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SOCIAL PROTECTION REFORM IN THE PHILIPPINES: A VIRTUOUS GOVERNANCE CIRCLE?

HIGHLIGHTS

- A successful reform challenging traditional clientelistic patterns – but the battle continues
- Committed civil servants, evidence from piloting, advocacy and exploitation of political openings
- Development partners in long-term advisory, facilitating and catalytic role

DE-POLITICIZING SOCIAL PROTECTION IN THE PHILIPPINES

Despite accelerating economic growth in the mid-2000s, poverty incidence in the Philippines remained stubbornly high and even increased during some periods. One of the key causes of poverty was chronic underinvestment in human capital, especially health and education. As a result, the Philippines lagged in meeting the Millennium Development Goal targets for universal primary education, maternal mortality, and access to reproductive health services. Further, social protection schemes in the Philippines had little impact. They were underfunded, scattered across organizations, often linked to political campaign promises, and the identification of beneficiaries was based on subjective criteria and performed by local government officials and politicians. As a result, resources were not always as well targeted as they could have been.

In 2005-2006, reform champions in the Department of Social Welfare and Development (DSWD) were keenly aware of the situation and the shortcomings of the existing programs. The first step was to craft an official definition of social protection and its elements, which took place in collaboration with development partners in a working group under the Philippine Development Forum. In a 2006 DSWD policy learning forum and visioning workshop, development partners presented the successful experiences of conditional cash transfer (CCT) programs in Latin America and elsewhere.

Today, 10 years later, around 4.4 million families, or 21% of the population, are enrolled in the Pantawid Pamilyang Pilipino Program (Bridging Program for the Filipino Family). Pantawid beneficiaries must ensure that their kids attend school, that kids and pregnant women seek preventive health care, and that parents participate in monthly family development sessions. These community-based sessions serve both educational purposes and promote community empowerment and participation. Pantawid Pamilya has become the cornerstone of social protection reforms. The program has five key design elements: (i) the selection of program beneficiaries based on uniform, objective, verifiable criteria; (ii) a systemic feedback mechanism for people to ask questions, suggest improvements, and lodge grievances; (iii) active citizens' and community engagement throughout program implementation; (iv) a focus on measurable results, which are continuously monitored; and (v) strong public communication and outreach efforts.

The key elements of transparency, openness, accountability, participation, and integrity are essential elements of the Pantawid Pamilya – but they are also key elements of good governance, and very far from the opaque exchange of favors – for example social benefits for votes - that is the hallmark of clientelistic politics.

CATALYZING CHANGE: SO LITTLE IT TAKES, AND SO MUCH

What were the main dynamics of the CCT reform in the Philippines? Why was it possible at that point in time? Karin Schelzig of ADB, who was part of the process in the early days, recalls a number of contributing factors: First, the government clearly wanted to do something about the continued high poverty incidence that was so out of tune with the economic growth in the country. At the same time there were very dedicated people in the DSWD, and good policy dialogue between the government and development partners. CCT programs were on the rise in several countries, and the breakthrough was possibly a World Bank organized global conference on CCTs in Istanbul in 2006. A multi-agency Philippines delegation participated and could engage with officials, service providers and NGOs from about 40 other countries at various stages of CCT development or implementation. Access to such a wealth of down-



to-earth practical experience was a catalyzing experience, bringing all the elements together – the development partners were just the facilitators.

The Istanbul conference gave the inspiration to take the first cautious steps, including the 2007 pilot test with 6,000 households. Very careful evaluation demonstrated promising results. At the same time, the DSWD and those supporting them did a lot of outreach and partnership-building with the many actors that are involved in making such a program work – in education, health, local governments and communities. They were also rallying for example anti-corruption champions behind the ideas of a poverty targeting system based on objective criteria.

Development partners offered seed financing for the pilot, as well as technical assistance by peers from Latin America who had been involved in creating the CCT programs there. Later, they provided financing for the program's rapid expansion in the following years. ADB approved the Social Protection Support Project for \$400 million in September 2010. Crucially, the new administration assuming power in 2010 backed the continuation of the program and the adoption of the targeting system. Today development partners are still providing financing (ADB approved additional financing of \$400 million in February 2016), but at only about 12% of the total program budget for the period 2016-2019, estimated at \$6.16 billion. This clearly demonstrates strong government ownership of this flagship program.

CHALLENGES AND THREATS ARE STILL PLENTIFUL

Despite the solid empirical evidence that the CCT gives poor children much better chances in life, and that it is not a dole-out that creates disincentives for parents to seek employment, there are both challenges and threats ahead. Conditioning benefits on school attendance and health seeking behavior requires that these services are available. And targeting poor households—even if the system is among the best in the world—is never perfect and therefore subject to occasional media criticism.

Some note that the income poverty rate in the Philippines has not fallen substantially despite the CCT, and have called for its closure. However, since the benefit level has never been adjusted for inflation, it provides less of a cushion for poor families than originally intended. At present levels, the grant alone is not enough to bring many families over the poverty line. Nevertheless, it is likely that the poverty incidence may have been worse without the CCTs given the impact of catastrophic natural disasters and food price inflation in recent years. CCTs are an investment in the future: reducing poverty and inequality are longer term impacts that can only be expected when healthier and better educated Pantawid children grow up to join the workforce and get better jobs.

In the current election campaign, all major candidates have expressed support for Pantawid Pamilya. Some politicians would want to revert to the good old days, however, where social benefits were a way to reward loyalty. So far they have not had their way. The proponents of the CCT are on their toes to defend the program, including members of Pantawid's independent national advisory committee which includes high ranking officials and eminent scholars. So the debate is still ongoing. There are ongoing efforts to institutionalize the CCT through legislation, as in a number of other countries.

Meanwhile, the voices of the beneficiaries are getting stronger and the mandatory family development sessions are building confidence and participation in community life. CCTs are gradually growing into a perceived right among disadvantaged citizens. Pending the proposed legislation the reform may still be vulnerable, but it may also soon be an example of what better governance means, and the example may spread to other areas where institutions do not perform or vested interests still dominate.

That would mean a virtuous circle not only for the families who have a better appreciation of active citizenship through the CCT, but also for the pathway of the Philippines towards stronger institutions and better governance.

For more information about ADB's support, see <http://www.adb.org/projects/43407-013/main>, or contact project officer Karin Schelzig (kschelzig@adb.org)

