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Pantawid Pamilya 2017 Assessment:

An Update of the Philippine Conditional Cash Transfer's Implementation Performance

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This is the fourth benefit incidence analysis of the Philippines' conditional cash transfer program that uses standard measures to assess the implementation performance of the Pantawid Pamilyang Pilipino Program. The analysis shows that despite the program's rapid expansion since it was piloted in 2007, it maintains good targeting accuracy, progressivity, and cost efficiency in delivering assistance to the poor. However, the recent halt in program expansion and use of outdated targeting system have resulted in lower coverage levels and incidence rates among the poor. Also, the inability to adjust benefit levels with inflation has resulted in lower generosity of benefits. Still, using the latest nationwide household survey data for 2017, the analysis shows that Pantawid Pamilya helps reduce poverty incidence and income inequality by 1.3 percentage point and 0.6 percentage point, respectively. Adjustments in the benefit level and program coverage are recommended to maintain the program's relevance, adequacy of assistance, sustained impact on beneficiary welfare.

I. Introduction

Inclusive growth and poverty reduction remain at the center of the Philippine Development Agenda. The Philippines Development Plan (2017–2022), launched in June 2017, reflects a heightened ambition to lift roughly six million Filipinos from poverty and to achieve upper-middle-income status by 2022. The Government is aiming to leverage the solid position of the Philippine economy (growing at more than 6 percent per year over the last decade) to scale up public investment for poverty reduction, job creation, and economic growth and to accelerate poverty reduction, which has had a less-impressive performance. Over 2006–2012, poverty in the Philippines remained stagnant at 25 percent, despite impressive economic growth in the period. However, between 2012 and 2015 it fell to 21.6 percent, and in addition to the improvements in labor incomes, an important factor contributing to this reduction was documented as obeying government transfers to the poor.[1]

The Philippines has also undertaken significant steps to build its social protection system and it currently features a much improved—better-designed, coordinated, and implemented and more efficient and effective—suite of social protection programs than it had a decade ago. Since 2010, the social protection system also became increasingly more sophisticated, with the country expanding its conditional cash transfer program, its social pension program, providing livelihood opportunities to the poor, as well as food and other subsidies to compensate for higher inflation. While effective coverage gaps still exist in contributory and noncontributory programs and the expansion of the social security system and labor market regulation and policies have been constrained by the structure of the economy with predominantly informal jobs, most programs are at least designed to reach and prioritize the poorest and vulnerable populations.

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[1] World Bank (2018), *"Making Growth Work for the Poor: A Poverty Assessment for the Philippines."*

After 11 years of implementation, the Philippines' national conditional cash transfer (CCT) program, called the *Pantawid Pamilyang Pilipino Program (Pantawid Pamilya),* has remained the cornerstone of the social protection policy in the country. Patterned after successful CCT schemes in Latin America, the program provides cash grants to poor households with children 0-18 years old that have limited capacity to invest in their children's future and well-being. The objective of Pantawid Pamilya is two-fold. In the short-term, it provides income support to poor households helping them afford their basic needs. In the long-term, by conditioning the cash support to desired health and education behavior, it incentivizes investment in the health, nutrition and education of children so they can be more productive citizens in the future and break away from the cycle of poverty. The program has been recently institutionalized. Signed on April 2019, Republic Act 11310 or the "Pantawid Pamilyang Pilipino Program (4Ps) Act" provides stability and continuity to a program that plays a central role in the government's strategy to accelerate investment in human capital and break the intergeneration cycle of poverty (see Box 1).

Since its inception in 2007, the *Pantawid Pamilya* has expanded rapidly, but its registered beneficiaries has plateaued in recent years. From its pilot year in 2007 with 6,000 household beneficiaries, *Pantawid Pamilya* has expanded to its peak number of beneficiaries in 2014, reaching 4.4 million households (Figure 1). However, starting 2015, the annual increases in the total regular beneficiary households have been stagnant and, in 2018, the regular beneficiaries fell to 3.9 million— the first time it reached below 4 million since 2013. Meanwhile, the Modified Conditional Cash Transfer (MCCT) households, which are not selected through the *Listahanan* national household targeting database, have marginally increased from 2014 to 2018 to reach 200,000 households[2]. The overall declining number of beneficiaries has been reflected in the program's coverage of the total population that has remained at 21 percent during the period 2013-2017. As a share of population, relative to other countries with large CCT programs[3], *Pantawid Pamilya* has the third largest coverage in the world, next to Colombia and Mexico, each covering 22 percent of its population. (Figure 1). In terms of absolute number of households, Philippines ranks fourth behind Brazil, Indonesia, and Mexico.

Figure 1. Pantawid Pamilya Program Coverage: 2007-2018
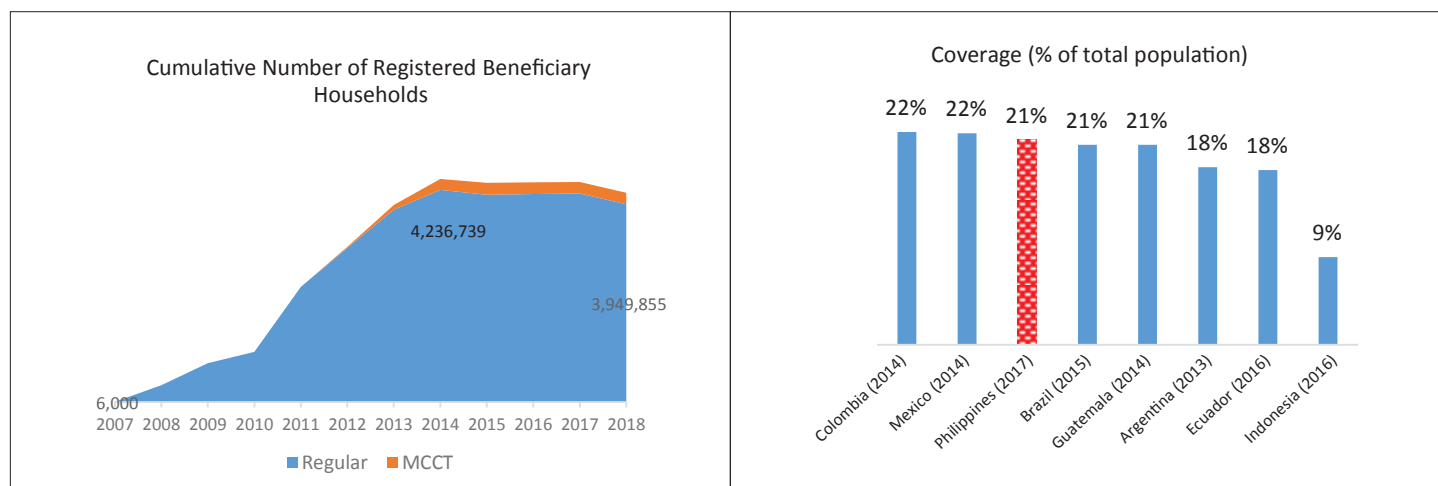
Source: Data on beneficiary households from DSWD Pantawid Pamilyang Pilipino Program Implementation Status Reports (2012-2018) and World Bank Update of the Philippine Conditional Cash Transfer's Implementation Performance (2007-2011); Coverage data from the APIS 2017, World Bank ASPIRE and World Bank's "The State of Social Safety Nets (2018)."

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[2] The MCCT program is designed to reach out to families who are vulnerable and in need of assistance but are not covered in the regular CCT because they were not captured by the enumeration of Listahanan, the targeting database. The beneficiaries comprise of Homeless Street Families (HSF), Indigenous Peoples (IPs), and Families in Need of Special Protection (FNSP).

[3] The basis for determining the size of the CCT program is the number of individual beneficiaries. Source: World Bank. 2018, "The State of Social Safety Nets 2018". Only the top 8 largest CCT programs with coverage data in the last 5 years are included as comparison.

Box 1 – Pantawid Pamilyang Pilipino Program (4Ps) Act

The 4Ps Act is a significant milestone for the program and for the social protection system of the Philippines. The Act is in sync with the country's social protection framework and strategy to protect Filipinos from poverty and reduce vulnerability to risks. Signed on April 17, 2019, Republic Act 11310, an Act institutionalizing the *Pantawid Pamilyang Pilipino Program (4Ps)*, guarantees sustainability and continuity of the program, along with its budget, and follows good global practice for social protection interventions to provide a solid legal foundation and reduce the risk of policy reversals. The law makes *Pantawid* an added function of the DSWD and provides regular funding from its annual appropriation.

The provisions of the law keep the focus of the program on health, nutrition and education, and ensures that poor families get support to develop the human capital of their children. The provisions of the law are clear and are based on the lessons learned by implementing the program for the last 11 years. The Act covers all aspects of the program thoroughly, from program objectives, targeting methods, eligibility criteria, to convergence and coordination with other programs for graduation. The clarity and details of the law reduce the risk of rules being interpreted and applied in an arbitrary manner, increases predictability in its application, and the likelihood the program will be able to fulfill its objectives and achieve desired outcomes.

The provisions of the 4Ps Act follow the current design and implementation of the program and provide guidance on key aspects of the program.

- *Advisory councils and institutional partnerships:* A National Advisory Council (NAC) will oversee the implementation of the program together with similar councils recreated at the regional level. The law identifies other government agencies involved in the supervision of the program and provides coordination and supervisory functions.

- *Targeting and beneficiary selection:* The 4Ps Act requires DSWD to continue selecting beneficiaries through a national standardize targeting system like *Listahanan* and to conduct eligibility reassessment or recertification of beneficiary targeting every three years. The law expands the eligibility criteria to include "near-poor" households with pregnant women and children 0-18 years old at the time of registration.

- *Program conditions:* The program's conditions that help beneficiaries improve their standard of living (e.g. check-ups at health centers, school attendance) remain. The law enables suspension of conditions during times of calamities, war and armed conflicts.

- *Benefits:* The law increases health benefits by 50 percent and the senior high school benefit by 40 percent (health benefits increased from 500 to 750 pesos and senior high school benefit from 500 to 700 pesos) which will help the program reduce malnutrition, dropouts and increase completion of secondary education. The benefit levels are protected against the risk of inflation as the Act mandates the NAC to review the real benefit of the value over time. The Act specifies clearly the benefit levels, the frequency and duration of benefit payment and the exit/suspension rules.

- *Program duration and exit rules:* The Act limits the duration of beneficiaries in the program to seven years, unless the NAC recommends a longer period under exceptional circumstances. The Act also provides clear guidelines for suspension and/or removal from the program for non-compliance of conditions.

- *Compliance monitoring and evaluation:* The Act requires the program to continue monitoring pregnant and children and describes consequences of non-compliance. The law mandates program assessments every three years conducted by the Philippine Institute for Development Studies (PIDS), the government's think tank, to evaluate the effectiveness of the program, the veracity of the list of household beneficiaries, and program implementation.

- **Convergence with other programs:** The Act reinforces convergence and coordination with other programs within DSWD and across other government agencies. It specially focuses on the complementarities and linkages with productive economic activity and employment. The Sustainable Livelihood Program (SLP) and similar programs for employment facilitation and small business development will give priority to 4Ps beneficiaries.

All of the provisions are in line with good practice in social protection programs around the world, except for the limitation of a maximum of seven years for beneficiaries. The exact procedures will be defined in the law's Implementing Rules and Regulation, currently under elaboration.

Previous benefit incidence analyses (BIAs) confirm that the *Pantawid Pamilya* contributes to reducing national poverty, though its targeting performance has declined over time. BIA has been a standard approach in evaluating the targeting performance and progressivity of a CCT program by looking at how beneficiaries and benefits (cash grants) are distributed between poor and non-poor households or across income groups. BIA also assesses the poverty effect of the program by comparing standard poverty and inequality indicators with and without a program, assuming everything else remains unchanged in the living conditions of both beneficiaries and non-beneficiaries[4]. Fernandez and Velarde (2012), Acosta and Velarde (2015) and World Bank (2018) conducted the BIAs on *Pantawid Pamilya* using three rounds (2009, 2012, and 2015) of the Family Income and Expenditure Survey (FIES) and one round (2013) of the Annual Poverty and Indicator Survey (APIS). World Bank (2018) provided a useful compilation of these estimates across all survey rounds, allowing a snapshot of the program's progress over the years. While the program has continued to be progressive, its targeting performance—measured by the share of beneficiaries from the bottom quintile and the share of benefits they receive— has declined because it is still using an old targeting database. At the national level, the cash grants were able to reduce poverty and income inequality by around 1.2-1.5 percentage points and 0.5-0.6 percentage point, respectively, from 2012 to 2015.

This note aims to update the BIA of *Pantawid Pamilya* using APIS 2017 and compare results with the second BIA that used APIS 2013 and the third BIA that used FIES 2015 to analyze trends. The release of the 2017 round of the APIS by the Philippine Statistics Authority (PSA) presents a timely opportunity to update *Pantawid Pamilya's* targeting performance and progressivity as well as its impact on poverty to provide relevant recommendations to decision makers especially at the onset of the elaboration of the Implementing Rules and Regulations (IRR) of the *4Ps* Act. Like FIES, the value in the APIS nationwide survey is that it asks whether a respondent is a *Pantawid Pamilya* beneficiary or not, as well as how much was received from the program[5]. The APIS also contained non-income indicators to describe the socioeconomic profile of Filipino families, making it useful for analyzing the poverty situation and various programs designed for the poor.

Complementing this BIA analysis, the note presents an updated discussion of the program's impact on specific program outcomes using the latest Third Wave Impact Evaluation (IE 3)[6]. Unlike BIA, a rigorous impact evaluation can account for behavioral changes induced by a program and thus could assess impact on specific development outcomes such as health, education, household welfare and other socio-behavioral indicators. Conducted by the Philippine Institute for Development Studies (PIDS), the evaluation examined program impacts following key design modifications that the program has undergone after the IE done in 2014.

II. Overview of the Program

Significant investments in *Pantawid Pamilya* have created an efficient means of delivering assistance to poor and vulnerable households. From a meager budget of Php 4 million (USD 78,000[7]) in 2007, the program grew to Php 89.4 billion (USD 1.7 billion) in 2018 to cover 4.2 million regular CCT and MCCT households, representing 0.5% of the country's Gross Domestic Product (GDP) and 2.6% of total government spending in 2018 (Figure 2). At this size, the program is mostly financed out of the Government's own funds, with less than a quarter (22 percent) coming from external financing of development partners (World Bank and the Asian Development Bank). By major item, the majority or about 80-90% of the budget is appropriated for cash grants, while the remainder of the budget goes to administrative expenses, comprising staff and personnel costs, monitoring and evaluation, bank fees, cost of equipment, trainings and printing of manuals and booklets. The CCT budget increased in 2017 to make provision for a cash-based rice allowance per household, which started being distributed through *Pantawid Pamilya's* payment mechanisms and also became a component of the *4Ps* budget. Based on 2018 budget data, the administrative costs of delivering the cash grants (inclusive of rice allowance) and monitoring of conditionalites amounted to 8.4% in 2018, a share that has been declining over time. *Pantawid Pamilya* remains an efficient means of delivering assistance to households[8].

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[4] The assumption implies that the BIA does not account for behavioral changes (i.e. potential reduction in labor income for families in a program). For more information on BIA, see Acosta and Velarde (2015).

[5] FIES is not directly comparable with APIS due to differences in survey questionnaire and length. However, the greater aim is seeing how the results change over time rather than performing a rigorous comparison. Thus, results of the latest BIA (2018) using FIES 2015 will be included in the discussion of trends, as they are also the latest estimates. For APIS, the questions on Pantawid Pamilya started appearing in the 2011 round. Of the four rounds of APIS prior 2017, only the 2013 round was used for a BIA.

[6] Forthcoming. The findings discussed in this note are preliminary. They were presented during the Pantawid Program Review and Evaluation Workshop on March 13, 2019.

[7] Php 51= USD 1 for simplicity.

[8] The cost-benefit ratio for Pantawid Pamilya was previously compared with another large scale program of the government in 2009, the rice subsidy program. The latter was found to cost the government PHP 68.40 to deliver a PHP 100 direct assistance to its beneficiaries (Fernandez and Velarde, 2012).

Figure 2. Budget on Pantawid Pamilya: 2007-2017
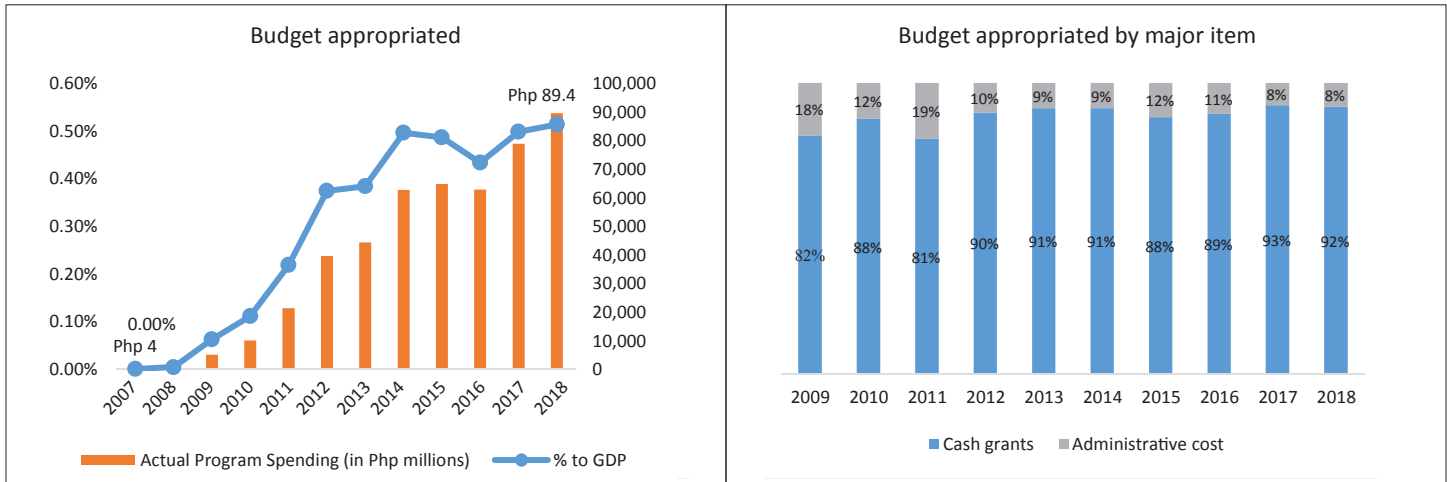
Source: Data on budget appropriations and cost from DBM National Expenditure Program and DBM General Appropriations Act; GDP figures from PSA National Accounts.
Note: Starting 2017, the budget for the rice allowance is included under the component of cash grants.

III. Benefit Incidence Analysis

Data Description

APIS 2017 survey captured a nationally representative sample of CCT beneficiaries. The APIS 2017 captured 1,839 *Pantawid Pamilya* household beneficiaries in the survey or about 18 percent of the national survey sample, which represented 3.9 million of the 4.4 million household beneficiaries in 2017. Apart from the regular CCT beneficiaries, it is presumed that this sample captured MCCT beneficiaries as well, as it is also associated with the overall *4Ps*[9]. The number of beneficiary households with 0-18 years old children — the specific target of the CCT program— are slightly lower covering 1,782 households, which represented 3.8 million in 2017[10]. In terms of grant value, the APIS asks for the amount received from the *Pantawid Pamilya* for two durations: last month and last six months. Like previous BIAs, the amount for the longer six-month duration, estimated at Php 5,500 (USD 108) in 2017, is chosen in this note as it has more observations. Lastly, average semestral household income is estimated at Php 135,933 (USD 2,665) in 2017; by CCT status, with an average of Php 150,000 (USD 2,941) non-beneficiaries have nearly twice the 6-month income of CCT beneficiaries which reported only an average of Php 83,000 (USD 1,628).
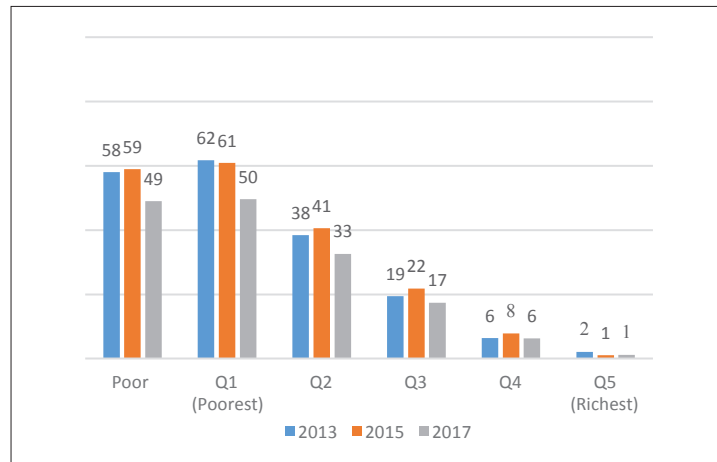
Coverage

In 2017, *Pantawid Pamilya* covered less than half of the targeted population, representing a significant decline in coverage since 2015. Program coverage refers to the portion of population in each group that receives the benefit. In 2017, the CCT Program targeted poor households with pregnant women and children 0-18. Among all these poor households, the coverage rate was 49 percent (Figure 3). This is lower than the 58 percent coverage rate in 2013, wherein the target are poor households with pregnant women and children 0-14, and the 59 percent coverage in 2015, wherein the target are also poor households with pregnant women and children 0-18.

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[9]   The APIS questionnaire does not make a distinction between regular CCT and MCCT beneficiaries. The question refers to the 4Ps program in general: "During the period January-June 2017, has any member of your family received benefits/grants/assistance/payment from Pantawid Pamilyang Pilipino Program (4Ps)?"
[10]   Not all households claiming to belong to 4Ps have 0-18 year old children in the APIS dataset. Children in these households may study and live outside the household and thus not being captured by the APIS survey.

Figure 3. Program coverage (% of the population within a referenced group)

Source: Acosta and Velarde (2015); World Bank (2018); WBG staff calculations based on APIS 2017 using World Bank Social Protection ADePT Software

The declining program coverage reflects a halt in program enrollment and lack of a replacement policy. The *Pantawid Pamilya* stopped enrollment of new households in 2016 even though the 2015 *Listahanan* targeting database identified a large number of eligible households who were in need of social protection (see Box 2). In addition, until 2017, *Pantawid Pamilya* did not have any provision for replacement of households that exited from the program either through natural attrition or other forms of exit. Natural attrition occurs when the last monitored child in the household graduates from high school. Latest data in 2019 show that the natural attrition rate is 2.2 percent (93,000 households), slightly higher than the 2.0 percent (88,000 households) recorded in 2015. The households that naturally exit are growing over time, and, without a replacement policy, are contributing to the declining program coverage. More poor households could have been served to reach the multi-year household target of 4.4 million households covered under the regular CCT[11].

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[11] The targets are from the National Economic and Development Authority's Philippine Development Plan 2017-2022. In response to the challenge of a lack of replacement policy, National Advisory Council (NAC) Resolution 43 or the "Pantawid Pamilya Household Replacement Policy to Reach the Annual Household Coverage" was adopted on 13 December 2018. Approval of replacement households is scheduled on December 2018.

Box 2 - *Listahanan***:** The Philippines Targeting System

***Listahanan* is the gateway for individuals and households to a menu of social protection programs in the Philippines.** The *Listahanan* allows households to register and be considered for potential inclusion in social programs based on a transparent assessment of those households' needs and conditions. It establishes a social registry (i.e. a socio-economic database of potential applicants for social programs) and uses a proxy-means test (PMT)[a] as the methodology for estimating per capita income of households for ranking and identifying poor households. Registration of households into the social registry follows a "census sweep" approach where all or most households in specific areas in the entire country are registered *en masse*. The DSWD, the lead agency designing, implementing and managing *Listahanan*, completed the first *Listahanan* registration in 2011 and a second one in 2015.

***Listahanan* 2011 and 2015 registered and collected data for 10.9 and 15.1 million households respectively (around 50 and 70 million people).** *Listahanan* 2011 became one of the Philippines' largest household databases when it was completed in 2011. It covered 58 percent of the 18.5 million households in the Philippines in 2010. Out of the 10.9 million households enumerated, 5.2 million were classified by the first PMT model as poor. *Listahanan* 2015 covers three quarters of the 20.3 million Filipino households in 2015. Out of the 15.1 million households enumerated, 5.1 million were classified by the second PMT model as poor (Velarde, 2018).

***Listahanan* functions as the single common and authoritative source to facilitate determination of eligibility of potential beneficiaries for multiple programs.** Initially designed to serve the *Pantawid Pamilya* program, the *Listahanan* was quickly adopted by the Philippines government as the primary mechanism to target poor households for social programs. *Listahanan* provides registration support and eligibility determination for key social programs from DSWD (such as *Pantawid Pamilya*, Sustainable Livelihood Program, Social Pension for Indigent Senior Citizens and KALAHI-CIDSS), and other national government agencies such as the subsidized health insurance program (PhilHealth), Department of Labor and Employment (DOLE), Commission on Higher Education (CHED), among others[b]. In 2018, the *Listahanan* was used to identify the 10 million households eligible to receive the unconditional cash transfer (UCT) program of the government that helps mitigate the increase of prices brought about by the implementation of the Tax Reform Law (TRAIN). The use of *Listahanan* for UCT is a clear reflection of its credibility and performance.

While *Listahanan* has become the primary social registry in the country and achieved significant gains in targeting efficacy[c], it still has areas for improvement in the frequency and scope of updates and flow of information from user programs to *Listahanan*. The current static "census sweep" approach used by *Listahanan* conducted every four years presents risks of rising errors of exclusion and inclusion with the passage of time, as the information becomes out of date. The current Management Information System (MIS) supporting the registry does not allow interoperability with user programs (even within DSWD programs) and limits flow of information and updates coming from beneficiary registries. In addition, high vulnerability to poverty in Philippines requires a social registry that supports dynamic inclusion, meaning access to registration is open and continuous, usually via a combination of on-demand applications plus active outreach to vulnerable populations.

The Government may consider developing an integrated information system with a social registry which supports dynamic inclusion and is interoperable with beneficiary registries. An integrated information system, with a common data exchange platform to facilitate links to user programs, the PhilSys (unique national ID), and other information systems, will enhance the provision of social programs and services. A dynamic and interoperable Listahanan can prevent undesirable duplication of benefits, track beneficiaries to monitor "who receives what" across programs to improve coordination of social policy and programming, and in the longer term, allow for cross-checking different databases.

a. Proxy Means Test (PMT) is a statistical model that aggregates multiple proxy indicators into a single score that represents the household's welfare level.

b. The database is used by 59 national programs and has been shared with 1,095 local government units, and 56 non-government organizations.

c. See Fernandez and Velarde (2012), Acosta and Velarde (2015) and World Bank (2018).

Beneficiary incidence and Targeting accuracy

Mainly due to the outdated targeting database, the program has seen falling levels of targeting accuracy since 2013, in terms of both exclusion and inclusion errors, and when compared to CCT programs of other countries. Beneficiaries' incidence is a measure of targeting accuracy that refers to the proportion of beneficiaries in each group. In terms of income quintiles, 46 percent of all Pantawid Pamilya beneficiaries belonged to the poorest 20 percent of the population (Quintile 1 or Q1) and the next 31 percent belonged to the second lowest income group (Q2) (Figure 4). In other words, 77 percent were from the bottom 40 percent of the population, which in the Philippines comprises poor households as well as households vulnerable to poverty, e.g. likely to experience episodes of poverty during the year. These results are the same as the third BIA (based on FIES 2015) but lower relative to the second BIA (based on APIS 2013), which found that 82 percent of all beneficiaries were poor, and 53 percent and 29 percent of beneficiaries were from Q1 and Q1, respectively. The targeting accuracy was expected to decline over time, given that the data collection for the first Listahanan took place in 2009 and 2010. Additionally, these targeting registries require continuous update in its survey methodology and formula for predicting poverty status ("proxy-means test"). The household poverty status would then be most accurate in 2010, but between 2013 and 2017 the former would be less outdated. The issue of static massive data bases and dynamic changes in household income is faced by other countries with similar programs as well. That is why, in the 4Ps Act, the Philippines government has stipulated that the beneficiary targeting system undergo revalidation every three (3) years to keep the data accurate. In the world-wide context, the targeting of many other CCT programs perform better than the Philippines currently. Whereas in 2013 it performed better than most countries, in 2017 the Philippines' targeting performance occupies the lower range of percentages, just above Colombia and Guatemala.

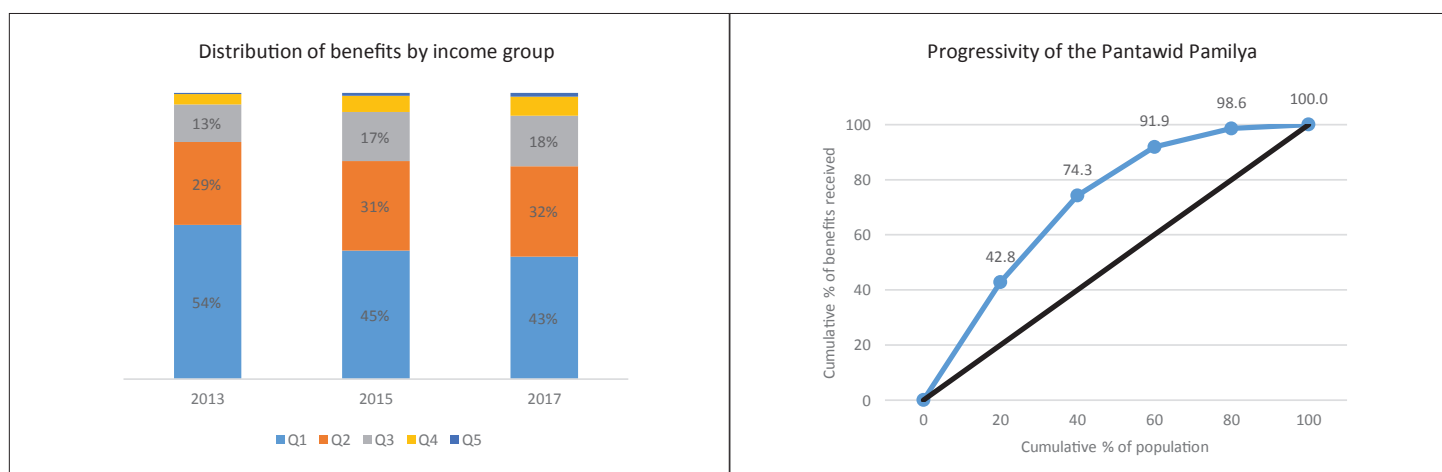**Figure 4.** Distribution of Beneficiaries
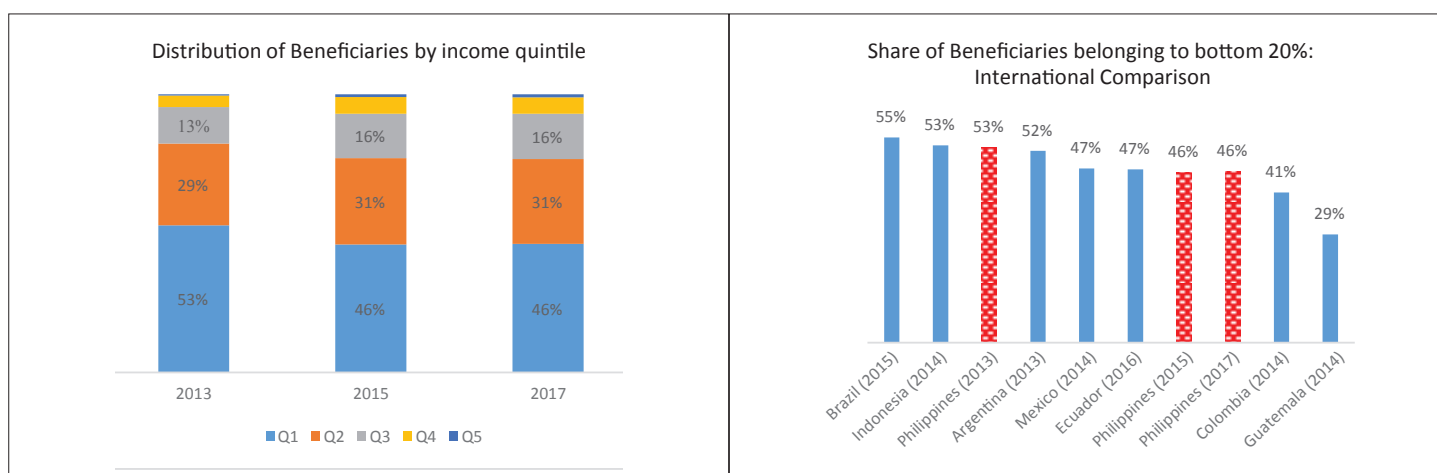
Source: Acosta and Velarde (2015); World Bank (2018); WBG staff calculations based on APIS 2017 using World Bank Social Protection ADePT Software; World Bank ASPIRE database for other countries.

Benefit incidence and Progressivity

While it has declined over time, *Pantawid Pamilya* remains progressive, with the greatest share of benefits going to the poorest households. The distribution of benefits mirrors how well the program reached poor households in the bottom 20 or 40 percent. As in 2013 and 2015, the biggest share of benefits went to the poorest households (43 percent to Q1) and the share drops to nil in higher income groups (Figure 5). The Lorenz curve of the *Pantawid Pamilya* shows that the program is progressive, that is, the poorest receive a higher share of program benefits than their actual share in the national income distribution. However, it must be noted that the level of progressivity has declined over time. The share of benefits that the poorest quintile received fell from 54 percent in 2013 and 45 percent in 2015 to 43 percent in 2017, at the same time as benefits to those in the third quintile increased notably (Figure 5).

Figure 5. Distribution of Benefits

Distribution of benefits by income group
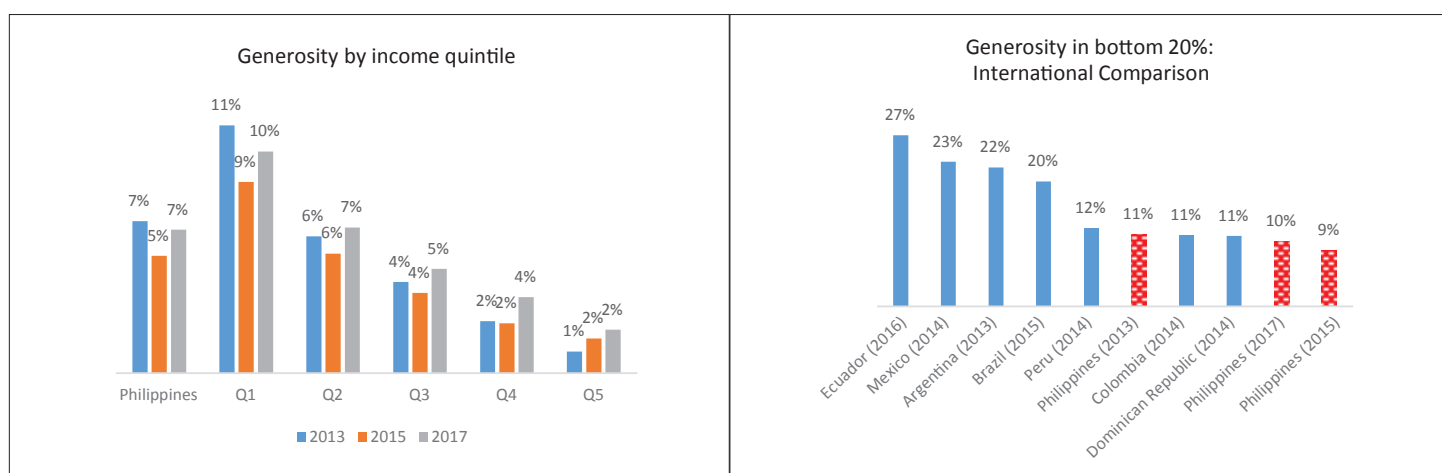
Progressivity of the Pantawid Pamilya

Source: Acosta and Velarde (2015); World Bank (2018); WBG staff calculations based on APIS 2013 and APIS 2017 using World Bank Social Protection ADePT Software; World Bank ASPIRE database for other countries.

Generosity

The amount of grant from *Pantawid Pamilya* continues to be low. In 2017, beneficiary households received an average 6-month grant of Php 1,092 (USD 21) per person. This means that for an average beneficiary household, with six members, a *Pantawid Pamilya* household received Php5,458 (USD 107) in a semester or about Php 10,916 (USD 214) for the full year of 2017. The rice allowance may not be fully included in the total benefit as *Pantawid Pamilya* started distributing rice allowance progressively in 2017. This corresponds to only 6.6 percent of beneficiary households' pre-transfer income in 2017 (10.2 percent for households in the bottom 20), which is lower than the 7.0 percent recorded in 2013 (11.4 percent for households in the bottom 20) and slightly higher than the 5.4 percent recorded in 2015 (8.8 percent for households in the bottom 20), mainly on account of the additional rice subsidy (Figure 6). Comparing internationally, the generosity of *Pantawid Pamilya* continues to lag behind other programs from other countries.

Figure 6. Generosity of Pantawid Pamilya

Generosity by income quintile

Generosity in bottom 20%:
International Comparison

Source: Acosta and Velarde (2015); World Bank (2018); WBG staff calculations based on APIS 2013 and APIS 2017 using World Bank Social Protection ADePT Software; World Bank ASPIRE database for other countries.

The low generosity may be attributed to the benefit schedule that has remained fixed since 2007 and resulted in a steady decline in the real value of transfers. Over the years, the Government has prioritized covering all poor households with children over updating benefits to maintain a reasonable program budget. However, because the nominal value of the grant has not been adjusted since it was piloted in 2007, at an annual inflation rate of 3.5 percent from 2007 to 2017, the maximum entitlement of Php 15,000 (USD 294) per household in 2007 is valued only at about Php 10,600 (USD 208) in 2017, equivalent to a cumulative reduction of 29 percent[12] (Figure 7). Even after the additional Php 500 (USD 10) for high school children that was introduced in 2014, the generosity of *Pantawid Pamilya* continues to lag behind other countries. Assuming a similar composition of 3 children, the *4Ps* Act provides a higher maximum nominal value for the grant amounting to Php 30,000 (USD 588), valued at about Php 21,300 (USD 418) in 2007, equivalent to a cumulative increase of 42 percent. The generosity is thus expected to rise when the *4Ps* Act is implemented. (Figure 7).

Figure 7. Real Value of Maximum Entitlements
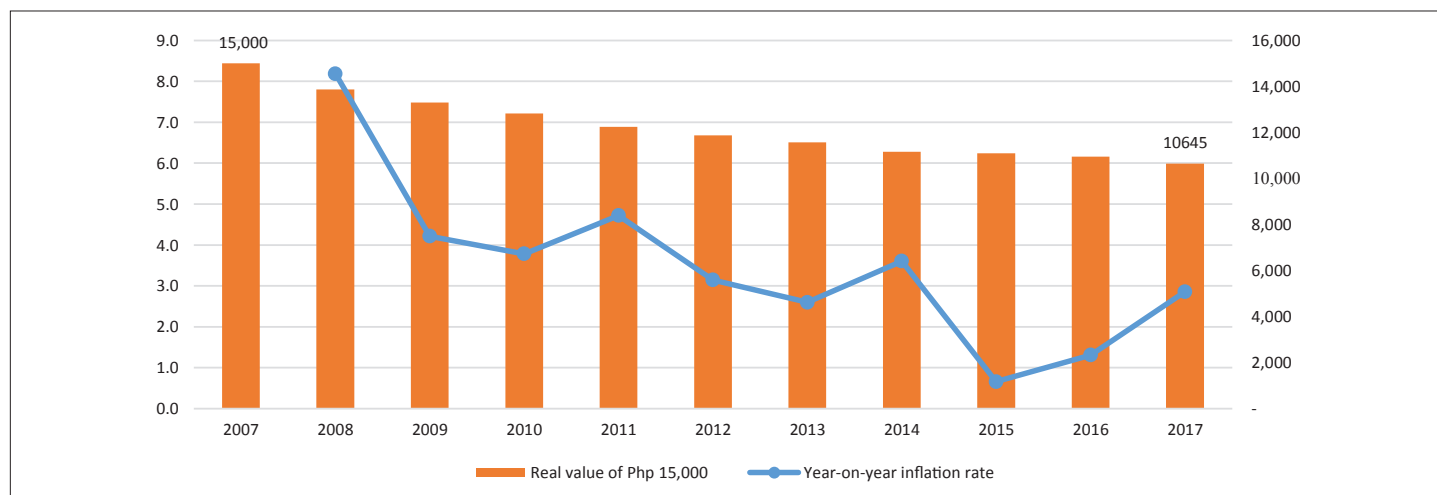
Source: WBG staff calculations based on PSA price data.
Note: In 2014, with the program expansion to 15-18 year old children, the maximum entitlement per household is Php 21,000 a year. To compute for the real value using 2007 terms, Php 15,000 is multiplied to the quotient of the CPI in 2007 over the CPI in a given year. Same procedure applies for Php 21,000 and Php 30,000.
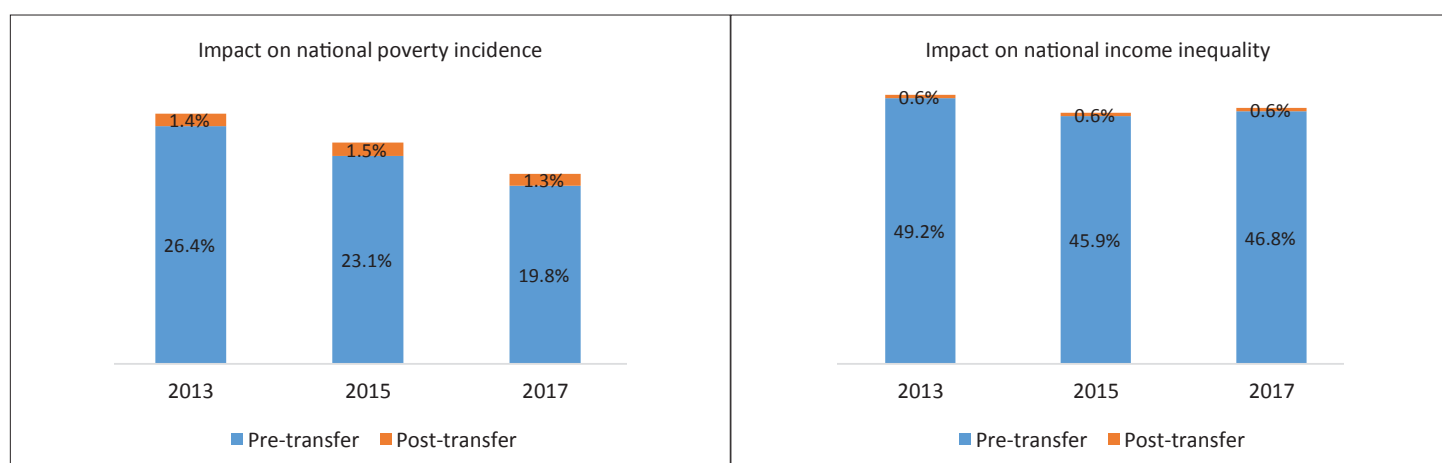
Apart from the non-adjustment of the benefit schedule, other factors could explain the low generosity. An observation from national surveys and confirmed with administrative data is that some *Pantawid Pamilya* households do not maximize the 3-children cap of the program and only have, on average, 2 eligible children between 3-14 years old. Based on APIS 2017, the average household size of CCT beneficiaries is 6 persons, translating to an average of 4 children per household. Another factor is the delays in payment and thus underreporting of benefits in surveys, which could arise from unreported changes in household information such as transfer of residence or school of children. According to DSWD, majority of transactions related to beneficiary information received by program implementers are requests to update schools where children's attendance should be monitored.

Impact on Poverty and Inequality

Despite the declining real value and progressivity of the benefit, *Pantawid Pamilya* **continues to make an important contribution to reducing poverty**. The program is estimated to have reduced total poverty in 2017 by 1.3 percentage points: from an estimated pre-Pantawid rate of 19.8 percent to post-Pantawid rate of 18.5 percent (Figure 8). This is slightly lower than the estimated poverty reduction of 1.4 percentage point in 2013 and 1.5 percentage point in 2015. In addition, the program's poverty focus helped reduce national income inequality by 0.6 percentage point from 46.8 percent pre-Pantawid to 46.2 percent post-Pantawid.

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[12]   The maximum entitlement is for illustration purposes only. Note that this is uncommon as the average household has 2 children monitored.

Figure 8. Impact of Pantawid on Poverty and Inequality Measures

Impact on national poverty incidence

	2013	2015	2017
Post-transfer	1.4%	1.5%	1.3%
Pre-transfer	26.4%	23.1%	19.8%

Impact on national income inequality

	2013	2015	2017
Post-transfer	0.6%	0.6%	0.6%
Pre-transfer	49.2%	45.9%	46.8%

■ Pre-transfer ■ Post-transfer

Source: Acosta and Velarde (2015); World Bank (2018); WBG staff calculations based on APIS 2013 and APIS 2017 using World Bank Social Protection ADePT Software

IV. Past and Current Impact Evaluation findings

Previous impact evaluation studies on the impact of the program show that *Pantawid Pamilya* has been successful in keeping children healthy and in school (DSWD and World Bank, 2014; DSWD, 2014). The first-round impact evaluation was conducted in 2011 and a second study was conducted in 2013. In both rounds of evaluation, findings showed that the program had been successful in achieving its primary objective of keeping children in school and keeping them healthy through increased utilization of health care services among both children and pregnant women. In contrast, while evaluation methods used in the studies does not allow rigorous comparison across findings, the two impact evaluations have shown mixed results for some outcomes while no program impact has been observed in some crucial indicators such as total household consumption and infant immunization.

Generally, results of the IE 3 indicate that the program shows desirable impacts on most of the target education and health outcomes of children and pregnant women. Nevertheless, no discernible impact was found among children below six years old on nutrition outcome indicators (i.e. wasting, underweight, and stunting), in contrast to earlier evaluation findings. The disappointing results on the lack of impact on nutrition, particularly on the incidence of stunting, provide strong motivation to refocus health interventions and compliance monitoring on pregnant mothers and young children during critical growth periods such as the first 1000 days' window.

Educational Outcomes

Despite the low generosity, IE3 results confirm that the *Pantawid Pamilya* continues to improve and maintain educational outcomes. The program increased gross enrollment rates for children 12-17 years old by 5 percentage points from a baseline of 80 percent (Table 1). Further to this, the program is raising the age-appropriate enrollment of the 12–15 age group, which is an indicator that is positively correlated with high school completion, by 5.8 percentage points, from a baseline of 66.9 percent. As more high school-age children are enrolled on time, the high school completion rate is likely to increase as well. Among the 6–11 years age group, the lack of observed impact as compared with previous rounds can be rationalized because there is little room for the Program to increase the already high enrollment rate of 89.4 percent in this age group. Equally important, the cash transfer is shown to influence related behaviors positively. Results show that *Pantawid* households have higher expenditures on education and clothing and footwear, as well as expenses associated with school attendance.

Table 1. Summary of IE 3 Results for Educational Outcomes

| Indicator	Baseline	Impact[13]
School enrollment		
3–5 years	35.4	None
6–11 years	89.4	None
12–17 years	80.4	+4.9 pp
16–17 years	60.8	+10 pp
School attendance		
3–5 years	65.0	None
6–11 years	88.4	None
12–17 years	85.2	None
Age appropriateness enrollment		
12–15 years (high school)	66.9	+5.8 pp
Dropout		
6-14 years	1.7	-1 pp
Child labor	5.7	None

Source: PIDS (forthcoming), Third Impact Evaluation of the Pantawid Pamilya CCT Program.

However, the Program has not been able to replicate earlier positive findings on enrollment among the youngest cohort of beneficiaries (3–5 years). Using APIS 2017, only about 40 percent of poor children ages 3–5 were attending school, in comparison to about 47 percent of the non-poor children in the same cohort (for the baseline impact evaluation, it is 35.4 percent) (Figure 9). The Kindergarten Education Act, enacted in 2011, mandates kindergarten education for children at least 5 years old as compulsory for entrance to Grade 1. This means that the incentives for school enrollment among the 3–5 age group are low, especially for poor households who face budget constraints. Lack of kindergarten facilities in many rural areas, which has not been addressed yet since program started, and limited awareness by parents on the importance of sending children to school are also critical factors.

On the other end of the spectrum, there was a positive impact on enrollment for children 16-17 years old. The program has a strong impact on increasing enrollment among students 16–17 years, by 10 percentage points, from a baseline of 60.8 percent. Indeed, nationally, significantly higher gaps in school enrollment between poor and non-poor children are observed for students in senior high school, where almost 84 percent of non-poor children were enrolled in school and only about 72 percent of poor children continued their education for the 15–18 year group.

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13   Impact refers to statistically significant impact.

Figure 9. School Attendance by Poverty Status and Grade level (%)
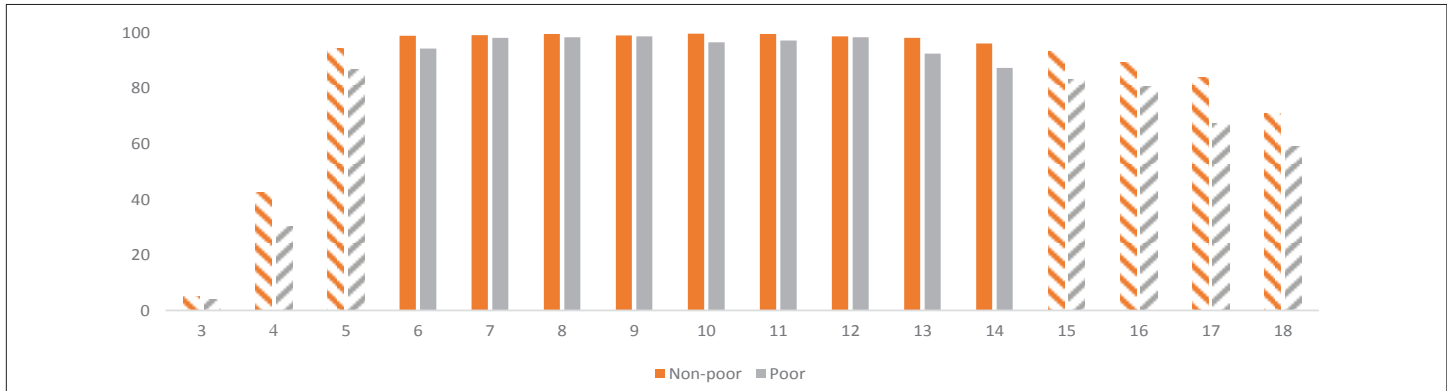
Source: Bank staff calculations based on APIS 2017.

Health Outcomes

As in past studies, IE 3 indicates that *Pantawid Pamilya* promotes the utilization of prenatal care services and skilled birth attendance, as well as postnatal care and weight monitoring, which all have positive effects on the long-term welfare of beneficiary mothers and children. *Pantawid* is encouraging poor women to use maternal and child health services such as antenatal care: nearly 8 in 10 pregnant women of *Pantawid* households avail of the recommended number of prenatal checkups, which is slightly higher than the 7 in 10 pregnant mothers of non-*Pantawid* households (Table 2). The program, however, has no impact on the utilization of postnatal care services within 72 hours, suggesting that beneficiary women do not give equal importance to both prenatal and postnatal care. Meanwhile, *Pantawid* pregnant women have higher incidence of giving birth assisted by a doctor by up to 10 percentage points compared to non-*Pantawid* women. Similarly, visiting of health facilities for weight monitoring as well as provision of deworming pill at least twice are higher among beneficiary children by 9.1 percentage points and 8.5 percentage points, respectively. Consistent with previous IEs, the program has also showed positive impact on the intake of Vitamin A, sustaining its impact since the early stages of the program implementation.

Table 2. Summary of IE 3 Results for Health and Nutrition Outcomes

Indicator	Baseline	Impact
Maternal health		
Prenatal checkup (4 times)	69.0	+7 pp
Skilled birth attendance (by doctor)	37.7	+10 pp
Facility-based delivery	64.0	None
Post-natal checkup within 72 hours	66.6	None
Children's health utilization		
Weight monitoring (0–2 years)	11.5	None
Weight monitoring (2–5 years)	19.9	+9.1 pp
Vitamin A supplementation*	69.0	+5.6 pp
Immunization (complete)	18.0	None
Deworming at least twice (6-14 years)	18.6	+8.5 pp

Source: PIDS (forthcoming), Third Impact Evaluation of the Pantawid Pamilya CCT Program.

V. Conclusion and Recommendations

This update has shown that *Pantawid Pamilya* maintains good impact on beneficiaries over the years since implementation, in terms of poverty reduction incidence, as well as main education and health outcomes. Still, there are several lessons and recommendations that need to be considered going forward, in particular considering the upcoming institutionalization of the Program through the CCT Bill implementing rules and regulations. The analysis presented suggest the following areas of attention:

Continue using an objective and regularly updated targeting database such as the Listahanan to select beneficiaries, and take opportunity of the rollout of the PhilSys (new unique ID system) to minimize exclusion errors. The DSWD updated its national household targeting system in 2015. Progress in underway in updating Listahanan in 2019-2020, and it's important that when it is concluded *Pantawid Pamilya* conducts a full assessment and recertification of its beneficiaries. The most updated Listahanan database should also identify new poor deserving assistance and incorporate them in the program, resuming enrollment halted in the last four years. Using an updated targeting database will improve targeting performance of the *Pantawid Pamilya* and its effectiveness in reducing poverty. In the near future, Philippines should consider moving away from updates every three-four years and more into an on-demand approach with more frequent updating, and take advantage of the rollover of the new national ID system to ensure no one deserving to be in the program fails to be enrollment for lacking adequate identification.

Regularly adjust the grant schedule. While the *Pantawid Pamilya* cash grant still retains its relevance as an incentive for poor beneficiaries to access health and education services, it has been perennially losing its real value. Beneficiaries are able to buy less and less with their cash grants. The additional cash rice allowance that was extended to Pantawid beneficiaries in 2017 is a welcome increase. However, it is a temporary adjustment. The provisions of the new CCT Bill enable regular adjustments in the grant structure and protect the benefits against the risk of inflation. What is needed is for these regular adjustments to be established in the annual budget/appropriation cycle of the Government. The Government can also start exploring customizing the grant structure by age/grade level, gender, location (e.g. geographically isolated areas) to affect specific outcomes as in other CCT programs (e.g., Mexico's Prospera).

Continue to keep abreast of the evolving needs of poor and vulnerable households that the program serves. After nearly a decade of implementation, the three rounds of impact evaluations show evidence that the program has already successfully met its objectives of bringing poor children to school and keeping them healthy. At the same time, it also augmented household resources so they can afford to buy their basic needs and alleviate the effects of sudden income shocks. The program is now mature enough to turn the attention to second-generation agenda on implementing CCTs. For instance, it can consider shifting the focus to influence necessary improvements in quality dimensions of education and health outcomes. This would entail adjusting program conditions and possibly the corresponding grant structure to provide enough incentives to both households and service providers. For example, attention can now be shifted towards ensuring children increase their grade transition rates, monitoring each health condition and providing a corresponding specific grant to ensure children receive medical/nutritional attention (complete age-appropriate immunizations, micronutrient supplementation, deworming pills), and that the Family Development Sessions (FDS) continues improving delivery of topics in an effective manner. Finally, complementation of the program with additional opportunities for livelihood support (such as training, microbusiness support, etc.) can also maximize the overall poverty impact and in the future reduce pressure of its continuous expansion.

Other programs in the Philippines must learn from the experience of *Pantawid Pamilya* in terms of design, implementation, evaluation, and impact. For the Government of the Philippines to continue enhancing its capability in implementing programs that have proven ability to work, it must invest in putting in place systems for objective monitoring and evaluation, as well as accountability mechanisms as it has done with the CCT program. The lessons from *Pantawid Pamilya* is that impactful programs evolve to maintain relevance and generate consensus for continuity, even in time of political transitions.

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