on a permanent basis. Eligible households can access four components:

- (i) 'Family production system' provides small assets and technical assistance that helps households adopt simple and low-cost technological innovations and/or practices in agricultural and livestock production,
- (ii) 'Healthy housing' provides training to improve preparation of nutritious food, access to safe water and efficient solid waste management,
- (iii) 'Inclusive rural business' foster business initiatives and entrepreneurship by funding and organizing grant competitions among groups of households, and
- (iv) 'Financial education' foster access to formal financial systems.

An implementation team composed of local authorities and leaders is formed to support the execution of the program components. These groups receive and administer money transfers to fund the project activities, and are responsible for identifying participant households, ensuring their involvement and co-funding commitment. The average cost per household is around USD 1,300 throughout 36 months of intervention (UNDP 2015).

While the implementation of Haku Wiñay still faces challenges of delivering and monitoring a bundled of interventions, the impact evaluation conducted two years after program implementation has revealed encouraging results. The impact evaluation results show improvements in household income, food security, agricultural production and livestock, housing conditions, and financial capacities (GRADE, 2016). Providing technical capacity and entrepreneurship skills to farmers to develop and grow their businesses and the involvement of the local community makes Haku Winay a promising strategy.

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