

Public Disclosure Authorized

# Republic of the Philippines

## Philippines: Social Protection Review and Assessment

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GSP02

EAST ASIA AND PACIFIC



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## Executive Summary<sup>1</sup>

This report was prepared to make an inventory of key social protection (SP) programs (over 60) in the Philippines, with the main objective to inform the ongoing review of the country SP Framework and to determine their relevance.

The overall level of effort and institutional development is high, with a coherent architecture around the three typical pillars in SP: social assistance, social insurance, and labor market interventions. SP programming is mature across all pillars, and especially in social assistance, and has proven to be resilient to recent changes in administration after the 2016 presidential elections. There is also a serious commitment to SP by the level of spending. In recent years, there has been a significant increase in spending levels and improvement in allocations. However, the insurance pillar shows relatively low coverage rates. Like in many countries, SP in the Philippines is not governed by a single unified group of legislation, but rather by a collection of sector- or program-specific laws that evolve over time, covering areas such as child protection, poverty alleviation, labor regulation, health insurance, and pensions.

While effective coverage gaps exist in contributory and noncontributory programs, most programs are designed to reach the poorest and vulnerable populations. The stated focus on both protection from short-term collapses in consumption/income and alleviation of chronic poverty is aligned with both considerable and well identifiable share of the population unable to meet its basic needs (at least 20 percent) and almost equal share of those who suffer from consequences of shocks in a country where natural disasters are a regular occurrence, and employment levels are fairly sensitive to shifting international economic forces. The stated objectives of building adaptability and capacity for human capital accumulation are sensible, given the human capital deficiencies especially with respect to education and nutrition. The targeting of particular vulnerabilities and selection of high-poverty areas (especially rural settlements and slums) appear to be consistent with the poverty profile and acute poverty needs. Finally, the vast array of programs focused on labor protection measures and productive inclusion makes sense in a country where a significant share of the population is in the informal wage employment sector (urban informal and rural agrarian self-employed make up 45 percent of the labor force and tend to be among the poorest).

Social protection has thus contributed to an observed reduction in poverty and inequality in the Philippines. However, this has mostly been driven by the expansion and strengthening of national social safety net (SSN) programs implemented by the Department of Social Welfare and Development (DSWD). Health insurance coverage among the poorest quintile is driven by automatic enrollment after funding increased from the passage of the Sin Tax Law in 2012, which intends to provide health insurance coverage for poor and near-poor households. On the other hand, the performance of the social security system and labor market regulation and policies as SP instruments has been constrained by the structure of the economy where low productivity and intermittent jobs in the informal sector dominate and poor performing agriculture is still a major employer. Social security remains out of reach for most of the population, except those at the top 20–30 percent of the distribution. But the main remedy to improve social security coverage is to improve the quantity and quality of wage-based employment, and to align social insurance design

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<sup>1</sup> This report was prepared by a World Bank team composed of Pablo Acosta, Ruslan Yemtsov, Maddalena Honorati, Rashiel Velarde, and Jorge Avalos.

and delivery system with the needs of informal workers is critical to expand coverage.

The review also shows that the Philippines suffers from a weak level of coherence of SP programs, which results in fragmented and overlapping or duplication of programs. While some programs exhibit internal coherence (i.e. complementarity of policies and programs, and delivery mechanisms within a national agency), most existing SP programs are not aligned to an all-embracing SP system that establishes institutional arrangements that promote coordination across institutions. There are also wide disparities across pillars: for instance, the mechanisms to ensure coherence among social assistance programs do not exist for active labor market programs (ALMPs) implemented by several national agencies. Despite the existence of flagship national interventions that cover a significant number of people in need and have clear and robust implementation rules, there are still many programs with overlapping mandates and target population, and a lot of gaps in their monitoring systems. Having an integrated social protection information system would allow policy makers to better monitor inputs, outputs and outcomes (e.g. who are beneficiaries, what are they receiving, at what frequency, what are the existing gaps, etc). The development of an integrated information system would be critical for the country going forward.

Finally, SP programs in the Philippines are flexible and can respond to emergencies, shocks, or crisis. Some of the SP programs in this report can respond quickly to emergencies, but not all have embedded a sound monitoring and evaluation (M&E) system that allows them to provide regular monitoring and periodic evaluation of their implementation during emergencies. Also, an overall framework for predictable response to shocks is still missing. Similarly, it is notable that none of the SP programs have in place an automatic process of indexation of benefits. Information dissemination varies across programs, with some having strong communication channels and staff adequately trained to effectively communicate modifications or adjustments, while others lack these mechanisms.

# I. Introduction: Mapping Social Protection Programs in the Philippines

## Definitions and SP Categories in the Philippines

1. Each country adopts the definition of social protection (SP) that is influenced by its specific challenges and historical developments. In 2007, the Republic of the Philippines adopted a national definition and framework for SP. The definition adopted was “*Policies and programs that seek to reduce poverty and vulnerability to risks and enhance the social status of and rights of marginalized groups by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people’s capacity to manage risk.*”<sup>2</sup>

2. The most recent policy document, Philippine Development Plan (PDP) 2017–2022 defines SP as a set of policies that ‘*builds the socioeconomic resilience of the poor and those who recently graduated from poverty*’. The plan sets clear targets for coverage expansion and includes the following in its objectives: equity, social cohesion, nation building, conflict management, disaster risk reduction and management, and human capital formation. It prioritizes the needs of the most vulnerable members of the community.

## Overall Program Mapping

3. The Philippines operates a broad array of SP programs and measures, in keeping with the wide range of needs of its population, the high priority the government ascribes to SP as a core element of its national development policy, and the Philippine’s status as a middle-income country—and hence one having both the ability to afford programs and the administrative capacity to operate them. Under the classification used in the Social Protection Operational Framework, these programs and measures fall into the following broad categories.

### (a) Social Welfare<sup>3</sup>

4. ***Social Assistance and Transfers.*** They consist of one large national conditional cash transfer (CCT) program (the Pantawid Pamilyang Pilipino Program, 4Ps, which covers about a quarter of the entire population), and a number of smaller programs that provide various kinds of in-kind and cash benefits, mostly to the poor. These include programs such as supplementary and school feeding, public works, and social pension. In 2018, the Department of Social Welfare and Development (DSWD) started implementing an unconditional transfer program designed to mitigate the inflationary effects brought about by the country’s tax reforms.

5. ***Emergency and Disaster Relief.*** For several years now, DSWD has been introducing some form of cash transfers for emergency as part of their disaster response toolkit.<sup>4</sup> It consists of a number of relatively small-scale programs (such as emergency public works employment and relief services) that can be expanded rapidly in the event of natural disasters. To date, the

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<sup>2</sup> Social Development Committee of Cabinet (SDC) Resolution No. 1 Series of 2007.

<sup>3</sup> The Government of the Philippines defines social safety nets/social assistance as Social Welfare. The report follows this definition in mapping out SP programs and the policy framework and governance (Part I and II).

<sup>4</sup> See Acosta et al (2018).



Emergency Shelter Assistance (ESA) is the most used instrument to respond to disasters. The ESA is essentially a cash transfer to repair partially and totally damaged houses, with the intention to be spent on materials for the repair and reconstruction of their houses. The Cash-For-Work (CfW) is the instrument usually used to complement the ESA. It is a temporary employment assistance to distressed or displaced individuals by participating in or undertaking preparedness, mitigation, relief, rehabilitation or risk reduction projects in their communities or at evacuation centers. In addition, the Philippines possesses an adaptive system whereby standing SP programs (such as the major CCT program, the Sustainable Livelihood Program, and the Kalahi community driven development program) can be ramped up at short notice to cover large numbers of additional beneficiaries in response to disasters. The most notable large-scale use of cash transfers (in this case, the CCT) to respond to emergencies was in 2013 when Super-Typhoon Yolanda left a massive devastation, killing 6,300 people (reported) and affecting more than 1.4 million families.<sup>5</sup>

6. ***Social Care or Social Services Programs.*** They respond immediately to individuals and families in crisis situations. These programs provide essential help to vulnerable groups in times of crisis (for example, burial, medical, and transportation assistance for victims of disasters). These tend to be fairly small scale and spread among many nongovernmental agencies in addition to the programs operated by the government.

7. Other social assistance programs such as scholarships and subsidized housing are left out from this report as these tend to be small and/or only available during disasters only. Please refer to Annex B for a brief discussion of these programs.

#### **(b) Social Insurance**

8. ***National Health Insurance Scheme.*** PhilHealth is a compulsory scheme for all wage employees. The objective is to pool risk across individuals of different income levels, health status, and age, to better meet their needs for health care. It provides a package of benefits that include hospitalization, outpatient services, and medicines. It also has a subsidized scheme for the poor aiming to achieve universal coverage (covering effectively 60 percent of the poor).

9. ***Pensions.*** They consist of nationwide compulsory contributory programs for wage employees in the formal sector (the Social Security System [SSS]) and for government employees (the Government Social Insurance System [GSIS]); as well as an old-age non-contributory social pension (Social Pension for Indigent Senior Citizens). About 31 percent of elderly persons are currently covered by such pensions. Contributory pension also includes disability, temporary work stoppage, and life insurance for formal sector and government employees.

#### **(c) Labor Market Interventions**

10. ***Productive Inclusion and Protection.*** This policy area consists of four distinct parts: (a) measures to protect workers' conditions and terms of employment; (b) active labor market interventions; (c) programs and measures to protect the large numbers of Filipinos working overseas (OFWs); and (d) entrepreneurship and microcredit programs intended to support income-generating activities, mostly for workers in the informal sector.

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<sup>5</sup> See Bowen (2016).

11. **Other Programs.** The national rice subsidy program makes rice available at controlled prices to compensate the population in need for the very high local market prices and high import tariffs. It was in place for 50 years. Despite efforts to reform by moving the program from the National Food Authority (NFA) and merging with cash transfer programs operated by the DSWD, the key features of the program remain in place.<sup>6</sup> Fertilizer and seed subsidy programs are available for farmers—although not directly intended as SP measures, these nonetheless provide significant transfer benefits to participating households.

12. The government and nongovernment agencies operate a wide range of other programs that are not strictly speaking SP, but which nonetheless support the poor, or provide direct transfers to households. These include (a) a community-driven development program that finances the construction of social infrastructure by communities, (b) a housing assistance program, and (c) a range of scholarship programs. The most notable is the *KapitBisig Laban Sa Kahirapan* (KALAHI) program, a community-driven development program that provides grants to communities to build social infrastructure. It has been in existence, in various forms, since 2003. The stated objectives of the program are that “Communities in targeted municipalities be empowered to achieve improved access to basic services and to participate in more inclusive local planning, budgeting, implementation, and disaster risk reduction and management.”

13. Annex A provides an overview of the key programs implemented in the Philippines, while Annex B contains a list of all reviewed programs in the SP sector. Table B.1 in Annex B lists active programs (including social assistance, social insurance, labor market, social care services, and subsidies) that may be included in a broader definition of SP. The table also documents the number of beneficiaries, program spending of the most recent available year, and few descriptive characteristics (target population group, implementing agency, and whether the program is targeted or universal). Note that data are drawn from many different sources and thus may not be comparable across programs in all cases.

14. The Table I.1 summarizes the detailed Table B.1 in Annex B by the area of SP. It includes the number of programs, lists the agencies implementing them, provides the combined number of beneficiaries, and summarizes the shares of each pillar in the reported budget spending. Some features of SP in the Philippines are clear from a simple inspection of this table.

**Table I.1. SP in the Philippines: Number of Programs, Combined Number of Beneficiaries, and Structure of Spending by SP Areas (Latest Available Year)**

	Social Welfare	Social Insurance	Labor Market	SSNs and Social Care	Other Programs
Number of national programs	17	12	22	12	2
Agencies implementing programs	DSWD	DOH, SSS, GSIS, DSWD	DOLE, DSWD, DA, DAR, DTI	DSWD	DSWD
Combined number of beneficiaries <sup>a</sup>	66,570,000	30,740,000 <sup>b</sup>	2,345,200	65,000 <sup>c</sup>	25,350,000
Budget as % of total	30.0%	61.6%	4.3%	0.0% <sup>c</sup>	4.0%

Source: Table B.1 in Annex B.

<sup>6</sup> In 2017, the DSWD started distributing monthly rice subsidies of PHP 600 to Pantawid households.

Note: The table is not an exhaustive list of all SP programs but is based on those where at least basic information is available. DA = Department of Agriculture; DAR = Department of Agrarian Reform ; DOH = Department of Health; DOLE = Department of Labor and Employment; DTI = Department of Trade and Industry; SSN = Social Safety Net.

a. Because of double counting across programs (same beneficiary can participate in several programs), the sum across programs does not represent true coverage. For instance, all of the 4Ps program beneficiaries are also part of the sponsored PhilHealth plan. In the Annex B Table B.1, they are counted twice under both programs. Eliminating that, only one overlap gives an estimate of about 40 million for different participants with their family members in social welfare programs. b. Active contributors rather than pension recipients. The latter is estimated in 2016 as 2.5 million. c. Data on emergency SSN and social services are incomplete. Recent information from the Government of the Philippines (GoP) (National Economic and Development Authority [NEDA]) has informed about the decision to allocate 0.4 percent of all government budget spending as contingency budget.

15. First, it is clear that there remains fragmentation even after the sector took reforms in 2006. The overall number of programs is not atypical for a country with the Philippines' level of development (for example, Turkey has 48 programs, Russia more than 200) (World Bank 2018). However, there is a clear spread of institutions and overlap across multiple programs, especially in Labor Market and Social Insurance Pillars. The latter is characterized by multiple small occupation-based schemes, but two main schemes dominate in terms of numbers and budgets.

16. Second, it is also apparent that data for many programs are missing and are not systematically reported or monitored. For example, data for SSNs are available only for 9 out of 17 programs, 4 out of 12 social insurance programs have provided data on coverage, and practically no data were made available for emergency-related SSN and social care services. The DSWD has made great efforts and progress in monitoring its programs, but other implementing agencies are much less up-to-date.

17. Third, judging by the sheer number of programs, there is a lot of attention to the labor market. Yet, in terms of simple coverage, they rank low, as well as in combined SP spending.

## **Social Welfare**

18. A large number of programs provide various forms of transfers directly to households; this section describes only the main ones for which documentation is available.

19. ***Pantawid Pamilyang Pilipino Program (or Pantawid or 4Ps).*** This is a CCT program currently covering some 4.4 million households<sup>7</sup>. It provides a guaranteed monthly transfer to poor households, in return for their participation in selected health and education programs. See Annex A for a detailed description.

20. ***Supplemental Feeding Program.*** Since 2011, the DSWD has implemented the Supplemental Feeding Program in lieu of the earlier Healthy Start program (School Feeding). Under the Supplemental Feeding Program, all children in day care centers operated by local government units (LGUs) are eligible for hot meals 5 times a week for a total of 120 days. The amount of food provided is intended to provide the equivalent of one-third of the child's daily nutritional requirement. The cost of the program in 2013 was reportedly PHP 2.9 billion (about US\$38 million). The program is available at all day care centers throughout the country. In

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<sup>7</sup> The regular CCT (4Ps) program covers 4.1 million households while the modified version of the program, the MCCT, covers around 300,000 households.

practice, availability is reportedly constrained by budget availability, and meals are provided on a first-come, first-served basis. Evaluations of earlier precursor programs found a positive impact on child malnutrition levels.

21. **Food for Schools.** This is a companion of the Supplemental Feeding Program, operated by the Department of Education. It covers students all the way up to Grade 6 but is more targeted, in that the feeding is only provided to those who are specifically identified as malnourished, based on anthropomorphic measurements.

## Social Insurance

22. More than half a century ago, SP was first introduced in the Philippines with compulsory contributory programs focusing on formal workers in both public and private sectors. Two (public) institutions administer contributory social insurance/pensions schemes for the public and private sectors: the GSIS and the SSS, respectively. These programs are also referred to by the names of the institutions administering them. The GSIS was established in 1936, while the SSS followed suit two decades later in 1957. Both social insurance schemes continue to be in place, providing pension, disability, death, work injury, and other benefits to their respective members. See Annex A for a detailed description of the GSIS.

23. Although pension systems in the Philippines have been given more attention especially of late, these systems are still limited in coverage and fall short of ensuring universal social pension (COSE/HelpAge, 2017; ILO 2017). The ILO (2017) has reported that merely two out of every five persons above retirement age in the country are receiving a pension.

24. **SSS.** The SSS was established in 1957 as a defined-benefit mandatory social security scheme for workers in the private sector, including the self-employed. Those who are not employed or those employed overseas may voluntarily join the SSS. The SSS provides social security insurance, that is, for disability, sickness, maternity, retirement, death, and funeral, and loan products to its members (public sector employees are covered by the GSIS, and selected sector-specific programs for police, judiciary, and the like are described subsequently). SSS clearly dominates in terms of the number of affiliated members in the social insurance system (Table I.2).

**Table I.2. Contributing Members of SSS and GSIS (in Thousands)**

Year	Total Contributing Members	Social Security System	GSIS	Economically Active Population
2000	8,443	6,951	1,492	30,911
2001	8,481	6,985	1,496	32,809
2002	8,715	7,215	1,500	33,936
2003	8,636	7,326	1,310	34,571
2004	8,808	7,497	1,311	35,862
2005	8,939	7,629	1,310	35,286
2006	9,350	8,001	1,349	35,464
2007	9,679	8,323	1,356	36,213
2008	10,227	8,862	1,365	36,805
2009	10,380	9,012	1,368	37,892

Year	Total Contributing Members	Social Security System	GSIS	Economically Active Population
2010	11,030	9,659	1,371	38,893
2011	11,412	10,024	1,388	40,006
2012	12,223	10,824	1,399	40,426
2013	12,937	11,498	1,439	41,022
2014	13,675	12,193	1,482	41,379
2015	14,660	13,134	1,526	41,342
2016	15,786	14,165	1,621	43,361

Source: Philippine Statistics Authority (PSA) (2017). Recent Work Statistics. (<http://dews.psa.gov.ph>), accessed December 15, 2017.

25. Coverage is compulsory for employers and all private sector workers below the age of 60 and has been extended to include self-employed persons and household workers with a monthly income of at least PHP 1,000. The ‘AlkanSSSy’ Program is a micro-savings program started in 2012 that uses cabinet-like ‘piggy banks’ to help members save for the monthly SSS premium contributions. In this program, SSS partners with informal sector groups, which maintain the AlkanSSSy units until the premium contributions are counted and remitted to the SSS. Voluntary coverage is also extended to separated members, nonworking spouses, and OFWs.

26. The program is financed by monthly contributions of 10.4 percent of a worker’s monthly salary, split approximately 7.1 percent by the employer and 3.3 percent by the employee. Solvency of the SSS is guaranteed by the government.<sup>8</sup>

27. Benefits consist of retirement benefits, which may be taken either as a monthly pension or a lump sum,<sup>9</sup> and death, funeral, and survivor benefits. In addition, the program offers participants with other, non-retirement benefits, most notably (a) *sickness benefits*, consisting a daily cash allowance for days they are unable to work due to hospitalization and/or illness; (b) selected *maternity leave payments*; and (c) access to *salary, housing, and business loans* to its members. In 2015, the average retirement pension paid was PHP 3,780 (US\$80) per month.

28. In 2016, there were 14.2 million active contributors to the SSS (Table I.2), representing about 32.7 percent of the economically active population in 2016, a large improvement from the 24.8 percent coverage in 2010, and the SSS was paying about 938,000 retiree pensioners, and another 744,000 survivor pensioners, for a total of about 1.7 million persons, representing 21.5

<sup>8</sup> Baseline projections of SSS system finances using the Pension Reform Options Simulation Toolkit (PROST) suggest that the SSS faces a challenge to achieve long-term sustainability, albeit some time to adopt parametric reforms to address the challenge. Financial surpluses are projected for roughly the next 20 years, after which time projected deficits would eliminate fund assets about eight years later (World Bank 2016a).

<sup>9</sup> Members who have paid at least 120 monthly contributions and have reached 60 years or have reached the age of 65 at retirement are eligible for a monthly pension for life with the option of receiving the first 18 monthly pensions as a lump sum. A lump-sum benefit equal to total contributions paid is available to members who are 60 years old at retirement but do not qualify for a monthly pension, provided they have ceased employment and are not continuing paying into the SSS.

percent of the population of age 60 and above.<sup>10</sup> In addition, 57,000 members were receiving disability pensions.

29. **GSIS.** The GSIS covers all civilian public employees, except for those included in specialized schemes (for example, the judiciary, fire, police, armed forces, and others, discussed separately). The program provides not just retirement benefits, but also funeral, survivor, disability, and life insurance benefits, and access to various loan and investment programs for its members. The GSIS is a defined-benefit old-age pension scheme for public sector workers. The retirement benefit options available to workers depend on the length of their service, their age, and the applicable law on the date of their entry in government service. As of 2016, total coverage of the GSIS is 1.6 million active members and 450,000 retirees (about two-thirds of the latter are old-age pensioners). See Annex A for a detailed description.

30. **Other, Group-specific, Public Sector Pensions.** In addition, the following programs, summarized in Table I.3, provide coverage to other public sector employees, who are not members of the regular public service.

**Table I.3. Group-specific Public Sector Pensions**

<b>Program</b>	<b>Group Covered/Comments</b>
Armed Forces of the Philippines (AFP)	Operated as a separate pension fund up until 2006, since then financed directly out of the budget of the Department of Defence
Philippine National Police (PNP)	Serving and retired police officers
Bureau of Jail Management and Penology (BJMP)	Jail guards and other BJMP employees
Bureau of Fire Protection (BFP)	Serving and retired firefighters and officers of the BFP
Judiciary	Judges and prosecutors

31. In addition to pension insurance, there are a number of insurance schemes sponsored by the government (described in Annex B).

32. **Social Pension.** Since contributory pension insurance (as shown in the next section) has combined coverage with only three out of every twenty (15.1 percent) senior citizens, the government has established a noncontributory social pension program in 2011 directed at indigent senior citizens above 77 years. Indigent senior citizen was defined as frail or sickly, or with disability, and without pension or permanent source of income, or regular support from his/her relatives to meet his/her basic needs. In 2015, the minimum age of targeted beneficiaries was reduced from 77 to 65, and further to 60 starting 2016, massively expanding the number of beneficiaries (with the corresponding increased coverage and budgets for the program). By 2015, the number of beneficiaries already corresponded to the number of elderly without pension in the bottom 30 percent of the distribution (poor). With a doubled number of potential beneficiaries due to the reduction of age in 2017, there is a renewed challenge of coverage.

<sup>10</sup> NSO, 2014.

33. ***The PhilHealth Sponsored Program.*** This is a subset of the national health insurance scheme, PhilHealth, targeted at those who are considered poor. The program is closely integrated with the 4Ps program in its targeting approach but has higher coverage. See Annex A for a detailed description.

### **Labor Market Policies and Programs**

34. The government operates a range of active labor market interventions, designed to increase the participation of workers in the labor force and their employability. Two of such clusters of programs, the integrated livelihood program operated by DOLE (the DOLE Integrated Livelihood and Emergency Employment Program, DILEEP), and the Sustainable Livelihood Program (SLP) implemented by the DSWD, are reviewed more extensively in Annex A.

35. ***DILEEP*** has two main components: the majority of the program (Kabuhanyan), which represents an amalgamation of a number of smaller preexisting entrepreneurship support programs for informal sector workers; and a public works style employment program (TUPAD) intended for displaced workers and those affected by disasters. The program is operated by DOLE and is estimated to reach about 100,000 persons per year. The objective of DILEEP is to enhance existing livelihood/jobs of self-employed workers, or to engage unemployed in jobs/livelihoods with the aim to increase income. It is a program targeted to workers in the informal sector, vulnerable groups, and low-wage workers seeking to increase their income and to unemployed and underemployed persons.

36. The ***SLP*** supports microenterprises to become organizational and economically viable, and link participants to employment opportunities and relevant training. The SLP has two components: the business development service (BDS), which provides participants with funds and training to set up their own microenterprise, and the employment facilitation (EF) track, a job search assistance style program that provides employable individuals access to locally available jobs through public-private partnerships. The EF track aims to adequately prepare the participants for employment through skills enhancement and preemployment training and provide direct links to the labor market. 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. The program is operated by the DSWD and is estimated to have reached 165,626 participants in 2017. In 2016, there were 3,715 SLPAs.<sup>11</sup> The objectives of the program are: a) in the short run, to increase wage- and self-employment. SLP supports microenterprises to become organizational and economically viable, and links participants to employment opportunities and relevant training; and b) in the long run, to improve socioeconomic well-being through acquisition of productive assets and income. The target population consists of poor individuals living in households, identified by Listahanan, with the potential and willingness to establish a microenterprise or look for employment. Beneficiaries of Pantawid are priority target participants in the SLP.

37. The two main issues that limit the ALMP's impact are program fragmentation coupled with limited coordination among implementing agencies, and an underdeveloped program M&E system, which consequently result in insufficient information on program performance. There is

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<sup>11</sup> See Acosta and Avalos (2018).

scope for improving the effectiveness of ALMPs in the Philippines. First and foremost, there is a need to better understand the cost-effectiveness and impact of different programs, which calls for a thorough review of all main programs' performance. This involves the development of an M&E system to produce information necessary to improve program design and implementation, and to channel resources to programs that proved to be most cost-effective. Finally, the review of institutional arrangements and better coordination among various implementing agencies could reduce inefficiencies resulting from program fragmentation.<sup>12</sup>

38. In addition, active labor market programs (ALMPs) include:

- (a) **Philippine Employment Service Offices (PESOs)**, located in capital towns of provinces, key cities, and other strategic areas;
- (b) **Phil-JobNet**, an Internet-based job-matching website;
- (c) **Job Search Kiosk**, an information portal housed in an ATM-type box, which provides information on local and overseas job opportunities and other employment-related information;
- (d) **The National Manpower Skills Registry System (SRS)**, which provides information on the available qualifications and skills of workers in a given area; and
- (e) **Job Fairs and Employment Counseling**. In addition, DOLE and Technical Education and Skills Development Authority (TESDA) conduct career guidance and employment coaching and provide vital information on current job trends, critical and high-in-demand occupations, and other issues and challenges in local and international labor markets to guide job seekers in making career choices.

39. These services play only a limited role in employment—the vast majority of job seekers find employment through their own contacts and independent efforts.<sup>13</sup>

40. The government also operates a wide range of Technical and Vocational Education and Training (TVET) programs, but globally, these are generally considered part of the education system, rather than SP and are hence not covered (except to the extent that they consist of short-term or on-the-job training as part of types of targeted ALMPs described subsequently).

41. All workers are guaranteed protection under the Constitution of 1987, and the Philippines has in place a comprehensive set of protection measures for workers, embodied in the 1974 Labor Code and associated regulations. These consist of

- (a) A guaranteed minimum wage - set through a series of Regional Tripartite Wage and Productivity Boards that determine a system of over 200 minimum wages for different areas and categories of workers;

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<sup>12</sup> See World Bank (2016b).

<sup>13</sup> For example, a survey of TVET graduates found referral from friends and relatives remains the most common form of job search, followed by walk-in application, while a Philippines Skills Survey found the majority of employers reporting the use of recommendations from current workers to recruit new hires.



- (b) Required statutory payments - including for overtime, a 13th month of bonus pay, and a share of service charges collected in service industries;
- (c) Protection of working hours - with an 8-hour work day and a guaranteed weekly rest day;
- (d) Leave provisions - including provision of service leave for each year worked and of maternity and paternity leave; and
- (e) Finally, workers are guaranteed tenure of employment, with statutory severance payments in the event of layoffs, retrenchment, or terminal illness.

42. In addition, all workers are in theory covered by/eligible for social security benefits, in the form of enrollment in the various contributory pension schemes (for retirement) and the Employees Compensation System (for work-related disability). These programs are discussed separately.

43. In practice, the effectiveness of these measures is limited in part by the nature of the economy—with a large informal and agrarian sector—in part by the limited capacity to inspect and enforce, and in part by limitations in coverage of the laws themselves.

44. For example, wage and salary workers in private establishments account for only about 48 percent of the employed persons.<sup>14</sup> However, distressed establishments, new business enterprises, retail or service establishments employing not more than 10 workers, establishments adversely affected by natural calamities, and barangay micro-business enterprises are exempted from wage orders. Wage and salary workers in family-operated businesses and private households are also excluded from the minimum wage law, and so are self-employed workers, employers in their own family-operated business, and unpaid family workers. As a consequence, it was estimated that about 38 percent of non-agricultural workers and 78 percent of agricultural workers received below the minimum wage in 2007 (Esguerra and Jandoc 2009).

45. Compliance with both wage laws and other labor protection measures is limited to some extent by the capacity to enforce them; in 2011, 67 percent of the inspected establishments complied with general labor standards, and 81 percent complied with the minimum wage law.<sup>15</sup> The challenges are unavoidable, given the very large number of small establishments to be monitored, and the government has been working to improve both coverage and compliance with labor protection including (a) improving inspection capacity, (b) instituting new approaches to labor standards enforcement, and (c) rolling out labor SP measures to the informal sector over time.

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<sup>14</sup> (PSA, 2018a). Statistical Tables on Labor Force Survey (LFS): Table 12B, Employed Persons by Nature of Employment. Release date April 27, 2018.

<sup>15</sup> See World Bank (2016b).

## II. Policy Framework and Governance of the SP Sector

46. The policy framework and institutional arrangements serve to translate the state's intention, vision, and objectives into practice. A strong legal and institutional framework accompanied by well-functioning and appropriate operative mechanisms is key for ensuring the sustainability of the social protection system. Appropriate legislation, strategies, policies, and programs are necessary to fulfill the government's obligations regarding the right to social security.<sup>16</sup> SP policy is understood as any public policy that is a system of laws; rights; legislative, normative, and regulatory measures; and courses of action adopted and pursued by a government and corresponding funding priorities supporting the establishment, development, and/or maintenance of a national SP system. Although each national legal framework is different, one would expect to find key aspects of an SP system in relevant laws, regulatory acts, and other legal and strategy documents that make up the different layers of the legal framework.

### Strategy

47. With the onset of the global financial crisis in 2009, strengthening the SP system took on added urgency, and the Philippines made a major effort to consolidate, and expand, what had previously been an uncoordinated collection of small, overlapping SP programs, and meld them into a more coherent national strategy. A **National Social Protection Strategy** was adopted in 2009 (SDC Resolution No. 2 Series of 2009), new institutional arrangements were adopted for the coordination of the sector (discussed in the section on institutional coordination), and it was directed that SP programs should be grouped into a unified National Social Welfare Cluster Administrative Orders 232 and 232-A).

48. The objectives of the SP system were defined as

- (a) To protect and prevent people from falling from their current income/consumption levels due to various risks factors,
- (b) To build capacity and adaptability to ensure that better quality of life is maintained and sustained,
- (c) To expand opportunities for income expansion and improve human capital investments in the long term, and
- (d) To sustain standards of living in spite of exposure to risks of different types.

49. The main elements of the strategy were stronger coordination and the reduction of overlap and duplication, along with the launching of a new CCT program, 4Ps, which now reaches some 4.4 million households.

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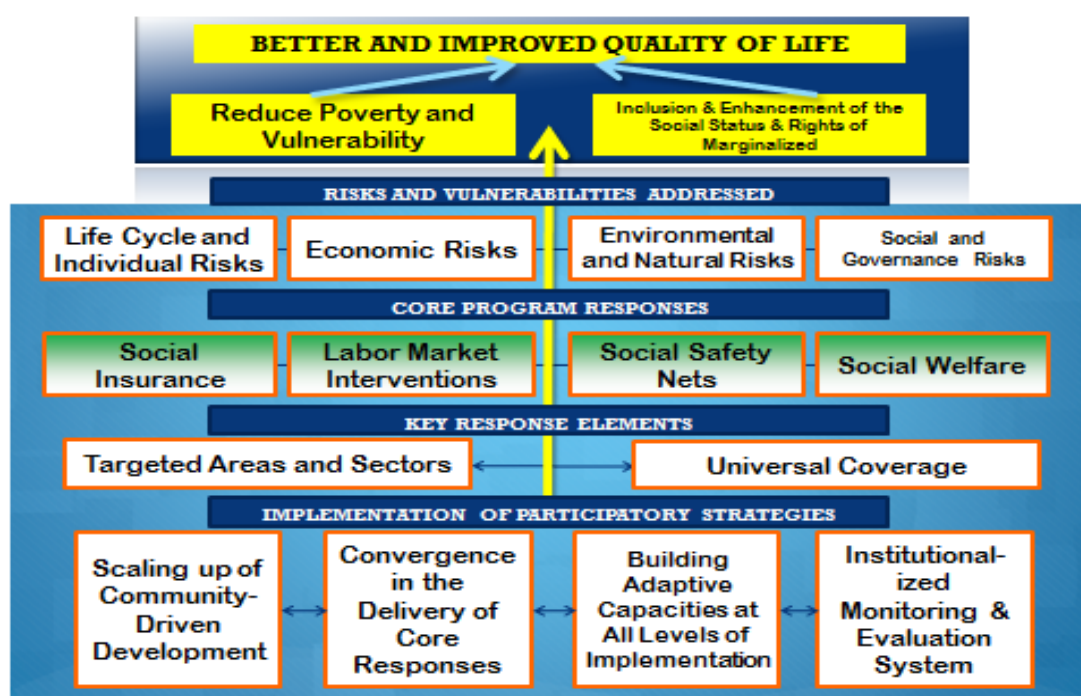
<sup>16</sup> The International Covenant on Economic, Social and Cultural Rights (ICESCR), Article 2, The Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 19, paragraph 67.

50. In 2011–12, a **Social Protection Operational Framework** was articulated as a basis for implementing the strategy.<sup>17</sup> The underlying principles of the operational framework include

- (a) Tailoring and clustering SP interventions in line with major risks and vulnerabilities,
- (b) Identifying and responding to priority targets and sectors,
- (c) Utilizing a new unified national targeting mechanism, and
- (d) Working toward universal coverage over time.<sup>18</sup>

51. Figure II.1 shows the broad design of the government’s social protection framework.

**Figure II.1. Enhanced SP Operational Framework in 2012**



Source: NEDA SDC (2012).

52. Additional elements of the operational framework included (a) a commitment to harmonizing the delivery of SP across programs (referred to in the Philippines context as ‘Convergence’ of programming), with an emphasis on convergence of bottom-up programming through LGUs; (b) scaling up community-driven development; and (c) building adaptive capacity—by which is meant the capacity of beneficiaries, and communities, to resist the effects of shocks and to become more self-reliant over time—for example, through supporting human capital formation and other promotive and transformative investments.

53. The underlying principles behind the operational framework include (a) tailoring and clustering SP intervention in line with vulnerabilities faced by individuals, households, and

<sup>17</sup> SDC Resolution No. 3, Series of 2012.

<sup>18</sup> Enhanced SP Framework.

communities from four major risks (namely, individual life cycle, economic; environment and disasters, and social and governance); (b) identifying and responding to priority targets, including making use of a unified national targeting system; and (c) working toward universal coverage over time. Specific implementation strategies laid out in the SP operational framework include (a) entailing convergence in SP delivery, that is, synchronizing programs with a whole-of-government approach and a bottom-up programming through LGUs; (b) scaling up community-driven development activities; (c) building adaptive capacity among beneficiaries to manage risks by empowering households and communities, for example, through human capital development and other promotive and transformative investments; and (d) making full use of monitoring and evaluation (M&E) systems.

54. At the same time, the government launched a **national targeting initiative** and initiated moves toward an **institutionalized M&E system** for the SP sector. The **National Household Targeting System for Poverty Reduction** (NHTS-PR, or *Listahanan*) is based on complete enumeration of households in all rural areas and selected poor urban areas. Households are classified on the basis of a proxy means test, and their poverty status is confirmed through a local validation process. The list of qualifying poor households is then used to determine eligibility for the major CCT (4Ps) and, increasingly, for other social benefit programs.<sup>19</sup>

55. Following on from the Enhanced Operational Framework, the government has formulated a national **SP Plan** and complementary **Handbook (SP Vulnerability and Adaptation Manual, SP-VAM)**, which are intended to serve as a blueprint for policy makers and program implementers in choosing and designing specific program interventions. The SP-VAM has been issued in 2013 and is being used for the training of LGU, regional, and line ministry staff to give them a comprehensive understanding of the nation's SP strategy and objectives; provide detailed guidance to them in the design and implementation of SP programs at the local level; and ensure convergence of SP interventions, so they provide a coordinated and coherent package of coverage. As of 2016, about 63 percent of the LGUs have been trained on the use of the SP-VAM. There is still a need to cover the remaining LGUs and expand the SP mechanism to include isolated and conflict-affected communities. Still, lack of capacity to implement at LGU remains an important issue.

56. The national SP strategy and program are located within, and consistent with, the government's broader overall development framework. The Philippine Development Plan (PDP) 2011–16 provided the guiding template for all development efforts. Chapter 8 of the PDP covered Social Development and lays out labor market, social insurance, social welfare, and safety net plans for the five-year period, including expansion of the CCT, household targeting, and health insurance programs and expanded coverage of social insurance and employment support programs to informal sector workers. It also sets specific results targets for the SP sector for the program period.<sup>20</sup>

57. More broadly, a policy decision has been made that SP should form an integrated part of the nation's overall poverty reduction strategy (National Anti-Poverty Program 2011–16, National Anti-Poverty Commission, NAPC) recognizing (a) the central importance of SP to the reduction

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<sup>19</sup> At the latest count, some 44 programs used the NHTS-PR data in some form for targeting.

<sup>20</sup> PDP 2011–16 and PDP 2011–16 Results Matrices (NEDA 2011).

of poverty and conversely (b) the importance of SP interventions being tailored to fit with, and within, the broader poverty reduction efforts being undertaken in the human development and economic sectors.

58. SP figures notably in the country's most recent development plan and long-term development vision. Chapter 11 of the most recent PDP, PDP 2017–2022 (NEDA, 2017), discusses the set of mechanisms to reduce vulnerabilities and has identified adopting and institutionalizing the SP Floor as a strategy to achieve universal access to SP under the strategic framework to build resilience of individuals, families, and communities.

59. Specific strategies include enhancing SP for the informal sector, improving the social pension system, strengthening mechanisms to ensure enrollment in the social security system, expanding health insurance packages, and establishing an unemployment insurance system. Further, the PDP also highlights the requirements to address implementation issues on convergence, planning, and mainstreaming of SP at the local level, including better M&E and collection and use of data. The PDP adds information on how the country can attain its long-term development vision of a prosperous, predominantly middle-class society where no one is poor, articulated in *Ambisyon Nation 2040* (NEDA, 2017).

## **Legal Framework**

60. A strong and coherent legal framework defines the overall and program-specific objectives of SP policy and the types of schemes and programs that form the SP system. The clearer the law is, the lesser the rules risk being interpreted and applied in an arbitrary manner. The more detailed the law, the more predictable its application will also be, and the more likely the system will be able to fulfill its objectives and achieve desired outcomes.

61. National legal frameworks generally consist of (a) the Constitution, (b) laws adopted by the legislative branch (such as labor laws, social security framework laws, specific social security/protection legislation, laws making provision for administration, financial management, delivery, enforcement, and so on), and (c) regulations and policy documents adopted by the executive branch (that is regulations governing implementation, ministerial decrees, circulars, ordinances, by-laws, government strategies, policies, action plans, standards of services, and operations manuals). Poverty reduction and rural development strategies also often discuss SP as an important pillar.

62. As in most countries, SP in the Philippines is not governed by a single unified grouping of legislation, but rather by a collection of separate sector-specific and program-specific laws that have evolved over time, covering areas such as labor regulation, health insurance, and pensions. In the cases of most SP-specific transfer programs, and of the broad national policy, they tend to be governed by administrative orders and Cabinet Committee decisions, rather than by formal legislation.

63. Table II.1 summarizes the main pieces of legislation and administrative orders affecting SP in the Philippines.

**Table II.1. Legislation and Regulations Governing SP in the Philippines**

<b>Area</b>	<b>Regulation or Law</b>	<b>Function</b>
Broad SP Policy	NEDA SDC Resolution, Series of 2007	Formal adoption of Philippine definition of SP
	Administrative Orders 232 and 232-A	Amalgamated SP programs into a single National Social Welfare Program Cluster
	SDC Resolution No. 2, Series 2009	Creates the Sub-Committee on Social Protection (SCSP) under NEDA SDC
	NEDA SDC Resolution No. 3, Series of 2012 "Approving and adopting the SP operational framework"	The framework seeks to serve as the overall guide for implementing SP programs/interventions and other policies related to SP.
NHTS-PR	NSCB Resolution No.18, Series of 2009	Supports establishment of NHTS-PR
	Executive Order 867 of 2010	Provides for adoption of the NHTS-PR as the mechanism for identifying poor households' eligibility for SP programs
<i>Other Elements of SP</i>		
Labor Protection	The Philippine Constitution	Guarantees SP to every Filipino worker
	1974 Labor Code of the Philippines	Mandates working conditions, payment of minimum wages, statutory hours, overtime, and leave
	RAs 8187, 8282, and 8972	Provide for maternity/paternity and related leave
	PD 881 of 1975	Provides for a 13th month of pay each year
Cash Transfers	Administrative Order 16 of 2008	Establishing the 4Ps CCT program
Disaster Management	RA 10121 National Disaster Risk Reduction and Management Act	Governs DSWD disaster response role
Pensions	Commonwealth Act No. 186 of 1936	Replaces earlier pension legislation and establishes GSIS
	PD 1146 of 1977 and RA 8291 (GSIS Act of 1997)	Refines GSIS and governs current operations
	Senior Citizens Law	Covers social pension to the elderly
Health Insurance	National Health Insurance Act of 2013	Establishes PhilHealth
	National Health Insurance Act of 2013	Shifts premium sharing and commits to subsidized premiums for the poor
	RA 7875, as amended by RA 9241	Mandates all individuals, including workers, to contribute to PhilHealth
School Feeding	Basic Education Law	Institutionalizes school feeding

Note: NSCB is the National Statistical Coordination Board; RA refers to Republican Act; PD refers to Presidential Decree.

64. In addition to the existing legislation listed in Table II.1, the legislative agenda for the SP sector outlined in the government's PDP for 2011–16 included a 'Magna Carta' protecting the rights of workers in the informal sector and domestic workers as well as legislation to register and accredit social welfare delivery agencies.

### **Alignment of Policies with SP Needs, Population Risks, and Vulnerabilities**

65. The needs for SP in the Philippines are diverse and acute. The Philippines' SP system operates in an environment characterized by perennially high and slow-to-decline poverty, vulnerability, and inequality. High chronic poverty has negative permanent consequences for

living standards and development. There is also a high degree of vulnerability to economic fluctuations and natural disasters, and inequality.

66. The stated objectives of the SP strategy are broadly consistent with the needs of the population:

- The stated focus on protection from *short-term collapses in consumption/income* is sensible in a country where natural disasters are a regular occurrence and employment levels are fairly sensitive to shifting international economic forces.
- The stated objectives of *building adaptability and capacity for human capital accumulation* are sensible, given the human capital deficiencies especially with respect to education and nutrition).
- The targeting of *particular vulnerabilities, and selection of high-poverty areas (especially rural settlements and slums)* appears to be consistent with the acute poverty needs and visible deprivation.
- The concentration on *labor protection measures and productive inclusion* makes sense in a country where a significant share of the population is in the informal wage employment sector (urban informal and rural agrarian self-employed make up 45 percent of the labor force and tend to be among the poorest).

### **Policy-making Process and Institutions: Roles and Responsibilities of Key Actors**

67. The policy responsibility for SP is shared between NEDA and the DSWD, with significant input from other agencies, most notably DOLE.

68. *The broad national policy and strategy* are guided by the SCSP under the NEDA-SDC. This sub-committee is chaired by the DSWD Undersecretary for Policy and Programs, with the NEDA Deputy Director General for Planning and Policy as Vice-Chairperson. Members include a wide range of government and nongovernment agencies (including Commission on Higher Education (CHED), DA, Department of Agrarian Reform (DAR), Department of Budget and Management (DBM), the Department of Education (DEPED), the Department of Health (DOH), the Department of Local Government and Interior (DLGI), DOLE, Department of Trade and Industry (DTI), GSIS, Housing and Urban Development Coordinating Council (HUDCC), NAPC, National Nutrition Council (NNC), People's Credit and Finance Corporation (PCFC), PhilHealth, SSS, TESDA, Leagues of Municipalities, Cities and Provinces, Social Watch Philippines, and *Pambansang Kalipunan ng mga Manggagawang Impormal sa Pilipinas (PATAMABA)*].

69. At the political level, oversight and direction are provided by the Human Development and Poverty Reduction Committee of Cabinet (HDPRC), chaired by the Secretary of NEDA.

70. Institutional responsibility for the implementation of programs is divided among various agencies and departments and, importantly, LGUs.

71. **The DSWD** has the primary responsibility for the implementation of the largest SP transfer program (4Ps) and community-driven development program (KALAHARI) as well as the primary responsibility for disaster relief and recovery.
72. **DOLE** is the key government department responsible for the formulation and implementation of policies related to labor and employment in the Philippines in accordance with the Labor Code. It is also responsible for the implementation of the Livelihood Program for Vulnerable Groups.
73. **The GSIS** implements the pension program for civil servants, as well as an emergency loan scheme for public employees.
74. **The SSS** manages the pension program for employees in the private sector.<sup>21</sup>
75. **The Philippine Health Insurance Corporation** (PHIC or PhilHealth) administers the National Health Insurance Program (NHIP).
76. The **Philippine Overseas Employment Administration** (POEA), **Overseas Workers Welfare Administration** (OWWA), **National Reintegration Center for Overseas Filipino Workers** (NRCO), and **Commission on Filipinos Overseas** (CFO) are all involved in the protection and welfare of the very large number of Filipinos working outside the country.<sup>22</sup> POEA regulates the deployment of workers while **OWWA** provides SP to the employed overseas workers.
77. **The DA** manages seed and fertilizer subsidies,<sup>23</sup> while the **NFA** manages rice subsidies.
78. **LGUs** are responsible for much of the implementation of programs at the local level and have the autonomy to operate their own SP programs in addition to those designed and funded by the national government departments. **The DLGI** is responsible for providing technical assistance, support, and capacity building to the LGUs.
79. **TESDA** has the responsibility for technical and vocational education, and with particular reference to SP, it is responsible for active labor market interventions that involve training and apprenticeships, as well as for delivering elements of the DILEEP income-generation support program.
80. The **DEPED** and **DOH** play an important role in both monitoring compliance with conditions of the CCT program and ensuring that the needed supply-side services are available, and in the case of the DEPED, in delivery of the Supplementary Feeding program.
81. The overall direction of statistical policies and efforts related to SP falls under the **NSCB**, while the National Statistical Office, DSWD, and NEDA are jointly responsible for the

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<sup>21</sup> Note that although the term is used to describe a system, SSS is also the title of the agency operating the system.

<sup>22</sup> In 2010, there were about 9.5 million Filipino workers in more than 200 host destinations worldwide; 4.3 million of them are temporary migrants who are expected to return to the Philippines after their work contract.

<sup>23</sup> While not technically SP programs, there have been significant expenditures on programs that transfer resources to households in the Philippines and thus represent an element of the protection offered to the poor and non-poor.



development and testing of the NHTS-PR, and the implementation of the targeting system is managed by the National Household Targeting Office (NHTO) of the DSWD.

82. **Stakeholder Participation.** During the preparation of the enhanced SP Operational Framework (2012), stakeholder consultations were held with civil society organizations (CSOs) involved in delivering SP programs and with municipal and provincial social welfare and development officers.

83. There is also civil society participation in the SPC SCSP, which sets the broad national SP policy. In addition, a series of consultations with CSOs and LGUs is currently ongoing as part of the Assessment-based National Dialogue, to identify the policy gaps and recommendations with respect to the SP system.

84. More generally, policy proposals in the Philippines generally stem from one of two sources, either the Congress or the executive branch of government. In either case, they are sent to NEDA for comment and vetting, and comments are sought by practically all organized constituencies. If they concern special or cross-cutting issues, then group-specific feedback is required (for example, if the treatment of female citizens is involved, the Philippine Committee of Women would be consulted).

### **Communication, Consultations and Outreach**

85. Each government agency is expected to disseminate the information on its activities and programs to the civil society. Increasingly, this is being done through social media, although departments and local governments also use newspaper advertisements, radio and television, and word of mouth through community-level outreach of social workers at the barangay level.

86. The usefulness of a one-stop-shop that would provide citizens with information on, and access to, all of the various SP programs available to them is recognized as a valuable instrument. Although there are no immediate plans to develop such a one-stop-shop, it is likely that it will be considered in the near future.

87. There is an increasing thrust to decentralize decision making and management on SP down to the local level, with LGUs being increasingly involved in the development and adaptation of local delivery of SP programs and with monitoring through a new community-based monitoring system.

88. Finally, people residing in communities have the opportunity to comment upon, and appeal, the lists of poor families generated by the NHTS-PR, and Local Validation Committees are organized to resolve complaints.

### **Policy Implementation**

89. The performance of the SP system is critically determined by successful **policy implementation**, for example, by the performance of the delivery system. The diversity of delivery methods has proven effective in the provision of SP. However, this necessitates close **coordination** and integration between schemes and programs making up the SP systems.

90. A key concern in the successful implementation of SP policies is the coordination among the implementing agencies in a way that avoids fragmentation in the SP system and duplication between different schemes and programs. Fragmentation refers to SP systems where there are multiple programs with same or similar objectives, targeting different or same population groups, often with a limited geographical scope, and regularly leading to high administrative and delivery costs. Coherence, on the contrary, refers to ensuring that different SP schemes and programs complement each other to avoid duplication and inefficiencies.

### **Institutional Coordination**

91. Institutional coordination in the sector is much improved following the reforms of 2009–2011 and the adoption of the Enhanced Operational Framework. Previously, there was no real central policy-making apparatus in the SP sector, and both policy and implementation were splintered among a plethora of institutions. Numerous departments and agencies ran small, uncoordinated programs, with limited impact. The reforms established the central policy-making and coordination authority of the joint NEDA-DSWD SCSP, focused primarily on the responsibility for SP activities more clearly with the DSWD, and rationalized delivery into a smaller number of larger, nationwide programs. While substantial progress has been made in this regard, *de facto* coordination and amalgamation has taken place mostly among the programs operated by the DSWD and DOLE, while other programs still operate independently.

92. At the central level, NEDA meets regularly with line ministries to review programs, performance, and plans. In addition, all new policy and program spending initiatives must go to NEDA for consideration and approval, and this provides a mechanism for both coordinating SP activities and ensuring that they are consistent with the broad national policy objectives.

93. It is also worth noting that the adoption of the national household targeting tool is itself a powerful form of sector coordination. Using the results of this instrument allows numerous programs to focus on a mutually consistent set of the poor.<sup>24</sup> Although initially used to target the Pantawid CCT program, it is now used to target some 44 anti-poverty programs, including the PhilHealth subsidized program, and old-age social pension, and by more than 1,000 LGUs.

94. Convergence of programs—with greater coherence of coverage and of delivery of benefits—is a stated objective of the Enhanced Operational Framework for SP. This is proposed to be implemented primarily at the LGU level, with LGUs being equipped with the capacity and tools to coordinate programming and planning locally. This process is still in its early stages; as noted earlier, training is currently under way using the SP-VAM to guide the coordination progress, and some LGUs have stronger capacity to undertake this coordination role than others.

95. *De facto* coordination is initially taking place mostly among three core programs operated by the DSWD (4Ps, SLP, and KALAHÍ). A cascading set of Regional, Sub-Regional, and Municipal-level Program Management Teams has been designed to coordinate program

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<sup>24</sup> Although it should be noted that this in itself does not necessarily prevent—and can exacerbate—the problem of the same households benefiting from multiple programs—which may or may not be desirable, depending on their poverty status and the benefits delivered by different programs.

implementation; manage engagement with government agencies, LGUs, and CSOs; and manage geographic coverage and ensure quality management.

### **Adaptiveness**

96. Another strength of the Philippine system is that the DSWD is also responsible for disaster relief, as well as responsible for social assistance programs—so that the emergency response function is better integrated with the standing safety net delivery system than it is in most countries. The result is an ability to expand and contract levels of coverage in response to sudden surges in need (An example is the rapid use of the 4Ps to assist families affected by typhoon Yolanda in 2013).

97. However, there is not yet a national framework for a predictable social protection response to shocks. Ideally, the country should set up instruments that are sufficiently flexible to cater to different disasters, have well established funding sources, operations guidelines, and objective trigger mechanisms to avoid ad-hoc and last-minute decision response. The experience to date in the country has shown that cash relief during disasters has numerous advantages in terms of coping mechanism to promote faster recovery, repairs to homes and initiate a market to resume livelihood.<sup>25</sup>

### **M&E**

98. The Enhanced Social Protection Operational Framework envisions a major strengthening of the M&E of SP. This system has not yet been developed, but a number of steps have been taken, which effectively improve the monitoring of SP. At the national level, basic SP indicators have been included in the Philippine Statistical Development Plan (PSDP) 2011–17 to institutionalize the tracking of key statistics relevant to SP, and specific outcome targets have been laid out in the Philippine National Development Plan.<sup>26</sup> NEDA reviews the performance and progress on targets with the ministries annually, as part of the regular annual update process on national development.

99. These efforts continued with the adaptation of the most recent PDP 2017–2022. The plan included the set of actions to implement a Social Protection Statistical Framework. The government will formulate the framework and its subsequent indicators, consistent with the PSDP and aligned with the United Nations (UN) Sustainable Development Goals (SDGs) to deliver quality SP statistics in support of evidence-based policy making, program implementation, and M&E. The data should track the status of vulnerable sectors, such as persons with disabilities (PWDs), child laborers, and indigenous peoples. This will also include early detection systems of risks that could affect communities.

100. In recent years, modules on participation in, and benefits received from, various SP programs have started to be included in national household consumption/expenditure surveys; this

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<sup>25</sup> See Bowen (2016) and Acosta et al (2018).

<sup>26</sup> The indicators included are targets for (a) increased number of households covered by CCTs, (b) decreased vulnerable employment rate, (c) increased percentage of poor families covered by PhilHealth, (d) increased number of citizens covered by the social pension (Senior Citizens Law), and (e) increased number of OFWs covered by social security (PDP 2011–16).

is a key to being able to map the coverage of the SP system and to begin to rigorously assess the targeting effectiveness of programs.

101. At the ministry level, all government agencies have been directed to develop M&E systems as a matter of general government practice, but these for the most part are not yet developed or operational. Currently, the Pantawid program boast a robust M&E system which includes spot checks and rigorous impact evaluations conducted periodically. At the program level, M&E tends to focus mostly on accomplishments in relation to targets, rather than a more nuanced analysis of impacts and effectiveness.

102. The DSWD is developing an Enterprise Data Warehouse, to integrate the databases of different SP programs, to know who is receiving what. It is planning to start with the three DSWD programs (4Ps, KALAH, and SLP), and then expand it to include nine programs.

### III. Assessment of the SP Performance

#### Public Spending on SP in the Philippines: Overall Level and Allocation across Functions

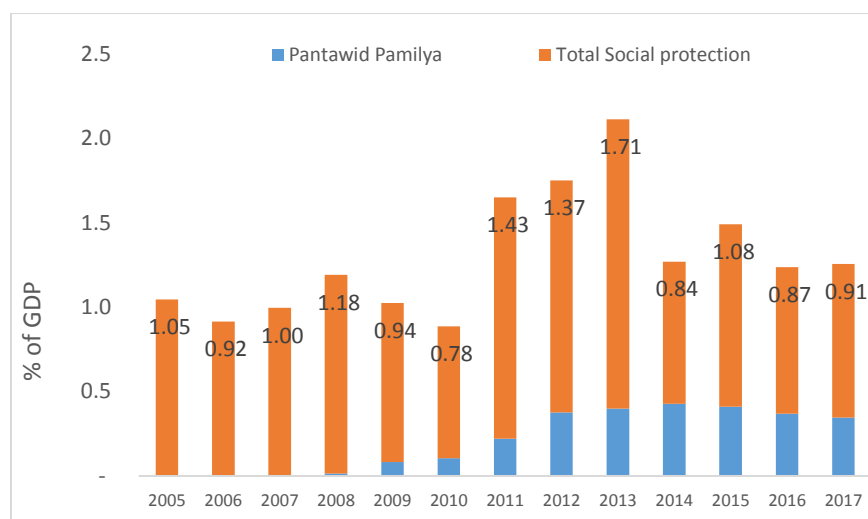
103. Adequate financing is key to ensure the sustainability of the system in the short and long terms. Generally, countries use a mix of sources of financing relative to the different types of schemes including general revenues, earmarked taxation, social insurance contributions, income from capital, and co-payments for services. The selection of the right mix of financing sources contributes to reducing inequality and enhancing social cohesion.

104. SP systems have to be managed transparently and accountably ensuring the financial, fiscal, and economic sustainability of the system. This depends, among other things, on the degree to which public spending processes and resource allocation are well established, institutionalized, and predictable.

105. The amount of resources spent and their trends over time reflect spending priorities and are indispensable to assess fiscal affordability and sustainability. The assessment needs to look at the composition of expenditures by SP functions and programs as well as the overall government budget to assess SP priorities and scope.

106. Figure III.1 summarizes the evolution of total spending on SP programs until 2017, highlighting the prominent role of Pantawid CCT on total spending. It has oscillated around 1 percent of gross domestic product (GDP) through the period, which is below the world average, with peak of 1.7% of GDP in 2013.

Figure III.1. Overall SP Sector Spending - 2005–2017



Source: World Bank calculations based on government budget figures.

#### Overall SP Coverage, Redistributive Efficiency, and Impact

107. The performance of SP policies can be measured from the perspectives of achieving program impact (effectiveness) or of optimizing the use of resources (efficiency). Effectiveness

measures are broadly a function of who is covered by SP programs and the size of social transfers, which result in the program impact as measured by changes in poverty and inequality.

108. The extent to which SP measures influence the welfare of the population depends on the answer to two questions: (a) who receives the transfers? and (b) how large is the transfer they receive relative to their incomes? An individual has to be covered by a transfer, generally measured by receipt, and the size of the transfer has to be large enough to affect the person's economic welfare. Aggregating these individual-level effects, one comes up with the impact of SP on poverty and inequality.

109. Obviously, the potential for covering everyone in need with adequate transfers depends on the budget. With a given budget, efficiency requires that resources are directed to those in greatest needs or well targeted.

110. This section is based on using the most recent survey data to assess overall size and distribution of transfers received by the population and their impact on poverty and inequality. There is also a discussion of how well specific groups of the population are covered.

### *How Well Are Those in Need Covered?*

111. Those who are at the bottom of the distribution (pretransfer) are most likely to have their needs not met and suffer from negative consequences of various shocks and risks. Hence, looking at how well those at the bottom of the income distribution are covered by the combination of SP and social assistance is the first step to assess whether there is an adequate coverage.

112. As already discussed, in the Philippines, extreme poverty represents about 10 percent of the population, and material poverty about 20 percent. In addition, about 20 percent of the population is vulnerable to shocks. Hence, the assessment of coverage can start by looking at whether those at the bottom 20 percent (lower quintile) and 40 percent (second quintile) are receiving transfers.

113. Table III.1 gives a sense of the coverage of existing programs and how coverage is spread across income groups.

**Table III.1. Coverage of SP Programs (Percentage of Population in Each Income Group Reporting Receiving Some Benefit from Each Program)**

	<b>Q1 (Poorest)</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5 (Richest)</b>
<i>Pantawid (2017)</i>	45.6	34.6	19.9	7.9	1.4
<i>Supplemental Feeding (2013)</i>	10.1	6.0	3.3	2.0	1.0
<i>Public Works and Food-for-Work (2013)</i>	1.4	0.9	0.5	0.0	0.0
<i>Social Pension (2017)</i>	31.8	30.6	28.0	18.3	10.9
<i>SSS (2017)</i>	15.4	31.3	46.1	62.5	73.4
<i>GSIS (2017)</i>	0.2	1.3	3.6	10.6	27.0
<i>PhilHealth (2017)</i>	59.0	60.6	62.1	68.2	79.1
<i>Scholarships (2013)</i>	0.5	0.7	0.7	1.4	1.3

Source: World Bank calculations based on Annual Poverty Indicator Survey (APIS) 2013 and 2017, Family Income and Expenditure Survey (FIES) 2015, and National Demographic and Health Survey (NDHS) 2017 data.<sup>27</sup>  
Note: PhilHealth includes the sponsored and non-sponsored schemes.

114. Table III.1 shows population coverage based on self-reporting by beneficiaries in the household expenditure and income survey. The information is somewhat dated for some of the programs and coverage may have expanded or contracted since then.

115. A number of things emerge from Table III.1:

- With the exception of Pantawid, Social Pension, and PhilHealth, none of the programs reach a significant share of the poor.
- Health insurance coverage has increased the most among the poorest quintile according to a panel survey conducted by the World Bank and UP Econ Foundation in 2011 and 2015 (Bredenkamp et al. 2017). The expansion in coverage is driven by automatic enrollment after funding increased from the passage of the Sin Tax Law in 2012, which intends to provide health insurance coverage for poor and near-poor households. Despite the higher coverage rate for the bottom two quintiles at 60 percent, it still falls below the intended 100 percent coverage proposed by the Sin Tax Law. Note that PhilHealth includes both the contributory and noncontributory schemes in Table III.1.
- The Philippines SSS and GSIS schemes are not designed to target the poor and as such present low coverage for lower quintiles. Overall coverage is low in large part due to limited steady wage-based sources of income for many Filipino workers.<sup>28</sup>

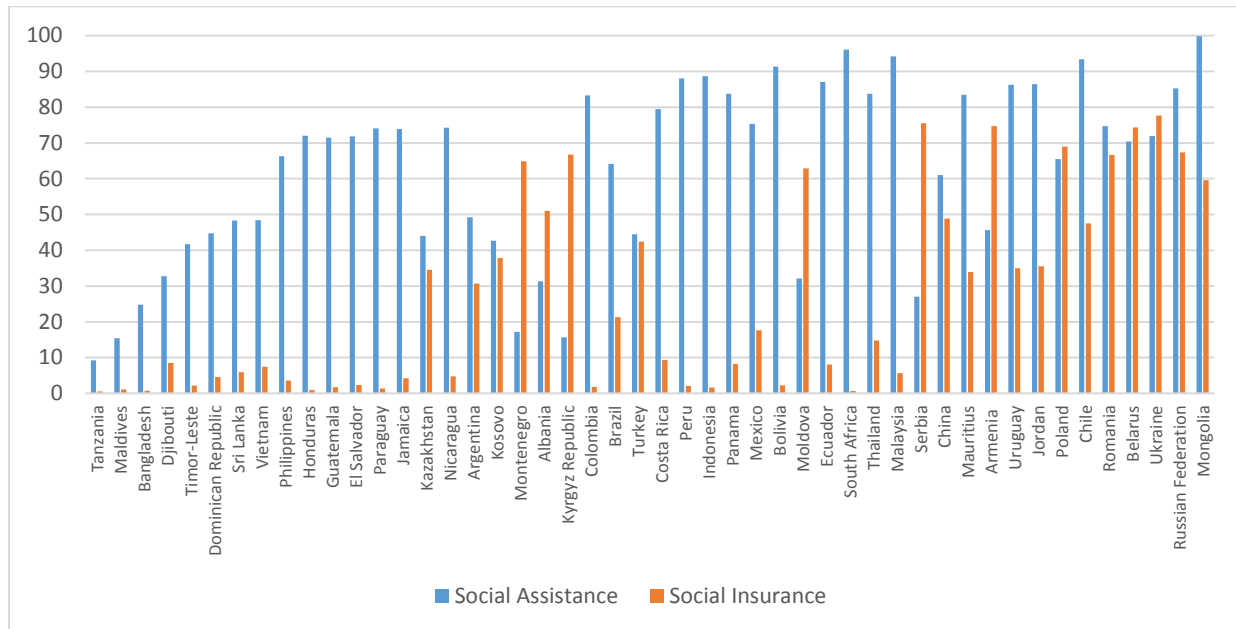
116. Figure III.2 shows the percentage of the poorest quintile covered by social assistance and social insurance schemes in the Philippines compared to about 50 countries selected as relevant benchmarks for the Philippines.

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<sup>27</sup> The coverage indicator for health insurance is not comparable to coverage of other SP programs. Health insurance beneficiaries only receive ‘benefits’ when they are sick or when they seek care; not receiving benefits does not mean they are not covered by PhilHealth. PhilHealth coverage was extracted from NDHS 2017.

<sup>28</sup> See World Bank (2016a).

**Figure III.2. Coverage of the Bottom Quintile (Pretransfer) by Social Assistance and Social Insurance (Percentage Receiving Transfer)**



Source: The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE).

Note: Data for Philippines are for 2015; others are for the latest available year as of early 2018. Countries are ranked by the overall coverage.

117. The comparison shows that the SP system in the Philippines is achieving coverage of those in need better than the relevant benchmark average (in this sample of countries, average for social assistance is 62 percent; for Philippines it is 66 percent). Countries that achieve a similar level of coverage are considered well-performing social states—for example, Brazil, Poland, and China. Coverage by social assistance in the Philippines is higher than in Vietnam, Sri Lanka, Argentina, or Armenia. Only the best performers achieve much higher coverage—Chile, Colombia, South Africa, and Mexico. Still, with 40 percent coverage gap, there is much to be done in the Philippines to ensure that the poorest are adequately covered.

118. As opposed to social assistance, social insurance is clearly not directed toward those in need and covers only 4 percent of the poorest quintile (compared to the benchmark average of 18 percent). Even the top quintile in the Philippines has a coverage of only 17 percent compared to the benchmark average of 25 percent. Both the sharp difference in social insurance coverage between top and bottom quintiles and the insufficient coverage by social insurance are a source of relative underperformance of the SP system in the Philippines.<sup>29</sup>

### ***Distribution of Programs' Benefits across Population Groups***

119. Table III.2 shows whether programs tend to benefit the poor or the non-poor, based on the distribution of beneficiaries across income groups (that is, what share of program beneficiaries are among the poor, and among the rich). The beneficiary and benefit incidence analysis does not include PhilHealth given the difficulty in obtaining data to conduct this analysis.

<sup>29</sup> Social insurance numbers in Figure III.2 do not include noncontributory PhilHealth beneficiaries.



- Pantawid, Supplemental Feeding, and Public Works are well targeted at the poor and near-poor.
- The Social Pension is supposedly a poverty-targeted program, but its targeting performance is actually not good. The majority of beneficiaries are in middle-of-distribution quintiles
- GSIS and SSS beneficiaries are heavily concentrated among the well-off (not surprisingly since they cover primarily those in the formal sector).
- Scholarships tend to be received more by the middle-income and wealthiest groups than the poorest.

**Table III.2. Beneficiary Incidence (Proportion of Beneficiaries in Each Income Group, %)**

	Q1 (Poorest)	Q2	Q3	Q4	Q5 (Richest)	Total
<b>Programs That Are Pro-Poor</b>						
<i>Pantawid (2017)</i>	41.6	31.7	18.2	7.2	1.3	100
<i>Supplemental Feeding (2013)</i>	45.2	26.9	14.6	8.9	4.4	100
<i>Public Works and Food for Work (2013)</i>	47.3	32.1	19.1	1.5	0.0	100
<i>Social Pension (2017)</i>	18.4	22.2	24.1	19.9	15.4	100
<b>Programs That Are Not Particularly Pro-Poor</b>						
<i>SSS (2017)</i>	6.7	13.7	20.1	27.3	32.1	100
<i>GSIS (2017)</i>	0.6	3.0	8.4	24.9	63.2	100
<i>Scholarships (2017)</i>	4.9	15.0	11.9	28.5	39.8	100

Source: World Bank calculations based on APIS 2013 and 2017, FIES 2015, and NDHS 2017 data.

120. Note that Table III.2 shows the proportion of *beneficiaries* that are within each wealth quintile. Table III.3 shows the same information but for the total amount of benefits paid to persons in each of the quintiles (this can be quite different if, for example, the rich receive much larger benefit payments under a program than do the poor). This gives us a better indication of the distributional effect of the program (progressive or regressive).

**Table III.3. Benefit Incidence – (Proportion of Total Value of Benefits Paid Going to Each Income Group, %)**

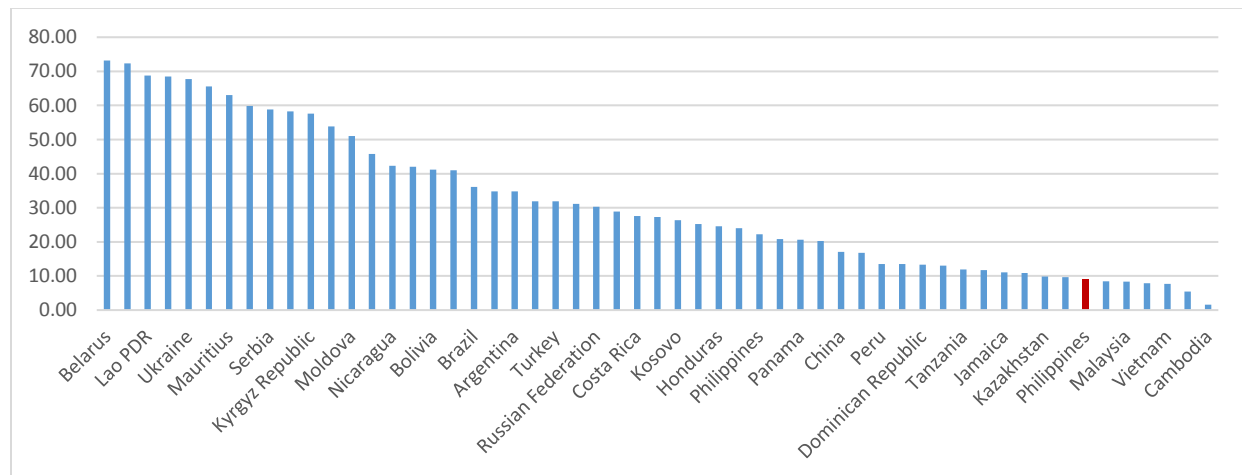
	Q1 (Poorest)	Q2	Q3	Q4	Q5 (Richest)	Total
<b>Programs That Are Pro-Poor</b>						
<i>Pantawid (2015)</i>	44.9	31.4	17.1	5.6	1.1	100
<i>Supplemental Feeding (2013)</i>	38.3	27.9	16.8	10.3	6.8	100
<i>Public Works and Food for Work (2013)</i>	47.3	37.5	14.0	1.2	—	100
<b>Programs That Are Not Particularly Pro-Poor</b>						
<i>SSS and GSIS (2013)</i>	1.1	2.5	7.1	17.3	72.0	100

Source: World Bank calculations based on APIS 2013, FIES 2015.

121. As can be seen, for most programs, the results are not much different from the distribution of *beneficiaries* across income groups (shown in Table III.2)—except for the SSS and GSIS programs—for which the distribution of benefits is much more heavily concentrated among the well-off. This is not surprising, since contributors to pension schemes tend to have wage income, have higher salaries while working, and thus higher pensions.

122. It is useful to benchmark the adequacy of all public social protection transfer combined in the Philippines versus other countries based on the most recent data. Figure III.3 based on 2015 data shows a considerably lower level of benefits compared to 2013 data, and it also places the Philippines toward the lower part of the spectrum, with only around 10 percent of consumption of recipients covered by public transfers. While such low levels may have good consequences in terms of not distorting incentives to work, it will clearly diminish the impact on the poverty of beneficiaries.<sup>30</sup>

**Figure III.3. Share of All Social Transfers in the Consumption of the Poorest Quintile, by Countries, in % (2015)**



Source: ASPIRE (based on FIES 2015 for the Philippines).

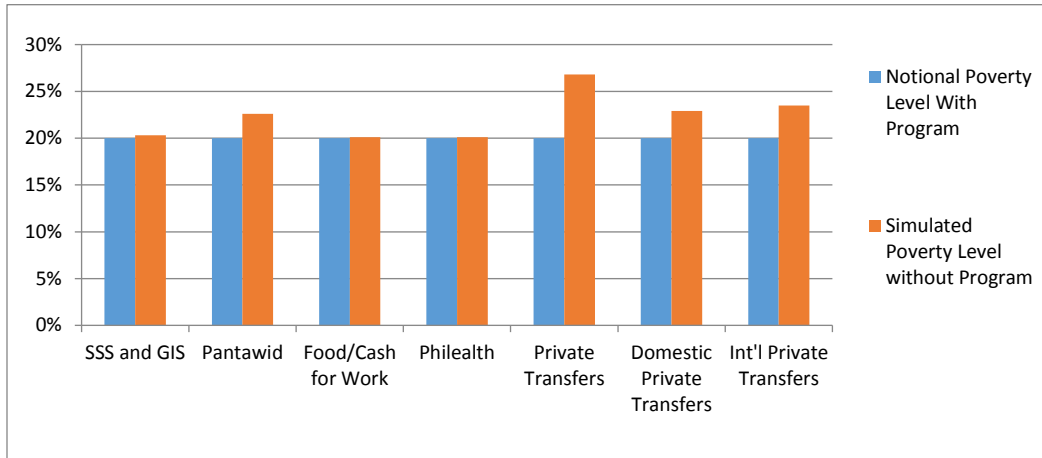
***Poverty Impact of Social Protection Programs.***

123. Using the APIS 2013 survey, it is possible to model the poverty impact of various social protection programs and private transfer mechanisms operating in the Philippines. Figure III.4 shows how the level of poverty headcount would increase if the identified programs did *not* operate.<sup>31</sup>

<sup>30</sup> In 2017/2018, the DSWD started distributing (cash) rice subsidies and an unconditional cash transfer to mitigate the inflationary effects of the government tax reform. These social assistance programs are not captured yet by the latest household surveys.

<sup>31</sup> These simulations are not based on the actual current poverty line in the Philippines, but on a notional poverty line for the poorest 20 percent—they show the proportion of the population below such a poverty line would increase in the absence of such a program.

**Figure III.3. Poverty Headcount Reduction in the Absence of the Program and/or Private Transfer, 2013**



124. The results show that private transfers (both domestically and from overseas) have by far the largest poverty-reducing impact, followed by the Pantawid. None of the others have a significant overall poverty-reducing effect—mostly because coverage is too small to affect a large number of the poor. In the case of GISIS and SSS, the numbers are larger, but, as we have seen previously, the beneficiaries tend to be among the non-poor.

125. This does not mean that other SP programs might not have a significant poverty-reducing impact on the *particular individuals or families* that benefit from them, just that the numbers of such people or families involved are not large enough to effect national poverty levels.

**To What Extent Does SP Addresses Risks and Vulnerabilities over Life Cycle**

126. Social Protection programs respond to various types of risk and vulnerabilities that confront households and individuals over their life cycle. Table III.4. lays out key social protection programs and their coverage over the Philippines population’s life cycle. These programs seem to have high priority in recent years given current size or recent expansion in terms of budget allocation. A comprehensive inventory of programs is listed in Table B.1. in Annex B.

**Table III.4. Coverage of life cycle by key SP programs**

Program	Life Cycle (Age Groups)						Social Protection Sector
	0–2	3–11	12–18	19–29	30–60	60+	
4Ps							Noncontributory income assistance/ECD/Education
SLP							Noncontributory income generating schemes
Social Pension							Noncontributory income assistance
KALAHI - CDD							Noncontributory income assistance
PhilHealth Sponsored Program							Noncontributory health insurance
DOLE Integrated Livelihood							Noncontributory income generating schemes/education and training
GSIS							Contributory insurance/pension program

## *SP and Children*

127. Children—and especially childhood poverty—are fairly well catered to by the existing set of social programs, primarily because the coverage of Pantawid is so ubiquitous, covering nearly a quarter of the population, and nearly half of the persons living in poor households,<sup>32</sup> and it is specifically targeted at households with children. We estimate that at a minimum, Pantawid benefits cover 33 percent of children in the country.<sup>33</sup>

128. There are several other SP programs that specifically target children; among them, the Supplemental Feeding and Food for Schools programs—but coverage is relatively limited—are estimated at 562,000 in 2013,<sup>34</sup> whereas there are about 22.4 million children under the age of 9, so only about 2.5 percent of all children receive benefits, and the amount of the transfer is fairly small<sup>35</sup>—being delivered only in the pre-K day care year for most beneficiaries. The in-school feeding program for malnourished students provides a larger transfer and likely has a more significant impact on nutritional status but covers a relatively small number of beneficiaries.

129. Despite current efforts, the Philippines continues to struggle with persistently high maternal and child undernutrition. The country has experienced a lost decade of progress on malnutrition: the under-5 stunting rate in 2015—33.4%—was actually higher than the level in 2005 (at 33.1%). This corresponds to 4.2 million Filipino children, placing the Philippines among the top ten countries globally in absolute number of stunted children. In addition to stunting, acute malnutrition is a critical public health concern. Total wasting prevalence is 8%, and among these, over half a million children suffer from severe acute malnutrition<sup>36</sup>. Quantitative findings published shows that the Pantawid program reduced severe stunting in beneficiaries during its initial phase (2008-2011)<sup>37</sup>. Later impact evaluation findings demonstrate that the program was not able to sustain these results. Pantawid program rules and guidelines related to the health and nutrition condition can be enhanced to make the 4Ps more nutrition sensitive.

130. Other programs such as the DSWD’s support programs for street children, the abandoned, and abused are extremely important, but again, they only cover a small proportion of children. There are also labor market regulations to prevent child labor, such as profiling of child laborers, teaching Pantawid parents on the rights of the child, advocating for child labor free barangays and establishments, and providing livelihood assistance to parents of child laborers.

131. All these initiatives were combined into one program called HELP ME, which stands for H - health, E-education and training, L-livelihood, P-prevention, protection, and prosecution and ME-monitoring and evaluation. In early 2016, several agencies under the HDPRC-SDC signed a

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<sup>32</sup> Based on incidence data for the bottom two quintiles, presented in this section.

<sup>33</sup> Very roughly, the regular CCT (4Ps) covers 4.1 million households, and if there are 3.4 children per beneficiary household (2012 evaluation), then it would cover 13.9 million children; or about 33 percent of the 42 million children currently under the age of 18 (2015 population projections). However, these 42 million children will be concentrated more among the poor (poor households have more children in them), and 4Ps coverage is directed almost exclusively at poor households, so the *proportional coverage of poor children* will be higher than the overall estimate of 33 percent

<sup>34</sup> See the discussion of school feeding programs earlier in this chapter.

<sup>35</sup> Representing at most 2–4 percent of the consumption of the households receiving it.

<sup>36</sup> Concept Note: Philippines Nutrition ASA (P165401)

<sup>37</sup> See Kandpal et al (2016).

joint memorandum circular (JMC) to implement HELP ME in a convergent manner and cover all working children numbering 3.3 million in 2011.

### ***SP and the Working-age Population***

132. ***Formal-sector Wage Workers.*** These are relatively well covered by the SP network, with generous pension schemes, social insurance, and work conditions. However, they account for less than half of the labor force, and the regulatory framework tends to not be effectively applied to the lower end of the spectrum (for example, 78 percent of agricultural workers were reported as receiving less than the minimum wage<sup>38</sup>), and this framework completely misses those in the truly unorganized sector—the informal and rural agrarian self-employed who make up nearly 45 percent of the labor force.

133. ***SP and Informal-sector Workers.*** About 15 million workers are estimated to be engaged in the informal sector.<sup>39</sup> Three-quarters of the poor live in rural areas, and of the rural poor, 74.5 percent are engaged in agriculture or fishing. While the government is making admirable efforts to roll out SP coverage beyond the formal sector, it is still extremely limited. Informal workers and farmers may be covered by Pantawid, PhilHealth, or various ALMPs and can also voluntarily enroll in the SSS.

134. A significant proportion of the poor among informal and agricultural sector workers are covered by *Pantawid*. We do not have precise figures of coverage by livelihood group, but we know that Pantawid covers about 23.7 million people, or 24 percent of the population, and that in 2012, 73 percent of Pantawid beneficiaries were agricultural households.

135. Enrollment of informal sector workers in *PhilHealth* has been greatly increased in recent years, in part due to the expansion of the Sponsored Program. While this provides a level of security to informal sector and agricultural workers, the level of effective coverage can be further expanded and uptake of health services remains relatively low.

136. There are a large number of ALMPs to support informal sector workers, mostly designed to raise their incomes through providing injections of working capital and training for self-employment. In the absence of hard data on the income streams generated by the sub-projects funded under these programs, or changes in beneficiaries' earnings, it is impossible to say how effective they are as an SP measure. However, despite the efforts, total coverage remains small. For example, the DILEEP program, is expected to reach about 140,000 beneficiaries in 2015, or about 0.9 percent of the estimated 15 million informal sector workers.

137. The SSS has made substantial efforts to increase coverage by expanding the scope of employers and workers required to contribute. The SSS has measures to make it easier for informal sector workers, the self-employed, and voluntary contributors to contribute. Automatic Debt Arrangements were put in place to support informal worker contributions through accredited banks through automatic account deductions. Moreover, the SSS launched the AlkanSSSy program with

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<sup>38</sup> See the discussion in overview of labor market programs, earlier in this chapter.

<sup>39</sup> Based on 2014 labor force estimate of 40 million and the 37 percent proportion of informal workers.

the aim of broadening the coverage of the self-employed and informal sector. These initiatives have yet to show an improvement in SSS coverage.<sup>40</sup>

138. *SP and Overseas Foreign Workers.* The strong focus on protection for Filipinos working overseas is understandable, given the very large numbers of the labor force involved—although they are almost certainly better off than the very poor (67 percent of households reporting significant overseas transfers were concentrated in the wealthiest two income quintiles). It is accepted that the objectives of this set of programs is more protection of rights than of income. Nonetheless, the transfer elements of it may not be pro-poor, or at least not pro-poorest.

139. *SP and the Unemployed.* Open unemployment is estimated at about 5.7 percent of the labor force,<sup>41</sup> or some 3.9 million persons in 2017. To the extent that these are previously employed persons who have been laid off, they may receive separation support from GSIS or SSS. However, this is a small proportion of the total, and to the extent that the unemployed are in poor households with children, they will receive Pantawid transfers, but for the majority, there is no specific form of SP.

140. The establishment of an **unemployment insurance system** has been proposed many times in the Philippines, but its feasibility has also been debated—largely because of the large degree of informality in the economy, the persistence of systemic shocks, and the limited capacity of the informal sector and low-income earners to contribute to such a fund. Nonetheless, the Philippine Labor and Employment Plan for 2011–16 indicates that the government is open to the possibility of establishing such a scheme.

### *SP and the Elderly*

141. Despite the existence of a fairly complex pension system, only about a third of the *elderly* are covered, and coverage is concentrated at the top end of the income spectrum. This is not surprising given that the two large pension schemes—SSS and GSIS—cover principally formal-sector wage workers, who tend to be better off than the population as a whole.

142. As of 2016, 21.1 percent of Filipinos of age 60 and above receive pension from either the SSS or GSIS (PSA, 2017). With the introduction of the Social Pension for Indigent Senior Citizens in 2011 and its expansion over the years, Philippine pension system coverage nearly doubled to 36 percent in 2016 (Velarde and Albert 2018). With the Social Pension’s 3 million coverage in 2018, coverage would have reached close to 40 percent. This is a fairly rapid expansion of pension coverage for a country still in transition from an agrarian to a wage employment economy, and it seems to prioritize those among the poorest.

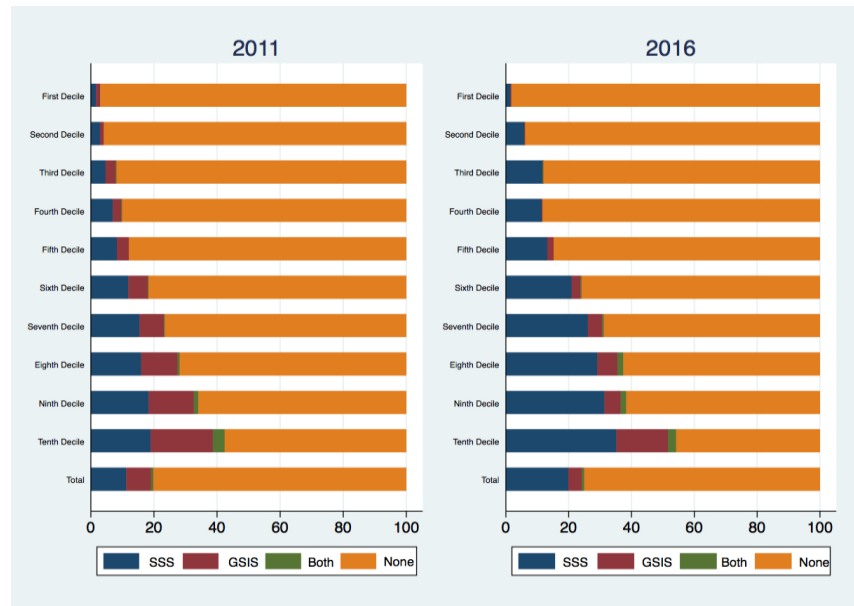
143. However, as Figure III.4 shows, the benefits are concentrated very much in the upper income groups—with less than 10 percent of GSIS or SSS recipients living among the poorest households. Further, almost 72 percent of the total *value* of benefits paid out goes to those in the wealthiest income quintile (largely because they earned much more during their working lives and therefore receive much higher pensions).

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<sup>40</sup> See World Bank (2016a).

<sup>41</sup> PSA, 2018b

**Figure III.4. Incidence of Benefits - GSIS and SSS**



Source: Social Protection Policy Note No. 14 (May 2018) based on 2011 and 2016 APIS.

144. In addition to social pension, there are a significant number of elderly persons living in households receiving Pantawid benefits. We know that about 21 percent of the population is covered by Pantawid;<sup>42</sup> the proportion of the elderly will be somewhat less, given that 4Ps is targeted explicitly at households with children, which will, on average, be less likely to contain the elderly.

145. Given the targeting mechanisms used, we would expect both the social pension and Pantawid benefits to be flowing mostly to the elderly in poor households. We estimate that together, 4Ps and the social pension might cover the elderly population that are not covered by GSIS and SSS.<sup>43</sup> However, the adequacy of this assistance as argued previously in this section may be below the need.

### *SP for Particularly Vulnerable Groups*

146. Finally, the available data do not allow us to say definitively how well the existing SP system protects people in the most vulnerable groups (orphans, the neglected, and people with disabilities) and the victims of natural disasters. While SP programs protect poor and vulnerable households, available data does not permit clear disaggregation by certain specific groups (e.g. orphans, people with disabilities).

147. The Philippines operates a wide range of programs to support the most vulnerable, but only a relatively few are public ones operated by the national government (for example, the Assistance

<sup>42</sup> Based on 4.1 million regular CCT beneficiary households and average beneficiary household size of 5.79 (2012 Pantawid impact evaluation study).

<sup>43</sup> If half of 4Ps households contained an elderly person (an arbitrary assumption in the absence of any hard data), this would amount to 2 million persons; and about 440,000 are covered by the social pension, yielding total coverage of about 2.4 million.

to Persons in Crisis Program, the Modified CCT program that covers street families and indigenous peoples [IPs] in remote areas, and the various residential and care services support programs of the DSWD for people with disabilities, street children, and the like). Many more are operated by nongovernmental Organizations (NGOs) and LGUs, and no information is available that would allow us to assess either the total numbers that are covered, nor how that compares to the total numbers of vulnerable persons in need of support.

148. The new PDP identified the coverage of vulnerable groups as a priority. There is a credible set of programs in place to assist those affected by *natural disasters* (for example, CfW, ESA, and Family Food Packs), and the government has proved adept at expanding existing programs to respond to the needs of those affected (for example, by increasing CCT benefits, the Quick Recovery Program for seed and fertilizer subsidies, and the provision of Calamity Loans under GSIS). However, there were no data available on the numbers reached by these programs relative to the numbers of persons affected by natural disasters in any given year.



## IV. Conclusion

149. The inventory of SP in the Philippines has identified over 60 different programs; about one-third of these are focused on labor market and employment. There is clarity about the architecture of the three pillars constituting SP: social assistance, social insurance, and labor market interventions. Institutionally, the SP sector seems to be well developed and has a clear framework of laws and regulations with different actors with well-defined roles and controls in place to ensure good governance. However, there are some signs of fragmentation in certain policy areas that reflect historic legacies.

150. The Philippines has achieved relatively good coverage of the poor and extreme poor by its social welfare schemes. While there has been an increasing coverage for the poor and traditionally adequate protection of those in the formal sector, the middle class, mostly employed in the informal sector, lacks adequate protection and inclusion in risk insurance schemes.

151. The SP landscape in the country is broadly consistent with the needs of the population:

- The stated focus on both protection from short-term collapses in consumption/income and alleviation of chronic poverty is aligned with both considerable and well identifiable share of the population unable to meet its basic needs (at least 20 percent) and almost equal share of those who suffer from consequences of shocks in a country where natural disasters are a regular occurrence, and employment levels are fairly sensitive to shifting international economic forces.
- The stated objectives of building adaptability and capacity for human capital accumulation are sensible, given the human capital deficiencies especially with respect to education and nutrition.
- The targeting of particular vulnerabilities and selection of high-poverty areas (especially rural settlements and slums) appear to be consistent with the poverty profile and acute poverty needs.
- The vast array of programs focused on labor protection measures and productive inclusion makes sense in a country where a significant share of the population is in the informal wage employment sector (urban informal and rural agrarian self-employed make up 45 percent of the labor force and tend to be among the poorest).

152. SP has contributed to the observed reduction in poverty and inequality in the Philippines. However, this has mostly been driven by the expansion and strengthening of the national SSN programs implemented by the DSWD. Performance of the social security system and labor market regulation and policies as SP instruments has been constrained by the structure of the economy where low productivity and precarious jobs in the informal sector dominate and poor performing agriculture is still a major employer. Thus, social security remains out of reach for most of the population, except those at the top 20–30 percent of the distribution. Similarly, labor market regulation and protection are limited to the formal sector workers, leaving out most of the labor force.

153. The review of the sector and its recent developments has also revealed a number of important insights:

- A number of policy documents have identified as an overarching goal the principle of universal SP, according to which anyone in need can access it at any time.
- The overall level of effort and institutional development is high. SP programming is mature across all pillars, and especially in social assistance, and has proven to be resilient to recent changes in the administration after the elections.
- There is serious commitment to SP by level of spending. In the recent years, there has been a significant increase in the spending levels and improvement in allocations. However, the insurance pillar remains limited.
- Aside from the two ALMP programs discussed in this report (SLP and DILEEP), there is little understanding how ALMPs in the Philippines benefit their beneficiaries. There are many forms of ALMPs assistance in the Philippines, with varying design and implementation features but few can give account of output and outcome results. This can be attributed to the weak M&E components of these programs and to lax monitoring by oversight agencies (e.g. oversight agencies conduct periodic monitoring of programs and base their assessments on selected cases).<sup>44</sup> In addition, small ALMPs lack identification and integration of data even within an agency.
- A number of measures could enhance the effectiveness of employment programs in the Philippines. These include (a) improving coordination among the different implementing agencies, (b) consolidating small scale programs to exploit the economies of scale, (c) integrating employment programs with other social protection programs, (d) improving access to and quality of public employment services, (e) expanding programs that enhance workers' skills and improve their long-term employment prospects, and (f) developing an M&E system to inform employment policy.<sup>45</sup>
- The pension system does contain a number of small funds for professional groups that may have serious efficiency issues, and labor market programs, despite efforts, remain relatively small, significantly fragmented, and poorly coordinated, with little knowledge of what works and where to put the emphasis. The main remedy to improve social security coverage is to improve the quantity and quality of wage-based employment – measures which are beyond the scope of the SSS scheme design or delivery system. Given the high degree of informality, aligning social insurance design and delivery system with the needs of informal workers is critical to expand coverage.<sup>46</sup>

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<sup>44</sup> See World Bank (2016b).

<sup>45</sup> See World Bank (2016b).

<sup>46</sup> See World Bank (2016a).

- Some of the proposed policies to close the SSS gaps are: Strengthening the unique identification system across institutions; improving the platform for delivery (including collections, data management, and payments); making it easier and more efficient to save by strengthening the efficiency and coverage of savings instruments; and establishing an SSS instrument to better suit the needs of informal sector workers.<sup>47</sup>
- Health insurance coverage among the poorest quintile is driven by automatic enrollment after funding increased from the passage of the Sin Tax Law in 2012, which intends to provide health insurance coverage for poor and near-poor households.
- The Philippines, as many countries at its income level, is facing a challenge of sustainable finances for the country development needs, and SP competes with many other priority sectors.
- While SP programs targets and prioritizes poor and vulnerable populations, having an integrated social protection information system would allow policy makers to better monitor inputs, outputs and outcomes (e.g. who are beneficiaries, what are they receiving, at what frequency, what are the existing gaps, etc). The development of an integrated information system would be critical for the country going forward.
- Despite the existence of flagship national interventions that cover a significant number of people in need and have clear and robust implementation rules, there are still many programs with overlapping mandates and target population, and several gaps in their monitoring systems.

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<sup>47</sup> See World Bank (2016a).

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## ANNEX A. Reviews of Key Programs Design, Results and Operation

1. This annex provides an in-depth examination of six core programs selected because they represent a cross-section of the various pillars of the Philippines' SP strategy and include the centerpiece programs operated by the two main SP ministries. They are

- (a) **The 4Ps**—the government's CCT program for the poor;
- (b) **The PhilHealth Sponsored Program**—which provides free or subsidized coverage under the National Health Insurance Plan to the poor;
- (c) **KALAHI**—the Philippine's main community-driven development program;
- (d) **GSIS**—a contributory program which funds pensions and other social insurance for public sector employees;
- (e) **DILEEP**—an active labor market scheme that supports income-generating activities among informal sector workers; and
- (f) **The Sustainable Livelihood Program**—which provided microenterprise development assistance, and employment facilitation to the poor.

2. For each program an overview is provided of (a) its operations and objectives; (b) its design parameters—benefits, beneficiaries, and targeting mechanisms; and (c) implementation arrangements, including beneficiary verification, payment mechanisms, appeal processes (where applicable), monitoring and evaluation, and information/awareness activities. As the objective of this exercise is primarily descriptive, there is only limited *analysis* of the programs, although some observations are made on their relative strengths and weaknesses, as drawn from a desk review of ancillary studies and data.

## **Program 1. Pantawid Pamilyang Pilipino Program (4Ps or Pantawid)**

### ***Program Description and Objectives***

3. The 4Ps is the Philippine's flagship national social protection program. Started in 2007, it now provides a conditional monthly cash transfer to 4.4 million household beneficiaries. The objectives are twofold: (a) to improve the immediate consumption and long-term productivity of poor households by providing them with a regular, predictable cash transfer and (b) to foster investment in human capital, especially in children, to break the cycle of inter-generational poverty.
4. The specific objectives, as stated in the program documentation, are to
  - (a) Improve preventive health care among pregnant women and young children;
  - (b) Increase the enrollment and attendance rate of children in school;
  - (c) Reduce the incidence in child labor;
  - (d) Raise the average consumption rate in food expenditure of poor households;
  - (e) Encourage parents to invest in their children's human capital through investments in their health and nutrition, education, and participation in community activities;
  - (f) Enhance parenting roles through attendance to family development sessions; and
  - (g) Promote the adoption and implementation of gender and development, and indigenous people's participation frameworks.

### ***Institutional Arrangements***

5. The Pantawid is implemented primarily by the Department of Social Welfare and Development. A National Project Management Office (NPMO) handles the day-to-day operations with assistance from Regional Project Management Offices and city/municipal governments. Advisory committees were created at the national, regional, and municipal levels to enhance ownership and promote joint efforts with partner agencies and local implementers.<sup>48</sup>
6. Implementation also involves the participation of the DOH and DEPED, school principals, and midwives to ensure the supply side of the required human development services are available, and to help with the fulfillment of conditionalities. The DLGI is intended to assist the LGU in resource generation and encourage them to provide budget allocations to cover gaps in health, nutrition, and education.

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<sup>48</sup> The National Advisory Committee is composed of the DSWD, DOH, DEPED, NEDA, DLGI, NAPC, DBM, Council for the Welfare of the Children, Philippine Commission of Women, National Council for Indigenous People, NNC, and the Population Commission.

**Program Design - Beneficiaries, Benefit Levels, and Conditions for Eligibility**

7. **Beneficiaries.** Benefits are payable to households identified as poor under the NHTS-PR, contain either children ages 0–18, or a pregnant woman.
8. **Benefits** consist of a conditional cash transfer of between PHP 500 and PHP 1,400 (US\$11–31) per household per month depending on the number of eligible children; and an educational payment of PHP 300 (US\$6.60) per child per month for 10 months of the year, up to a limit of three children per household.
9. At the moment, these benefits are uniform throughout the country, but the program authorities are considering differentiating benefit levels by gender (boys/girls), by education attainment (grade), by distance to educational/health facility, and by regions/provinces, and they are also considering adapting conditionalities for IP.
10. The benefit levels were set on the basis of being 20 percent of the average per capita income, as determined by a nationally representative household consumption survey. There is no indexation of benefits.
11. **Conditionality.** Table A.1 summarizes the conditions attached with the cash transfer.

**Table A.1. Conditions for Receipt of Pantawid CCT**

<b>Health</b>	Children 0–5	Visit health centers to utilize child health services in accordance with the schedule defined by the DOH protocol.
	Children 6–14	Take deworming pills twice a year at school.
	Pregnant women	Have at least one prenatal consultation each trimester during pregnancy; delivery assisted by a skilled health professional.
<b>Education</b>	Children 3–5	Be enrolled in a day care or preschool program and maintain a monthly attendance rate of 85%.
	Children 6–18	Be enrolled in elementary or secondary school and maintain a class attendance rate of 85% per month. In addition, attain a passing grade average by the end of school year for high school students.
<b>Parents or guardians</b>		<ul style="list-style-type: none"> <li>• Attend family development sessions at least once a month.</li> <li>• Attend Responsible Parenthood Sessions and Family Counseling Sessions.</li> <li>• Participate in community activities; promote and strengthen the implementation of 4Ps</li> </ul>

12. According to the program authorities, conditions are reported to be only ‘partially’ enforced. The numerous conditions of 4Ps have made it more difficult to monitor compliance. Initially only conditionalities in school attendance and regular checkups for children 0–5 and pregnant women were required. However, as the program evolved, and in response to criticism that the program would foster laziness and dependence, other conditions were added (preschool for children 3–5, deworming, and attendance at family development sessions). The follow-up of so many conditions has reportedly increased the administrative burden of monitoring compliance.
13. Pantawid benefit levels fall in the midrange of those offered under similar programs in other countries. However, actual benefits reportedly received by 4Ps households are significantly lower than the targeted level, at about 11 percent of consumption, according to the 2012 evaluation



study. The reasons for the lower levels of benefits were hypothesized to be lack of compliance with conditionality, and/or difficulties in tracking conditionality.

14. An impact evaluation in 2012 found significant impacts on school enrollment and attendance (with a 10-percentage-point increase in enrollment among children 3–5 years, and 4.5 percent among 6–11 years), a 10-percentage-point decrease in severe stunting among children 6–36 months; and a significant increase in safe deliveries among beneficiaries. A later study (2014) found less impact on school enrollment and nutrition; but the same strong impact on safe deliveries and school attendance, and on enrollments among older children (ages 12+, a cohort that was not initially covered by the conditionality). The 2012 evaluation found slight, but not statistically significant, increases in consumption (consistent with the much lower-than-intended levels of transfer reportedly received). While the 2014 evaluation did not measure (or at least did not report on) benefit receipts or overall consumption, it did find small but statistically significant increases in spending on some elements of non-food consumption linked to children (such as spending on education).

15. *Eligibility determination* follows a multi-step process:

- (a) Provinces are selected based on official poverty incidence according to the Family Income and Expenditure Survey.
- (b) Within the selected provinces, the poorest municipalities are selected based on their poverty incidence using small-area estimates (SAEs) by the NSCB, while the poorest cities are selected based on standard indicators (data on pockets of poverty).
- (c) Then the NHTS-PR is used to identify poor households within selected barangays.
- (d) Beneficiary households are selected from among the poor households based on the eligibility criteria<sup>49</sup> (presence of children and pregnant women).

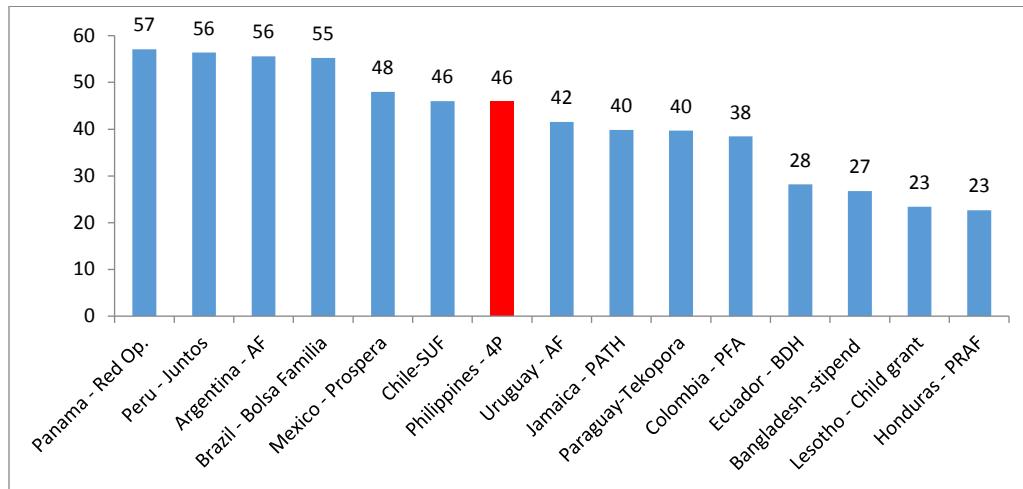
16. Evidence from APIS 2017 shows that targeting using this instrument has been successful, with about 42 percent of identified beneficiaries coming from the poorest quintile of the population, and 73 percent from the bottom two quintiles (with only 9 percent of beneficiaries among the top 40 percent of the population, and only 1.3 percent in the wealthiest quintile).

17. Figure A.1 shows that Pantawid ranks among the world’s best programs in terms of successfully targeting the poor.

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<sup>49</sup> The NHTS-PR includes information such as household composition, socioeconomic characteristics, assets, housing conditions and tenure status, education, access to basic services, and regional variables.

**Figure A.1. Proportion of Benefits from Going to the Poorest 20% of the Population - Pantawid and Comparator Programs in Selected Countries**



Source: ASPIRE.

Note: Benefits incidence refers to the sum of transfers received by individuals in the poorest quintile of the national consumption/income distribution as percentage of total transfers received by all individuals in the population. Red Op. = Red de Oportunidades; AF = Asignaciones Familiares; SUF = Subsidio Único Familiar; 4P = Pantawid Familyang Pilipino Program; PATH = Programme of Advancement Through Health and Education; PFA = Programa Familias en Acción; BDH = Bono de Desarrollo Humano; PRAF = Programa De Asignación Familiar.

### ***Expenditure and Financing***

18. The appropriated budget in 2018 was PHP 82 billion (about US\$1.6 billion). The program is financed primarily out of domestic revenue, although it still receives significant support from foreign donors amounting to about 20 percent of total annual program costs until 2016. Beginning 2017, with the increase in food grants, foreign contributions dropped to 13 percent of the annual CCT budget. With the expansion of the program, spending has increased by more than 12 times between 2009 and 2018, to the point where it accounted for 2.5 percent of all public expenditure in 2014—the year it extended coverage to students up to 18 years from up to 14 years.

### ***Coordination with Other Programs***

19. The DSWD is promoting integration among the core collection of SP programs through (a) adopting common criteria for targeting of areas based on local poverty incidence; (b) creating local convergence teams and framework for common local operations, monitoring, and evaluation; (c) promoting increased information sharing among the programs; and (d) providing increased policy coordination and management.

20. The programs affected include, in varying degrees, the Pantawid, the sponsored coverage program for PhilHealth, the DOLE Integrated Livelihoods Support program, the KALAHI community-driven development program, and the SLP. Specific examples include the fact that 4Ps beneficiaries are automatically eligible for inclusion in the PhilHealth Sponsored Program but are not eligible for the DILEEP, while the SLP is intended to support graduation out of 4Ps.

## ***Program Implementation***

21. ***Verification and eligibility.*** The community assembly serves as a platform to validate the registry of beneficiaries and as a grievance system. Once eligibility is determined by the DSWD using the NHTS-PR targeting system, the names of eligible households are arranged alphabetically by barangay and municipality. The regional offices coordinate with the LGU for the posting of these lists in public places for one week. The community has time to find out who have been identified as eligible beneficiaries and to confirm that those selected are poor. During the posting period, any members of the community can file complaints and appeal for inclusion/exclusion of cases with the municipal/city link or the DSWD officer in the locality.

22. ***Identification.*** After the given period for posting, a community assembly is conducted. This serves as a mechanism to verify eligibility and also to orient participants on their roles and responsibilities under the program. Once the list is validated, a registry of beneficiaries is finalized and households are registered in the program. Households must sign an Oath of Commitment to the program and enroll in the Land Bank of the Philippines (LBP) cash card program and are then issued a 4Ps identification card. To prevent fraud, the card has a picture ID, and the program authorities are planning to introduce a biometric ID system in the near future.

23. ***Eligibility and duration of benefits.*** A household remains eligible for benefits as long as it complies with the program conditions and meets the eligibility criteria.

24. Eligibility can be suspended (a) for noncompliance with conditionalities four times in one year, (b) for violation of program rules (that is, misuse of grants for gambling, alcohol, and so on), or (c) if a household is reported not to meet the eligibility criteria (poverty score) based on the verification/grievance system. In addition, if the household moves to a region not covered by 4Ps, the benefit is suspended until the household applies to be reassessed in the new region. In the absence of any of these circumstances, benefits continue to be paid as long as children remain of eligible age and/or there is a pregnant woman in the household.

25. ***Benefit delivery.*** Payments are made to the mother and are paid through either ATM withdrawal or over-the-counter cash payments through the LBP. A payment system controls and produces payments for beneficiaries based on reports of compliance and updated household information. To release cash grants, the NPMO generates a payroll for a specific area from the management information system (MIS) payment system. This information, including account names, numbers, and amount of the cash grant, is verified by the DSWD cash division. Any discrepancies are reported back to the MIS for updating the database. Once the payroll is verified, the NPMO prepares a voucher and sends it to the project director and project manager for approval, and then to the Financial Management Service for processing. Finally, the LBP checks the names and account numbers of the beneficiaries before the payments are released.

26. This cycle (by design) may take at least a month. Grants are paid directly to beneficiary households through their own LPB accounts (in remote/inaccessible areas payments can be done off-site). Benefits can be withdrawn from ATMs or through over-the-counter transactions.<sup>50</sup>

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<sup>50</sup> In rural areas, the LBP also uses other financial entities like G-Cash, PhilPost, and rural banks.

27. **Appeals and grievances.** Households excluded in the targeting process, who feel they qualify, can lodge an appeal during the period that beneficiary lists are posted for comment. A request takes an average of 30–60 days to be processed.

28. **M&E.** A compliance verification division oversees the implementation of the compliance verification system (CVS) and provides technical assistance and monitoring, with a view to strengthening the program’s procedures and mechanisms at the central level and down to the field level. It is involved in developing guidelines and policies on ensuring timeliness and accuracy of compliance results and active engagement of partner agencies in facilitating compliance verification.

29. The CVS manages the process of collecting compliance data, linking it with payments, and analyzing compliance turnouts for its operational value and significance. The system is implemented jointly by the DSWD, DEPED, and DOH in coordination with LGUs. The CVS process flow involves (a) generation of compliance verification forms, (b) printing and distribution of compliance verification forms to health centers and schools, (c) monitoring of noncompliance of beneficiaries through filling up compliance verification forms, (d) reporting of compliance verification, and (e) certifying compliance-based payment.

30. An MIS created specifically for the Pantawid handles the database and all data processing requirements of the program. The MIS manages all flows of information at the national, regional, and municipal levels.

31. The program has an Update System to report any changes in household information (change of address, change in school or health center, change in grantee, and changes in family composition—birth, death, departure, and/or return of legitimate children). These changes are verified by parent leaders, city and municipal links, and regional and national offices of the DSDW. All updates are encoded in the Update System by the MIS unit. With the updated information, the system determines and verifies the correct amount of cash grants that the household is entitled to receive. The updates process involves several verification points to prevent beneficiaries from manipulating the information. It also requires supporting documents such as birth certificate and proof of enrollment.

32. There is a program of regular, rigorous external evaluations, conducted by independent researchers. The most recent evaluation reports were issued in 2012 and 2014.

## **Program 2. PhilHealth - Sponsored Program**

### ***Program Description and Objectives***

33. The program covers the premiums for poor and vulnerable households to participate in the NHIP to effectively assure them of access to free medical services. The program covered about 9.6 million beneficiary households in 2013, covering 31.6 million direct beneficiaries,<sup>51</sup> representing about one-third of the population.

34. PhilHealth is the national health insurance scheme. Enrollment is mandatory for all wage employees in the formal sector and government. To increase coverage among those outside of these sectors, especially among the poor and vulnerable, and to compensate for the introduction of fees for service in public health services, in 1996, the government introduced the Sponsored Program to subsidize or completely cover their premiums.<sup>52</sup> Under the scheme the national government, in partnership with LGUs (who administer the health system) and other partners, shares the payment of premiums of those who qualify for the Sponsored Program, and the beneficiaries are then eligible to receive all of the services that paying members of the scheme can access, plus a number of additional primary health care and preventative services (described in the following paragraphs).

35. The stated objectives of the program<sup>53</sup> are (a) to provide all citizens with the mechanism to gain financial access to health services, in combination with other health programs; (b) to give the highest priority to covering the entire population with at least a minimum package of health insurance benefits; and (c) to be equitable (to have uniform basic benefits, ensure equal access to care) and be implemented in consultation with LGUs.

36. The main elements of the Sponsored Program are

- Sponsored households must be identified using appropriate poverty targeting mechanisms;
- Enrollment does not entail costs for the household, and eligibility is for one year;
- Sponsored Program members can use public and private health facilities;
- Sponsored Program beneficiaries are covered for hospitalization and outpatient services; and
- Outpatient services are entirely free, while hospitalization may require a contribution.

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<sup>51</sup> Bureau of Labor and Employment Statistics 2014.

<sup>52</sup> Previously, basic public health services had been free, but availability was heavily constrained by inadequate financing, especially in rural areas. With the shift to a fee-charging and insurance-based system, lower-income Filipinos found themselves in a position of no longer being able to access free services and challenged by the affordability of insurance.

<sup>53</sup> As embedded in the National Health Insurance Law of 1995.

37. The Sponsored Program is operated by PhilHealth, which is governed by a board of directors, chaired by the Secretary of Health, and includes representatives of the DLGI and DSWD.

***Program Design - Beneficiaries and Benefit Levels***

38. Three types of households/individuals can receive free or subsidized enrollment in PhilHealth: (a) indigents identified through the NHTS-PR operated by the DWSD - membership premiums for this group are financed entirely by the national government; (b) sponsored members - identified as needy by local government or other agencies, whose premiums may be paid by a mix of public and private funding (typically the contribution is being paid by another individual, government agency (such as the LGU), or NGO or faith-based organization); and (c) lifetime members - all retirees under the SSS and GSIS, and all PhilHealth members who are at least 60 years and have paid at least 10 years monthly contributions, for whom no premiums are levied.

39. The direct benefit provided is the premium paid on behalf of the beneficiary. In the case of indigent families identified through the NHTS-PR, or beneficiaries of the Sponsored Program, this amounts to the equivalent of PHP XX,000 per year. Those members granted lifetime coverage are entitled to full PhilHealth benefits and are no longer required to pay premiums.

40. The true *value* of the benefit consists of the effective value of the medical services received by the beneficiary households. There is no data presented that would allow us to assess what this average level is, but the package of services provided includes the following:

- Inpatient benefits including subsidy for room and board, drugs and medicines, diagnostic, laboratories and other medical examination services, surgical and other medical equipment and facilities, and professional fees for hospital confinements of not less than 24 hours
- Outpatient benefits including professional fees, diagnostic and laboratory services, day surgeries, dialysis, and cancer treatments such as chemotherapy and radiation
- Deliveries and a package of newborn care services.
- A number of specialized disease treatment packages, including for tuberculosis, severe acute respiratory syndrome, and influenza

41. In addition to this standard package of benefits available to all members under the contributory program, families enrolled in the Sponsored Program are eligible for a special outpatient benefit package at rural health facilities, including preventative services (such as routine checkups and breast examinations), diagnostic services (such as X-rays and lab tests) and take-home medicines.

42. In 2013, 1.6 million claims were paid to enrollees under the Sponsored Program, implying that at most 1 in 20 eligible beneficiaries utilized the service.<sup>54</sup> The average value of claim paid

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<sup>54</sup> 1.6 million claims divided by 31.3 million enrolled beneficiaries. PhilHealth Data, Table 7.12 in Bureau of Labor and Employment Statistics 2014.

was PHP9,108 (US\$210); this was very similar to the average amounts paid out for the other (non-sponsored) part of the program.

43. Health insurance coverage in the Philippines has been historically pro-rich—in 2008, 13 years after the promulgation of PhilHealth, only 20 percent of the first quintile had PhilHealth, compared to 57 percent of the fifth quintile. As the government expanded its universal health care (UHC) programs, more of the lower quintiles have received coverage through noncontributory schemes. However, the push for UHC has also campaigned for the importance of health insurance among the general population. The use of PhilHealth in private hospitals/health care facilities has added value to the program and encouraged people to participate in the contributory schemes (in addition to those who are in the formal sector and are legally obligated to contribute). Further, premiums are very low, affordable to those belonging to the third quintile. These are the factors contributing to why there are no ‘middle’ gaps in coverage.

### ***Eligibility Determination***

44. Increasingly, eligibility is shifting toward households identified as poor by the NHTS-PR. According to the National Health Insurance Act (2013), “All indigents identified by the DSWD under the NHTS-PR and other such acceptable methods (such as local community-based poverty monitoring database - CBPM, run by some municipalities), shall automatically be enrolled and covered under the Program. The DSWD shall regularly provide the Corporation with the list of indigent families and their dependents including their personal data and other pertinent information required for their enrollment to the Program. Likewise, the Corporation shall provide DSWD any updates on the personal data and information of the indigent families.”

45. The central government is paying for Pantawid beneficiaries to be enrolled in PhilHealth. LGUs can choose to pay for other families in need who have not been identified through the NHTS-PR. In certain places, community targeting is implemented to add to the NHTS-PR lists. However, the process depends heavily on local authorities. (Prior to the rollout of the NHTS-PR, LGUs had been identifying households for inclusion in the Sponsored Program using a mix of methods, in some cases involving a proxy means test and local verification of poverty status. Many of these households were not identified as poor in the NHTS-PR rolls and have thus been ‘grandfathered’, and various forms of this kind of targeting are still carried on in some areas. As of 2013, 54 percent of Sponsored Program enrollees had been enrolled through the NHTS-PR mechanism, and 46 percent through LGUs.<sup>55</sup>

46. In addition to households identified through the formal targeting mechanism, an indigent patient may apply for a PhilHealth card while he or she is at the hospital, and the DSWD staff attached to the facility will apply a simple means test and issue a card at that time if justified.

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<sup>55</sup> Bureau of Labor and Employment Statistics 2014. Note that this proportion refers to enrolled members; the proportion of *beneficiaries* (including all household members) enrolled through NHTS is much higher—about 67 percent. This is because the ratio of beneficiaries to members enrolled by LGUs is just 2.3, while for those enrolled through the NHTS-PR, it is 4.0—presumably because LGUs enroll more single persons and couples than the NHTS-PR mechanism does.

47. ***Delivery of benefits.*** Hospitals submit claims directly to PhilHealth for indigents covered under the Sponsored Program; there is no balance billing or out-of-pocket payment for the beneficiary.

### ***Expenditure and Financing***

48. The program is financed through a mix of sources. For poor households identified through the NHTS-PR, the cost of their premiums is paid to PhilHealth by the Ministry of Health out of its annual budget allocation. For other sponsored beneficiaries (those identified by LGUs using other means), the premium subsidies are paid by a combination of LGUs, and case-specific contributions by sponsoring NGOs, community organizations, and the like. For members of vulnerable groups under the care of the DSWD or its accredited agencies, the DSWD pays the premiums. For lifetime members, no premiums are payable, and PhilHealth directly covers the costs of benefits claimed out of its general revenues.

49. Total claims paid under the Sponsored Program amounted to PHP.18 billion (US\$414 million) in 2013, while ‘contributions’ were reported as PHP 17 billion (US\$390 million),<sup>56</sup> presumably implying that this was the public cost of the program, to the extent that all ‘contribution’ premiums were paid by the government.

50. The allocation of national government funds to PhilHealth has reportedly experienced backlogs and delays in payments to PhilHealth. Due to fiscal pressures, and the existence of substantial reserves of PhilHealth over the years, funds flow to PhilHealth for the Sponsored Program are delayed or sometimes not made at all. This means that PhilHealth has to effectively finance the SP by cross-subsidizing contributions from other members.

### ***Harmonization and Integration***

51. The PhilHealth Sponsored Program is included in the wider effort to be harmonized within a broader poverty reduction/SP strategy, in that NHTS-PR is now being used for targeting, and households that qualify for Pantawid benefits are now automatically qualified for Sponsored Program coverage under PhilHealth.

### ***Program Implementation***

52. ***Identification and verification.*** As noted previously, beneficiary households are identified through either the NHTS-PR or by a range of methods adopted by LGUs to select the poor for inclusion in the program. Beneficiaries receive a PhilHealth Identification Number (PIN) and card. The card entitles the holder to utilization of the package of services outlined previously.

53. ***Eligibility.*** All members of a beneficiary household are eligible as long as the PhilHealth card remains valid. The card has an expiration date but is automatically renewed as long as a household remains on the indigent list and/or is identified as poor in the NHTS-PR.

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<sup>56</sup> Bureau of Labor and Employment Statistics 2014.



### ***Information and Awareness Raising***

54. All government frontline offices are supposed to have available forms that can be submitted to PhilHealth. PhilHealth also maintains a call center, twitter, and Facebook accounts and local insurance offices in malls in urban areas.

55. More generally, one of the functions of the PhilHealth Corporation is to make the public aware of their entitlements and benefits by conducting information campaigns. In March 2014, PhilHealth, in cooperation with the DOH, DEPED, and DILG launched the ALAGA KA program, to ensure the poor and near-poor were aware of how to avail basic health services.

### **Program 3. KALAH I - KapitBisig Laban Sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (KALAH I CIDSS)**

#### ***Program Description and Objectives***

56. The KALAH I program (also known as KC) is a community-driven development program that provides grants to communities to build social infrastructure. It has been in existence, in various forms, since 2003. The stated objectives of the program are that "Communities in targeted municipalities [be] empowered to achieve improved access to basic services and to participate in more inclusive local planning, budgeting, implementation and disaster risk reduction and management."

57. The bulk of KALAH I-funded community projects pertain to basic social services and access to infrastructure. The projects may be grouped into four main types: (a) basic social services like community water system, school buildings, day care centers; (b) access to basic infrastructure like roads, small bridges, and foot trails; (c) community production, economic support, and common service facilities like pre- and postharvest facilities and small-scale irrigation; and (d) environmental protection and conservation projects like drainage, flood control, seawall, and marine conservation.

58. The program supports three main activities: (a) assistance for planning activities in communities (social investigation, local social preparation, community consultative and orientation meetings, and training in participatory methods); (b) community contracting of local technical service providers to assist with design and technical aspects of proposed community projects, cost estimates, and/or technical supervision during implementation; and (c) grants for community projects to build small-scale projects (communities may use their community-managed force or contract community management).

59. KALAH I targets municipalities with a large population, high poverty incidence, low revenue generation capacity, and those hit by Super Typhoon Yolanda. The latter are allocated with larger block grants and more cycles of financing.

60. ***Institutional arrangements.*** The program falls under the DSWD. It has established a Unified Regional Program Management Team (RPMT) for the three convergence programs (KALAH I, 4Ps, and SLP). The RPMT coordinates program implementation in the municipalities. In addition, a Regional Program Management Office manages the engagement process with government agencies in the region, LGUs, CSOs, and other stakeholders. At the subregional level, a Sub-RPMT manages geographic coverage and ensures quality management. At the municipal level, there is an Area Coordinating Team (ACT) composed of staff from the DSWD and a Municipal Coordination Team (MCT) composed of municipal LGU staff to support the program. Gradually, it is expected that the MCTs will take over the facilitation of KC in the municipality.

#### ***Program Design - Beneficiaries and Benefit Levels***

61. ***Beneficiaries.*** The program provides grants to communities for infrastructure. It does not support individual or household beneficiaries, except to the extent that they live in such communities and are collective beneficiaries of the assets created (although some local individuals

may be employed on the sub-projects financed, and thus receive an immediate transfer in the form of wages).

62. **Benefits.** Grants to municipalities are calculated based on population and poverty incidence. Per capita rates vary depending on municipal income classification, poverty incidence, and the extent to which a community was affected by Typhoon Yolanda.<sup>57</sup> The minimum level of municipal block grant is PHP 2 million and the maximum PHP 20 million (equivalent to approximately US\$45,000 and US\$450,000, respectively). All eligible municipalities receive at least four annual block grant allocations.

63. The true ‘value’ of the KALAH I transfers consists of the stream of benefits flowing from the assets created and the (largely intangible) benefits associated with a greater sense of community self-determination. There is little hard evidence presented on the recent flows of such benefits. A 2003 evaluation calculated internal rates of return for a sample of sub-projects ranging from 16 percent for day care centers to 65 percent for water supplies. In addition, the unit costs of small infrastructure sub-projects implemented under KALAH I were found to be generally lower than those of other government agencies, with cost differences ranging from 8 percent for school buildings to 76 percent for water supply sub-projects. This difference is attributed mainly to savings on contractor’s profit, which typically account for about 15–25 percent of the costs, the 10 percent value added tax, and costs for road rights of way.

#### ***Eligibility Determination and Targeting***

64. KALAH I is targeted geographically at the poorest municipalities using a poverty mapping and targeting protocol that was developed especially for the program. The targeting mechanism uses the following variables: income classification according to the Department of Finance; poverty incidence according to the 2009 NSCB SAEs, being affected by Yolanda according to the National Disaster Risk Reduction and Management Council Situation Report No. 26 (November 2013) and evincing KALAH I participation according to the KALAH I NPMO. Note that there is also a strong element of self-targeting, as communities have to decide if they want to submit a proposal for KALAH I funding.

65. The targeting protocol appeared to have performed well in the past, considering that the average poverty incidence in the KALAH I municipalities based on the SAE of poverty incidence in 2003 was 53 percent (significantly higher than the overall average of 24 percent). More recent estimates from APIS 2013 suggest that about two-thirds of beneficiaries in target communities were among the poorest 40 percent of the population.

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<sup>57</sup> Grant allocations to municipalities are calculated based on population (as measured in the 2010 Census) and poverty incidence (as defined in NSCB’s 2009 SAEs). Per capita rates vary depending on (a) municipality income classification, (b) poverty incidence, and (c) the extent to which the community was affected by Typhoon Yolanda. All Yolanda-affected municipalities that are also qualified according to income and poverty receive four rounds of block grants regardless of how many grants they have received under KC-1, KC-AF, KC-MCC. All other Yolanda-affected municipalities would be eligible to receive a one-off block grant calculated based on the above criteria with a 60 percent of increase for those in 100 km of Yolanda path and 30 percent increase for those outside the area.

### ***Expenditure and Financing***

66. Total spending on the program in 2013 was reportedly PHP 631 million (US\$14.7 million) of which about 30 percent was financed out of general revenue and 70 percent was financed by donors.

67. In addition to the grants provided by KALAH I, contributions from LGUs are also expected for the program. Local counterpart contributions consist of cash or in-kind inputs from the LGU and communities, as well as any other cash or in-kind resources that they can mobilize from other partners. The source of the resources may be the Local Development Fund of the municipality, province, and barangay; members of the communities; and/or private organizations.<sup>58</sup> The local counterpart contribution is determined by the communities during the preparation of the proposed sub-project.

### ***Harmonization and Integration***

68. The program is part of the DSWD's convergence strategy of major SP programs (known as *Tatsulo*) and has links with the Grassroots Participatory Budgeting Process, as well as with the program for areas hit by Typhoon Yolanda. The previous version of the program had links with 4Ps and the self-employment assistance Kabuhayan Project.

### ***Program Implementation***

69. The KALAH I program provides grants to villages for community development projects. The barangays within a KALAH I municipality present their proposals at a municipal forum where democratically selected barangay representatives decide which proposals will receive KALAH I funding based on agreed selection criteria that the members themselves formulate.

70. Each beneficiary municipality undergoes three annual cycles of KALAH I implementation with each cycle consisting of four stages, namely, stage 1 (social preparation), stage 2 (project identification), stage 3 (project selection), and stage 4 (project implementation). Each cycle consists of six to eight months of preparation and four to six months of implementation.

71. ***Eligibility.*** Eligibility applies only at the community level, not the individual or household level. Community eligibility is based on a combination of general and program conditions (poverty incidence, municipal income class, exposure to Yolanda, and previous participation in KALAH I programs). In general, once a community has received four cycles of barangay grants financing, it is not eligible for further grants under KALAH I.

72. ***Payment method/benefit delivery.*** Funds for community projects are released in tranches (usually in percentages of 50-40-10). Funds are transferred to a village account at the nearest branch of the LBP.

73. ***Appeals, grievances, and controls.*** According to the Manual of Operations (2014), to ensure transparency and accountability, and to safeguard resources, the Financial Management

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<sup>58</sup> Local contributions are waived for Yolanda affected municipalities during the first cycle of implementation of the program.

Service shall design and implement an internal control system appropriate for the project. The grievance redress system shall also be made available to give everyone the opportunity to report any mishandling of funds. It is expected to have one Grievance Officer per field office working within the M&E Unit.

### ***M&E***

74. The M&E component of KALAH I involves (a) participatory monitoring by communities; (b) internal monitoring of inputs, process, and outputs by the project management; and (c) external monitoring and evaluation by consultants, civil society, and academia. There are DSWD M&E officers at the provincial level, and municipal-level facilitators also play an M&E role. The regions report quarterly to legislators and the regional committee on social development.

75. KALAH I currently has its own M&E arrangements and professionals that work at the municipal, regional, and national levels. However, the DSWD is planning to have an integrated management and information system aimed at integrating program MISs from all nine programs run by the DSWD (including KALAH I).

76. Evaluations of impact, and of operations, are carried out by an independent third-party firm. A rigorous impact evaluation was designed to evaluate project impacts on poverty reduction, social capital, empowerment, and governance. Quantitative data were collected on about 2,000 households in 135 barangays in 2003, 2006, and 2010. Data were gathered on a broad range of indicators from a sample of KALAH I-CIDSS municipalities and from comparable municipalities that did not receive project support. Similarly, qualitative data were collected in a subsample of 20 barangays in 2005 and 2010.

### ***Information and Awareness Raising***

77. The program requires the implementation of social mobilization activities following the Community Empowerment Activity Cycle (CEAC), which is put in place during the first phase of project implementation. During the social preparation stage, a Municipal Orientation and Barangay Assembly takes place to build understanding of the project among LGU and community members. Community volunteers conduct a participatory situation analysis.

## Program 4. Government Service Insurance System (GSIS)

### *Program Description and Objectives*

78. The GSIS is a compulsory, contributory pension and insurance scheme for all government employees, except for those covered by separate retirement schemes, such as members of the judiciary, the armed forces, and the police.<sup>59</sup> The program is primarily a retirement fund but also provides a range of other insurances (life and disability) and access to savings, borrowing, and investment products. Total coverage is currently 1.4 million active members and 253,000 retirees receiving pensions.<sup>60</sup>

79. *Institutional arrangements.* The GSIS is governed by a Board of Trustees, whose members are appointed by the President.

### *Program Design - Beneficiaries and Benefit Levels*

80. Table A.2 summarizes the benefits provided to GSIS members.

**Table A.2. GSIS Benefits**

<b>Component</b>	<b>Benefits and Eligibility</b>
Retirement Benefits	Retirees are eligible for a pension based on 2.5% of their average monthly salary for each year of service, up to a maximum of 90% of their monthly salary. In 2013, the average monthly pension paid was PHP 10,394 (US\$239). Retirement benefits may be taken at the age of 65, either as a monthly pension, a lump sum, or a combination of the two. Benefits may be taken earlier, depending on the combination of age and length of service.
Survivor Benefits	Survivors of a pensioner or a member with at least 3 years of service are eligible for survivorship benefits. The benefits include (a) a survivorship pension (b) survivorship pension plus a cash payment, or (c) cash payment. The average survivor pension paid in 2013 was PHP. 3,664 (US\$82).
Funeral Benefits	A lump-sum funeral benefit is payable to the family of a deceased member.
Disability Benefits	Members who suffer disability and who meet other eligibility criteria are entitled to disability benefits, which may include a lifetime monthly pension, a lump-sum cash payment, or a combination of the two. The average monthly disability pension in 2010 (the most recent year for which we have data) was PHP 3,730 (US\$86). Temporary disability payments may be made for up to 120 days in a calendar year.
Separation Benefits	Members who separate from government service before retirement age with at least 3 years of service and are below the age of 60 are entitled to a lump-sum separation payment. Those who have served at least 15 years can also receive a pension starting at age 60.
Life Insurance	All government employees are automatically enrolled in the compulsory life insurance scheme, which also provides for policy loans and annual dividends.

<sup>59</sup> The full list includes the Judiciary, Constitutional Commissions, members of the AFP, and the PNP, including the BJMP and the BFP, and contractual employees who have no employee-employer relationship with their agencies.

<sup>60</sup> 2013 data, as reported by the Bureau of Labor and Employment Statistics 2014.

Lending Programs	The GSIS operates lending programs for its members, and pension loans for retirees. In addition, GSIS calamity loans of up to PHP 20,000 are made available in times of natural disaster to members with at least 3 years' service who live in calamity-affected areas. Moratoria have been placed on loan repayments in the past, as a means of effecting an additional SP benefit to disaster-affected households.
Other Benefits	<b>Optional Life Insurance</b> is available to those who wish to top up coverage. <b>GSIS Mutual Fund Program</b> —the GSIS operates a balanced mutual fund that is open for members to invest their savings in.

81. The regulations governing the fund state that "Monthly pension...benefits shall be periodically adjusted as may be recommended by the GSIS' actuary and approved by the Board in accordance with the rules and regulations prescribed by the GSIS...on the basis of what is sustainable and prudent for the GSIS as recommended." In practice, pensions are adjusted annually through board resolution, but this is not a statutory obligation.

### *Financing and Expenditure*

82. The program is funded through monthly contributions of 21 percent of the member's salary, with the employee paying 9 percent, and the employer paying 12 percent. The employer's share includes 4 percent for life insurance premiums.

83. The program is intended to be fully financed through contributions. The act governing the program states that the GSIS shall maintain the required reserves to guarantee the fulfillment of its obligations under this act, and the payment of benefits due to members is guaranteed by the government.

### *Program Implementation*

84. Enrollment is done on a mandatory basis by the employer. Beneficiaries claim benefits through GSIS offices and kiosks. Payment is then made either through the client's bank account, or electronic/phone/card transfer. For pensioners receiving a monthly pension, payments are made 13 times a year.

85. Beneficiary identification is confirmed by use of the Unified Multi-Purpose ID (UMID),<sup>61</sup> which uses a photo and biometric information to uniquely and securely identify each individual beneficiary. The UMID is intended to be the single ID card of all SSS, GSIS, PhilHealth, and Pag-IBIG members.

### *Complaints and Appeals*

86. A quasi-independent Committee on Claims (CoC) is established to verify the legitimacy of claims and complaints. The CoC reports to its Board on a regular basis the actions taken on issues/complaints presented to it. Disputes on claims can be appealed to the CoC within 60 days

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<sup>61</sup> The UMID system is in compliance with Executive Order No. 420 of 2005, which required all government agencies and government owned and controlled corporations (GOCCs) to streamline and harmonize their identification systems, and Executive Order No. 700 dated January 16, 2008, which identified the social security identification system as the core of the UMID system and directed the SSS to implement the streamlining and harmonization of the ID systems of all government agencies and GOCCs.

from the date the member received the check representing payment of claim benefit or notice of disapproval. The CoC then evaluates the appeal and notifies the claimant of the CoC's decision. Further appeal on the CoC's decision can be filed to the Board within 60 days from receipt of the CoC's decision.

### ***M&E***

87. Since the program provides statutory benefits to a clearly defined pool of members, most of the needed information on its functioning is provided by the data generated by its regular operations and MIS, and there is not the same need for a separate M&E system as there is with many other SP programs.

88. The MIS includes a Member Service Profile (MSP), which contains the service profile of every member and includes, among others, the date of first entry in government service, the periods in government service, the respective agencies and the position the member has served, the salaries received, the Total Length of Service (TLS), and the Record of Creditable Service (RCS). Updates are made on the basis of changes in personal data, salaries, promotion, transfers, and separation of a member.



## **Program 5. DOLE Integrated Livelihood and Emergency Employment Programs (DILEEP)**

### ***Program Description and Objectives***

89. DILEEP has two parts: the majority of the program (Kabuhayan), which represents an amalgamation of a number of smaller preexisting entrepreneurship support programs for informal sector workers; and a public works style employment program (TUPAD) intended for displaced workers and those affected by disasters. The program is operated by DOLE and is estimated to reach about 100,000 persons per year.

90. The objectives of the program are threefold:

- To enhance the existing livelihood undertakings of self-employed workers in the informal economy, to turn them into viable and sustainable business that will provide income at par with the minimum wage earners
- To engage unemployed and low-income workers in livelihood undertakings, to make them productive, and to augment their income
- To restore the lost livelihood resources of workers who have been affected by natural calamities and disasters

91. The target population consists of

- (a) Workers in the informal sector already engaged in small livelihood undertakings, such as street vendors, pedicab operators, home-based producers, fishermen, and farmers;
- (b) Vulnerable groups, including out-of-school youth, out-of-work women, persons with disabilities, indigenous persons, parents of child laborers, displaced workers, and older persons;
- (c) Community groups consisting of unemployed and underemployed persons in communities with high poverty incidence; and
- (d) Low-wage workers seeking to augment their incomes.<sup>62</sup>

92. *The Kubahayan component of the program* provides inputs, training, and entrepreneurship support for income-generating activities such as vending, hairdressing, basic electronics, and appliance repair.

93. Table A.3 summarizes the preexisting component programs from which the entrepreneurship component of DILEEP has been constructed. To the extent that these are still current, this should give some indication of the activities under the program.

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<sup>62</sup> DOLE circular regarding DILEEP implementation of March 2012.

**Table A.3. Components of DILEEP**

<b>Pre-existing Program</b>	<b>Description</b>
<b>DOLE Kabuhayan Starter Kits Program</b>	Targets the poor and long-term unemployed, especially those in the following categories: out-of-school youth, women, parents of child laborers, IPs, people with disabilities, urban poor, elderly persons, landless farmers/fisherfolks and other workers in the informal economy, and displaced wage workers, OFW returnees, and their dependents, either individually or as groups. The program provides beneficiaries with tools, equipment, materials, and inputs, generally those needed for simple house-to-house service-oriented activities like massage, plumbing, cosmetology, electrical servicing, snack preparation, motorcycle repair, and so on. It also provides beneficiaries training on production skills, entrepreneurship, and business management. Beneficiaries are required to enroll in SSS and PhilHealth as soon as the business cycles allow it.
<b>The NEGOSYOSA-KART Program</b> (NegosyosaKariton)	Assists ambulant vendors in major cities to expand their existing livelihood undertakings. The project provides support to enable them to increase, upgrade, or diversify their products or services, and market them to a greater number of customers. Assistance includes acquisition of a vending cart and tools; working capital for raw materials and other inputs; training in production skills, entrepreneurship, and business management; and business permits. The ambulant vendors are also assisted in organizing themselves into organizations that will promote mutual protection, such as savings mobilization for social protection coverage under SSS/PhilHealth, and other common concerns.
<b>KaMaSa</b> (Kabuhayan para sa Magulang ng Batang Manggagawa Program)	Contributes to the prevention of child labor by providing families of child laborers with access to livelihood opportunities. Parents or guardians and elder siblings of child laborers are given skills training to undertake livelihood activities such as food processing, production of herbal drugs, organic fertilizer and other agriculture-based products, and making of handicrafts. Beneficiaries are also given training on entrepreneurship, simple bookkeeping, and business management.
<b>YES</b> (Youth Entrepreneurship Support Program)	Forms technical, vocational, or college graduates into groups of 3–5 and provides them with capital assistance, management, business planning, and marketing assistance to start small enterprises. Targets primarily those in agriculture, fishery, and entrepreneurship courses.
<b>TULAY</b> (Tulong, Alay sa Taong may Kapansanan Program)	Encourages PWDs to set up group self-employment projects. DOLE, in coordination with NGOs and financial institutions, extends technical as well as financial assistance. To enhance the employability of PWDs, skills and entrepreneurship training is provided in selected government and private training institutions. PWDs who are suited for wage employment are referred to private companies or government agencies where job vacancies are made available for them.
<b>PRESEED</b> (Promotion of Rural Employment Through Self-Employment and Entrepreneurship)	It is a self-employment scheme in rural areas. It provides access to entrepreneurship training, credit, and technical assistance. It is targeted at ‘asset less’ and landless rural workers who are capable of absorbing new entrepreneurial activities. It provides a three-week entrepreneurship and development training as well as financing. This is a joint project of DOLE, TESDA, and NGOs. TESDA provides entrepreneurship training; the NGOs serve as conduits for credit and monitoring of projects; and financing comes from the budgets of DOLE and TESDA.
<b>WEED</b> (Women Workers Employment and Entrepreneurship Development)	Identical to PRESEED, except that the target group of beneficiaries is women in the informal sector, the underemployed, and home-based women workers.

Pre-existing Program	Description
<b>WIN-AP</b> (Workers Income Augmentation Program)	Provides business planning, production training, and financing to groups of wage workers to start or expand income-generation activities. The program supports workers associations, unions, and cooperatives—who must be willing to put up 20% of the required capital, which then provide support and financing subject to the submission of a viable business plan for the proposed income-generating activity. The program is run by the Bureau of Labor Relations and the Bureau of Rural Workers of DOLE.

94. The program supports four types of sub-projects:
- (a) Formation of new income-generating projects;
  - (b) Enhancement of beneficiaries’ existing income-generating activities;
  - (c) Restoration of activities (in the case of those disrupted by natural disaster or economic collapse); and
  - (d) Community enterprise development (which we understand to mean development of common marketing, production, and/or storage facilities, and the like).
95. Support for any given project has three phases: **Preimplementation Phase** - provision of training in business planning, entrepreneurship, and production technology. **Implementation Phase** - provision of startup capital/raw materials and other support; as well as enrollment in SSS and/or PhilHealth and/or micro-insurance. **Postimplementation Phase** - provision of continuing technical and business advisory services.
96. The **TUPAD** component provides temporary employment for displaced workers, the underemployed, and unemployed poor. TUPAD is a short-term intervention geared toward long-term employment. It was originally designed for workers displaced in the aftermath of the global financial crisis but is now intended for the unemployed poor more generally. It provides short-term (that is, one-month) wage employment as an immediate source of income for beneficiaries and their families and SP through coverage under the SSS and PhilHealth. In addition, it offers training for skills upgrading, retooling, and entrepreneurship development.
97. The project generates jobs from the various community work projects of the LGUs including simple infrastructure works such as construction of bridges, tire paths, flood control, improvement of roads, repair of public facilities, and de-clogging of canals.
98. The project has been implemented in all regions of the country, covering 68 provinces, 27 cities, and 67 municipalities. It is intended for (a) those who are unemployed or underemployed; (b) workers who were laid off as a result of business closure; and (c) self-employed (including farmers and fishermen) who have lost their livelihoods due to natural disaster or armed conflict.
99. Beneficiary workers were employed for a minimum of 10 days and a maximum of 30 days, and they received the prevailing LGU minimum wage rate.<sup>63</sup> In addition, every beneficiary was provided livelihood assistance (for example, capacity building and provision of raw material

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<sup>63</sup> Most LGUs pay their casual employees the minimum wage rate.

inputs, tools, and equipment) for a minimum of 1 to a maximum of 12 months; and TESDA provides program beneficiaries with training for skills upgrading/retooling or entrepreneurship development to enhance their employability in the future.

### ***Institutional Arrangements***

100. ***Kubahayan Component.*** Although the program is managed by DOLE, actual implementation is generally undertaken by agencies such as NGOs, community and labor organizations, and LGUs (known collectively as Accredited Co-Partners [ACPs]).<sup>64</sup> DOLE provides funds to these organizations, which in turn provide the actual inputs and entrepreneurship support to beneficiary groups and individuals. In some cases, DOLE regional offices or field offices may directly implement the program with beneficiaries.

101. ***TUPAD.*** LGUs prepare project proposals for submission to the DOLE regional office having jurisdiction over the area. The LGUs also identify and engage the beneficiaries in their community work projects. DOLE prepares the recruitment and selection guidelines and monitors the progress of program implementation.

### ***Program Design - Beneficiaries, Benefit Levels, and Conditions***

102. Except for the TUPAD public works component, DILEEP does not provide transfer benefits to households in the sense that most social protection programs do. Rather it provides services and inputs to support income-generation activities by participants. The material benefits consist of a one-off, in-kind injection of things such as raw materials, tools, or equipment, either to preformed groups of beneficiaries, or to an individual. Table A.4 summarizes the benefits provided.

**Table A.4. Benefits Provided under DILEEP**

<b>Benefits</b>	<b>Amount of Benefit</b>
<b>Provision of Inputs</b> Raw materials, equipment, and tools	Maximum of: PHP10,000 (US\$225) for existing enterprises PHP15,000 (US\$335) for new enterprises
<b>TUPAD - Public Works Employment</b> Employment at minimum wage for minimum of 10 days, and maximum of 30 days	Approximately PHP 7,680 (US\$170) Based on maximum 30 days PhilHealth premiums for one month; SSS premiums of one year

Note: The minimum wage varies by area.

103. The program documentation<sup>65</sup> refers to a number of other activities under the program, including (a) “assistance in the establishment of common service facilities;” (b) advocacy in setting up a self-help mechanism for social security among informal sector workers; (c) building public-private partnerships and alliances with other institutions to support the DILEEP agenda of

<sup>64</sup> ACPs may be people’s organizations, workers’ associations, unions or labor federations, universities, colleges, LGUs, cooperatives, or national government agencies.

<sup>65</sup> DOLE Circular of March 6, 2012.

strengthening informal sector enterprises; and (d) enhancing worker productivity through training by DOLE personnel in productivity, work safety and health, and the like.<sup>66</sup>

104. Note, the true ‘value’ of the benefits to the beneficiaries is not the value of the inputs received, but rather the stream of revenue generated over the years by the investment in the income-generating sub-project they undertake. Unfortunately, there are no data provided on tracer studies, or the financial flows of sub-projects, that would allow us to assess what the magnitude of these benefits is. We do know that worldwide, such programs tend to result in long-term increases in incomes if they provide loans—especially with group responsibility—rather than grants, and if there is intensive, sustained support, in an environment where there is strong demand for the goods or services being produced.

### ***Eligibility Determination***

105. ***The Kubahayan (Income-Generating Program Support)*** component is intended to target

- Self-employed workers who are unable to earn sufficient income;
- Marginalized and landless farmers;
- Unpaid family workers;
- Parents of child laborers;
- Low-wage and seasonal workers; and
- Workers displaced, or expected to be displaced, as a result of economic contraction.<sup>67</sup>

106. Beneficiary groups or individuals are generally formed through the Accredited Cooperating Partner organizations. The intention is that DOLE field officers should confirm that beneficiaries have been identified as poor through the NHTS-PR or a register of vulnerable workers constructed by the Bureau of Workers with Special Concerns (BWSC), although in reality, there is a significant degree of self-targeting, in that beneficiary groups and/or their supporting ACPs have to voluntarily come forward with sub-project proposals. Further, the stated criteria for evaluating and approving sub-project proposals (described in the following paragraphs) assign only a 20 percent weight to the composition of beneficiaries.

107. ***TUPAD***. As a public works program, TUPAD is primarily self-targeting on the basis of the wage rate (that is, participants decide voluntarily whether or not to participate). However, there is an element of geographical targeting, and consistent with the overall objective of primarily supporting displaced workers, the LGU or barangay is supposed to certify that target beneficiaries are unemployed, or laid-off workers, or victims of natural disaster or armed conflict.<sup>68</sup>

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<sup>66</sup> DOLE Circular of 2012, items 2.3–2.5.

<sup>67</sup> DOLE Department Order (DO) 1367-14. “Guidelines and Procedures of the DOLE Integrated Livelihood and Emergency Employment Programs (DILEEP).”

<sup>68</sup> DOLE Circular 137-14.

108. TUPAD fails one of the tests of a good targeting practice for workfare program because its wage rate is typically equal to the minimum wage rate. This substantially weakens the element of self-targeting in the program and, by default, targeting is done by the participating LGUs.

### ***Expenditure and Financing***

109. Expenditure on the program was reportedly PHP. 261 million (US\$5.8 million) in 2013.

110. For the Kabuhayan livelihoods support component, DOLE primarily funds the costs of support and of inputs provided to beneficiaries out of its recurrent budget. However, the Accredited Partner Organizations (NGOs, training organizations, local governments, and so on) cover some of the costs of training and in some cases also of the grants for inputs or working capital.

111. For TUPAD, DOLE pays the cost of wages of the beneficiaries for one month, while the LGU pays for the 50 percent of PhilHealth premiums of the beneficiaries for one year, the SSS premiums (100 percent) for one month, and the cost of raw materials needed in the construction of community work projects, while PhilHealth subsidizes the other half of the health insurance premiums for one year.

### ***Harmonization and Integration***

112. The DILEEP is linked with social insurance support, in that beneficiaries are enrolled in, or encouraged to enroll in, the PhilHealth insurance program and SSS pension and social insurance scheme, at least for the duration of their involvement in DILEEP.

### ***Program Implementation***

113. Eligible beneficiaries of the livelihood program component need to (a) submit a Kabuhayan application form and a business plan proposal to DOLE regional offices and (b) be those identified in the NHTS-PR and BWSC profile of vulnerable workers. For the Kabuhayan livelihood program, field officers (FOs) are supposed verify their eligibility based on DO 13714. For TUPAD, displaced workers need to be certified. For the public works component, only one member of a household can be eligible for the program and can only participate once in a year.

### ***Benefit Delivery***

114. For the income-generating component, materials and inputs are generally procured by a combination of the proponent organization and DOLE and then transferred to the project groups. Funds may be released in tranches, or in a lump sum, depending on the nature of the project. Training is provided by the ACP organization, or by TESDA, and in some cases, by DOLE offices directly. For the public works component, wages are paid through the proponent ACP organization of LGU.

### ***MIS and M&E***

115. For each sub-project, DOLE regional offices are supposed to submit monthly progress reports and an annual report 30 days after year-end. The Bureau of Workers with Special

Consideration is to submit a consolidated report on the livelihood and employment generation programs based on the completed regional reports.

116. Project data are uploaded onto the DOLE Kabuhayan Information System (DKIS), based on progress reports and field monitoring. Assessment teams from DOLE are expected to undertake program-end evaluations of individual sub-projects and to do spot checks once a year as to whether projects survive.

***Communication and Awareness Raising***

117. Publicizing the existence of the program to direct beneficiaries is the role of the ACP organizations (NGOs, labor groups, LGUs, and so on). DOLE regional and field offices are in turn responsible for ensuring potential partner ACPs are aware of the program.

## **Program 6. Sustainable Livelihood Program (SLP)**

### ***Program Description and Objectives***

118. The SLP supports microenterprises to become organizational and economically viable, and link participants to employment opportunities and relevant training. The SLP has two components: the business development service (BDS), which provides participants with funds and training to set up their own microenterprise, and the employment facilitation (EF) track, a job search assistance style program that provides employable individuals access to locally available jobs through public-private partnerships. The EF track aims to adequately prepare the participants for employment through skills enhancement and preemployment training and provide direct links to the labor market. 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. The program is operated by the DSWD and is estimated to have reached 165,626 participants in 2017. In 2016, there were 3,715 SLPAs (Acosta and Avalos 2018).

119. The objectives of the program are

- In the short run, to increase wage- and self-employment. SLP supports microenterprises to become organizational and economically viable, and links participants to employment opportunities and relevant training; and
- In the long run, to improve socioeconomic well-being through acquisition of productive assets and income.

120. The target population consists of poor individuals living in households, identified by Listahanan, with the potential and willingness to establish a microenterprise or look for employment. Families from 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. This includes individuals who are part of vulnerable or marginalized groups, for example, persons in conflict-affected areas, PWDs, senior citizens, out-of-school youth, and disaster-affected communities. Beneficiaries of Pantawid are priority target participants in the SLP.

121. The ***Microenterprise Development (MD)*** component of the program provides participants with access to funds and training to set up their own microenterprise. 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 to develop their microenterprise. The grant covers skills training, basic living allowance, training supplies, equipment, and materials, as well as assessments fees to take the national certification (NC) exam at the end of the training. Participants can also access a one-time grant, the **Seed Capital Fund (SCF)**, which can be used as working capital for inputs or materials needed to set up or expand a microenterprise. 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. Last, 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 microenterprises. This



modality finances 11 days<sup>69</sup> of participants' labor who earn 75 percent of the prevailing daily regional minimum wage for their work in labor-intensive projects. Projects under this modality include development or rehabilitation of assets that benefit not only the SLPA but the community as a whole.

122. *The EF track* provides employable individuals access to locally available jobs through public-private partnerships. This program component aims to adequately prepare the participants for employment through skills enhancement and preemployment training; and provide direct links to the labor market.<sup>70</sup> 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.

123. Table A.5 summarizes the modalities under each SLP track.

**Table A.5. Components of SLP**

Track	Modality	Benefits	Partners
MD, EF	Skills Training Fund	Technical-vocational skills training fee; basic living allowance; training supplies and materials; equipment and materials needed for employment; assessment fees	National Government Agencies (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
MD	SCF	Working capital for small tools, raw materials, startup expenses, permit(s) to operate, and large and long-lived tangible assets required to start or expand a microenterprise	NGAs, LGUs, other stakeholders for additional funding in excess of the maximum amount
MD	CBLA	Employment for 11 days, with possibility of extension to a maximum of 3 months	LGUs
EF	Employment Assistance Fund	Acquisition of employment requirements such as legal documents and licenses and meal and transportation allowance within the first 15 days of guaranteed employment	—

Source: SLP Operations Manual.

<sup>69</sup> Projects can be extended under justifiable reasons for up to three months.

<sup>70</sup> Also known as search assistance and matching.

### *Institutional Arrangements*

124. The overall operations and supervision of the program is managed by an 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 RPMOs to implement the program throughout the country. RPMOs officers include provincial coordinators at the provincial level and project development officers (PDOs) at the 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 action teams are important in program implementation as they coordinate and provide development plan information necessary for SLP participants.

125. SLP interventions are accomplished through connections with public, private, and NGO 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. 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.

### *Program Design - Beneficiaries and Benefit Levels*

126. **Beneficiaries.** Benefits are payable to individuals identified as poor by Listahanan. Poor individuals who are willing and able to participate in either of the SLP tracks are eligible beneficiaries. Eligible beneficiaries are then incentivized to form groups called SLPAs.

127. **Benefits** consist of both cash assistance and services and inputs to support income-generation activities by participants. The material benefits consist of a one-off, in-kind injection of inputs such as raw materials, tools, or equipment to beneficiaries. Table A.6 summarizes the benefits provided.

**Table A.6. Benefits Provided under Each SLP Track and Modality**

<b>Modality</b>	<b>Track</b>	<b>Benefits</b>	<b>Amount of Benefits</b>	<b>Partners</b>
Skills Training Fund	MD, EF	Technical-vocational skills training fee; basic living allowance; training supplies and materials; equipment and materials needed for employment; and assessment fees	Maximum of PHP 15,000 for all benefits including training	NGAs, SUCs, and/or local counterparts to provide the training and materials as needed; technical-vocational institutions if NGAs and SUCs are unavailable
SCF	MD	Working capital for small tools, raw materials, startup 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
CBLA	MD	Employment for 11 days, with possibility of extension to a maximum of 3 months	75% of regional minimum wage	LGUs

<b>Modality</b>	<b>Track</b>	<b>Benefits</b>	<b>Amount of Benefits</b>	<b>Partners</b>
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	—

Note: The minimum wage varies by region and economic activity.

128. Unfortunately, there are no data provided on tracer studies that would allow us to assess what the magnitude of the impact of these benefits are. We do know that worldwide, such programs tend to result in long-term increases in incomes if they provide loans—especially with group responsibility—rather than grants, and if there is intensive, sustained support, in an environment where there is strong demand for the goods or services being produced.

### **Targeting**

129. The SLP targets Listahanan-identified poor households, prioritizing Pantawid beneficiaries, engaging the family member who is most capable and willing to participate in livelihood projects through business development or employment. Participants must be of age at least 16 years. Families from 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. This includes individuals who are part of vulnerable or marginalized groups, for example, persons in conflict-affected areas, PWDs, senior citizens, out-of-school youth, and disaster-affected communities.

130. 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.<sup>71</sup> This stage includes securing the official commitment of each municipal LGU in supporting SLP implementation through a memorandum of agreement. The second stage, household targeting, consists of identifying poor households as identified by Listahanan of the NHTO, which uses a proxy means test instrument to determine whether a household is poor (the first national assessment was conducted between 2009 and 2010, while the second one was collected in 2015). Households benefiting from the Pantawid CCT 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.

<sup>71</sup> The barangay targeting matrix uses the density of unserved *Pantawid* CCT beneficiaries, presence of other DSWD programs, availability of natural resources, involvement of businesses or CSOs, and accessibility of the barangay to commercial areas, to rank barangays.

### ***Expenditure and Financing***

131. Expenditure on the program has increased significantly. Allocations for SLP have risen from PHP 84 million in 2011 (US\$1.7 million) to PHP 9.1 billion in 2017 (US\$182 million). The DSWD funds the costs of support and of inputs provided to beneficiaries out of its recurrent budget. The SLP found difficulties in spending its funds allocation. In 2016, only 50 percent of their budget was disbursed.

### ***Harmonization and Integration***

132. The SLP is directly linked with the Pantawid, in that CCT beneficiaries are prioritized for enrollment into the two SLP tracks. Local partnerships are key to a successful program implementation. SLP interventions are accomplished through connections with public, private, and NGO 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. The SLP beneficiaries also benefit from the KALAHI-CIDSS program implemented by the DSWD. The SLP does not use Pantawid or KALAHI-CIDSS mechanisms other than targeting.

### ***Program Implementation***

133. ***Eligibility.*** Eligible beneficiaries of the SLP undergo social preparation to ensure that identified households and members are prepared and willing to engage in livelihood endeavors provided by the program. After identifying potential household beneficiaries, PDOs assess the capacity and interest of household members to participate in the program and identify one household member to participate in the program and form part of a group or association. Potential individual beneficiaries have to be of age at least 16 years for the BDS track, or 18 years for the EF track. In case there is excess demand for the SLP tracks, program implementers will refer or find other services or programs for these eligible individuals.

134. **SLPA formation.** Upon identification of the list of participants, a group assembly is organized that results in the formation of an association by 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. The SLPA formation is considered a major output in the early implementation phase of the program.

135. **Project identification and development.** The process of project identification begins with the participatory sustainable livelihood analysis (PSLA), a program activity that assesses local market opportunities, resources, and assets and identifies corresponding livelihood interventions (3–5 potential projects for each SLPA). The livelihood projects identified at this stage can be for both microenterprising and employment.

136. **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 microenterprise. The MD capacity-building sessions are conducted by partners such as CSOs, microfinance 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 PESO or private institutions.

137. **Establishing market links, selection of modalities, and project proposal.** For those who undergo the EF track, the PDOs, using inputs prepared by the SLP-RPMO, 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 or otherwise referred to on-the-job training programs 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 links 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.<sup>72</sup>

138. **Project proposal review and approval.** Project proposals will undergo evaluation using project feasibility indicators to ensure that proposals comply with program standards and contribute to achievements of the 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 provincial and regional levels. The provincial review is conducted through workshops organized by provincial coordinators where senior program staff provide their technical inputs on the projects. The regional reviewers sign off on projects previously approved by provincial coordinators. Approved project proposals are submitted to the 'approving authority' for funding.

139. **Project operationalization and benefit 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 CSOs or by TESDA, and in some cases by the DSWD staff directly. Grants and wages for the CBLA are transferred to individuals or groups directly.

### ***MIS and M&E***

140. The program currently monitors use 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

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<sup>72</sup> PDOs need to present written justification to the provincial coordinator to authorize individual enterprises.

at least twice a month thereafter. However, due to heavy workload, monitoring is done on a case-to-case basis.

141. For EF, generally, the 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 have its own internal monitoring of its member's employment and enterprises.

142. The implementing PDO hands over monitoring task to a monitoring PDO who is in charge of following up and checking 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.

143. Project data are uploaded onto the SLP Information System (SLP-IS), based on progress reports and field monitoring. M&E officers undertake program evaluations of individual sub-projects and do spot checks once a year as to whether projects survive.

144. The program has undergone several process evaluations that aim to determine if program activities are working as designed and to request feedback from implementers. The following summary of key evaluation findings comes from two studies conducted in 2014 and 2016. Note that these evaluations were conducted on previous versions of the SLP.

- Create an indicators-based system to effectively identify and sort participants into each track. This would improve program effectiveness.
- Government operational costs to provide financing was found to be twice that of private counterparts (microfinance institutions). SLP provides grants instead of loans now.
- Focus efforts on the EF track. By 2016, only 14 percent of Pantawid families were served through the EF track.
- Forge more partnerships between DOLE and other PESOs to strengthen service delivery.
- Reduce workload of PDOs and their scope of duties. Evaluations identify the need to review the ratio of PDOs to participants and to review the current design, which requires a PDO to perform a variety of operations that require a diverse set of technical and soft skills.
- Improve proper program outreach. The monthly family development sessions of Pantawid are utilized by many field implementers as the only platform to directly communicate their messages to the target audiences. This creates problems for SLP

as PDOs are allocated limited time toward the end of the meeting to deliver their message. SLP orientation must be conducted in a dedicated session. We recommend use of ‘general assemblies’ for the entire SLP.

- Improve convergence between different agencies. SLP is expected to work in close cooperation with other government program officers and agencies like DOLE, PESO, KC-NCDDP, and LGUs. Effective collaborations of SLP with other agencies can significantly improve the efficiency of the program. For example, some of the areas where quick gains can be made include data sharing and linking mechanism for EF track participants.

### ***Information and Awareness Raising***

145. The monthly family development sessions of Pantawid are utilized by SLP field implementers to directly communicate their messages to target audiences. This creates problems for SLP as PDOs are allocated limited time toward the end of the meeting to deliver their message. The DSWD regional offices are responsible for establishing partnerships with public and private institutions, including securing cooperation with LGUs.

## ANNEX B. Overview of the Social Protection Sector and Description of the Programs Not Selected for In-Depth Assessment

Table B.1. Inventory of SP Programs (as of December 2017)

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
<b>Noncontributory social assistance programs</b>								
PANTAWID PALMIYANG PILIPINO PROGRAM	Poverty targeted cash transfer	Chronic poor households with children aged 0–14 years	Targeted	DSWD	4,402,253 households	2018	62,665,628	2016
KAPIT BISIG LABAN SA KAHIRAPAN (KALAHI CIDSS)	Other cash transfer	Poorest municipalities (poor and marginalized population)	Targeted	DSWD	—	—	631,012	2013
SCHOOL BASED FEEDING PROGRAM	School feeding/Take home	K/grade 6 malnourished children	Targeted	DEPED	562,000	2014	1,693,610	2013
SUPPLEMENTAL FEEDING PROGRAM FOR STUDENTS	School feeding/Take home	2–5 years old - preschool	Targeted	DEPED DSWD	—	—	2,896,073	2013
EDUCATION ASSISTANCE PROGRAM	Scholarship			NCIP	—	—	71,050	2013
CORE SHELTER PROGRAM	Housing benefits	Poor families	Targeted	DSWD	53,000	1985–2009	—	—
KATAS NG VAT PARA KAY LOLO AT LOLA	Other cash transfer/electricity allowance	Qualified poor senior citizen	Targeted	DSWD	1,000,000		—	—
CASH FOR WORK PROGRAM	Cash for work	Distressed (poor)/displaced individuals	Targeted	DSWD-DRROO	47,000	2009	26,688	2013
SOCIAL PENSION FOR INDIGENT SENIOR CITIZENS	Old age cash transfer	Older people (60+)	Targeted	DSWD	2,559,202	2017	17,940,260	2017



Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
ASSISTANCE TO PERSONS WITH DISABILITY AND OLDER PERSONS	Cash assistance	People with disabilities and older people	Targeted	DSWD	—	—	11,801	2016
RECOVERY AND REINTEGRATION PROGRAM FOR TRAFFICKED PERSONS	Cash assistance	Trafficked person		DSWD	1,800	2016	23,834	2016
PHILHEALTH INDIGENT PROGRAM	Health benefits for vulnerable groups	Indigent or poor families	Targeted	PhilHealth	8,400,000 households	2013	12,551,105	2013
CROP/AGRICULTURAL INSURANCE (DA-PHILIPPINE CROP INSURANCE CORPORATION -PCIC)	Agricultural insurance	Farmer agricultural private workers	Targeted	PCIC	335,000	—	—	—
GSIS CALAMITY LOANS	Loans	Members (non-poor)		GSIS	—	—	8,740,240	2013
<b>Contributory Social Insurance Programs/Schemes</b>								
SOCIAL SECURITY SYSTEM (SSS)	Pensions	Government and private sector workers and dependents/self-employed workers and their dependents	Targeted	SSS	27,740,000	2014	133,000,000	2016
GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) SOCIAL SECURITY	Pensions	Civilian government workers	Targeted	GSIS	3,000,000	2014	87,100,000	2016
AFP-RSBS	Pensions	Military workers	Targeted	AFP-RSBS	—	—	—	—
ECC EMPLOYEES COMPENSATION COMMISSION	Pensions	Civilian government and private workers	Targeted	SSS, GSIS, and four agencies involved	—	—	—	—

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
PHILIPPINE HEALTH INSURANCE CORPORATION (PHIC) HEALTH INSURANCE	Pensions	Universal	Universal	PHILHEALTH	—	—	—	—
OVERSEAS WORKERS WELFARE ADMINISTRATION PROGRAM FOR OFWs.	Pensions	OFWs and their dependents	Targeted	OWWA	—	—	—	—
<b>Labor Market Measures and Services</b>								
INTEGRATED LIVELIHOOD PROGRAM (DILEEP)	Livelihood assistance	Unemployed (displaced, youth, women, ambulant vendors, fisher folks, rural workers, people with disabilities)		DOLE	—	—	261,610	2013
KABUHAYAN STARTER KIT PROJECT	Startup incentives	Self-employed workers (displaced)		DOLE	52,000	2009	—	—
TULONG PANGHANAP BUHAY SA ATING DISADVANTAGED WORKERS (TUPAD)	Other ALMP	Displaced workers due to global financial crises and for unemployed poor	Targeted	DOLE	18,200	2010	—	—
SUSTAINABLE LIVELIHOOD PROGRAM (SLP)	Livelihood assistance	Poor individuals, Pantawid beneficiaries are prioritized	Targeted	DSWD	378,822 households	2016	9,609,403	2016
MICRO-ENTERPRISE DEVELOPMENT TRACK (SLP)	Training	Poor individuals, Pantawid beneficiaries are prioritized	Targeted	DSWD	170,470 households	2016	3,373,271	2016

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
EMPLOYMENT FACILITATION TRACK (SLP)	Labor market services	Poor individuals, Pantawid beneficiaries are prioritized	Targeted	DSWD	208,352 households	2016	6,236,132	2016
TULONG ALAY SA MGA TAONG MAY KAPANSANAN (TULAY)	Labor market services	People with disabilities unemployed workers		DOLE	—	—	—	—
PUBLIC EMPLOYMENT SERVICES OFFICES (PESO)	Labor market services	Unemployed		DOLE	—	—	—	—
PHIL-JOB NET	Labor market services	Unemployed		DOLE	—	—	—	—
JOB FAIRS	Labor market services	Unemployed		DOLE	—	—	—	—
TRAINING FOR WORK SCHOLARSHIP PROGRAM (TWSP)	Training	People wanting employment in business process outsourcing (BPO) firms (formal sector employed and underemployed and unemployed displaced, youth, and women)		TESDA	200,000	2013	5,100,000	2013
SPECIAL PROGRAM FOR THE EMPLOYMENT OF STUDENTS (SPES)	Other ALMP	Poor but deserving students (youth)	Targeted	DOLE	120,312	2011	399,313	2013
WORK APPRECIATION PROGRAM (WAP)	Other ALMP	Youth unemployed workers (youth)		DOLE	—	—	—	—
KASANAYAN SA HAPAPBUHAY) (KASH)	Other ALMP	First-time employed (youth)		DOLE	—	—	—	—

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
WORKERS INCOME AUGMENTATION PROGRAM (WIN-AP)	Other ALMP	Formal sector employed and underemployed		DOLE	—	—	—	—
INTEGRATED SERVICES FOR LIVELIHOOD ADVANCEMENT OF THE FISHERFOLK (ISLA)	Other ALMP	Marginalized fisherfolks		DOLE	18,200	2010	—	—
WORKING YOUTH CENTER- YOUTH ENTREPRENEURSHIP SOLUTIONS (WYC-YES)	Startup incentives	Unemployed youth		DOLE	—	—	—	—
PROMOTION OF RURAL EMPLOYMENT THROUGH SELF EMPLOYMENT AND ENTREPRENEURSHIP DEVELOPMENT (PRESEED)	Startup incentives	Rural workers		DOLE	—	—	—	—
WOMEN WORKERS EMPLOYMENT AND ENTREPRENEURSHIP DEVELOPMENT (WEED)	Startup incentives	Women		DOLE	—	—	—	—
EMERGENCY EMPLOYMENT PROGRAM FOR GLOBAL CRISIS AFFECTED WORKERS	Emergency Employment	Displaced workers		DOLE	—	—	—	—
OYSTER	Startup incentives	Under privileged family members and out-of-school youth	Targeted	PNP/DPWH	27,000 workers	2007-2009	1,082,488	2011
MICROFINANCE FOR MEMBERS OF DRIVERS OR PUBLIC UTILITY VEHICLES	Startup incentives	Spouses and immediate families of drivers of public utility vehicles (poor)	Targeted	DPWH	147 transport/cooperative associations	40634	70,000,000	—

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
JOB NETWORK SERVICES FOR CLIENTS AT CRISIS INTERVENTION UNITS (CIU)	Labor market services	Individuals in dire economic conditions		DSWD	66	2009	—	—
YOUTH EDUCATION - YOUTH EMPLOYABILITY FUND (YE-YE)	Other ALMP	Unemployed youth		DOLE	13,758	2011	—	—
<b>Social care services</b>								
COMPREHENSIVE PROJECT FOR STREET CHILDREN AND FAMILIES	Residential care for children	Street children		DSWD	—	—	—	—
INA HEALING CENTER	Other social care services	Mothers who lost their children		DSWD	—	—	—	—
REHABILITATION SHELTERED WORKSHOP (RSW)	Care for people with disabilities	Persons with disabilities and other special groups		DSWD	—	—	—	—
NATIONAL VOCATIONAL REHABILITATION CENTER (NVRC)	Care for people with disabilities	PWD and other special groups		DSWD	—	—	—	—
SERVICES FOR WOMEN IN ESPECIALLY DIFFICULT CIRCUMSTANCES	Other social care services	Women in difficult circumstances		DSWD	—	—	—	—
NEIGHBORHOOD SUPPORT SERVICES FOR OLDER PERSON	Care for older persons	Older people		DSWD	—	—	—	—
ASSISTANCE TO INDIVIDUALS IN CRISIS SITUATIONS	Other social care services	Individuals and families in crisis situations (poor, indigenous, people with disabilities)		DSWD	65,000	2009	314,953	2013

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
GOLDEN ACRES/HOME FOR THE ELDERLY HOME FOR THE AGED	Residential care facilities	Senior citizens 60+		DSWD	—	—	—	—
ELSIE GACHES VILLAGE	Care for children/youth	Abandoned and neglected children with special needs (cerebral palsy, epilepsy, visual and hearing impairment, mental retardation, autism, and other related conditions)		DSWD	—	—	—	—
SANCTUARY CENTER	Other social care services	Female 18 and above, improving from psychosis and other mental illness		DSWD	—	—	—	—
JOSE FABELLA CENTER	Other social care services	Stranded, vagrants, and mendicants		DSWD	—	—	—	—
<b><u>General Subsidies</u></b>								
RICE PRICE SUBSIDY/STABILIZATION AND FOOD SUBSIDY	Food subsidies	Universal	Universal	NFA	3.9 million households	2010	4,250,000	2013

Program Name	Program Category	Eligible Population	Use of Means Testing	Implementing Agency	Number of Beneficiaries		Total Expenditure	
					Value	Most Recent Year	Value (PHP, thousands)	Most Recent Year
SEED AND FERTILIZER SUBSIDY	General subsidies	Farmers included in the LGU master list of beneficiaries with variations by year in eligibility criteria	Targeted	DA			10,021,587	2013

## Description of Programs Not Selected for In-Depth Assessment

1. The main text of this report presents detailed information on a number of key programs and links with other significant schemes. However, some of the programs are left out from such description. The main purpose of this annex is to supplement the main text to give a comprehensive overview of the SP sector in the Philippines.

### *Social Safety Nets Pillar: Emergency and Disaster Relief*

2. **Cash for work.** Provides short-term employment to the victims of disasters, while at the same time supporting postdisaster reconstruction or mitigation works. Eligible beneficiaries should be (a) vulnerable to, at risk of, or victims of any form of disaster; (b) willing to participate in community efforts to respond to disaster; and (c) able to undertake the projects and at least 18 years of age.

3. Beneficiaries are paid a wage rate equal to 75 percent of the locally determined prevailing daily wage rate (which may be paid in either cash or food) and are employed for 10 days, extendable to up to three months depending on the severity of the disaster and level of need.

4. Communities and the local government identify projects to be undertaken, which may include (a) reconstruction and rehabilitation projects and activities; (b) disaster preparedness, mitigation activities, and environment-related projects; (c) livelihood and productivity support projects; or (d) hunger mitigation and food security projects. The program is implemented by LGUs in conjunction with the DSWD. The most recent estimates of program expenditure are PHP 940 million (US\$22 million) in 2012 and PHP 27 million (US\$0.6 million) in 2013.

5. **Core Shelter Assistance Program.** It is intended to reduce the number of indigent families left homeless after natural disasters. The program provides assistance of up to PHP 70,000 to build a typhoon-resistant core shelter unit. The program prioritizes households in geographically affected areas, and those with small children, pregnant or lactating women, or people with disabilities or seriously ill members. The program is operated by the DSWD in conjunction with housing and relief NGOs and LGUs.

6. **Provision of Family Food Packs (FFPs).** The FFP Program is operated by the DSWD and provides immediate relief assistance to families and individuals in the immediate wake of natural disasters. Coverage inevitably varies substantially from year to year, depending on the extent of disasters experienced.

7. **GSIS calamity loans.** Associated with the GSIS, the GSIS makes emergency loans to members in times of need, and there have been various initiatives to forgive all or part of these loans during times of major natural disasters. In addition to the specific disaster relief programs described previously, the Philippines has developed an admirable system of ramping up existing programs quickly in response to natural disasters. The most notable examples have been the use of the Pantawid CCT and KAHALI community-driven development programs to quickly expand coverage in areas affected by Typhoon Yolanda.



## *Social Care Programs*

8. ***Assistance to individuals in crisis.*** The Crisis Intervention Center is a special unit of the DSWD that serves as an action center to immediately respond to cases of individuals and families in crisis situations. It provides immediate psychosocial support and limited, emergency financial and material assistance to the destitute.

9. Coverage includes (a) individuals and families in crisis situations; (b) abandoned, abused, neglected, and exploited children and adults; (c) victims of disasters; (d) individuals and families categorized as transients, stranded people, and displaced persons; (e) deportees, repatriates, and victims of trafficking; and (f) individuals and families without adequate means to meet urgent medical, transportation, burial, and other immediate needs.

10. ***Benefits*** include (a) counseling and emotional support; (b) limited financial assistance of up to PHP 5,000<sup>73</sup> for transportation, medical care, or food and clothing; and (c) referral to clients to other agencies providing assistance and to legal and medical services. The largest single group of beneficiaries were victims of illegal recruitment seeking assistance to return to their home province. The majority of beneficiaries seek financial assistance, generally for medical, burial, or home transport. The program is administered by the DSWD and funded through the budget.

11. Public spending on the program was reportedly PHP 539 million (US\$12.3 million) in 2013.

12. ***DSWD Care Facilities.*** The DSWD operates a network of 64 residential care centers that provide care and support to various vulnerable groups (the elderly, children, abused women, PWDs, and persons with special needs).

13. Note, as in all countries, there are many other very small-scale social care programs that support specific vulnerable groups, such as shelters and homes for people with disabilities, homeless, abused, and so on, operated by NGOs and faith-based and community organizations. While these are an important part of the SP fabric in the Philippines, there are too many to catalogue them all here, and there appears to be no central repository of information that would allow us to easily estimate their total coverage and expenditure on them.

## *Social Insurance Programs*

14. ***National Health Insurance Program (NHIP) PhilHealth*** (unsubsidized). The NHIP is a compulsory scheme for all wage employees. The objective is to pool risk across individuals of different income levels, health status, and age, to better meet their needs for health care. It provides a package of benefits that include hospitalization, outpatient services, and medicines.

15. There are five categories of beneficiaries: (a) formal sector wage employees who are automatically enrolled through their employer; (b) self-paying enrollees, such as professionals and the self-employed, who voluntarily pay their own contributions; (c) indigents identified through

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<sup>73</sup> Up to PHP 5,000 for burial, transportation, and medical assistance can be increased upon the recommendation of the social worker and subject to availability of funds; assistance for school tuition payments; and emergency assistance of PHP 2,000 for categories not mentioned.

the NHTS-PR, for whom the government pays their premiums; (d) ‘sponsored’ members whose premiums are paid all or in part by sponsoring agencies, such as NGOs, LGUs, or family members, generally because they are poor; (e) lifetime members—those over 65 years who have been enrolled for at least 10 years, for whom no premiums are charged.

16. Financing consists of contributions of 5 percent of salary for formal sector employees (2.5 percent from the employer, 2.5 percent from the employee), or fixed premiums for self-employed workers, and direct budget transfers to PhilHealth from the central government, LGUs, and/or NGOs in the case of the Sponsored Program. In 2013, payments out totaled PHP 55.6 billion (US\$1.3 billion), slightly exceeding total contributions of PHP 55.5 billion.<sup>74</sup>

17. Benefits consist of subsidies for inpatient and outpatient medical services, consultations, drugs, and diagnostic services. PhilHealth operates on a ‘first-peso’ payment basis, paying initial charges up to a fixed amount depending on the type of procedure and facility (whether primary, secondary, or tertiary, and public or private). In 2013, the average claim paid out was PHP 9,116 (US\$210).

18. PhilHealth is governed by a Board of Directors constituted of the DOH, DSWD, and DLGI.

19. Coverage is almost universal for workers in large firms and government, who make up the bulk of beneficiaries. Total coverage was estimated at 76.9 million in 2013, representing about 73 percent of the population, with about one-third of those being formal sector workers, one-third people covered under the Sponsored Program, and the remaining third made up of voluntarily self-enrolled members, OFWs, and lifetime members. While coverage is widespread, utilization still appears to be limited—for example, in the household consumption survey, only 3.2 percent of the population reported receiving PhilHealth benefits; and administrative data for 2013 show that *at most* only 1 in 14 beneficiaries made a claim.<sup>75</sup> It is speculated that low coverage is due to lack of knowledge among beneficiaries of their entitlements, and the scarcity of accredited facilities, especially near the poor.

20. **Employee Compensation Fund (ECP).** The ECP is a contributory scheme that provides employees and their dependents a package of benefits in the event of work-related illness, injury, or disability. Coverage is compulsory for all employers and their employees, both in the public and private sectors, including Filipinos working abroad who are paying contributions into Philippine retirement or life insurance schemes.

21. *Benefits* include (a) **Medical Benefits**—fees and other charges for hospital services, medical care and devices, and rehabilitation services associated with the work-related disability; (b) **Disability Payments**—the program pays employees a monthly disability allowance, depending on the nature and duration of their disability, ranging from 120 days for temporary disabilities, to 5 years and longer for more serious disabilities; and (c) **Death and Funeral**

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<sup>74</sup> Bureau of Labor and Employment Statistics 2014.

<sup>75</sup> Based on 76.9 million beneficiaries, and 5.8 million claims paid; even if every claim were made for a unique beneficiary, it would mean only about 7.5 percent of beneficiaries used the program in 2013. PhilHealth Data, in Bureau of Labor and Employment Statistics 2014.

**Benefits**—survivors of beneficiaries may receive continuing monthly payments for up to 5 years as well as a funeral benefit of PHP 3,000.

22. In 2013, about 50,000 claims were paid, with an average value of PHP 19,925 (about US\$458).<sup>76</sup> The vast majority of payments made, in value terms, were for death benefits.

23. *Financing mechanism.* The ECP is funded through contributions paid by employers on a sliding scale of rates, depending on the employee's pay level and whether they are in the private or public sector. ECP benefits are guaranteed by the Republic of the Philippines, which likewise accepts general responsibility for the solvency of the SIF. In 2013, the ECP collected PHP 3.6 billion in contributions and paid out PHP 1.0 billion in benefit claims, suggesting that solvency is not a concern at the moment.<sup>77</sup>

24. *Administration and collection.* The program is administered by the GSIS for public sector employees and the SSS administrator for the private sector employees.

25. *Crop insurance.* The Philippine Crop Insurance Corporation (PCIC) provides insurance protection to agricultural producers, particularly subsistence farmers, against crop losses arising from natural calamities such as typhoons, floods, drought, and earthquakes, as well as plant diseases and pest infestation. It is also mandated to provide farmers protection against non-crop agricultural asset losses.

26. The PCIC offers five insurance programs, namely, (a) crop insurance programs for rice, corn, and high-value commercial crops; (b) non-crop agricultural asset insurance; and (c) livestock insurance. The PCIC also provides three term insurance packages, that is, the Agricultural Producers Protection Plan; the Loan Repayment Protection Plan; and the Accident and Dismemberment Security Scheme.

27. *Coverage.* The beneficiaries include rice and corn farmers, high-value commercial crop growers, livestock raisers, and agricultural assets availing loans from lending institutions.<sup>78</sup>

28. *Benefits.* The benefits include insurance coverage for identified risks. An insured farmer, lending institution, or cooperative can recover his or her/their investment if he or she/they suffer crop and other agricultural project defined compensable losses caused by natural calamities, pest and disease infestation, and other losses. Rice and corn insurance is of two types, namely, multi-risk cover and natural disaster cover. The multi-risk cover is a comprehensive cover against crop loss caused by natural disasters as well as pest infestation and diseases. The natural disaster cover, as the name implies, only covers losses due to natural disasters.

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<sup>76</sup> Bureau of Labor and Employment Statistics 2014. Of PHP 1 billion in benefits awarded, PHP 777 million were for death benefits.

<sup>77</sup> Bureau of Labor and Employment Statistics 2014. Of PHP 1 billion in benefits awarded, PHP 777 million were for death benefits.

<sup>78</sup> The program also includes quasi lending institutions, NGOs, cooperatives, and government entities providing loans. The beneficiaries can be borrowing or self-financed farmers. In the case of the latter, they have to agree to place themselves under the supervision of a PCIC-accredited agricultural production technician. In the case of rice farmers, coverage is limited to irrigated areas and rain-fed farms during wet seasons.

29. The amount of cover is the production inputs according to farm plan and budget plus a maximum of 20 percent to cover expected value (at the option of the farmer). A no-claim benefit is provided in the amount of at least 10 percent of the share of the premium if the farmer did not file a claim for the preceding three crop seasons, which can be used for premium rebates. A PHP 10,000 death benefit, provided the farmer not more than 65 years, is included in the insurance.

30. *Financing.* To finance the program, as in any insurance program, a premium is charged in exchange for coverage. A premium subsidy is provided for subsistence rice and corn farmers (those tilling 7 ha or less). The premium for the rest of the program is fully borne by the assured. The premium subsidy and operational expenses are financed through the earnings from investment of government equity in the PCIC.<sup>79</sup> In the case of the self-financed farmer, the government share stays the same and the farmer bears the burden of the share of the lending institution.

31. *Administration and collection.* The program is administered by the PCIC, and services are delivered through its regional offices. Premium collection and payments are done through these field offices. In addition to the PCIC personnel, underwriting/solicitation activities are also done through accredited lending institutions, LGUs, and farmers' organizations.

### ***Labor Market Protection and Productive Inclusion Programs***

32. ***Overseas Workers' Programs.*** Overseas employment plays a far larger role in the Philippines than in most countries. Almost 10 million Filipinos work overseas, about half of them temporary migrants<sup>80</sup> expected to return at the end of their contracts. These workers provide a critical injection of remittances into the economy, as well as relieve pressure on the domestic labor market. Given their central importance, the government operates a range of programs to support them. Foremost among these are

- **OWWA**, which provides social protection to OFWs, including disability and life insurance, skills enhancement, financial assistance for family members, and repatriation and reintegration support. The program is financed by a fund consisting of pooled contributions from OFWs,<sup>81</sup> as well as contributions by employers and investment income. Coverage in 2010 was estimated at 1.2 million OFW members, representing about 28 percent of temporary OFWs;<sup>82</sup>
- **POEA** ensures that employment contracts of OFWs specify terms and conditions that protect the workers' welfare and that OFWs are employed in countries that have

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<sup>79</sup> In the case of the rice and corn crop insurance program, the premium rate is shared by the farmer, lending institution, and the government. It varies by region, season, and risk classification. Currently, the national composite rate for borrowing rice farmers for a multi-risk cover ranges from 9.36 percent, 10.81 percent, and 12.27 percent for low-, medium-, and high-risk farmers, respectively. The share of the lending institution and the government is fixed at 2.0 percent and 5.9 percent, respectively regardless of risk type. Thus, the share of the borrowing farmer is 1.49 percent, 2.91 percent, and 4.37 percent for low, medium, and high risk, respectively. For natural disaster cover alone, the premiums are lower at 6.84 percent, 7.95 percent, and 9.07 percent for low, medium, and high-risk farmers, with shares of lending institutions set at 1.5 percent and government at 4.22 percent.

<sup>80</sup> Estimate was 9.5 million in 2010, of which 4.3 million were temporary.

<sup>81</sup> Currently set at US\$25 per year.

<sup>82</sup> Although OWWA stands ready to support OFWs in distress even if they are not formal members of the scheme.

concluded bilateral agreements that guarantee the protection of the rights of OFWs; and

- In addition, a network of **Philippine Overseas Labor Offices** (POLOs) and Philippine embassies in host countries provide welfare assistance to OFWs in times of need, and the **NRCO** helps with reintegration issues. Finally, registered OFWs are eligible to participate in the national health insurance scheme (PhilHealth), and in 2010, it was estimated that some 2.3 million OFWs participated in the plan.

### ***Income Generating, Credit, and Related Programs***

33. ***DOLE Integrated Livelihoods Program***. An income-generation support program that provides small packages of inputs and training to groups of informal sector workers and disadvantaged groups, to start or expand self-employment activities. This is one of the programs selected for in-depth analysis under the Core Diagnostic Indicator (CODI) initiative and is described in detail in the following section. In addition, there are many microcredit and income-generating support programs operated by various agencies. These are summarized in the following paragraphs.

34. ***Out-of-School Youth Servicing Towards Economic Recovery (OYSTER - DPWH)***. Provides temporary work to out-of-school and at-risk youth, mostly in roadside maintenance. The program was initiated by the PNP, in part to provide occupation and income to at-risk youth, and is financed out of the Motor Vehicle User Charge fund collected from vehicle registrations. Beneficiaries are employed for three months and are paid a basic wage of PHP 231 per day

35. ***Microfinance for drivers of public utility vehicles (PUVs)***. Provides loans to spouses and family members of drivers of PUVs, to increase their household incomes. The program was originally intended to help PUV drivers cope with increased fuel costs. The program provides interest-free core financing to drivers' associations and cooperatives, who then on-lend it to groups of spouses/family members for approved income-generating projects. The program was intended to be a revolving fund but had relatively low repayment rates (60 percent).

36. ***Assistance to Displaced Workers/Adjustment Measures Program (AMP)***. The AMP provides assistance to (a) workers who have been displaced due to business closures, labor retrenchment, or economic downturn; and (b) agricultural workers who are affected by changes in the local economy. Benefits consist of (i) job-search assistance and counselling (including for overseas reemployment); (ii) entrepreneurship training; (c) provision of seed capital for income-generating activities; and/or (iv) retraining to increase employability and competitiveness. The program is operated by DOLE.

37. ***Integrated Services for Livelihood Advancement of Fisherfolk (ISLA)***. Provides support to marginalized fishermen/women in coastal areas to increase their incomes through fishing and diversification into other income-generating activities. The program works through fisherfolks' associations and provides the following benefits: (a) setting up common marketing facilities; (b) acquisition of fishing materials and equipment; (c) establishment of alternative income-generating projects, especially for their non-working spouses; and (d) training and support in entrepreneurship and business management. The program is implemented by DOLE and LGUs.

38. **Self-Employment Assistance - Kaunlaran (SEA-K).** Provides funds, training, and technical assistance to vulnerable groups to establish or expand small income-generating activities. The target beneficiaries are (a) disadvantaged women and youth, (b) PWDs, (c) senior citizens, and (d) family heads including solo parents. Beneficiaries must have a family income below PHP 7,423 and no access to formal lending.

39. Benefits include capacity building and assistance in business management and productive skills and interest-free loans of up to PHP 10,000 per beneficiary. A second level of the program provides additional resources to groups that have successfully established financial responsibility to make loans for expansion of activities or housing and other family needs. The program is implemented by the DSWD in conjunction with LGUs. Reported expenditure for 2013 was PHP 1 billion (US\$22 million).

### **Other Programs**

40. **Scholarship programs.** There are a wide range of scholarship programs in the Philippines. Two that are specifically focused on the poor are the Scholarship Grant for Pantawid Pamilya (SGPP) beneficiaries operated by the Commission for Higher Education, which provides tertiary education scholarships to children from 4Ps-eligible households; and the Educational Assistance Program run by the National Commission on Indigenous Peoples, which provides scholarships to young people from indigenous families. The NCIP reached about – beneficiaries, at a cost of PHP 71 million (US\$1.6 million) in 2013.

### **Other Active Labor Market/Training Interventions**

41. Finally, the government operates a number of other programs designed to help workers integrate into the job market, mostly in the form of apprenticeship or skills training support. Some of the main ones are summarized in Table B.2.

**Table B.2. Active Labor Market Apprenticeship and Job Placement Programs**

<b>Program</b>	<b>Description</b>
Kasanayan at Hanapbuhay (KasH)	An apprenticeship program for new entrants to the labor force. Covers beneficiaries for up to 6 months, paid wages of at least 75% of the minimum wage; and a tax credit to the employer for 50% of training costs. The program is implemented by DOLE.
TULAY (Tulong Alay samgaTaong May Kapansanan)	Provides skills training and job placement for PWDs. Maintains an inventory of PWDs and private and public sector employers with programs to employ them and funding institutions. The program is implemented by DOLE.
PGMA Training-for-Work Scholarship Program (PGMA-TWSP)	Provides training scholarships for workers to retool for employment in high-demand and hard-to-fill industries (such as BPO). Provides applicants, who may be shifting employment, or unemployed with PHP 5,000–30,000 scholarships. Implemented by TESDA.
SPES	Work placement for poor secondary and tertiary students, intended primarily to support their educational costs. Beneficiaries are students whose families' income is below the regional poverty threshold, or whose parents have lost their jobs. Wages are paid 60% by the employer and 40% by DOLE in the form of a voucher paid directly to their educational institution.

Program	Description
WAP	Similar to SPES (above) but intended to help unemployed or out-of-school youth gain real-world work experience. Beneficiaries of ages 18–25 are matched with employers, who are required to pay only 75% of the minimum wage as stipend to the trainees, who may use the program a maximum of once a year for three months. The program is operated by DOLE.

### *Subsidies*

42. **Rice subsidy.** The rice price subsidy program has been in place for the last 50 years and is perhaps the most important SP program budget-wise (Manasan 2009). The rice price subsidy was administered by the NFA. The NFA was tasked with (a) stabilizing palay and rice prices, (b) setting a floor price for palay to protect farmers’ income, (c) setting a ceiling price for rice to protect welfare of consumers (subsidy), and (d) maintaining a buffer stock of palay and rice.

43. The subsidy is a general consumer price subsidy, so it was available to the poor and the non-poor.<sup>83</sup> There is a degree of self-targeting in that NFA rice is perceived as an inferior good, and consumers have to wait in line for extended periods during times when NFA rice is in short supply. Nonetheless, in 2010, it was estimated that about 66 percent of the benefits of the subsidy went to the non-poor, and the government was spending PHP 6.84 for every PHP 1.00 of assistance to the poor delivered through the universal rice subsidy program (Fernandez and Velarde 2012).

44. Direct public spending on the program skyrocketed during the 2008 food price crisis (reaching 2.5 percent of GDP). However, even after the prices receded, it cost PHP 4.3 billion (about US\$100 million) in 2013, although in addition, there was an estimated implicit subsidy to NFA (and farmers) from restricting imports and maintaining high market prices that averaged about PHP 20 billion annually (US\$465 million per year). The NFA was the largest recipient of government subsidy and is also the largest loss-making government corporation (Jha and Mehta 2008).

45. Various attempts have been made over the years to target the subsidy and improve the efficiency of the NFA—for example, in 2008, when highly subsidized rice was withdrawn from the metro Manila market and redirected to poor households holding Family Access Cards (FACs).<sup>84</sup> However, these measures have not resulted in improving the coverage of the poor or efficiency of rice subsidy. There was a sense of deadlock in reform: any efforts toward reforming the NFA and the policies underlying its continued operations are met with stiff opposition from the NFA’s stakeholders—especially some farmers’ groups, consumers’ associations, the NFA staff, and a wide range of enterprises dependent on the NFA’s continued operation.

46. The situation has turned around with the successful launch in 2008 of targeted Pantawid CCT, managed by the DSWD. It provided a robust mechanism to channel the subsidy toward those

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<sup>83</sup> Strictly speaking, the NFA’s mandate is to make available low-priced rice to the public in general. However, in the public debate on the rice price subsidy, it is usually justified in terms of its impact on the poor.

<sup>84</sup> The target beneficiaries of the program were families with income below the food threshold, that is., PHP 5,000 per month. The task of identifying the beneficiaries is shared jointly by the DSWD, the LGUs, and the Church. The DSWD then issued the FACs, which entitled the holder to buy 2 kg of the highly subsidized NFA rice a day that will only be sold in Tindahan Natin Outlets (TNOs) and ‘Bigasansa Parokya’, local distribution outlets of NFA.

who need it most. The NFA's social function, that is, selling subsidized rice to the poor, was transferred to the DSWD, and gradually merged with the CCT Program (4Ps). In 2011, the list of poor households in the national registry (Listahanan) began to be used for distribution of subsidized rice. The beneficiaries were then given discount cards, which they use when they purchase rice from accredited rice retail stores. In May 2011, the DSWD introduced a temporary rice subsidy for small-scale farmers and fishermen through its Food-for-Work program. The program aimed to provide temporary support to farmers who were displaced by calamities or distressed in the lean seasons. Around 1.6 million farmers and fisherfolks were targeted for the program based on the list of poor households in the NHTS-PR (DSWD 2012). Starting in 2017, beneficiaries of the CCT started to receive instead of subsidized rice an additional PHP 600 cash grant as a form of rice subsidy.

47. **Fertilizer and rice seed subsidies.** These subsidies, implemented by the DA, are intended primarily to increase agricultural productivity, rather than as SP interventions. Nonetheless, they represent a substantial transfer of resources to farming households and serve the same effective purpose as input subsidies provided under the government's various entrepreneurship and income-generating support programs (which are considered SP). In addition, during times of natural disaster, the government has used the subsidies specifically to increase the level of support to households. Together public spending on these two programs was estimated at PHP 10 billion (US\$232 million) in 2013.

48. **Fertilizer subsidy.** Various versions of the fertilizer subsidy have been in place since 1973, intended primarily to protect farmers from the high price of fertilizers, as well as to boost agricultural production. Most variants of the program have involved fertilizer being made available to beneficiaries registered on a DA or LGU master list at either 50 percent of its market price or a fixed discount. The targeting method and amount of subsidy have varied over time, but the amounts and coverage have been significant (for example, in 2008, five million season Fertilizer Discount Coupons worth PHP 250 each (then equivalent to US\$--)) to almost 1 million farmers, for a total benefit of about PHP 1.25 billion and an average transfer of about PHP – per household.

49. The actual value of the transfer to beneficiary households is potentially much greater of course, depending on the yield response. Depending on the crop involved, and how effectively the fertilizer is used, the net effect can be very substantial increases in household income. In addition, the government has at times used an intensified version of the subsidy as a means of disaster relief—for example, the Fertilizer Reimbursement Scheme whereby farmers identified by LGUs in typhoon-affected areas were provided with reimbursement for fertilizer costs.

50. **Seed subsidies.** The rice seed subsidy has consisted of a number of measures to promote and distribute both certified and hybrid seed, in part as a means of promoting national food security, and in part as a way of increasing job opportunities and reducing poverty in rural areas.

51. The terms and conditions of the program have shifted over time, but generally, the DA has procured seeds from growers and distributed them to farmer beneficiaries at 50 percent of the procurement costs, while incentives and grants were provided to producers of hybrid seeds, which were also sold to farmers at subsidized prices. Beneficiaries were identified through master lists of beneficiaries developed by the DA staff.



52. The *value* of the benefit is not just the reduced price paid for seeds but also the additional income gained by farmers using improved seed. The evidence on this is indeterminate, with some sources citing only marginal yield improvements in several provinces.

53. ***Quick Recovery Program.*** In response to typhoons, affected families have been provided with a subsidy of between PHP 600 and PHP 1,200 per ha for damaged areas.