

Philippines Conditional Cash Transfer Program
Impact Evaluation 2012

Executive Summary

The *Pantawid Pamilyang Pilipino Program* provides cash transfers to poor households, conditional upon investments in child education and health as well as use of maternal health services. The objective of the program is to promote investments in the education and health of children to help break the intergenerational transmission of poverty, while providing immediate financial support to the household. Poor households are identified by the National Household Targeting System for Poverty Reduction (NHTS-PR) based on a transparent poverty targeting mechanism, using a statistical model to estimate income. Households with estimated income below the poverty line are classified as poor. From that database of poor households, *Pantawid Pamilya* identifies and selects eligible households who have children 0-14 years of age and/or a pregnant woman. These households then receive cash grants every two months ranging from PhP 500 to PhP 1,400 per household per month, depending on the number of eligible children.

Since its launch in 2008, *Pantawid Pamilya* has been scaled up rapidly and has become the cornerstone of the Government's social protection efforts. This conditional cash transfer (CCT) program has been an important part of a renewed effort to address chronic poverty and meet the Millennium Development Goals (MDGs) to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality, reduce child mortality, and improve maternal health (DSWD, 2009). By May 2012, the program covered approximately 3 million households. It accounted for half of the Government's expenditures on national social protection programs in 2011.

The specific objectives of the program are to: (i) keep children in school, (ii) keep children healthy, and (iii) invest in the future of children. It reflects the Government's commitment to promoting inclusive growth by investing in human capital to improve education and health outcomes for poor children and pregnant women. The program is based on the premise that poverty is not about income alone but is multi-dimensional, and factors such as access to basic social services and social environments matter.

A carefully designed, comprehensive, and rigorous impact evaluation was conducted, as the first of a three-wave evaluation study to assess the program's initial effectiveness in achieving its objectives. As part of the Government's commitment to evaluating its development programs, an impact evaluation for *Pantawid Pamilya* was designed and implemented from the very initial stages of program planning. The study was designed to represent the first implementation phase (known as Set 1 which took place between June 2008 and April 2009) of the program, since the program's scale-up plan was not yet in place at the time of study design.

This report presents the findings from an analysis that assessed program impact by comparing outcomes in areas that received *Pantawid Pamilya* with outcomes in areas that did not receive the program. The impact evaluation applied two analytical methods: (i) Randomized Control Trial (RCT), which compared randomly assigned program areas and non-program areas to assess program impact, and (ii) Regression Discontinuity Design, which compared the outcomes of poor households who received the program with similar poor households just above the poverty line. This report presents the findings from the RCT component only. It should be noted that although 2.5 years of program implementation is generally considered enough time to observe impacts on short-term outcomes, it is not long enough to assess impacts on long-term outcome measures.

The findings of the impact evaluation support administrative and other assessments that have found that *Pantawid Pamilya* is reaching most of its key objectives. The impacts found through this study are comparable to the levels of impact found in other CCT programs around the world at this stage of program maturity, particularly in terms of the program's achievements in improved health service use and school enrollment.

Findings of the study indicate that, overall, the program is meeting its objective of helping to keep poor children in school, by increasing enrollment among younger children (3-11 years old) and increasing attendance among 6-17 year olds. The study found higher rates of school enrollment among children 3-11 years of age in the beneficiary households (by 10 percentage points for 3-5 year olds and by 4.5 percentage points for 6-11 year olds), compared to poor households who did not receive the program. In particular, the program has been successful in boosting the enrollment of primary-aged children (6-11 years old), helping to bring about near universal enrollment of 98 percent enrolled in school among this age group³. Considering that this study group only includes poor children, this achievement is highly commendable. School attendance improved for all age groups across the beneficiary households, except for the youngest preschool/daycare age group.

However, the findings suggest that the program has not had a significant impact on increasing enrollment among older children aged 12-17 years old. The program was not explicitly designed to improve schooling of children above age 14, given that is the age limit for education grants. However, the program was unable to even improve enrollment of children 12-14 years of age, who are currently covered under *Pantawid Pamilya*. Thus, the program as currently designed is unable to keep older children in school, although it is also likely that subsequent waves of the impact evaluation may find improvements in school enrollment among children of 15 years old and above as the cohorts of *Pantawid* beneficiaries grow older. At the same time, the finding also implies that program should consider expanding coverage to older children, and also reconsider the current five year limit of program eligibility, if long term human capital investments are to be sustained.

The program was found to be meeting its objective of helping to keep poor children healthy. The program has helped improve the long-term nutritional status of younger children (6-36 months old), a positive impact not seen in other CCT impact evaluations at such an early stage of program implementation. The improvement was a 10 percentage point reduction in severe stunting⁴ (which may reflect a combination of factors such as better maternal care and environment during pregnancy and after delivery as a result of increased antenatal and postnatal care) compared to barangays that did not receive the program, where 24 percent of young children (6-36 months old) were severely stunted. This improved long-term nutritional status was achieved through the program enabling parents to provide better care for their children in a consistent manner and feed their children more protein-rich food such as eggs and fish. Reduction in severe stunting among this young age group is expected to have strong long-term benefits, as stunting in the first two years of life is known to lead to irreversible damage including lower educational attainment, reduced adult income, and decreased offspring birth weight (Cesar G Victora, 2008). The program has also encouraged poor women to use maternal and child health services such as antenatal care, postnatal care, regular growth monitoring, and receipt of Vitamin A and deworming pills. In addition, it has helped increase healthcare-seeking behaviors among beneficiaries when their children become ill.

The program is also achieving its objective of enabling poor households to increase their investments in meeting the health and education needs of their children. *Pantawid Pamilya* is changing the spending patterns of poor households, with beneficiary households spending more on health and education than poor households who had not received the program. The study also found that beneficiary households spent less on adult goods such as alcohol and that the program may have contributed to increased savings among beneficiary households.

Although the study found that the cash grants were reaching beneficiaries, the study did not find an overall increase in per capita consumption among the poor benefiting from the program, although there was some evidence that poor households are saving more in certain provinces. The lack of impact on mean consumption is not unusual for CCT programs at a relatively early stage of implementation with programs finding impact on mean consumption as the program matures. The estimated per capita consumption per day reported by the sampled households was PhP 46 per day in both program and non-program barangays, while program beneficiaries in the study reported receiving PhP 5 per day (equivalent to US\$ 0.11 a day), representing approximately 11 percent of the households' per capita consumption. Internationally, the largest transfer amount was in Nicaragua with the transfer representing about 30 percent of consumption, Mexico about 20 percent of consumption, and Brazil about 8 percent of consumption (Fiszbein, et al., 2009). Therefore, there is a wide gap between the benefit amounts beneficiaries are eligible for—an estimated 23 percent of income, which is relatively generous—and the amounts that beneficiary households actually receive, which are relatively small compared to those in most other CCT programs around the world. This gap could be minimized by working on three areas: improving beneficiaries' compliance rates to program conditionality; regularly updating program database to reflect schools and health facilities; beneficiaries attend to be effectively link meeting of conditionality to payments; and ensuring that all schools and health facilities report on compliance verification to the program.

The study found that *Pantawid Pamilya* has had positive impacts beyond its originally targeted objectives. For example, the program has contributed to increased coverage of the PhilHealth health insurance program. More poor households in areas that received *Pantawid Pamilya* reported that they were covered by PhilHealth, compared to their counterparts in non-*Pantawid* areas.

The findings of the impact evaluation also indicate that the program has not affected decisions to work or fertility rates. Despite the additional household income provided to poor families under *Pantawid Pamilya*, the impact evaluation did not find any evidence that beneficiary households worked less or made less effort to obtain more work. The study also found that women in the beneficiary households are not having any more children than women in non-beneficiary households.

Although the sampling was not designed to be statistically representative at the provincial level, the findings suggest that program impacts differ by province. The study found considerable differences in program impact on household socioeconomic, child health, and education outcomes across the four provinces. Across most outcomes, Negros Oriental consistently showed the most positive and strongest program impacts, while Lanao del Norte consistently showed weaker impacts than other provinces. Although there are several potential reasons for such differences such as effectiveness in program implementation, supply-side differences, and other socio-environmental factors, further research is needed to better understand the reasons behind these differences.

Although the impact evaluation found evidence of success on a broad range of outcomes, the results also revealed a number of challenges for *Pantawid Pamilya* going forward. *Pantawid Pamilya* is designed primarily to increase demand among poor families for education and health services. To achieve overall improvements in education and health outcomes, however, the study findings highlight the need to intensify efforts to improve access to and quality of health and education services for CCT beneficiaries. For example, although more children are visiting health centers to meet the program conditionality of regular growth monitoring, the study did not find an increase in childhood immunization coverage—although not uncommon in impact evaluations around the world—which suggests that health providers are not yet able to fully capitalize on the opportunities to provide basic child health services to CCT families.

The study findings point to a number of policy implications:

- To improve educational outcomes for older children, additional measures such as expanding the age of coverage of *Pantawid Pamilya*, increasing the grant amount for older children, and parallel supply-side interventions in the education sector are required;
- Currently households can be enrolled in the program for a maximum of five years. Expanding the duration of coverage will not only help to keep children in school longer, it will also help to increase household consumption;
- Linkages and coordination with health service providers need to be strengthened to ensure that beneficiary mothers and children receive the services they require and to ensure a continuum of care;
- It is important to consider ways in which other social programs that may have a long-term impact on the welfare of the poor could take advantage of *Pantawid Pamilya*'s strong and effective social mobilization structure; and
- To ensure more efficient program implementation, the reasons for differences in program impact across geographical areas must be better identified and understood.