

Philippines: Are Cash Transfer Programs Effective?

Countries around the world increasingly rely on conditional cash transfers to boost health and education outcomes for their poorest citizens. In Latin America, where these programs were pioneered, conditional cash transfers are now the basis of large-scale government initiatives to help the most vulnerable. In developing and middle-income countries in Asia, Africa and the Middle East, cash transfer programs are proving effective in a range of areas, including as an incentive to get more girls in school. As their popularity has grown, policymakers are starting to question how these programs can be adapted to reach more people and further improve lives.



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The World Bank is committed to working with countries to reduce extreme poverty and boost shared prosperity. To succeed, development experts and policymakers need to know what programs are effective and which ones aren't delivering. In the Philippines, the World Bank teamed up with the Government of the Philippines in 2007 to develop the Pantawid Pamilyang Pilipino Program, a conditional cash transfer program for the poor. An impact evaluation was built into the program to measure the effect. The evaluation found that Pantawid Pamilya reduced stunting among young children, increased family spending on health and education, and raised student enrollment and attendance. But the results also pointed to an important shortcoming—children aged 12 and above weren't more likely to enroll in school. **Based on the evidence, the Government of the Philippines has increased the cash transfer amount for older students and expanded the program to include children ages 15–18, who were not previously covered.**

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Context

Despite a significant degree of economic growth over the past decade, the poverty rate in the Philippines has

remained largely stagnant. An estimated 23 million Filipinos—a quarter of the country's population—remain poor. This is in stark contrast to the other countries in the region, which have seen their poverty rates decline considerably as their economies have grown. The Philippines is also unlikely to reach the Millennium Development Goal targets relating to universal primary education and maternal and reproductive health.

The Pantawid Pamilya cash transfer program was developed to encourage and help the country's poorest families invest in their children's future. It's become

Did You Know? In the Philippines...

- Some 40 percent of children ages 12-15 years old are not in school
- Just 70 percent of infants are fully immunized
- Only 30 percent of children attend day care programs or preschools
- More than a quarter of children age 0-5 are underweight
- For the poorest Filipinos, only 25 percent of births are attended by a trained assistant, with just 13 percent taking place in a health facility

(UNICEF)

cornerstone of the country’s social protection agenda and by March 2014, covered approximately four million poor households with children up to the age of 14—about 93 percent of the target population. Households receive 500 pesos (about \$11.50) a month for meeting basic health conditions, including regular check-ups for pregnant women and children under the age of five, and in-school deworming for children between the ages of six and 14. One or both parents also must attend a monthly Family Development Session, where they discuss a variety of topics from parenting and family relations to disaster risk and stress management. Households also qualify for 300 pesos (\$6.70) a month (for 10 months a year) for each child between the ages of six and 14 who is enrolled in school and attends at least 85 percent of the time. The grants for education are capped at three children. Payouts

from Pantawid Pamilya are relatively modest: Households can receive a maximum of \$32 per month. On average, households received about 800 pesos per month (about \$18.50) or about 13 percent of their monthly income.

The program targets poor households that live in geographic areas identified because of their high poverty rates. Families living in these areas are selected for the program based on a proxy means test, which measures a family’s well-being based on things like housing quality, household goods and education. Only households that are estimated to have per capita income below the provincial poverty level and have children younger than age 14 and/or pregnant women can enroll. Once enrolled, schools and health facilities where beneficiaries receive services are responsible for reporting on whether families have met the conditions for receiving their monthly payment.

Evaluation

The program evaluation was designed to include a randomized impact evaluation so the government could measure the effect and make changes accordingly. Researchers relied on the program’s phased roll-out—necessitated because there wasn’t enough money or administrative capability to immediately offer it to everyone who would qualify—to create a control group among areas slated to receive the program at a later date.

In the first phase, the program targeted about 376,000 households in 148 municipalities and 12 cities in 34 provinces. For the impact evaluation, 3,742 households were

randomly chosen in eight randomly selected municipalities. This included 1,418 qualifying households and the remainder non-qualifying households, either because they didn’t have young children or a pregnant mother or because they weren’t poor. All the villages in these eight municipalities were randomized into treatment and control groups in 2008 and the program was launched in 2009. The follow-up surveys were conducted in 2011, giving the treatment households more than two years of exposure to the program, enough time to see impacts. A second survey is underway and results are expected shortly.

The Findings

Preschool and primary school age children whose families lived in areas where the cash transfer program was available were more likely to be in school.

Enrollment in preschool rose 10.3 percentage point, compared with poor children in districts that didn’t receive the

program, where the enrollment rate was 65 percent. Elementary school enrollment increased by 4.5 percentage points, a rate that pushes the country into near universal primary school enrollment. Attendance for elementary school-age children, aged six to 11, rose 3.8 percentage points from a baseline of 91 percent.

Older children weren't affected the same way: Attendance rose, but enrollment stayed the same, limiting the impact.

Among children between the ages of 12 and 14 and already enrolled in school, attendance rose by 4.9 percentage points. In other words, more than 95 percent of these children attended school regularly, compared with about 90 percent of the same-aged children in families who didn't receive the program. This improvement in attendance, however, was among students already in school. The program didn't show any impact on enrollment, which stayed around 85 percent for children in both groups.

A similar impact was seen among children between the ages of 15 and 17. Although the cash transfer wasn't conditional on improved schooling for these older children, there was a 7.6 percentage point increase in school attendance among children aged 15 to 17 living in areas where the program was offered. Researchers suspect that the emphasis on education for the younger ages had a spill-over effect on older children already in school. But overall enrollment didn't move from around 62 percent of the children in this age group.

Families may have decided the cash transfer wasn't enough to offset the costs of sending older children to school, especially because they could go to work instead.

Families were receiving 300 pesos (\$6.50) for each child in school, regardless of the age and limited to cover a maximum of three children. But this money doesn't cover the full costs of sending a child to school, including clothes, books and food, which rises with older children. Sending older students to school is therefore expensive—both in terms of actual costs and lost earnings.

The program had a big impact on reducing severe stunting and improving the health of young children. Gains were also seen for older children.

Severe stunting for very young children—ages six months to three years old—was reduced by 10 percentage points, compared with a severe stunting rate of 24 percent for

children in areas that didn't get the program. These health gains are expected to have important long-term benefits, because stunting in the first two years of life harms brain development, reducing a child's ability to do well in school and later in life.

Parents in the program spent 38 percent more on protein-rich foods like eggs and fish for their children and they learned about nutrition in the monthly Family Development Sessions. They also were more likely to bring children up to the age of five for regular health check-ups. Growth monitoring rose by 15 percentage points (compared with a baseline of 17 percent), while the use of Vitamin A supplements rose by 6.2 percentage points. Older children, too, saw a positive impact from the program. Children aged 6-14 were more likely to have taken at least one of the two deworming pills offered every year in schools, an increase of 9 percentage points over the 80 percent rate for children in areas without the program.

Pregnant women and mothers who received the cash transfers were more likely to get four prenatal check-ups and care right after giving birth.

Poor mothers improved their use of prenatal care by 10.5 percentage points, up from just over 50 percent of poor women living in areas where the program wasn't available. They were also 10 percentage points more likely to see care right after giving birth, up from just over 60 percent of women who didn't get the program.

Still, the program didn't boost the likelihood that a woman would give birth in a health center or with assistance of a trained health worker. There was also no improvement in the health of new mothers or their babies.

The Philippines has made little progress in the past decade in reducing maternal mortality rates and each year there are some 100 deaths for every 100,000 live births, a rate the country has been trying to cut in half as part of its Millennium Development Goals. The rate of night blindness among pregnant women—believed to be linked to a Vitamin A deficiency—also stayed around

11 percent for women regardless of whether or not they received the program.

Although people received extra money, there was no decline in hours spent working. Nor did it lead women to have more children.

Even with the additional income, there was no evidence that people in the beneficiary households worked fewer hours or made less of an effort to find employment. The study

also found that women receiving the transfers were not having more children than women in the control group.

Overall, the program caused people to spend more on things that matter: education and health.

Parents receiving the cash payments spent 38 percent more per capita on education and 34 percent more on medical expenses, compared with poor families who didn't receive the program. And spending on alcohol declined.



Conclusion

Conditional cash transfers are keeping poor children healthy and in school all over the world. But can they be made even more effective and reach even more people? In the Philippines, the results of an evaluation of the Pantawid Pamilya program led the government to extend cash transfer eligibility to older children in an

attempt to raise secondary school enrollment and attendance. As policy makers and development experts continue to search for innovative ways to help the world's poor, the findings from this evaluation will provide much-needed evidence for designing increasingly effective programs.

The Strategic Impact Evaluation Fund, part of the World Bank Group, supports and disseminates research evaluating the impact of development projects to help alleviate poverty. **The goal is to collect and build empirical evidence that can help governments and development organizations design and implement the most appropriate and effective policies for better educational, health and job opportunities for people in developing countries.** For more information about who we are and what we do, go to: <http://www.worldbank.org/sief>.

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