



# **Shock-Responsive Social Protection Systems Research**

Case study—Post-Haiyan Cash Transfers in the  
Philippines

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## About the project

The Shock-Responsive Social Protection Systems study is a two-year research programme (2015 to 2017) led by Oxford Policy Management (OPM), in consortium with the Overseas Development Institute (ODI), the Cash Learning Partnership (CaLP) and INASP. Its aim is to strengthen the evidence base as to when and how social protection systems can better respond to shocks in low-income countries and fragile and conflict-affected states, thus minimising negative shock impacts and reducing the need for separate humanitarian responses.

The research is funded by UK Aid from the UK government, as part of the UK Department for International Development's (DFID's) Humanitarian Innovation and Evidence Programme (HIEP). HIEP is an initiative to improve the quality, quantity and use of evidence in humanitarian programming.

Six case studies form the core of the research team's analysis of the features of a social protection system that facilitate its use to respond to shocks, and of the ways in which social protection, humanitarian assistance and disaster risk management systems can best work together for a more effective response. The three in-depth case studies—of Mozambique, Mali and Pakistan—explore the issue across a wide range of shocks, and reviewing a number of social protection interventions. Two light-touch country case studies, of the Philippines and Lesotho, focus on a single type of shock. Finally, a light-touch case study of the Sahel region reviews region-wide mechanisms for responding to food security crises.

## About this report

This is the full case study report for the Philippines. It focuses specifically on the experiences of using emergency cash transfers following Typhoon Haiyan and considers the wider social protection system, developments since Haiyan and future possibilities for shock-responsive social protection. A summary briefing note is published separately.

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## Executive summary

### Research focus

The focus of this case study in the Philippines is the experience of scaling up a social protection programme—the Pantawid Pamilyang Pilipino Programme (known as Pantawid)—following Typhoon Haiyan in late 2013, developments since then, and options for the future. The team focused its attention on the following areas:

- )] How and why was the Pantawid programme scaled up following Typhoon Haiyan? How successful was this in providing a cost-effective, rapid and effective response to the shock? What problems were encountered, and how were these overcome?
- )] To what extent has this scaling up subsequently been institutionalised within national and local processes and systems? What features in the current social protection system now facilitate an effective response to shocks? What more could be done?
- )] How can social protection, disaster risk management (DRM) and humanitarian actors and systems best work together to respond effectively to shocks in the Philippines?

### Shocks and vulnerability

Vulnerability to recurring natural disasters (particularly typhoons, floods, droughts and storm surges) and the effects of climate change are particularly high, and are increasing, in the Philippines. Out of the 10 most exposed cities in the world to natural disasters, eight are in the Philippines. Typhoon Haiyan was by far the biggest environmental shock in the country's history, affecting over 16 million people and causing more than 6,000 deaths. Meanwhile the Mindanao region continues to face socio-political hazards; armed conflict causes repeated displacement and deters economic growth.

In 2015, 22% of the population were below the poverty line, but vulnerability to poverty is much higher. Many people in disaster-prone areas are not poor but they remain vulnerable to disasters. These near-poor and middle-income groups remain relatively close to the poverty line, and the impact of a disaster in terms of property damage, access to employment and destruction of livelihoods activities can be devastating. Poverty, disasters and vulnerability in the Philippines are therefore closely linked.

### Institutional context for social protection, disaster risk management and humanitarian assistance

#### Social protection systems and the Pantawid

The Philippines has developed one of the most advanced social protection systems in the East Asia Pacific region, as part of rapid and comprehensive social welfare reform over the last decade. The Department for Social Welfare and Development (DSWD) is the lead ministry responsible for social protection. A series of national resolutions have led to the establishment of a common definition for social protection and its component parts, encompassing all humanitarian assistance programmes. There is a social protection operational framework. The government has mandated all agencies to utilise a social registry (known as Listahanan) to identify poor households. Data were first collected for it in 2011, and a second round conducted in 2016. Some 60% of the population was included in the 2011 database, and 75-80% in the 2016 update. The government

also targets social protection programmes to those areas that have a concentration of poverty, conflict and disasters.

The flagship social welfare and anti-poverty programme is Pantawid, a nationwide conditional cash transfer (CCT) aimed at poverty alleviation and improving the health, nutrition, and education of poor children. The DSWD oversees its implementation. All households that are classified as 'poor' according to the Listahanan, and that have a pregnant woman, and/or children under 14 are eligible for assistance. The programme is regarded as effective with national coverage, reaching 4.4 million of the country's estimated 20.2 million households, including a high proportion of poor households, particularly in areas prone to disasters. However, it does not reach all poor households, or all of those who are not poor but who may be vulnerable to a disaster. Inclusion is based on eligibility in the 2011 Listahanan. A new programme, the Modified CCT, was introduced in 2012 to support needy households who were not in the Listahanan; as of 2015 it reached over 200,000 households.

Pantawid payments are delivered every two months through an established network of payment service providers, and include manual over the counter (OTC) payments through the post office, and electronic payments through a limited purpose ATM card from the Land Bank of the Philippines (LBP) in areas where ATM services are accessible. Just under half of recipients use electronic payments. The payment process is quite bureaucratic and administratively cumbersome, especially the manual system.

### **The disaster risk management system**

Over the last decade, the Government of the Philippines has developed comprehensive legislation and institutional arrangements governing DRM. Within this framework DSWD takes the national lead on disaster response (other agencies are responsible for disaster prevention, preparedness and rehabilitation). This means that the same institution is responsible for administration of both social protection and disaster response—though the two are in separate bureaux—and staff members involved in the administration of Pantawid are also familiar with the ways of working in the implementation of humanitarian assistance.

The DRM system mandates local government units (LGUs) to take the lead in disaster response, enabled by national government resources and funding—unlike the Pantawid programme, which is not devolved and is managed centrally, bypassing LGUs. This disparity represents a potential barrier for shock response through the social protection programme.

### **The humanitarian system and the growth of cash assistance**

In 2007, the Government of the Philippines adopted the cluster system to better coordinate disaster response activity. Evaluation of the cluster system following Typhoon Haiyan found that coordination between government and humanitarian agencies worked well, and that all affected areas were reached. The DSWD co-leads three clusters. The bulk of DSWD's disaster response provisioning—certainly in the early phases—continues to be provided in kind rather than in cash, for food, temporary shelter and non-food items. However, humanitarian agencies started using cash transfers for disaster response in the Philippines in 2009, and have increasingly (in terms of the number of organisations and programmes) done so since then. A Cash Working Group was set up in 2012 and revived after Typhoon Haiyan.

## Disaster response funding

Some 5% of the national budget is allocated to DRM, of which 70% is allocated to preparedness and mitigation, and 30% is for response. Response activities are financed through the National Disaster Risk Reduction and Management Fund (NDRRMF) and Local Disaster Risk Reduction and Management Funds (LDRRMFs). The NDRRMF can be drawn upon after a declaration of a 'national state of calamity', and subject to the approval of the Office of the President. As this can be quite slow, some of its funds are set aside in 'Quick Response Funds' that can be accessed without approval of the Office of the President. DSWD is one of the ministries that can access these funds for disaster response. Money can be carried over from one financial year to the next. At local level, LGUs must set aside 5% of their revenue allotment in an equivalent fund, which they can use for their own DRM activities.

## Experiences using Pantawid in response to Typhoon Haiyan

Typhoon Haiyan in 2013 devastated central Philippines, causing storm surges, flooding, landslides, and widespread damage across nine provinces including some of the country's poorest regions. As markets stabilised, numerous aid agencies transitioned at least a portion of their response from in-kind relief to cash assistance, including interventions designed to meet some of the affected population's most pressing needs in the areas of food security, livelihoods recovery and shelter.

**The World Food Programme (WFP) Emergency Cash Transfers (ECT):** Cash transfers were WFP's preferred approach where markets had recovered, complemented with additional food transfers in areas where markets had not recovered. WFP piloted an ECT project that targeted over 105,000 Pantawid beneficiary households in typhoon-affected areas. This approach 'vertically expanded' the Pantawid CCT programme, by providing top-ups to their regular assistance between December 2013 and March 2014, immediately after the typhoon. The top-up value was around \$30 per month for two months, plus 50kg of rice in some areas. WFP also delivered cash assistance through INGO channels to meet the food needs of non-Pantawid households affected by the disaster in these municipalities. In both cases, the size of the transfer was based on the amount of money a family would need to meet 100% of their food needs.

**UNICEF ECTs:** During the recovery phase, UNICEF delivered unconditional cash assistance to support economic recovery of families with children, prioritising structurally vulnerable households. This was also vertical expansion—an ECT top-up for Pantawid beneficiaries—but it was different in size, scope and objective to WFP's transfer. UNICEF provided cash to fewer households (5,801) but delivered \$100 per month for six months between mid-2014 and early 2015. The size of the transfer was based on the minimum amount required for families to meet basic food and essential non-food needs. Since there were non-Pantawid households who had been affected by the disaster, UNICEF also implemented a cash assistance programme through INGO channels to provide blanket coverage of families in these municipalities.

## Lessons learned on the Emergency Cash Transfer pilots

### Efficiency of the approach

Some data (concerning cost, time and human resources) suggest the vertical expansion of the Pantawid programme was an efficient way of reaching a significant portion of households affected. Since markets generally recovered rapidly, cash was more appropriate than continued commodity provision. The CCT avoided the challenges of storage, delivery and the washing-away of prepositioned goods.

The Pantawid programme offered proven systems with extensive coverage and experienced users. This meant relatively low transaction costs, and increased speed in reaching a particular cohort of the needy—those who were registered Pantawid beneficiaries and living in targeted areas. It allowed a means to reach these affected people with emergency cash assistance, at a speed and scale impossible through traditional humanitarian channels. UNICEF’s top-up project had similar findings regarding costs and timeliness. WFP used the same method after a typhoon in 2014.

Non-beneficiaries were excluded, as agencies determined that expansion of the programme to new households was unfeasible at this time; these households—many of whom were at least as poor as Pantawid beneficiaries—received assistance through traditional humanitarian channels. Overall, the evidence available shows that scaling up Pantawid through the ECT presented an efficient channel for emergency assistance to a cohort of those affected, without impacting negatively on the channels that were still necessary to reach the wider population. Some challenges remained in explaining why they had been left out to non-beneficiaries, and to Pantawid beneficiaries in areas not supported by the top-up.

## Governance issues

- ) **Working relationships:** pre-existing relationships between UNICEF / WFP and DSWD were a significant factor in launching the social protection top-up pilots.
- ) **Political buy-in and champions within government:** the national political environment was conducive to the success of the pilots, the Government of the Philippines having a clear commitment to DRM and building effective systems for disaster response, previous experience of collaborating effectively with the humanitarian community, a willingness to innovate due to the scale of the disaster, and champions of the pilots at high levels within the administration. Stakeholders cited the leadership of the then-Secretary of Social Welfare Soliman as a key enabling factor.
- ) **The regulatory environment:** earlier in 2013, DSWD had passed a resolution that if a state of calamity was declared, CCT programme conditions would be waived for three months. The regular transfers were therefore effectively unconditional at the time when DSWD and WFP began discussions on the ECT, which made it easier to plan an unconditional top-up. The relaxation of national financial regulations by the Central Bank (which adjusted its ‘know-your-customer’ requirements acknowledging that many households had lost their identity cards) also contributed to the conducive environment for implementing all emergency cash assistance.

## Operational issues

- ) **Identifying and verifying beneficiaries:** a critical factor in the success of the ECT was that by topping up regular CCTs the programme could take advantage of existing, strong systems for identifying and communicating with beneficiaries, saving time normally spent on targeting in the critical period when assistance was needed post-disaster. A large revalidation exercise was needed to track down displaced households, inform beneficiaries of the extra payment and replace the named carers for newly orphaned children. Staff from outside the affected area were drafted in to help; they were familiar with the programme, even if not the households. Waiving the programme conditions saved staff time.
- ) **Managing the ECT payment process:** using the standard conduits and payment processes of the Pantawid programme exploited existing partnerships and operating systems, and avoided the need to set up and train stakeholders in a parallel delivery system which would have been time consuming and costly.

There were some challenges. For the electronic payments, first, some Pantawid beneficiaries lost cash cards in the disaster, and replacing these took up to several months, so some people were unable to access their regular CCT or first ECT payments. LBP allowed cash card

beneficiaries to receive their payments over the counter. Second, disruption to the power supply because of the typhoon also affected the ATM network. LBP provided three mobile ATMs to help disburse cash card payments, although this was delayed so only partially effective.

As for OTC payments, logistical challenges affected their efficiency. These included capacity and workload of the conduits, particularly in depleted personnel affected by the typhoon, and an unexpected increase in the number of payments as WFP requested monthly rather than bi-monthly transfers, and in some cases missed the routine payment date. There were also difficulties with the availability of physical cash, security concerns arising from beneficiaries queuing for longer and for larger amounts of money, contractual issues about the payment service providers' commission, and lack of clarity on financial reporting procedures.

- J **Ensuring access for vulnerable groups:** the procedure for allowing women to name alternative recipients in the event they could not reach the pay-point is reported to have worked well.
- J **Capacity of DSWD:** a challenge to scaling up was constrained capacity (despite drafting in staff from other areas) particularly with regard to field staff, extra strain on personnel, additional equipment and budget, and some specific areas of expertise such as market analysis.

### Coordination of humanitarian assistance and the emergency cash transfer pilots

Providing top-ups to some Pantawid beneficiaries to meet some needs still requires the programme to coordinate its assistance with agencies providing aid to other recipients or for other needs. Challenges in coordination after Typhoon Haiyan are well documented, and derive particularly from the unprecedented scale of the disaster. As an example, many agencies tried using the DSWD's Listahanan database, but they did not know what to do with the data: some purposely *excluded* Pantawid beneficiaries from their own programmes on the grounds that they were already covered, while others purposely *included* them on the grounds that they were poor.

One positive repercussion of cash coordination was DSWD's creation of a process for humanitarian agencies to coordinate with the Listahanan, resulting in DSWD enrolling an additional 20,000 households (which were identified as newly impoverished as a result of the disaster) into the Modified Conditional Cash Transfer (MCCT). This important mechanism gave the CCT programme the flexibility to adapt to a new post-disaster reality, accurately assessing the disaster's impact on household income, consumption and livelihoods, and thus eligibility for social protection.

### Future scenarios for shock-responsive social protection

There is continued and growing interest within government, the UN, donors and the wider humanitarian sector in the Philippines to use social protection systems to support shock response. In 2015, the World Bank concluded that a scalable ECT programme within DSWD would reduce the burden of in-kind delivery, and provide more effective support to the diverse and changing needs of disaster affected households. The Bank approached DSWD to support the development of a National Emergency Cash Transfer Programme (N-ECT), to both complement and make use of Pantawid systems. This would be a cash transfer programme that would be triggered only in the event of an emergency. Some factors to consider and barriers to overcome in institutionalising an N-ECT include the following:

- J **Targeting approaches and inclusion of the most affected households:** Defining mechanisms through which an N-ECT identifies and includes those households who are most vulnerable to and/or affected by hazards and disaster risk whilst minimising errors was a key issue cited by most stakeholders. This includes how to implement an N-ECT so that it reaches

all those affected by disaster, both those already enrolled on the CCT, and those who are not. There is reluctance to horizontally expand the regular Pantawid to reach new beneficiaries, as that risks undermining the understanding and legitimacy of the long-term programme. Key considerations, both before or after a disaster, are identifying households for inclusion by utilising the programme's beneficiary database to verify a ready case-load of vulnerable beneficiaries to support, and defining priority geographical locations and administrative areas for N-ECT assistance. One challenge is that the national poverty database (Listahanan) does not cover all households; furthermore, there remain questions of poverty data accuracy through use of the proxy means test and the database is only updated every five years.

- J **Setting the transfer value:** this can be informed by considering what emergency needs are best met through a single, unconditional, cash transfer. Respondents expressed caution about incorporating the cost of shelter needs in the total value.
- J **Preparedness—roles, responsibilities and actions:** attention should be given to preparing DSWD and the LGUs (training, capacity building), preparing the payment service providers (ensuring liquidity, capacity assessments for conduits, contingency plans), and establishing stand-by agreements with humanitarian agencies.
- J **Changes to financial regulations:** implementing an N-ECT using the Pantawid administrative systems should be outlined within national regulations, along with the agreed triggering mechanism for disbursement. This may require changes to 'know-your-customer' requirements and to the regulations governing mobile money.
- J **Political economy issues and sustained support:** the effectiveness of shock-responsive programmes planning to use the Pantawid administrative systems are heavily dependent on continued political and financial support for the Pantawid programme, which is not guaranteed as it is not enshrined in law.
- J **Options for financing an N-ECT:** the pilot ECTs were funded through international humanitarian funds. Any institutionalised N-ECT requires pre-agreed contingency finance for immediate implementation without reliance on emergency appeals; various options have been proposed.

Policy options for the design of an N-ECT include expanding the CCT vertically, horizontally, piggybacking on its administrative systems and/or setting up a parallel programme through the humanitarian system; these designs need careful analysis.

There are some issues to address in exploring the potential for improved coordination of an N-ECT. The Philippines has an unusual institutional set-up in that the same government agency has a lead role in the coordination of social protection, DRM and humanitarian response. This offers opportunity for integrated thinking and programming on shock-responsive social protection. Stakeholders identified several coordination issues that must be taken into account in the design of an N-ECT, including defining intra-departmental coordination mechanisms between Pantawid and the Disaster Response and Management Bureau (DRMaMB), addressing capacity gaps in the DRM institutional structures, making changes to DRM institutional structures following recent review recommendations and coordination with international humanitarian response for information sharing and planning.

Stakeholders interviewed were in agreement that any N-ECT under DSWD would need to maximise use of existing staff and institutions for implementation at subnational level, and address training and staffing challenges, as well as plans for government federalisation and a greater devolution of power to LGUs.

## Conclusions

The vertical expansion of the Pantawid programme in response to Typhoon Haiyan provided some existing CCT beneficiaries with additional cash ‘top-up’ payments through the administrative processes used on the regular programme. Challenges mostly stemmed from a lack of prior experience of, or procedures for adaptation of the Pantawid programme for shock response, or any procedures for continuation of normal programme operations post-disaster.

A consensus has emerged within the government of the Philippines, donors, UN agencies and other humanitarian actors that an N-ECT should be developed within DSWD which should exploit the systems used for the Pantawid CCT. In the first instance, such a programme would focus on addressing natural hazards rather than conflict.

Features of the current social protection system that could facilitate more efficient and effective response to disasters include i) a CCT with national coverage and a large existing caseload of some of the poorest households in the country, who are considered some of the most vulnerable to disasters—although not the only households who are vulnerable to disasters; ii) a national database of poor and near-poor households for rapid identification of additional caseloads (though with caveats about data accuracy); iii) an effective payment system with flexibility to switch between payment channels if required; iv) local level personnel to support implementation; and v) the same institutions overseeing systems for social protection and disaster response.

The design of any N-ECT will need to take into account the issues and challenges identified by stakeholders in this research. Recommendations include developing a targeting strategy which considers the hazards recognised, and intended coverage of the group; clarifying the N-ECT objectives in terms of transfer values; establishing implementation procedures; developing the payments system; and ensuring sustainability from both a financial and political perspective. Consideration should be given to the overall design in how national and regional programmes work together, developing coordination mechanisms within DSWD and between the DSWD and other partners, and capacity building at all levels.

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## Abbreviations

ADB	Asian Development Bank
ARMM	Autonomous Region in Muslim Mindanao
BSP	Central Bank (Bangko Sentral ng Pilipinas)
Cat/DDO	Catastrophe Deferred Draw Option
CBMS	Community-Based Monitoring System
CCT	Conditional Cash Transfer
CWG	Cash Working Group
DFID	Department for International Development (UK)
DReaMB	Disaster Response and Management Bureau
DRM	disaster risk management
DRR	disaster risk reduction
DRRM	disaster risk reduction and management
DSWD	Department for Social Welfare and Development
ECT	Emergency Cash Transfer
HCT	Humanitarian Country Team
INGO	International Non-Governmental Organisations
IP-GIDA	Indigenous Peoples in Geographically Isolated and Disadvantaged Areas
KYC	'know your customer'
LBP	Land Bank of the Philippines
LDRRMC	Local Disaster Risk Reduction and Management Council
LDRRMF	Local Disaster Risk Reduction and Management Fund
LGU	Local Government Units
MCCT	Modified Conditional Cash Transfer
NAPC	National Anti-Poverty Commission
NDRRMC	National Disaster Risk Reduction and Management Council
NDRRMF	National Disaster Risk Reduction and Management Fund
NDRRMP	National Disaster Risk Reduction and Management Plan
N-ECT	National Emergency Cash Transfer Programme
NHTO	National Household Targeting Office
NHTS	National Household Targeting System for Poverty Reduction
NPMO	National Programme Management Office
ODI	Overseas Development Institute
OPM	Oxford Policy Management
OTC	over the counter (payments)
PDP	Philippine Development Plan
PHP	Philippine peso
POSWD	Provincial Offices for Social Welfare and Development
QRF	Quick Response Fund
RPMO	Regional Programme Management Office

SDC	Social Development Committee
SWO	Social Welfare Officers
SWPC	Social Welfare Programme Cluster
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
WFP	World Food Programme

# 1 Approach and method

## 1.1 Research questions

Globally, the frequency, size and duration of disasters and crises—be they the consequence of natural phenomena or economic or political shocks—are on the rise. The cost of responding to these disasters has also been increasing. While national governments bear the main responsibility for mitigating the risk of shocks and responding to them, the demands placed on the international humanitarian community to provide assistance continue to grow. The value of international humanitarian assistance keeps hitting record highs—the last three years have each seen the highest ever levels of assistance provided—yet the gap compared with what is needed continues to widen (Development Initiatives, 2016).

Many shocks are predictable and protracted, and often slow-onset. For this reason, governments and international agencies alike are committed to finding a way forward that responds more efficiently and effectively, rather than reactively, to shocks. They aim to 'use existing resources and capabilities better to shrink humanitarian needs over the long term', in the words of the Grand Bargain made by the humanitarian and development communities at the World Humanitarian Summit ('The Grand Bargain', 2016, p. 14). Many actors are now asking whether and how long-term social protection systems can be part of the solution, since these are already intended to meet the needs of the poorest households, to build resilience and to respond to crises.

In 2015, the UK Department for International Development (DFID), as part of the Humanitarian Innovation and Evidence Programme (HIEP) commissioned research to further explore this issue. Our research team has examined two related but distinct themes: first, social protection and its potential role in shock response; and second, the opportunities for coordination (and possible integration) of humanitarian interventions, disaster risk management (DRM) and social protection.

Our overarching research question is: **What factors enable social protection systems to be responsive to shocks and to deliver effective shock response?**

There are two associated sub-questions:

- J What features in the design and implementation of social protection systems facilitate an effective response to shocks?
- J How can humanitarian, DRM and social protection systems best work together for effective responses to shocks?

These questions are addressed by means of a series of six country case studies—including this one—and a number of related outputs (a literature review, synthesis report, toolkit and others).

## 1.2 Approach taken in the Philippines

During preliminary research, the team noted that the Philippines had recent experience of scaling up a social protection programme, the Pantawid Pamilyang Pilipino Programme (known as Pantawid), following Typhoon Haiyan in late 2013. It was subsequently decided that this particular experience should be the focus of the fieldwork and should be treated as a case study example. As a result, the research questions mentioned above were tailored to the Philippines context and led the team to focus their attention on the following areas:

- J How and why was the Pantawid programme scaled up following Typhoon Haiyan? How successful was this in providing a cost-effective, rapid and effective response to the shock? What problems were encountered and how were these overcome?

- J To what extent has this scaling up subsequently been institutionalised within national and local processes and systems? What features in the current social protection system now facilitate an effective response to shocks? What more could be done?
- J How can social protection, DRM and humanitarian actors and systems best work together to respond effectively to shocks in the Philippines?

Fieldwork was conducted in June 2016. One-to-one and group interviews were held with a total of 42 key informants from a range of government, UN and non-government agencies and actors in the financial services sector. Full details are included in Annex B. Data from interviewees was triangulated with secondary data from documentary sources (please see the references list for further details). Qualitative interview data was coded in order to facilitate future cross-country analysis with the other case studies being conducted as part of the overall research. Interviews took place in Manila and Tacloban City.

A participatory approach was taken to the research, with preliminary and emerging findings being presented at meetings and workshops throughout the research period. The team presented the research at the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) Cash Working Group meeting in Manila and gathered feedback, and attended a national level roundtable discussion hosted by World Bank and the Department for Social Welfare and Development (DSWD) on shock-responsive social protection and development of a National Emergency Cash Transfer programme (section 5 has further details). Information from the case study was also presented at the Asian Development Bank Social Protection Week in Manila in August 2016.

The research uses a broad set of analytical tools (see Annex B). These include an initial mapping of existing policies, analysis of vulnerability and poverty diagnostics, an overview of administrative and financing arrangements, a review of evidence on policy effectiveness in response to shocks and an analysis of the factors that shape policy design, implementation and performance, including political economy variables, operational capacity and financial resources. The research draws on both quantitative and qualitative data gathered through a combination of literature review, document review and consultations with key informants and stakeholders at the national and sub-national levels.

### **1.3 A note on terminology and research scope**

It is useful to define the term ‘shock-responsive social protection’, since all social protection is inherently intended to respond to shocks. In this research, we use the term ‘shock’ to refer implicitly to covariate shocks, i.e. those that affect large numbers of people and/or communities at once. Covariate shocks may be natural, economic or political. We focus on the types of covariate shock that affect a substantial share of the population, and result in a ‘crisis situation’ that is likely to trigger an international humanitarian response. However, we do not cover the influx of refugees, which triggers specific international mechanisms and is not the sole responsibility of the host country, or disease outbreak, which calls primarily for a response from the health system.

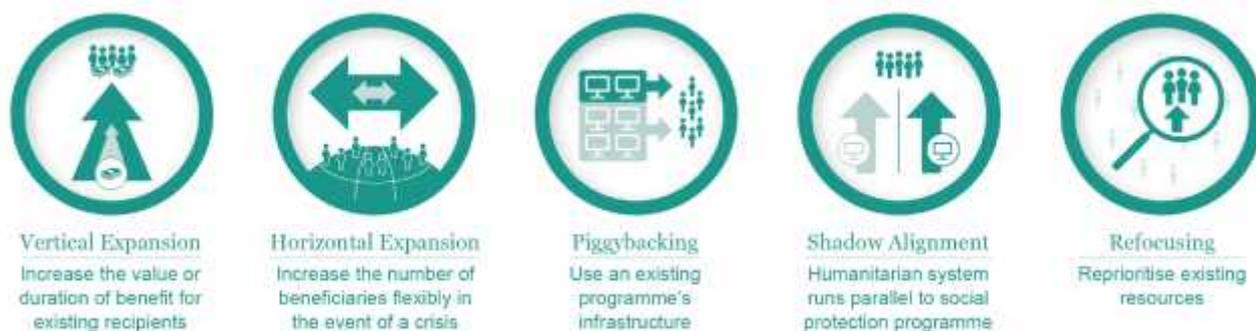
We adopt a broad definition of social protection, which encompasses a range of instruments including, for example, food distributions, cash transfers, school feeding, grants for goods and basic foodstuffs, subsidies, health insurance and pensions. Therefore, the research considers both contributory and non-contributory instruments. Similarly, state and non-state social protection providers are included. We include interventions that can be put in place in advance of a shock to mitigate its impact, not only those implemented after the event.

Two further concepts merit a brief mention here, as they drive the diagnosis of what types of needs a country must address, and what sort of response is feasible<sup>1</sup>. First, in terms of need, we recognise that social protection needs in relation to covariate shocks fall into three categories: structural, seasonal and humanitarian. 'Structural needs' refer to the type of chronic poverty and vulnerability commonly addressed by long-term social protection programmes. 'Seasonal needs' refer to cyclical crises whereby every year or so, poor weather or other conditions push an additional number of households into requiring assistance. 'Humanitarian crisis needs' refer to the occasional exceptional year or event when communities that usually manage without any assistance find themselves in need of support.

Second, in terms of response, we note that the ability of a formal (as opposed to informal, household-level) social protection system to handle shocks depends to a large part on the degree of maturity of the system. Our emphasis on understanding opportunities for using state-run social protection systems to respond to shocks means that our studies cover countries where some kind of system is in place. In some cases it is only nascent and we take into account the implications of this.

An initial starting point for the research was a thorough literature review which identified five main ways in which social protection and humanitarian assistance interventions may adapt or collaborate to address needs arising from covariate shocks (OPM, 2015). We have organised these into a typology of shock response as shown in Figure 1. This typology is referred to throughout the report.

**Figure 1** Typology of shock response



Source: OPM (2015).

In brief, systems are not only shock-responsive if they provide top-ups to existing beneficiaries or temporarily add beneficiaries to existing social protection programmes (which we term 'vertical expansion' and 'horizontal expansion' respectively)—although these are two commonly perceived options, often referred to as 'scaling up' an intervention in response to a shock. Other possibilities include taking advantage of part of an existing programme's infrastructure, such as a database or its personnel, while delivering an entirely different intervention ('piggybacking' on the system); running a separate humanitarian intervention that is designed to have the characteristics of a long-term social protection intervention, in order to facilitate subsequent integration ('shadow alignment'); and, if no additional budget is available, simply 'refocusing' existing resources on the priority households suffering from the shock. This typology is referred to throughout the report.

<sup>1</sup> The concepts are presented fully in [OPM \(2015\)](#).

## 2 Shocks and vulnerability

### Key points

- )] Disaster impacts are considered both a cause and a consequence of poverty in Philippines. The poorest groups and communities tend to be some of the most at risk of disasters on, account of their exposure and lack of capacity to cope when a disaster strikes.
- )] Disasters, in turn, are a source of transient hardship contributing to persistent poverty at the macro and the household level.
- )] Natural hazards, particularly typhoons, are the major threat—however, conflict in parts of the country also constitutes a recurrent hazard contributing to poverty.
- )] Whilst approximately one fifth of the population can be considered poor at any one time, poverty is a dynamic state and over 40% of the population can be considered either poor or vulnerable to poverty.
- )] Households with many dependents, especially children, can be considered some of the most vulnerable to poverty, along with agricultural workers, older people and indigenous groups.

### 2.1 Shocks

Exposure to and vulnerability to recurring natural disasters and the effects of climate change are particularly high in the Philippines. The Philippines, due to its geographic location and the country's climate and topography, is exposed to several natural hazards, and ranks in the top five most disaster affected countries<sup>2</sup> (Guha-Sapir et al., 2015). Approximately 74% of the country's population and 60% of its land area are susceptible to multiple natural hazards. This includes climate-related hazards (typhoons, floods, droughts, storm surges, landslides) and geophysical hazards (volcanoes, earthquakes and tsunamis) (Bowen, 2015). Out of the ten most exposed cities in the world to natural disasters, eight are in the Philippines, including the mega-city Manila and the same report ranks it as the eighth most vulnerable country to the effects of climate change. Recent disasters are summarised in Annex C.1.

On average, the country experiences 20 typhoons a year, of which approximately five are destructive. Typhoons occur all year round, but particularly June to December. The worst to date was Typhoon Haiyan in 2013 (see Figure 2). Rises in temperatures as a result of climate change are expected to lead to increases in the intensity of future storms, as well as increases and decreases in rainfall in different parts of the country (Bowen 2015). The country is also exposed to volcanic and seismic activity running along the edge of the Pacific Ocean. There have been 14 earthquakes since 1990, including one of 7.2 magnitude on the Richter scale that hit in October 2013 (Bowen 2015).

Over the last three decades, the number of natural disasters has been increasing in the Philippines, and they have been affecting more people. Over the period 1990 to 2014, approximately 22,000 people have been killed and at least 59 million people have been affected by disasters associated with natural hazards in the Philippines. The economic losses have reached 17 billion USD<sup>3</sup>. Annex C.1 shows that typhoons are the worst disasters in terms of casualties and economic losses (World Bank 2005a; Cruz 2014).

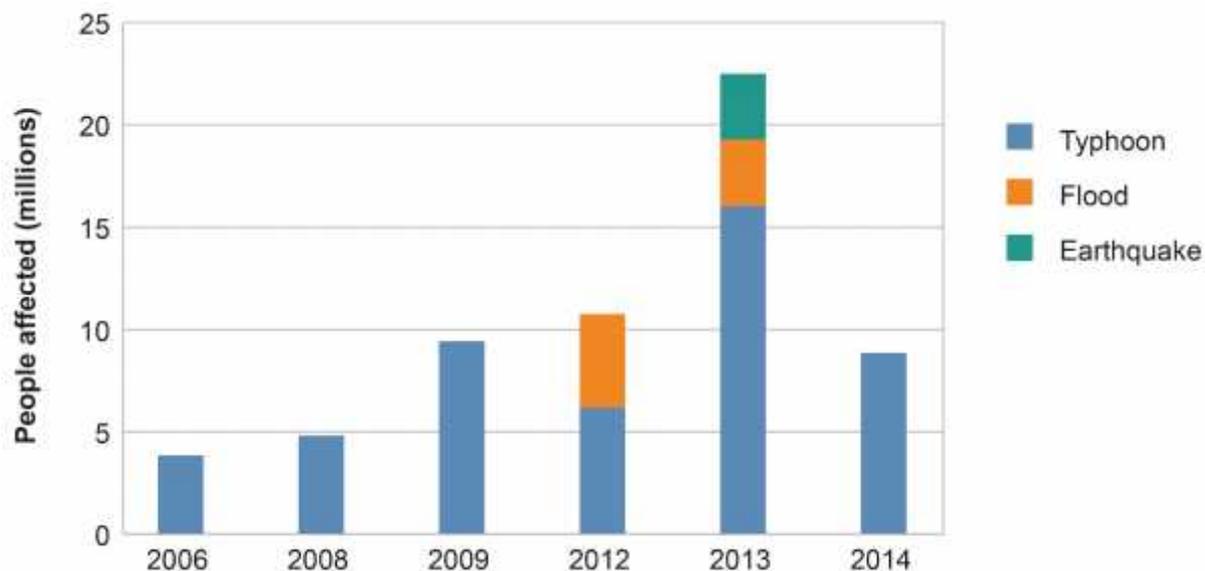
Climate change is also exacerbating the impact of weather related events in the Philippines. Unregulated urban expansion, expected to worsen in the future, has aggravated flooding risk and

<sup>2</sup> Using data from CRED's Emergency Database (EM-DAT) based on the number of reported events between 2008 and 2013.

<sup>3</sup> Using data from CRED's Emergency Database (EM-DAT) on natural disasters between 1990 and 2014.

the country is witnessing longer episodes of drought and El Niño, disrupting the volume of agricultural production and affecting GDP.

**Figure 2** Number of people affected by climate shocks in the last 10 years



Source: Authors based on EM-DAT database.

Over the past three decades, the Philippines have also been plagued by armed conflict and human rights violations that have displaced millions of people. In 2015, there were 62,000 displaced people due to conflict, mostly in the region of Mindanao in southern Philippines, where the government has been fighting insurgent groups since the 1970s<sup>4</sup>. The country is home to the only remaining communist insurgency in the Asian region and one of the longest-running Muslim insurgencies in the world. Armed conflict causes repeated displacement and deters economic growth, constraining investment and public expenditure on basic services (NAPC 2011).

**Table 1** Summary of common shocks in the Philippines

Shock	Warning	Speed	Predictability	Duration	Projections
Floods and typhoons	Floods – week Cyclone – days	Fast, but not sudden	Floods are predictable For typhoons vulnerable areas are predictable but not location	Short-term	Increase with rising temperatures
Earthquake and tsunamis	Minutes	Sudden	Areas are predictable but not timing	Short-term	
Drought	Months	Slow	Less predictable	Medium-term	Increase due to weather patterns

Source: Authors, from the Philippines Climate Vulnerability Profile, USAID.

## 2.2 Poverty analysis

The Philippines is an archipelago of over 7,000 islands, divided in 18 regions with a total population of around 100 million people, with 44% of the population living in urban areas.

<sup>4</sup> <http://www.internal-displacement.org/database/country/?iso3=PHL>

In the past four decades, poverty reduction in Philippines has been much slower than in neighbouring countries such as the People’s Republic of China, Indonesia, Thailand, and Viet Nam (IFAD 2009, NAPC 2011). Moreover, over time, poverty reduction has become less responsive to economic growth that has largely benefited the non-poor. Indeed, the Philippines has one of the highest levels of inequality in the region, with a Gini index of around 0.43 in 2012<sup>5</sup>.

Poverty did not significantly decline in the Philippines between 2003 and 2012<sup>6</sup>. However, after a rise in poverty between 2013 and 2014, due to the impact of food price inflation on low income families and Typhoon Haiyan, the latest estimates for 2015 indicate that poverty has decreased from 28% in 2012 to 22% in 2015<sup>7</sup>. Likewise, extreme poverty has decreased from 10% in 2012 to 8% in 2015. Despite the recent progress, high rates of structural poverty remain. The goal of the Philippine Development Plan (PDP) 2011-2016 is to reduce poverty incidence from 28% in 2008 to 17% in 2016.

**Table 2 Basic socio-economic data**

Indicator	Value
Poverty headcount (%) <sup>1</sup>	22
Extreme poverty headcount <sup>2</sup>	8
GDP per capita <sup>3</sup>	\$2,899
Personal remittances (% of GDP) <sup>4</sup>	10
Employment in agriculture (%) <sup>4</sup>	30
Informal employment (% of total employment) <sup>5</sup>	38
Human Development Index ranking <sup>6</sup>	115th out of 188

Notes: (1) People whose income is below national poverty line 2015 (Philippine Statistics Authority); (2) People whose income is below the food threshold 2015 (Philippine Statistics Authority); (3) 2015 World Bank; (4) 2014 World Bank; (5) Proportion of workers who are self-employed or unpaid family workers (Philippine Statistics Authority); (6) 2015 Human development index.

In terms of regional distribution of poverty, we report in Table 12 (Annex C.2) the official figures for 2012 and the preliminary figures for the first semester of 2015, together with comparable figures for 2012. The conflict-affected Autonomous Region in Muslim Mindanao (ARMM) registered in 2012 the highest regional poverty at 56% and the preliminary data suggests that poverty level might be higher in 2015. The Eastern Visayas (Region VIII) has the second highest poverty incidence of 45% in 2012—again, the trend points to an increase in poverty for 2015, probably due to the impact of Typhoon Haiyan (Sabillo 2015). Poverty incidence remains persistently high in other regions including Region VIII, Region XII, Region V, Caraga, and Region IX. Regions with the greatest numbers of poor people are regions IV-A, V, VI, and VII (World Bank 2014). The extremely high poverty incidence in ARMM which has struggled with conflict and political instability for several decades, demonstrates a strong poverty–conflict vulnerability nexus in the Philippines. Furthermore the 10 poorest provinces of the Philippines are considered either conflict-affected or vulnerable to conflict (World Bank 2014).

The slow progress in poverty reduction is due to a number of factors. They include low to moderate economic growth characterised by boom and bust cycles, high rates of inequality between wealth groups and regions, high population growth amongst the poor, low factor productivity, especially in

<sup>5</sup> World Development Indicators, The World Bank.

<sup>6</sup> The reliability of poverty statistics during this time has been questioned due to data and methodological issues (for example, World Bank 2014).

<sup>7</sup> The typhoon affected some of the country’s poorest regions. It was projected to have increased the national poverty incidence by 1.9%age points, with estimates of up to an additional million people in poverty (Bowen 2015).

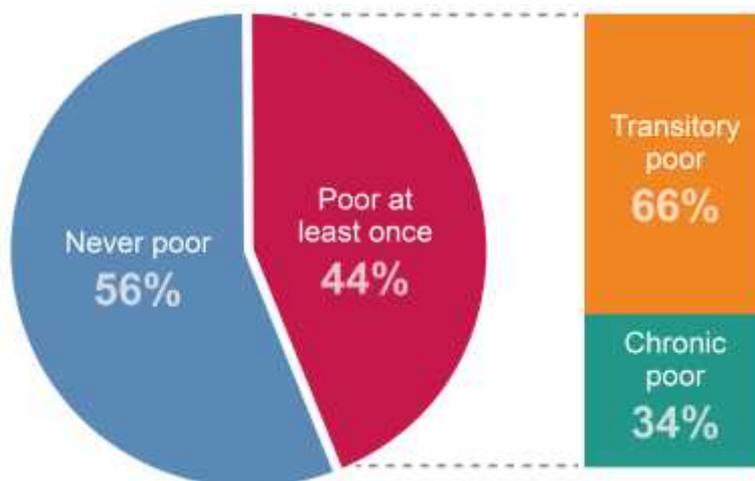
agriculture and services, weakness in employment generation, as well as exposure to recurrent, frequent and severe natural disasters, and the persistent conflict in parts of the country (IFAD 2009, World Bank 2014). Notably, poverty is not caused by lack of employment in the Philippines, and in-work poverty is pervasive in the country mostly in rural areas. Poor households have low earning capacity and engage in low-productivity jobs due to low education level and few occupational skills (World Bank, 2016b). In two-thirds of poor families, the head of household has only an elementary education or below.

The Philippines' poverty profile has remained stable in the last two decades with poverty concentrated mostly in rural areas and in the agricultural sector. In 2009, three-quarters of the poor resided in rural areas. The majority of the poor work in the agriculture sector, which is typically the primary—and often the only—source of income for poor rural Filipinos, who are dependent on subsistence farming and fishing (World Bank, 2013). Landless workers are particularly vulnerable and more than half of the chronic poor are agricultural workers. The only significant change over time is the declining gap between rural and urban poverty, since urban poverty has been increasing with the expansion of slums in Metro Manila and other cities, where the poor are employed mainly in the informal sector.

There are particular socio-economic and demographic groups within the country who are acknowledged to be more vulnerable to poverty. This includes children, women, people living with disabilities, and indigenous groups. Households with more young and old-age dependants (six members or more) and indigenous groups have higher than average poverty rates. Indigenous peoples and women can be both economically and socially marginalised. Indigenous peoples typically have less access to basic infrastructure and services, high illiteracy rates, no or few assets and minimal access to credit (NAPC 2011; IFAD 2009; World Bank 2014). Although the Philippines enjoys good gender equity, rated at 5th out of 135 countries on the 2013 Global Gender Index, poor rural women have limited roles in the economy and limited access to services and business opportunities (World Bank 2011a).

In interpreting poverty figures we need to consider that many Filipinos live just above the poverty line and cycle in and out of poverty due to their exposure to and vulnerability to a range of shocks. This includes idiosyncratic shocks, but also covariate shocks such as natural disasters (and food price increases). Between 2003 and 2009, the World Bank estimates that 44% of the population was poor at least once as shown in Figure 3. Of these one in three Filipinos were persistently (i.e. chronically) poor and two out of three households moved in and out of poverty (World Bank 2014).

**Figure 3** Poverty and vulnerability to poverty in the Philippines, 2003, 2006 and 2009



Source: Authors based on World Bank (2014), note: data collected in 2003, 2006 and 2009.

## 2.3 Vulnerability to climatic shocks

The 2014 World Risk Report ranked the Philippines as the country with the second highest risk of becoming the victim of a natural disaster globally due mainly to high exposure to hazards both in the urban and rural areas (Alliance Development Works, 2014)<sup>8</sup>. Vulnerability to natural disasters, is a function of geography and poverty.

At a macro level storms, rising sea levels and associated storm surges are expected to affect the majority of the population, as 60% of municipalities and 10 of the largest cities are located on the coast (USAID, 2012). There is considerable overlap between the geographical incidence of the most destructive natural hazards (especially typhoons) and the regions with some of the highest poverty incidence, as highlighted in Annex C. The Government of the Philippines grades municipalities between 1<sup>st</sup> and 6<sup>th</sup> Class according to average income. Interviews with UN OCHA Philippines confirmed that the regions of the Visayas and Mindanao have the highest proportion of 5<sup>th</sup> and 6<sup>th</sup> class Municipalities in the country, and these are some of the most exposed to natural disasters such as typhoons<sup>9</sup>.

However, not everyone is affected equally when a disaster strikes. At the household level, exposure to disasters in these locations also tends to increase with poverty on account of the location and quality of housing (e.g. on low-lying coastal areas, floodplains and riverbanks) and lack of land tenure which forces those with lower incomes to live and work in high-risk coastal areas (World Bank 2005a; World Bank 2005b; NAPC 2011<sup>10</sup>). Susceptibility to suffer loss is strongly associated with the range of assets (physical, social, economic, natural and human) at people's disposal, as well as the political, cultural and institutional context, which determines the capacity of people to deal with and recover from disasters.

Studies have concluded that poverty is the single most important factor determining vulnerability to natural disasters in Philippines (World Bank 2005b; Bowen 2015). Evidence shows that poorer households tend to reside in more exposed areas of the community, lose a higher proportion of their assets and income in disasters and have lower resilience due to a lack of savings, reserves or insurance (UNISDR 2009). Moreover, poor households have fewer assets at their disposal to cope with these shocks, and as a result they resort to negative coping including taking on debts, reducing spending for health, education and other basic needs (World Bank 2005a; 2014).

A study by Antilla-Hughes and Shiang (2013) combined physical storm data with household surveys to conclude that typhoons that hit the Philippines depress affected household incomes and expenditure by about 7%. They also lead to significant reductions in human capital investment among affected households, especially in education (-13%) and health (-14%). While food expenditures do not appear to decline as strongly among affected households, reductions in their food expenditure are more persistent over time (Bowen 2015, Antilla-Hughes and Shiang 2013). This means that children in poor households are some of the most vulnerable to the impacts of disasters, and can suffer falling school enrolment and nutritional shortfalls (UNISDR 2009). As we will see in the next section, poor households with children are one of the primary target groups for social protection in Philippines.

Social vulnerabilities also play a part here. For example, women of low social and economic status are one demographic group identified as being particularly vulnerable to disasters (UNISDR 2009).

<sup>8</sup> This is based on an index of indicators of exposure to natural hazards, susceptibility depending on infrastructure, food, housing and economic conditions, coping capacities depending on governance, risk reduction, early warning, healthcare, social and material coverage and adaptive capacities related to future natural hazards and the impact of climate change.

<sup>9</sup> In their DRR programme, WFP uses this Municipal Class as an indicator for disaster vulnerability (WFP pers. Comm.)

<sup>10</sup> Confirmed in an interview with WFP.

Women are more affected by disasters than men; mortality rates for women are often higher than for men as they are less likely to know how to swim, and more likely to tend to young and old-age dependants in the event of a disaster (World Bank 2011).

Of course, the nature and severity of the disaster will also have a bearing on the extent of loss and the breadth of the population who are affected. In the case of Typhoon Haiyan for example, which was a Category 5 typhoon and caused extensive destruction, in the worst affected areas whole communities had their homes, businesses and livelihoods destroyed. So, whilst the poorest may be some of the most vulnerable to disasters, they will not be the only ones affected, and indeed the impact of the disaster can make those who were in the medium-wealth group fall into poverty.

As suggested by the household panel study, the risk of falling into poverty is quite high for a remarkable share of the population (see Figure 3 above) that is not currently in poverty. These near-poor and middle-income groups remain relatively close to the poverty line and the impact of a disaster in terms of property damage, access to employment, and destruction of livelihoods activities can be devastating—particularly for those working in the informal sector with limited livelihood security or insurance cover. As we will see in the next section, these non-poor but vulnerable groups within society are not well covered by social protection in Philippines, and certainly not by the flagship programme.

### 3 Institutional context for social protection, disaster risk management and humanitarian response

#### Key points

- ) The Philippines has developed one of the most advanced social protection and DRM systems in the region. On paper, at least, the institutional environment offers potential for social protection systems to respond to disasters. Social protection prioritises the poorest areas of the country and poorest households, which are also some of the most exposed to and vulnerable to disasters.
- ) The Department for Social Welfare and Development (DSWD) plays a lead role in design and implementation of social protection, DRM and humanitarian response and DSWD has a national database on household poverty for targeting social protection interventions.
- ) The flagship social welfare programme, the Pantawid CCT, offers greatest opportunity for shock-responsive social protection, being an effective programme with national coverage and that reaches a high proportion of poor households, particularly in areas prone to disasters. However, it does not reach all poor households or all of those who are vulnerable to a disaster.
- ) At the local level, there is a disconnect between the lead role that local government units are expected to play in local development and disaster response, and the centralised implementation of the Pantawid social welfare programme.

This section provides an overview of the systems for social protection, DRM and humanitarian response in the Philippines, including their historical evolution and enabling environment, institutional structures and operating systems, key programmes of relevance, and the linkages between these systems. This institutional environment offers potential for social protection systems to respond to disasters.

#### 3.1 Overview of the social protection system

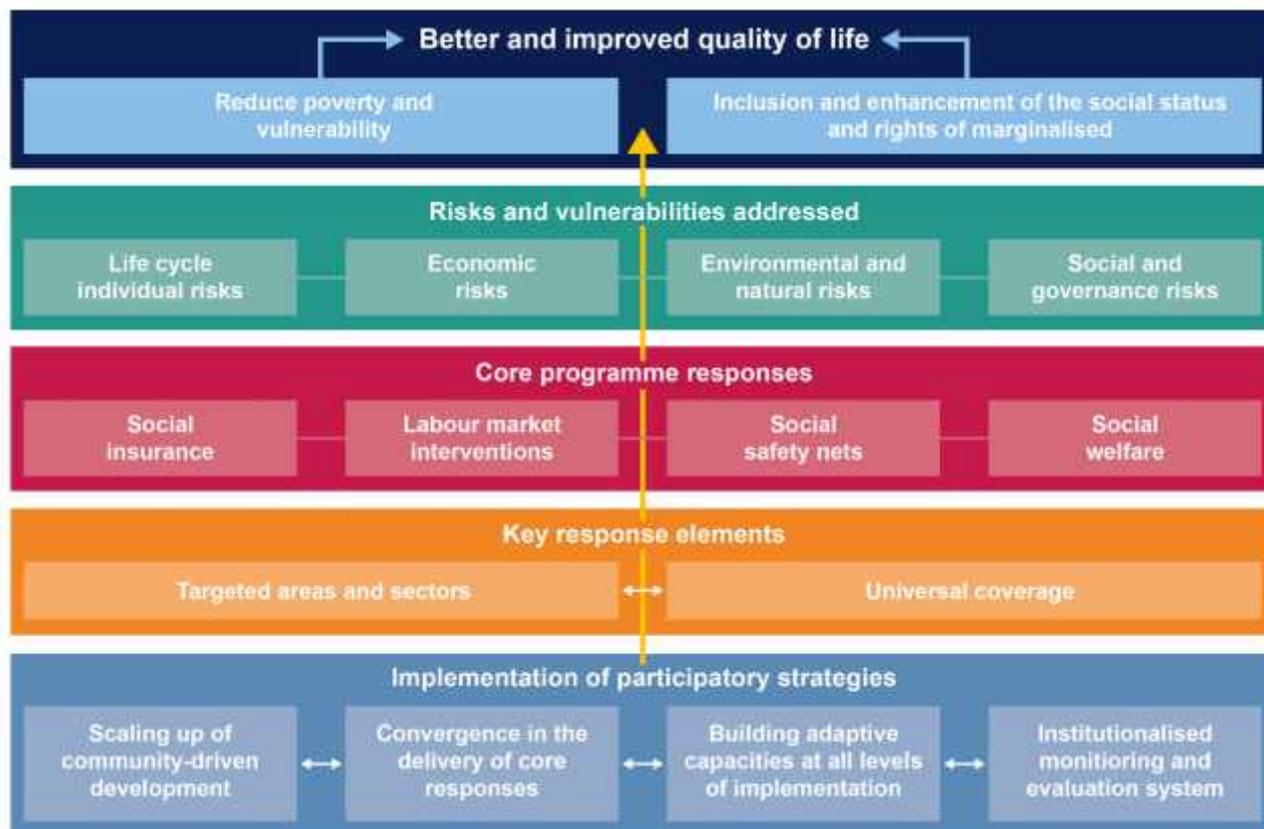
The Philippines has developed one of the most advanced social protection systems in the East Asia Pacific region, as part of rapid and comprehensive social welfare reform over the last decade. A series of national Resolutions on social protection have led to:

1. Establishment of a common definition for social protection and its component parts (labour market programmes; social insurance; social welfare; and social safety nets). Humanitarian assistance programmes are understood to fall under the broad umbrella of social protection.
2. Creation of a Sub-Committee on Social Protection chaired by the DSWD.
3. Development of an Operational Framework for Social Protection that situates social protection in the context of the overall national poverty reduction objective of the Philippine Development Plan (PDP) 2011-2016 (Figure 4). The framework highlights both idiosyncratic and covariate risks. Whilst the PDP follows the principle of universal coverage in terms of access to basic rights and services, the framework highlights that given resource constraints, social welfare programmes should specifically target individuals and households that are 'poor and highly vulnerable'.

The government has mandated all agencies to utilise DSWD's National Household Targeting System for Poverty Reduction (NHTS), now called Listahanan, to identify poor households. The Listahanan is a national household registry used in the targeting of beneficiaries of the national conditional cash transfer (CCT) programme and other government anti-poverty and social welfare programmes. It uses a proxy means test, based on various socioeconomic criteria to identify and maintain a database of households and their poverty status. It is managed by DSWD's National Household Targeting Office (NHTO) and is made available to government agencies managing social protection programmes and other stakeholders implementing social protection programmes that have a memorandum of understanding with DSWD. In 2011, the Listahanan contained information on 11 million households (or 60% of all households in the Philippines). In 2015 the list

was updated; Listahanan II now includes approximately 75-80% of households. Government must also target social protection programmes to those areas that have a concentration of poverty, conflict and disasters. The Human Development and Poverty Reduction Cluster of the Social Development Committee (SDC) identified 609 priority municipalities in this regard.

**Figure 4** Operational framework for social protection in the Philippines



Source: DSWD and NEDA-SDC (2012)

On paper, at least, these features offer potential for the social protection system to respond to disasters. Social protection should prioritise the poorest areas of the country (which are also some of the most exposed to disasters) and poorest households, which are some of the most vulnerable to disasters. And the NHTO has readily available data on household poverty for use in targeting.

Further detail on the social protection system is found in Annex D.1, whilst DSWD's institutional structure is detailed in Annex D.2.

### 3.1.1 'Pantawid Pamilya Pilipino' Programme

Since 2007, the DSWD has developed several national social welfare and social safety net programmes, the main examples of which are summarised in Annex D.1. The government's flagship social welfare and anti-poverty programme is the 'Pantawid Pamilya Pilipino' Programme (or Pantawid) meaning 'Subsidy to the Filipino Family' Programme. It is a nationwide CCT, aimed at poverty alleviation and improving the health, nutrition, and education of poor children. All households in the country that are classified as 'poor' according to the Listahanan, and that have a pregnant woman and/or children under the age of 14 (subsequently increased to 18) are eligible for

assistance<sup>11</sup>. The World Bank, the Asian Development Bank (ADB) and Australian Aid were initial supporters of the programme and the design mirrored that of CCTs in Latin America. Established in 2008 with a budget of PHP 1.2 billion, the programme has expanded rapidly to reach over 4.4 million households in 2015, making it the third largest CCT in the world (Bowen 2015). This is illustrated in Table 3. Municipalities were incrementally selected to prioritise the poorest areas. The programme is now implemented in practically all municipalities in 80 of 81 provinces, with the support of over 11,000 staff (Bohling and Zimmerman 2015).

**Table 3 Budgets and coverage of Pantawid Programmes, 2012-15**

Year	DSWD (PHP billion) <sup>1</sup>	CCT (PHP billion) <sup>2</sup>	Coverage (million households) <sup>2,3</sup>
2012	48.6	39.5	3.1
2013	56.2	44.3	3.9
2014	83.1	62.3	4.4
2015	107.9	62.3	4.4

Source: (1) Department of Budget Management. <http://www.dbm.gov.ph> (2) Pantawid National Program Management Office, Pantawid Budget Per Year.2016. Note: (3) An average household size in Philippines is 4.6 (2010 statistics).

Beneficiaries receive monthly conditional cash grants of up to PHP 1,400 (approx. \$29 as of 2016), disbursed every two months, and must fulfil various conditions in order to receive the transfer<sup>12</sup>. These include regular school attendance and health checks for children and pregnant women, and attendance of parents at monthly family development sessions<sup>13</sup>. In 2013 beneficiary households received an average of PHP 9,409 annually, which constituted 7% of the total household spending (DSWD 2014a).

The Pantawid is an executive programme of the president and is not enshrined in legislation. The CCT budget comes from the national budget approved by congress under the General Appropriations Act. International donors (World Bank and ADB) continue to fund allocations for up to 800,000 households (DSWD Pers. Comm). Given the size of the budget, there has been understandable political interest in the success of the programme. An independent evaluation in 2014 highlighted impacts of the programme to date, summarised in Annex D.3.

This programme offers greatest opportunity for shock-responsive social protection, being an effective programme with national coverage and reaching a high proportion of poor households, particularly in areas prone to disasters<sup>14</sup>. However, it does not reach all poor households, or all of those who are not poor but who may be vulnerable to a disaster.

<sup>11</sup> This means all those households with children and/or pregnant women that were included in the national household registry in 2011 and that had a proxy means test score below the poverty threshold. It therefore does not include all poor families with children in 2016, since i) the Listahanan I only covered approximately 60% of the population and ii) some may have become poor since the Listahanan was created.

<sup>12</sup> PHP 500/month (\$10) per household for health or nutrition expenses and PHP 300/month (\$6) per child for educational expenses (for a maximum of three children per household and 10 months per year).

<sup>13</sup> Families are organised into Parents Groups of 25-30 parents per group, each headed by a Parent Leader. There is one family development session per Parents' Group per month.

<sup>14</sup> Given a population of 20.2 million households in 2010 (2010 Census of Population and Housing) and a poverty incidence of 26% in 2015, over 5.2 million households can be estimated to be living in poverty (this will be an underestimate since it does not take into account population growth 2010-2015). Given this, then assuming perfect targeting (i.e. no errors of exclusion and inclusion), the Pantawid programme would cover between 70-80% of poor households. However as on any social protection programme, and especially those targeted on the basis of poverty, targeting errors are likely. Such figures should be taken as being indicative only.

### 3.1.2 Modified Conditional Cash Transfer Programme

The Modified Conditional Cash Transfer Programme (MCCT) was launched in late 2012. This has been brought in to address some of the limitations of the Pantawid programme. Eligibility of Pantawid is based on a household assets survey, which excludes vulnerable families with children who are homeless or who are known to be socially vulnerable. The survey also took place several years ago, so the Listahanan excludes those who may have become poor due to circumstances such as disaster. The MCCT has the same aims as Pantawid, but is focusing on those families with children who are not included in the Listahanan.

The MCCT program specifically covers: (1) Families in Need of Special Protection, such as those with children with disabilities, child labourers, indigenous peoples, migrants, and families displaced due to man-made and natural disasters; (2) Homeless and Street Families; and (3) Indigenous Peoples in Geographically Isolated and Disadvantaged Areas (IP-GIDA). Families can remain beneficiaries in the programme for between six months and two years. Those needing long term support will then be assessed on a case-by-case basis, and potentially approved to move across to the regular CCT. As of January 2015, the MCCT was implemented nationwide covering 3,774 Homeless and Street Families; 163,950 families in IP-GIDA; and 51,824 Families in Need of Special Protection (disaster victims) (DSWD 2015c; DSWD Pers. Comm). DSWD works with a network of community organisations in targeted areas to identify eligible households. The MCCT uses the same management information system and payment methods as the regular CCT programme to make and manage payments.

### 3.1.3 Operational and institutional arrangements on Pantawid

The Devolution Act (or Local Government Code of 1991) devolves the administration of basic services to Local Government Units (LGU). Under this code, municipal social welfare services fall under the jurisdiction of the Provincial Offices for Social Welfare and Development (POSWD), which are overseen by the provincial governor, whilst those in cities are overseen by the city mayor. However, Pantawid, along with two other core national anti-poverty programmes, is a special programme of the president so its implementation is not devolved to LGUs. Instead, these programmes are managed centrally by DSWD (National anti-poverty framework 2010-16). Implementation activity on Pantawid (targeting, administration) still takes place at the local level, through social welfare and development officers known as Provincial, City, and Municipal Links. However, these personnel are not employed by the LGUs; they are employed and overseen by the regional offices of DSWD. Operations are managed out of Pantawid Provincial Operations Units (PPOU), and these are separate entities from the POSWD. At national level, there is a Pantawid Pamilya Programme Division in the DSWD (see Annex D.3 for further detail of the institutional structure of the Pantawid programme).

Administrative processes of the Pantawid CCT are detailed in a 273-page operational manual (DSWD 2013). Payments are delivered through an established network of payment service providers ('conduits') which are subcontracted by the primary service provider, the Land Bank of the Philippines (LBP). Conduits include over the counter payments (OTC) through LBP, remittance companies, rural and cooperative banks and the national postal service (Philpost), and electronic payments through LBP's limited purpose ATM card in areas where such services are accessible<sup>15</sup>

<sup>15</sup> Financial inclusion and expansion of digital payments is still at the early stages in the Philippines. In 2012, the Philippines had 8.1 bank branches and 19.3 automated teller machines (ATMs) for every 100,000 adults. 27% of Filipino adults had an account at a formal financial institution, and 13% had a debit card. Of the commercial banks, 45% of bank branches are located in the National Capital Region (NCR). Only 463 ATMs serve the 573 rural and cooperative banks, compared with 12,898 ATMs for 36 universal and commercial banks (Bohling and Zimmerman 2015).

(Smith 2015). Approximately 42% of beneficiaries are currently paid through the electronic payments system (Bohling and Zimmerman 2015).

The payment process is quite bureaucratic and administratively cumbersome—especially the manual payment process and the monitoring of the grant conditions. For example, there is the onerous process of the municipal and city links monitoring compliance with the grant conditions (attendance at school and health clinics), and feeding this information to DSWD in order to finalise the payment schedules. Much of this process still involves manual data entry. Additionally, Pantawid staff must attend and verify distributions, and reconcile the manual payments. Further details are provided in Annex D.3. This should be borne in mind when considering shock response through the Pantawid programme, since in an emergency time is of the essence.

### 3.2 An overview of the disaster risk management system

Over the last decade, the Government of the Philippines has developed comprehensive legislation and institutional arrangements governing DRM. In 2010, the passing of the Republic Act 10121 on Disaster Risk Reduction and Management initiated various actions to transform the DRM system from relief and response towards disaster risk reduction (DRR), including establishing the National Disaster Risk Reduction and Management Council (NDRRMC) outlined in Figure 5 (Bowen 2015). Responsibility for DRM falls under the office of the president, and the lead agency is the Department for National Defense. Four Vice Chairs of the national council lead on the different thematic areas of DRM. The country's National Disaster Risk Reduction and Management Plan 2012-2028 (NDRRMP) outlines the activities, outputs and expected outcomes for each of these thematic areas of responsibility. Fourteen different government agencies feed into the NDRRMC, including the Philippine Red Cross, five LGUs, four representatives of civil society organisations, and one private sector representative. The Council is replicated at regional level (OPM 2015).

**Figure 5 National Disaster Risk Reduction Council: Division of responsibilities**



Source: NDRRMC (2011)

The DSWD therefore plays a lead role in the design and implementation of social protection policy and programmes, but also, and unusually, in those for DRM and disaster response<sup>16</sup>. This

<sup>16</sup> The overarching goal of Disaster Response, as defined by the NDRRMP, is to “provide life preservation and meet the basic subsistence needs of the affected population based on acceptable standards during or immediately after a disaster”. It includes both immediate response activities (needs assessments, search and rescue, relief operations, provision of food and non-food items, etc.) and early recovery activities (restoring basic services, livelihoods, governance, security and rule

institutional arrangement could be conducive for supporting shock response through the social protection system.

When a state of calamity is declared, the regional director can issue a Regional Special Order to all social welfare and development staff at regional, provincial and municipal levels who are mandated to support disaster response where needed, such as identifying and verifying households, or distributing relief goods. Collectively these are known as the Municipal Action Team. They comprise all social welfare and development personnel working within the LGU and the core anti-poverty programmes of DSWD (including Pantawid). This means that there is already an existing institutional mechanism for linking those involved in social protection administration to administration of disaster response, and those involved in administration of Pantawid are already familiar with the ways of working in the implementation of humanitarian assistance.

On the other hand, as of 2016, DSWD's relief operations moved out of the Protective Services Bureau and are managed in a separate bureau to Pantawid—the DReaMB, previously the Disaster Risk Reduction Operations Office. These bureaux operate independently, so there is no alignment of strategy or operations. At regional level, activity is coordinated by the DRM unit of the regional DSWD Office.

Under the DRM Law, LGUs are mandated to take the lead role in disaster response<sup>17</sup>. National government plays an enabling role, providing LGUs with the resources and funds they need to respond effectively (Bowen 2015). The NDRRMC structure is therefore replicated through Local Disaster Risk Reduction and Management Councils (LDRRMC). Below this are Barangay Disaster Risk Reduction Management Committees. These councils and committees are responsible for the development, implementation and coordination of DRM at the local level including approving, monitoring and implementing of local disaster risk reduction management plans.

This disconnect—in that LGUs are expected to play the lead role in local development and disaster response, whereas the Pantawid programme has centralised implementation—is a potential barrier for shock-response through the social protection programme. That said, the Municipal Action Team can be called upon to support disaster response when required.

Further detail on the DRM system is provided in Annex D1.

### 3.3 An overview of the humanitarian system

The cluster approach of the international humanitarian system has been established for over 10 years, and is part of a global attempt to provide more timely, coordinated and consistent humanitarian help to people affected by emergencies and disasters. In 2007, the Government of the Philippines adopted the cluster system to better coordinate disaster response activity. Each cluster has a lead government agency, with a counterpart from the Humanitarian Country Team (HCT)<sup>18</sup>. This works in the context of the Philippines, where not only the major humanitarian response agencies but also UN OCHA has permanent presence in the country. The cluster system

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of law, environment and social dimensions, including reintegration and rehabilitation of displaced populations) (NDRRMC 2011).

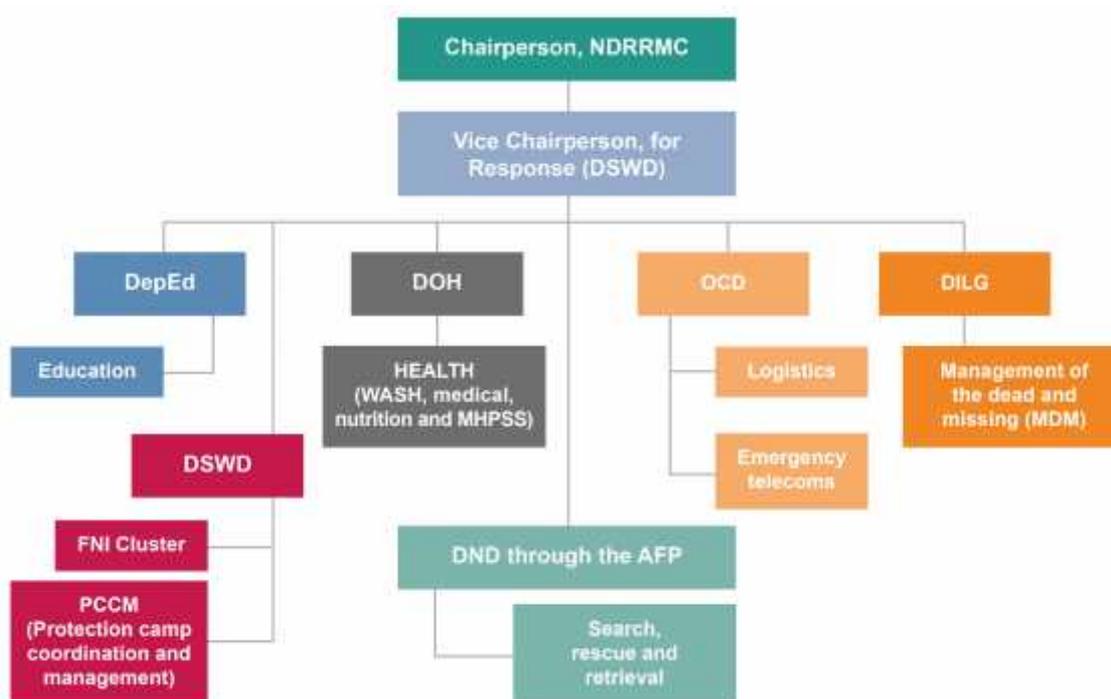
<sup>17</sup> Except in cases of national calamity, where LGU's capacities are damaged.

<sup>18</sup> In the international humanitarian system, the HCT is a strategic and operational decision-making and oversight forum established in country and responsible for agreeing on common strategic issues related to humanitarian action. Composition includes representatives from the UN, IOM, international NGOs, the Red Cross / Red Crescent Movement and agencies that are also designated cluster leads. The HCT is the highest-level decision-making forum of the Inter-Agency Steering Committee, an inter-agency forum for coordination, policy development and decision-making involving the key UN and non-UN humanitarian partners.

may be triggered to coordinate the government’s response and (where needed) the broader international humanitarian response to a disaster.

Government agencies’ engagement in the response cluster system is shown in Figure 6. A more detailed diagram is provided in Annex E.2. This shows how the cluster system is integrated into the institutional framework for DRRM described above. The chairperson of the NDRRMC oversees the system, and DSWD—the government agency leading on the ‘response’ function within DRRM—is the vice chair. DSWD is also the government’s lead agency for the Protection Cluster (with UNHCR); the Food and Non-Food Items Cluster (with WFP); and Camp Coordination Cluster (with the International Organisation for Migration (IOM)).

**Figure 6** Government agencies leading the cluster system for response



Source: DSWD (2014b).

If the government considers it requires international assistance, then a request is put to the HCT<sup>19</sup>. Evaluation of the cluster system following Typhoon Haiyan found that coordination between government and humanitarian agencies worked well, and that all affected areas were reached (ALNAP 2015). Following lessons learned during the Typhoon Haiyan response, some changes have been made to the cluster system since 2014:

- ⌋ The Early Recovery, Livelihoods or Shelter Clusters will not be activated during initial emergency relief operations. These clusters are now designated under the Disaster Recovery and Rehabilitation thematic area of the NDRRMC.
- ⌋ The Logistics and Emergency Telecommunications Cluster are now divided into two separate clusters.

<sup>19</sup> Assistance from the international humanitarian agencies is not required for all emergencies; also, the nature of the assistance requested may vary. In some cases, (certainly in the case of Typhoon Haiyan) the government requests technical assistance, human resources and financial resources and/or relief goods. In smaller disasters, the government may request technical assistance with areas such as needs assessments, but will not require agencies to design and implement humanitarian assistance programmes (CWG, Pers. Comm.).

- J Two additional clusters have been created for: a) search, rescue and retrieval, and b) management of the dead and missing.

### 3.4 Types of response and the growth of cash assistance

The bulk of DSWD's disaster response provisioning—certainly in the early phases of a response—continues to be provided in kind. This is the case for food, temporary shelter and non-food items, and reflects the objectives of these clusters as set out in the DRM Plan. Under the disaster recovery and rehabilitation division of DReAMB, a cash for work unit leads on public works for early recovery and a shelter assistance unit also provides cash grants for shelter rehabilitation (DSWD Pers. Comm.).

Humanitarian agencies started using cash transfers for disaster response in the Philippines in 2009, following Typhoon Ketsana. Since then, these agencies have progressively used cash transfer programming, including in the responses to Tropical Storm Washi in 2011, and following Typhoon Bopha (Pablo) in 2012. At this point, the Cash Learning Partnership (CaLP) facilitated the establishment of the first Cash Working Group (CWG) to provide a forum to share knowledge, lessons and training on cash transfers, from their Asia Office. Several meetings were convened in Manila, but by 2013, due to a lack of an institutionalised structure, the group had effectively disbanded (CWG 2015a).

In the weeks following Typhoon Haiyan, CaLP Asia revived the CWG with assistance from UN OCHA. For the first time, UN OCHA deployed a position dedicated to cash coordination, within the inter-cluster coordinator's office. A review of cash coordination during the Haiyan response highlighted the added value of such a structure for learning, sharing and coordination, but concluded that coordination would have been more effective if such a group was institutionalised within the response coordination structures, and could invest in cash coordination as part of disaster preparedness (Smith 2015).

The group now meets quarterly and is chaired by different group members in rotation, with coordination oversight and secretariat support to the chair from UN OCHA (CWG 2015a; CWG 2015b). It is one of six working groups institutionalised within the national cluster system to deal with cross-sector issues. These fall under the inter-cluster coordinator. Only the CWG has been nationalised and is led by an all-Filipino Steering Committee, whose membership is representative of key cash actors in country (see Figure 7). Broader group membership is open to any groups working on cash transfers including non-governmental organisations (NGOs), civil society organisations and private sector groups. DSWD is a member, as are several payment service providers of the Pantawid programme.

**Figure 7 Steering committee of the Cash Working Group**

Type	Agency
UN	OCHA, WFP, UNICEF, ILO
NGOs	Oxfam, Save the Children, ACF, World Vision, CARE, Plan International
Government	DSWD
Other	Philippine Red Cross

Source: CWG (2015b)

## 3.5 Disaster response funding

Under the General Appropriations Act, 5% of the national budget is formally earmarked for DRM activities, of which 70% is allocated to preparedness and mitigation, and the remaining 30% is for response. Response activities are financed through the National Disaster Risk Reduction and Management Fund (NDRRMF) and Local Disaster Risk Reduction and Management Funds (LDRRMFs) and the Quick Response Funds (QRFs) (Bowen 2015).

### 3.5.1 National Disaster Risk Reduction and Management

The NDRRMF, formerly the ‘Calamity Fund’, is a lump sum fund which can be drawn down upon following declaration of a ‘national state of calamity’ by the NDRRMC, and approved by the Office of the President, who then advises the Department of Budget Management to release the funds. This declaration is necessary in order to mobilise the replenishment of the LDRRMFs, and also for the president to reallocate other unused funds for disaster response purposes and to activate the President Social Fund.

As this approval process for release of the NDRRMF can be a relatively lengthy process, 30% of the Fund is given over to QRFs—stand-by funds for use on relief and recovery programmes, given as budget allocations to particular agencies. DSWD is one of the few departments to receive a guaranteed allotment on an annual basis. The QRF does not require the recommendation of the NDRRMC or the approval of the Office of the President to trigger the use and release of funds. Any funds remaining are carried over into the next financial year. When the QRF gets depleted, DSWD may request for replenishment to the Department of Budget Management, approved by the Office of the President.

The General Appropriations Act makes some provision for how QRFs can be used. It specifies use for relief assistance including food, non-food items and shelter assistance. It does not exclude, but does not specifically reference or allow, use of funds for cash transfers (Bowen 2015; UN OCHA Pers. Comm).

### 3.5.2 Local Disaster Risk Reduction and Management

At the local level, each LGU must allocate 5% of their Internal Revenue Allotment to an LDRRMF<sup>20</sup>. LGUs can therefore access funds specifically earmarked for DRM in order to implement their local DRRM plans. Funds can be used for pre-disaster preparedness programmes, including training and prepositioning life-saving rescue equipment, supplies and medicines, and for the payment of calamity insurance (OPM, 2015; Bowen 2015). Some 30% of the LDRRMF is allocated to QRFs. These funds can be released to fund post-disaster activities upon declaration of a ‘state of calamity’ by the mayor, agreed upon by the provincial or local DRRMC. These local level funds can then be replenished through release of Provincial Calamity Funds, which can be activated if two or more municipalities in the province are affected.

Use of the funds is determined by the DRRM plans of the provincial and local DRRMCs. These plans are updated every three years, and are incorporated annually into the Annual Investment Plan of the LGU (Provincial Office for Social Welfare and Development and Provincial DRRM Office, Pers. Comm.).

<sup>20</sup> The Internal Revenue Allotment is the share of the general revenue to LGUs, which varies according to the size of the population as well as the taxes generated.

### **3.5.3 International assistance**

The declaration of a national calamity is also a precursor for the Government of the Philippines to call on the HCT for technical and financial assistance. However, a state of emergency does not necessarily mean the government will choose to call on external support. Where possible the Government of the Philippines endeavours to manage disasters through their own means and systems (UN OCHA, Pers. Comm).

## 4 Exploring the design and implementation of the Pantawid programme for shock response—experiences from Typhoon Haiyan

### Key points

- )] The vertical expansion of the Pantawid programme was a rapid and cost-efficient way of reaching a portion of disaster-affected households, i.e. those who were enrolled on the CCT and lived in areas that were targeted by WFP and UNICEF for receipt of the ECT top-up. Available evidence suggests this was a quicker channel for the UN agencies than their parallel humanitarian system through INGOs.
- )] Many people who were affected by the disaster were not Pantawid beneficiaries. Also, some Pantawid beneficiary households did not receive the top-up. This means that many households in need did not receive support through this channel.
- )] Several enabling factors contributed to the success of the pilots including well established administrative systems; strong pre-existing working relationships between UN and DSWD; political will to seek solutions in the face of an unprecedented disaster; and the regulatory environment on the programme and wider financial sphere. The role of the local level implementers was a critical factor in success.
- )] There were some significant challenges faced, stemming from a lack of prior experience of, or procedures for using the Pantawid programme for shock response, such as a lack of training and guidance for staff.

### 4.1 The impact of Typhoon Haiyan and the humanitarian response

On 8 November 2013, Typhoon Haiyan devastated the central area of the Philippines. It was the most powerful storm to make landfall ever recorded, and caused storm surges, flooding, landslides, and widespread damage across nine provinces, including some of the country's poorest regions<sup>21</sup>. Annex C.3 shows the path of the typhoon and the regions affected. The islands of Leyte and Samar were among the hardest hit, and Tacloban City had 90% of its infrastructure destroyed (Smith 2015). The Government of the Philippines declared a national calamity, and appealed for assistance from the international humanitarian community. Box 1 summarises the extent of the damage and the details of the humanitarian response that followed.

#### Box 1 The impact of Typhoon Haiyan and the emergency response

##### Impact of the disaster

- )] 16 million Filipinos affected
- )] 6,300 registered deaths and 4.1 million Filipinos displaced
- )] 1.1 million houses damaged or destroyed
- )] 5.9 million workers who lost income sources

##### DSWD's immediate response

- )] 4.6 million Family Food Packs distributed (November–December 2013)
- )] 34,498 households provided with cash in exchange for community works along disaster relief operation; intervention worth more than PHP 21 million
- )] 560,000 households provided with tents, plastic sheeting, mats, blankets, and cooking sets
- )] 107,000 households provided tools, construction materials, and technical guidance to repair their own homes

##### Cash based interventions by DSWD and other agencies

- )] At least 45 international humanitarian agencies had cash-based interventions in Haiyan
- )] At least 1.4m people (277,000 households) received cash assistance (\$34 million) during the emergency phase
- )] Cash transfer programming comprised 40% of the total value of humanitarian assistance for Haiyan (\$845 million)

Source: Smith (2015); Kagahastian and Kweyu (2015).

Whilst in-kind relief dominated the early stage of the response by the humanitarian community, as markets stabilised, numerous aid agencies transitioned at least a portion of their response to cash

<sup>21</sup> Pre-typhoon poverty incidence in the six hardest hit regions ranged from 29% in Western Visayas to 45% in Eastern Visayas. 80% of those affected came from the country's second poorest region, the Central Visayas (Bowen 2015).

assistance. This included interventions designed to meet some of the affected population's most pressing needs in the areas of food security, livelihoods recovery and shelter. Agencies tended to align their geographic targeting with the 171 municipalities within a 50 km radius of the typhoon's path, which the government considered 'first priority', followed by the 644 municipalities just outside this. Targeting humanitarian assistance was a great challenge due to the scale of the disaster (affecting a wide area including a number of different islands and remote populations), the extent of displacement, and the loss of identification (Kagahastian and Kweyu 2015).

DSWD's initial relief operations focused on in-kind provision to meet immediate survival needs. Following this, cash for work was implemented during the relief and early recovery phases, and also "Cash for Building Livelihoods Assets" (Bowen 2015). These were coordinated by the Disaster Risk Reduction Operations Office (now DReaMB).

## 4.2 Shock-responsive social protection: scaling up the Pantawid programme

### 4.2.1 The World Food Programme's Emergency Cash Transfer

The primary objective of WFP's approach during the response and early recovery phase (December 2013 to February 2014) was to increase food security of the most vulnerable, and where possible stimulate market recovery. Cash transfers were the preferred approach where markets were recovered, complemented with food transfers since rice markets were not expected to recover at the same rate. WFP was interested to link with the Pantawid programme to deliver this cash assistance, because the programme was well established in the affected regions. It had significant coverage of the population, and WFP saw the potential to leverage the existing administrative systems of the CCT. Over 805,000 registered households of the Pantawid programme (21% of the total CCT caseload) were residing in the Visayas regions which were worst affected by the typhoon. Due to the levels of poverty in these regions, almost half the population in some of the worst affected municipalities within Leyte and Eastern Samar provinces had qualified for the programme before the typhoon (Smith 2015). WFP anticipated that these households, being some of the poorest, were likely to be some of the worst affected by the disaster.

WFP piloted an Emergency Cash Transfer (ECT) project that specifically targeted Pantawid beneficiaries in typhoon-affected areas. This provided these families with an unconditional 'top-up' cash transfer, on top of their regular Pantawid transfer, plus 50 kg of rice, in order to cover 100% of a family's food needs. As per OPM's typology of shock-responsive social protection that was shown in Figure 1 in section 1 above, this 'vertically expanded' the CCT programme during a time of increased need for existing beneficiaries. Details are provided in Table 4.

**Table 4** Features of the World Food Programme's emergency cash transfer

Feature	Description
Geographic area	60 of the 171 'worst affected' municipalities, located in Eastern Visayas, Region VIII.
Target group	105,554 Pantawid beneficiary households (527,770 people)
Timeframe	planned December 2013-January 2014; actual December 2013-March 2014
Transfer	Unconditional transfer of PHP 1300 (\$30) per month per family—provided every month, for two months (totalling almost PHP 257.4 million / US\$5.8 million).
Delivery of the cash	Through the standard payment processes used on the CCT, 31% was paid through cash card, and 69% through OTC conduits.

Source: Smith (2015); Bohling and Zimmerman (2015).

Since there were other households in these municipalities that were not Pantawid beneficiaries but who had also been affected by the typhoon, WFP also implemented a cash assistance programme through international NGO channels, to meet the food needs of these families.

#### 4.2.2 UNICEF's Emergency Cash Transfer

During the recovery phase (beginning around April 2014), UNICEF planned to deliver unconditional cash assistance to support economic recovery of families with children. They wished to prioritise structurally vulnerable households with children that were unable to meet their food and essential non-food needs, especially those with pregnant and lactating women; children at risk of acute malnutrition; persons with disabilities and chronic illnesses; the elderly; and those that were female or child headed or with high dependency ratios. It was found that Pantawid beneficiary households filled many of these criteria (Kagahastian and Kweyu 2015; UNICEF 2015). Furthermore, UNICEF was planning their intervention after the WFP's pilot ECT (implemented during the response phase) and could build on this learning.

Therefore, UNICEF decided to provide their cash assistance to Pantawid beneficiary households through the same mechanism and implemented their own ECT 'top-ups'. The aim of the project was to increase vulnerable households' income stability in the immediate term, thus supporting livelihood recovery and reducing the resort to negative coping strategies which impact on the long-term development outcomes for poor households and children. The size of the transfer was based on the minimum amount required to meet basic food and essential non-food needs. Details are provided in Table 5.

**Table 5** Features of UNICEF's emergency cash transfer

Feature	Description
Geographic area	5 of the 171 'worst affected' municipalities. These were located in the worst affected province of Eastern Samar, in Region VIII
Target group	5,801 Pantawid beneficiary households
Timeframe	Planned July–December 2014, actual July 2014–March 2015
Transfer	Unconditional transfer of PHP 4400 (\$100) per month per family—provided every month, for six months (totalling almost PHP 160 million / \$3.3 million)
Delivery of the cash	Through the standard payment processes used on the CCT.

Source: UNICEF (2015); Smith (2015)

Since there were other households in these municipalities that were not Pantawid beneficiaries but who fitted UNICEF's criteria, and who had also been affected by the typhoon, UNICEF also implemented a cash assistance programme through INGO channels to provide blanket coverage of families in these municipalities (UNICEF Pers. Comm.).

#### 4.3 Lessons learned on the emergency cash transfer pilots

The remainder of this section details the key learning from the ECT pilot, concerning what worked well about the scaling up of the Pantawid programme to meet needs in the emergency, as well as the main challenges faced. It highlights the enabling factors, as well as critical barriers and limiting factors.

### 4.3.1 Efficiency of the approach compared with alternative channels

This study sought to capture all available evidence that could illustrate whether this scaling-up of the social protection system contributed to an improved responsiveness to the typhoon shock. Whilst there has been no detailed comparative study on the relative benefits of the ECT versus delivering cash assistance through the traditional channels—and no impact evaluation, so the impact on households' livelihoods cannot be quantified—we can nonetheless highlight some evidence as to the contribution of this mechanism to the overall response<sup>22</sup>.

#### Appropriateness of the transfer modality

Various studies highlight the limitations of the in-kind commodity pipeline which is the standard basis for DSWD's provisioning during the response phase after disasters. A Commission on Audit report on the effectiveness of DSWD's overall Haiyan response highlights problems in management, storage and delivery of the family food packs. This includes inefficient and inadequate warehousing, leading to spoiling, and inconsistencies in the administrative and reconciliation processes (Bowen 2015). In fact, in some areas of Region VIII prepositioned goods and equipment were washed away by the storm surge (DSWD, Pers. Comm). In Smith (2015), DSWD acknowledges that,

'It is very difficult in a rapid onset emergency to deliver relief goods [...] It was more expedient to deliver emergency aid as cash rather than the usual approach of food especially given the challenge of logistics in these early months. There is no way we could have done this amount of in-kind relief in the same time' (Smith 2015, p56).

It is widely acknowledged that, since markets generally recovered rapidly following the disaster—albeit at different paces in different locations—the use of cash was logical, and enabled households to meet a wider variety of needs than they might have received through commodity provision (Cabot Venton *et al.* 2015). The challenge WFP faced in attempting to respond with cash at the scale required was that no implementing partner (i.e. NGOs) had the capacity to identify households or to disburse cash quickly to recipients across all of the affected area, which would have required the establishment of new systems and processes for communication, targeting and payment. By contrast, the Pantawid programme provided existing, tried and tested administrative systems with extensive coverage in the affected areas and in which a large cohort of the disaster-affected families were already enrolled, and used to using. Studies confirm that the existing system was a more efficient way of reaching those disaster-affected households who were Pantawid beneficiaries than the establishment of a parallel humanitarian system.

#### Timeliness

The CCT programme provided a rapid means to reach a large number of affected people with emergency cash assistance, at a speed and scale that was not possible through traditional humanitarian channels. In terms of the speed of the response Smith (2015) cites WFP:

'The first cash we got out was through our NGO partners. But to reach the scale that we reached with cash transfers through the Pantawid partnership—there was no other way of doing this rapidly. The targeting, verification, ID, delivery instrument and multi-pathway

<sup>22</sup> The synthesis report and the policy brief on M&E indicators, that accompany the case studies for this research, draw together our observations on the criteria against which shock-responsiveness can usefully be assessed.

delivery channels with pre-existing contracts all helped' (Smith 2015, p56).

WFP reached over 105,000 households, and within two months, compared to 85,000 through NGOs. WFP staff also compared the timeframe before cash disbursements could begin on the ECT (one month) to the length of time it took for WFP to establish a service agreement with a financial service provider on their separate 'cash for assets' programme during the recovery phase, which took several months (WFP, Pers. Comm.). This ability of the CCT programme to disburse lifesaving emergency relief quickly at scale means that for those households who were Pantawid beneficiaries, it was a more efficient channel for cash distribution than the parallel humanitarian system.

UNICEF also reported challenges in identifying and registering the requisite number of beneficiaries through the NGO channel within the desired timeframe of one month, delaying disbursements (Rodriguez 2016; UNICEF Pers. Comm).

## Coverage

The ECT programmes were acknowledged by DSWD and UN agencies to be a valuable channel for delivering humanitarian assistance to a particular cohort of disaster-affected households—i.e. those who were registered Pantawid beneficiaries, and who were living in the municipalities targeted by WFP or UNICEF.

However, the impact of the disaster was also experienced by other households who do not fall into this category, and were thus excluded from the ECT. The issue is that the ECT delivered through the Pantawid CCT was only scaled up vertically, not horizontally. In other words, assistance was only provided to those households already registered as Pantawid beneficiaries; there was no attempt to enrol other non-beneficiary households who were also affected by the disaster.

WFP and UNICEF considered the option of horizontal expansion, but this was quickly dismissed as something that was not feasible to design and implement quickly or effectively post-disaster. This was due to i) the scale of the disaster which had affected DSWD's and the payment service provider's personnel and resources; and ii) the acknowledgement that such an expansion could not be automatic but would require definition, communication and implementation of processes and procedures for identifying, enrolling and paying beneficiaries. It was considered that the piloting of one new mechanism through government systems—i.e. vertical expansion of the CCT—was enough in this context, and that others should be reached through the conventional humanitarian system (UNICEF, OCHA, WFP, Pers. Comm.; Smith 2015).

Some non-Pantawid households who were affected by the disaster were considered to be equally, or more, poor than Pantawid beneficiaries, for several reasons (Bowen 2015):

- J first, Pantawid targeting is based on the Listahanan, which is not a census-based system and had 60% saturation in 2013 (see section 3.1 above). This means some poor households who fit the Pantawid programme criteria are excluded from the CCT (OCHA, WFP, Pers. Comm);
- J second, the CCT targets a particular demographic group of poor households, excluding those households who are identified as poor but who do not have children;
- J third, the Listahanan had not been updated for over four years at the time of Haiyan, meaning households who had fallen into poverty since the proxy means test exercise were not identified as poor, or included in the CCT (Kagahastian and Kweyu 2015); and
- J finally, the disaster was at such a scale that it was not only the extremely poor who were affected, but also many families in the near-poor category.

These households were excluded from receiving support through the ‘shock-responsive social protection’ channel—but they were not overlooked or excluded from receiving humanitarian assistance. WFP and UNICEF coordinated additional assistance of comparable value in these communities, reaching non-Pantawid households through their traditional route of INGO implementing partners. WFP and the INGOs worked with LGUs to identify affected populations, and lists were validated by community leaders<sup>23</sup>. UNICEF partnered with ACF who implemented a community-based targeting system to identify non-beneficiary households (UNICEF 2016)<sup>24</sup>.

There is no evidence from previous studies, or this research, to suggest that the efforts of DSWD, WFP and UNICEF to implement vertical scaling up of social protection had any detrimental impact on the delivery of this humanitarian assistance. Overall, the evidence shows that scaling up Pantawid through the ECT did present an efficient channel for emergency assistance—in providing cash assistance quickly to a cohort of those who were affected, whilst not impacting negatively on the other channels that were still necessary to reach the wider population. According to DSWD, WFP and UNICEF, it was a good decision to reach non-Pantawid households through traditional humanitarian channels, rather than to try to expand Pantawid to include non-beneficiaries, when such processes were not planned, nor tried and tested, and when DSWD’s capacity was affected.

It should be pointed out that the use of the CCT to deliver additional resources to Pantawid households did create some problems in communities, which shows the importance of communication for effective shock-responsive social protection:

1. It was a challenge for DSWD staff to explain to those who were not Pantawid beneficiaries why Pantawid families were getting even more support (since they were already receiving the regular CCT payments in the month after the disaster) (DSWD, OCHA, CWG, Pers. Comm.; UNICEF 2015; Kagahastian and Kweyu 2015).
2. Neither ECT was at a sufficient scale to reach every Pantawid beneficiary household affected by the typhoon. UNICEF opted to focus resources on just five municipalities, whilst WFP did not implement their top-up in Tacloban City, but rather in the surrounding municipalities. These decisions were logical in the face of limited resources at the disposal of these agencies. It inevitably created some challenges for those implementing the programme at local level. It was not always clear to Pantawid beneficiaries residing in areas outside the WFP / UNICEF project zone why they were not receiving assistance when their neighbours were, since Pantawid is understood to be a government programme with national coverage. Municipal Links needed to carefully explain to communities that this ECT top-up was a WFP / UNICEF initiative, rather than DSWD’s, and that it was they who had chosen particular areas for support, not the government (DSWD staff members, Pers. Comm.).

### **Adequacy of the transfer value**

DSWD personnel were unanimous that the WFP transfer value—totalling around \$60 per household and distributed to more than 105,000 households—was not sufficient to meet the needs that beneficiary households had at that time. Comparisons were made to the value of assistance provided by UNICEF which was some 10 times larger (around \$600 per household, but only distributed to a fraction of the number of WFP’s recipients, at 5,801 households) and therefore more useful for those that received it (see Table 4 and Table 5). The objective of WFP’s

<sup>23</sup>Through Samaritans Purse, WVI, ACF and ACTED, WFP distributed \$2.3m of cash assistance to 139,000 beneficiaries. Each household received PHP 2,600 for three months (Betteley 2016).

<sup>24</sup>Reportedly only 20% of households identified through ACF’s CBT lists were already included in DSWD’s Listahanan database – illustrating some of the limitations of the Listahanan I for targeting disaster relief during Haiyan (UNICEF Pers. Comm.). At the end of the programme, UNICEF shared the ACF beneficiary list with DSWD for review with the goal of inclusion of additional poor households in the NHTS database.

programme was to address food security, not all basic needs, and WFP provided cash top-ups to the value of the minimum expenditure basket for meeting food needs alone (Smith 2015). However, respondents considered that the grant amount should have looked beyond this food threshold, to take into account some of the other important needs of households (DSWD staff members, Pers. Comm). Households spent the UNICEF cash assistance primarily on food, but also on transportation, shelter repair, medicines, health care, education, and capital for livelihood recovery.

WFP did share their ECT project approach with other cluster leads to see whether other agencies also wanted to add to the cash top-up and meet other sectoral needs through the same channel, but nothing came of this (WFP, Pers. Comm.)<sup>25</sup>. This meant that additional needs of these households had to be met through parallel interventions. The partitioning of needs between sectors, and the pull of sector mandates is a limitation of the present architecture of the humanitarian system, one which is becoming increasingly highlighted with the movement towards delivering more aid as cash (Smith 2015).

### Cost-efficiency

WFP report that the use of existing systems meant relatively low transaction costs compared to the alternative channels through implementing partners (Betteley 2016). An evaluation of UNICEF's top-up project, which compared UNICEF's transaction costs to those on the 'traditional' channel of working through implementing partner NGOs, had similar findings. The financial cost for UNICEF to deliver PHP 152 million in cash grants to households was PHP 1.5 million (commissions for payment service providers and bank charges), which is less than 1% of the total costs, compared to 2.2% through the NGO channel (Rodriguez 2016). When the total costs of both interventions are taken into account (including implementation costs and capacity support to DSWD on the CCT channel; and project support costs and indirect project costs on the NGO channel), cash grants comprise 89% of the total project cost using the top-up, and only 80% using the NGO channel (UNICEF 2015; Rodriguez 2016).

### The view of programme funders and implementers

The findings indicate that the vertical expansion of the Pantawid programme was an efficient way of reaching a particular cohort of disaster-affected households during Haiyan, notably in relation to the cost of and the time and human resources required for implementation. The value of this channel was acknowledged by DSWD and UN agencies. The World Bank concludes that the top-up approach was,

'...a pragmatic and replicable practice [which] illustrates the potential efficiency gains for both humanitarian agencies and the targeted beneficiaries of delivering post-disaster grants through a national cash transfer programme to pre-targeted poor and vulnerable households' (Bowen, 2015, p.3).

Indeed, WFP utilised the same approach to deliver cash top-ups to affected Pantawid beneficiaries after Typhoon Ruby (Hagupit) in 2014 (Smith 2015; DSWD and WFP, Pers. Comm.).

<sup>25</sup> This issue is discussed further in Smith (2015)—it is likely that concerns in other clusters (such as Shelter) about moving to a cash based response, and inter-cluster coordination challenges contributed to this.

### 4.3.2 Governance issues

#### Working relationships

Those directly involved in the project concurred that pre-existing working relationships between UNICEF / WFP and DSWD were a significant factor in getting the social protection top-up pilots off the ground.

WFP had a strong partnership with DSWD for in-kind food relief during response, dating back seven years. Before Haiyan, the two agencies had been collaborating to improve DSWD's in-kind response—establishing a 'single food pipeline' based on an Advance Purchase Agreement between WFP and the national food authority, and on the provision of complementary food items, to effectively top up the national response. The expansion of this partnership to create a flexible dual pipeline of cash and food based on national systems was a natural progression. WFP was also part of a technical assistance inter-agency group that DSWD formed to strengthen Pantawid, so they had a good understanding of the programme and its operating systems (WFP Pers. Comm.).

UNICEF had a strong partnership with DSWD supporting the roll-out of the national social protection framework, focusing on capacity building of social welfare officers and others within the LGUs. The idea of providing cash relief through the Pantawid programme fitted well, as this would further build the capacity of the existing national framework and government's ability to manage disaster responses in the long term (UNICEF 2015; UNICEF, Pers. Comm.).

As this was the first time such an arrangement had taken place, there was no Standby Agreement in place between WFP / UNICEF and DSWD on ECTs. The Memorandum of Understanding between WFP and DSWD took five days to complete. Stakeholders on both sides acknowledge that the existing relationship between DSWD and WFP led to its more rapid development (Smith 2015; DSWD, Pers. Comm.). Similarly, between UNICEF and DSWD, the previous working relationship helped speed up the definition and mutual agreement of these formal relationships.

#### Political buy-in and champions within government

All stakeholders considered that the political environment in the Philippines was conducive to the success of the project. The Government of the Philippines had demonstrated clear commitment to DRM and a desire to build an effective system for disaster response; they had previous experience of collaborating effectively with the humanitarian community on disaster response. Decision makers in DSWD were consequently open to partnerships and to consider new ideas. The unprecedented scale of the disaster also contributed to an increased sense of urgency and a willingness on all sides to think 'out of the box' and to go the extra mile to make things happen (DSWD, WFP, UNICEF, Pers. Comm.).

There were champions of the project at high levels within the administration. Stakeholders cited the leadership of the then-Secretary of Social Welfare, Secretary Soliman, as a key enabling factor. Soliman had worked within the NGO sector and reportedly understood the ways of working and the requirements of humanitarian agencies. She was also very collaborative, giving the UN agencies confidence and allowing decisions to be made together; compromises and flexibility were available where needed (DSWD, WFP, Pers. Comm.).

## The regulatory environment

Earlier in 2013, DSWD had passed a resolution that in the case of a state of calamity being declared, CCT programme conditions would be waived for a time-bound period (three months)<sup>26</sup>. Following the impact of the typhoon, the National Project Management Office removed the need to verify adherence to conditions for beneficiaries in the affected area. The regular bi-monthly transfers to be delivered between November 2013 and January 2014 were therefore effectively unconditional transfers at the time when DSWD and WFP began discussions on the ECT. Thus, it was much more straightforward to discuss the feasibility of an unconditional emergency cash top-up (DSWD, WFP, Pers. Comm.).

Another change that proved conducive was relaxation of national financial regulations by the Central Bank (Bangko Sentral ng Pilipinas (BSP)). Following the typhoon, financial service providers were in talks with humanitarian agencies about distribution of cash assistance to affected populations. They approached BSP bilaterally with requests to relax ‘know your customer’ regulations. These are quite stringent in the Philippines, requiring mandatory documents and information that customers must submit, in order to access certain financial products and services, and these had been lost or destroyed. BSP issued a Memorandum Circular allowing all financial service providers to accept alternative proofs of identity (Kagahastian and Kweyu 2015; Smith 2015).

There were reportedly no regulations on the CCT which acted as a barrier to establishment of the top-up grants. It was necessary to consult the Finance Unit to find a way to receive, merge and report on the additional humanitarian donor funds coming into the programme in line with the programme’s financial regulations. The Secretary then executed a Memorandum of Agreement that gave the necessary authorisations (DSWD, WFP, Pers. Comm.). However, DSWD staff pointed to the lack of programme procedures guiding the integration of emergency response into Pantawid, meaning everything was being designed as the response unfolded (CaLP 2015b).

### 4.3.3 Operational issues—identifying and verifying beneficiaries

A critical factor in the success of the ECT was that the programme could take advantage of existing, strong systems for communication with and for identification of beneficiaries. Choosing to top up the regular CCT meant that WFP’s ECT beneficiaries were already identified and enrolled in the CCT programme, thus saving a good deal of time normally spent on targeting, in the critical period when assistance was needed post disaster. However, the scale of the disaster meant that Pantawid beneficiaries had been extensively displaced and many had lost their Pantawid ID cards. This presented a barrier to the continued functioning of the regular CCT (and thus the ECT). DSWD immediately planned a validation exercise of Pantawid beneficiaries in the affected areas, in order to continue with the regular CCT payments. The quick decision to undertake this exercise, and effective systems to execute this, proved instrumental to the effective implementation of the ECT (DSWD, WFP, Pers. Comm.).

The validation exercise began in the first week of December 2013 and took over three weeks to complete (DSWD, Pers. Comm.). DSWD had to first locate the Pantawid beneficiaries and then to verify their identity against existing records. DSWD organised training in Cebu for Social Welfare Officers (SWOs) from the affected areas and staff seconded from other regions, as this was outside the operational processes outlined in the CCT manual. Drafting staff from the other regions was a huge help. Seconded staff were often also city and municipal links, so they knew the

<sup>26</sup> National Advisory Council Resolution No. 13, Series 2013

Pantawid programme. Waiving the conditions on the CCT during the response period also freed up programme staff time to focus on the validation exercise (DSWD staff members, Pers. Comm.).

- J **Locating beneficiaries:** SWOs went door to door within the evacuation camps, and held community assemblies in areas with large numbers of displaced beneficiaries. Pantawid beneficiary lists were also compared to the lists being generated from the Family Access Card, in order to see which beneficiaries remained in the area (DSWD, Pers. Comm.)<sup>27</sup>. The Parent Leaders' network within the CCT was leveraged to support the process of locating and informing displaced families, and public announcements were broadcast to inform displaced Pantawid beneficiaries about the validation exercise (Smith 2015; DSWD staff members, Pers. Comm.). Women were heavily involved in this process, since the majority of Parent Leaders are women.
- J **Verification:** Staff seconded from other regions were not familiar with the particular beneficiary households. The National Programme Management Office provided paper copies of the Pantawid beneficiary roster, and SWOs used this information to formulate questions to verify beneficiary ID (DSWD staff members, Pers. Comm.). Beneficiaries were then issued with temporary IDs along with a signed validation form which they could present on payment day to receive their CCT payments.
- J **Dealing with child headed households:** Following the typhoon there were cases of Pantawid families where parents had died and children were orphaned. Programme staff facilitated a process whereby grants were transferred to those relatives or guardian who were to become the recognised caregivers for these children. Case management and due diligence was undertaken by the city / provincial / municipal link, in partnership with the local social welfare and development office, and including the views of children themselves and others in the household and community. Once the grant was transferred to the new recipient, the links continued to undertake home visits to ensure child protection (DSWD, Pers. Comm.).

#### 4.3.4 Operational issues—managing the emergency cash transfer payment process

The ECT made use of the standard conduits and payment processes of the Pantawid programme. The use of established partnerships and operating systems for delivering transfers, and familiarity of all concerned (beneficiaries, delivery partners and DSWD) with these contributed to the success of the programmes. It avoided the need to set up and train stakeholders in a parallel delivery system, which would have been time consuming and costly. Cash transfers were disbursed quickly—usually within a week of the distribution being authorised and the funds being transferred by WFP or UNICEF (UNICEF, WFP, PhilPost, DSWD, Pers. Comm., Smith 2015; Bohling and Zimmerman 2015; Bowen 2015; Betteley 2016).

The administration of the ECT payments was not a totally smooth process, and created challenges for the payment service providers, DSWD and UN agencies, along with important lessons learned.

#### Challenges in delivering electronic payments

On Pantawid, OTC cash payments are more costly for the payment service providers to deliver than electronic payments (through cash card), since conduits incur costs such as for transporting and securing cash, and must complete a time consuming manual reconciliation process. Generally,

<sup>27</sup> The DAFAC is a registration card system used by DSWD in coordination with LGUs, to register households affected by disasters in the evacuation centres and monitor the receipt of relief benefits.

those beneficiaries who are paid by cash card also prefer this channel for the speed and flexibility (BFA 2015).

During the period when the WFP ECT was taking place, some beneficiaries continued to be paid by cash card. However, LBP faced two major challenges in the provision of electronic payments. First, Pantawid beneficiaries had lost their cash cards in the disaster. LBP agreed to replace the cards free of charge. However, it took between two weeks and several months to complete this task since cards were not stockpiled and two separate service providers needed to be engaged (one for manufacture of the card and one for the PIN) (DSWD, Pers. Comm.). This led to the Regional Programme Management Office in Region VIII receiving many grievances in January 2014, as people were unable to access their regular CCT payment or the first ECT payments. The regional DSWD office therefore requested LBP to allow cash card beneficiaries to receive their payments over the counter. The national office issued a memorandum to this effect in the first quarter of 2014.

Second, the devastation caused by the typhoon also severely affected power supply and the ATM network for several weeks (even months in some places). LBP provided three of their mobile ATMs to help disburse cash card payments in hard hit areas (LBP, Pers. Comm.). From interviews with Pantawid programme staff it appears that these were not made available in all areas in a timely fashion (DSWD, Pers. Comm.), and Bohling and Zimmerman (2015) conclude these were probably used for only 5% of the total ECT payments made. The more common solution was to pay people through one of the OTC channels instead.

This switch to manual payments showed good flexibility within the CCT to deal with the impacts of the disaster. However, because these things were not set up from the beginning, some payments were delivered later than planned (DSWD, Pers. Comm.).

## Challenges in delivering over the counter payments

**Capacity and workload of the conduits:** Whilst LBP is well placed to respond during disasters and have disaster recovery procedures stipulated by BSP to re-establish services after a disaster hits, it is acknowledged by all concerned that the impact of the disaster on the capacity of LBP and the conduits was underestimated by DSWD, who had not consulted them on their ability to carry out these additional payments (DSWD, WFP, Pers. Comm.). LBP simply received a memorandum from DSWD authorising them to make the necessary top-up payments (Bohling and Zimmerman 2015; LBP, Pers. Comm.).

In some of the affected areas, conduits faced challenges in paying beneficiaries in normal times, due to the remoteness of the populations (DSWD, Pers. Comm.). Many personnel of the payment service provider agencies (particularly GCASH and PhilPost) had themselves been personally affected by the typhoon, and their workplaces damaged (Bohling and Zimmerman 2015; PhilPost, DSWD, Pers. Comm.). Furthermore, no conduit was sufficiently prepared due to a lack of training or guidance on recovering operations and managing CCT payments following disasters (Philpost, Pers. Comm.). Both LBP and Philpost surged in staff from other regions to support the programme (LBP, PhilPost, Pers. Comm.). In the case of Philpost, they followed their institutional DRM plan, which was developed following the Japanese Tsunami in 2011, but was being implemented for the first time (PhilPost, Pers. Comm.). Some conduits had to recruit additional staff or third party small businesses to help them (Bohling and Zimmerman 2015).

The ECT added to the burden of labour for conduit staff delivering OTC payments in two ways. Firstly, the usual Pantawid programme payment schedule operates bi-monthly; however, WFP requested that their cash top-ups be delivered on a monthly basis (since ECTs designed to meet household food needs are often made on a more regular basis—commonly monthly—to allow

households to better manage their household budgets). This was not insurmountable, but created additional work for payment agents in preparing the distribution and the additional reconciliation (Smith 2015; PhilPost, LBP, Pers. Comm.).

Second, Bohling and Zimmerman (2015) report that the data and information flows between WFP and DSWD did not always align quickly enough to compute the WFP top-up amounts into the regular Pantawid payroll. In these instances, the conduits had to make two separate payments to beneficiaries.

The typhoon's impact on the operations of the OTC conduits is illustrated by the case of Philpost. Philpost's regional offices suffered extensive damage (particularly Tacloban) and reconciliation documents from the CCT payments made in October 2013 (i.e. before the typhoon struck) were ruined. This put Philpost very behind with their reconciliation reporting to LBP, and since all staff were focusing on delivery of the CCT and ECT payments between January and March 2014, it was not possible to solve this. In April 2014 Philpost had their Pantawid payment conduit license revoked, pending an audit. Since then they have received support from DSWD in recompiling the reconciliation reports, and are currently waiting to receive the certificate of liquidation (DSWD, PhilPost, Pers. Comm.). They will then need to reapply to renew their licence.

During the response to Typhoon Ruby in December 2013, when DSWD replicated the ECT partnership with WFP, LBP were involved at the early planning stages and encouraged to assess conduit capacity and anticipate where additional support would be needed (DSWD, Pers. Comm.).

**Managing liquidity:** The availability of physical cash in the affected areas was a challenge in the aftermath of the disaster (Smith 2015; Bohling and Zimmerman 2015; UNICEF, BSP, Pers. Comm.). LBP are responsible for ensuring availability of cash for the OTC conduits on the Pantawid programme—but this does not include pre-positioning of additional cash required for the ECT top-ups. Generally, conduits were able to access sufficient cash, though there were some delays, especially for rural cooperatives serving the more remote areas (LBP; PhilPost, UNICEF, Pers. Comm.). One challenge was lack of availability of smaller denomination bills (Bohling and Zimmerman 2015; PhilPost, Pers. Comm.).

**Location of pay-out points and security:** On Pantawid, there is only one payment point per LGU, some far from beneficiary residences (UNICEF discussion paper); however, beneficiaries only need to visit these once every two months, and security in normal times is not a huge concern. The use of this system to deliver emergency payments on a more frequent basis did result in longer hours spent travelling to and queuing at payment points, and additional transport costs for some beneficiaries. Security was reportedly of increased concern to the payment service providers, since they were responsible for transporting even larger volumes of cash long distances, and at a time when much of the population was in dire need of support—and so payment service providers feared robbery (PhilPost; DSWD, Pers. Comm.; Bohling and Zimmerman 2015).

One frequently cited solution to this challenge was for the municipal links to negotiate with the LGU (the mayors) to establish additional temporary payment points, or to engage the police to provide additional security at payment points (Bohling and Zimmerman 2015; UNICEF, DSWD, Pers. Comm.). Respondents considered this to be a good example of the importance of the local level implementers (municipal links and the linkages to the LGUs) in ensuring the success of the ECT.

**Contractual issues for the payment service providers:** The memorandum of understanding between WFP and DSWD stated that LBP and conduits would be paying Pantawid recipients through the same process, and would therefore earn the same fee per transaction as in non-emergency situations (Bohling and Zimmerman 2015). This reportedly caused some concern for the conduits, who were being requested to take on the additional consecutive monthly payments

for WFP (DSWD Pers. Comm.). It was agreed that for these ‘WFP-only’ payouts, LBP and its conduits would also earn the contractually agreed-upon service fee for payments in non-emergency times (Bohling and Zimmerman 2015). These service fees are already some of the lowest seen on national cash transfer programmes globally, and given that some conduits had to hire additional resources to support these payments, this service fee is not considered sufficient (Bohling and Zimmerman 2015; PhilPost, Pers. Comm.). Additionally, some of the WFP top-ups had to be delivered as a separate payment, but for no additional fee.

This problem came up again during the repeated partnership between DSWD and WFP in the response to Typhoon Ruby, meaning the memorandum of understanding between DSWD and LBP needed to be amended, delaying the payment process (DSWD, Pers. Comm.).

**Lack of clarity on financial procedures:** A challenge cited by all stakeholders involved was the problem of reconciliation of the ECT. As mentioned in section 3, the reconciliation process on the CCT is quite onerous. Rather than being managed as a payroll that each recipient signs, each transaction for an individual beneficiary requires completion and signing of a separate Acknowledgement Receipt. These are produced in triplicate, with one copy retained by the beneficiary, one by the payment service provider, and one by DSWD for submission to the Commission on Audit. WFP’s financial procedures required that they also receive a copy of the Acknowledgment Receipt. This was not made clear at the beginning, and the paperwork was already filed by DSWD in project offices or with the Commission on Audit. It took DSWD staff a good deal of time and effort to relocate and retrospectively scan this documentation—over a year in some cases (Bohling and Zimmerman 2015; OCHA, DSWD staff members, WFP Pers. Comm.).

In the case of UNICEF, payments were due to be made in consecutive months between June and December 2014. The first trimester of payments was disbursed as planned, followed by a delay of three months before the second trimester of payments could get underway. This was due to an unclear directive on the format for the submission of reports. A new template had been developed by the National Programme Management Office for the regional office to use, in order to account for the UNICEF top-up. But the report presented by the regional office was sent back twice, as this template kept changing. UNICEF could not disburse the next trimester of funds until those of the previous quarter were reconciled (UNICEF 2015; UNICEF, DSWD, Pers. Comm.).

#### 4.3.5 Operational issues—ensuring access for vulnerable groups

Generally, it is the women in the household who are the registered Pantawid beneficiary, responsible for attending the family development sessions and collecting the grants. As per the standard procedures on the CCT, the named beneficiary can send a representative to collect their payments when they are sick (including cases of disability and old age), pregnant or nursing. Following the typhoon there were some pregnant women who struggled to attend the payment points. These women were required to give an authorisation letter and their ID to a representative who could attend in their place. According to DSWD this process worked well. It is not clear whether this process led to instances where the named beneficiary did not receive all or some of the cash transfer (DSWD, Pers. Comm.).

#### 4.3.6 Operational issues—capacity of DSWD

Whilst from a coordination perspective having DSWD lead on both the CCT implementation and disaster response was useful, during this time DSWD faced resource challenges. Firstly, the scale of the disaster had affected the department’s field staff within the regions (Bohling and Zimmerman 2015; DSWD, Pers. Comm.). Secondly, the Pantawid programme staff (municipal and city links) were involved in supporting the ECT as well as operations of relief goods and management of

evaluation centres, as per their mandate during emergencies (DSWD, Pers. Comm.). On the one hand, this can be considered one of the factors behind the success in scaling up the CCT, since staff involved in Pantawid already had experience of engaging in emergency response. However, it also presented a strain on the personnel. Indeed, evaluation of the humanitarian response found that DSWD's role in four of the humanitarian response clusters, and as the primary channel for the Government of the Philippines' response operations, placed considerable strain on the departments (Bowen 2015). DSWD drafted in surge teams comprised of staff from surrounding regions, and from the Central Office in Manila, which provided the staff for the Pantawid validation exercise amongst other things.

Besides human resources, the department also needed equipment and budget to cover the administrative requirements of the validation exercise and the additional payouts. WFP had planned to provide equipment (including office equipment, generators and tents), but procurement rules meant neither WFP nor DSWD could quickly procure the necessary equipment (Bohling and Zimmerman 2015; DSWD, Pers. Comm). Bohling and Zimmerman (2015) report that:

“in the end ... DSWD received neither equipment nor monetary resources since it was unable to procure the equipment. The lack of equipment became a costly problem. For instance, DSWD had to spend PHP 600,000 (US\$13,630) on paper and ink to create, print and transfer the 37,000 new acknowledgement receipts to affected areas. Additionally, staff had to spend overnight at the office for one week to make the payout happen”. BFA (2015).

These resource challenges and the wide dispersion of beneficiaries meant that the originally anticipated timeframe for WFP's ECT was too ambitious. The original plans were to disburse 100,000 top-up payments in December 2013 and then a second top-up payment in January 2014. However, by early January only 32,500 payments had been made (Bohling and Zimmerman 2015; WFP, DSWD, Pers. Comm.). It took until the end of March 2014 to complete both payments for all households.

The UNICEF ECT also required DSWD to source additional support staff at the municipal level ('Municipal Facilitators') to handle case management and other tasks, and to purchase additional office equipment. UNICEF funded this support as part of the grant to DSWD. Both these processes faced some delays, which put a strain on the normal resources of the CCT during the first quarter of the ECT operations (UNICEF 2015).

An area in which DSWD staff lacked expertise, and where WFP was an effective partner for the ECT, was in market analysis—a recognised good practice when considering cash as a modality in emergency response (Smith 2015; WFP, Pers. Comm.).

#### **4.3.7 Coordination of humanitarian assistance and the ECT**

As mentioned above, WFP's and UNICEF's solution to the exclusion of some disaster-affected households from the Pantawid programme was to reach these through their traditional route of INGO implementing partners. This is an illustration of how a nationally led 'vertical' top-up response though the social protection system has potential to be coordinated with the wider humanitarian response, to effectively reach those who are and those who are not CCT beneficiaries, in a way that improves coverage and reduces duplication in the overall response.

Whilst coordination of the ECT with humanitarian assistance was effective at a single agency or project level, there were well-documented challenges with the coordination of humanitarian cash assistance at an inter-agency level. First, the scale of the cash response (number of implementers

and programmes) during Haiyan, and the emergence of the coordination architecture for cash only *after* the disaster limited the effectiveness of programme coordination between agencies and locations. Second, it was also the first time that a social protection shock-response had been piloted by DSWD, and there were not in place the processes or procedures for coordination between the Pantawid programme management office and the DSWD unit responsible for disaster response, or between DSWD and the wider work of humanitarian agencies (Kagahastian and Kweyu 2015; Bowen 2015; Smith 2015). Both these issues limited the effective coordination of the ECT with the wider humanitarian assistance post Haiyan<sup>28</sup>.

There was also lack of clarity or coordination on the way in which humanitarian agencies made use of DSWD's newly validated Pantawid beneficiary list. There was much talk that this could be used as a tool to support targeting of cash assistance by humanitarian agencies (Kagahastian and Kweyu 2015). However, there was no single, coordinated way for agencies to make use of these lists, and many assumptions were made. There are reports that some agencies used the Pantawid beneficiary list to influence their own targeting on the assumption that these people were (some of) the most vulnerable to the disaster. Meanwhile other agencies reportedly decided to make Pantawid membership an *exclusion* rather than an *inclusion* criterion (OCHA, CWG, UNICEF, Pers. Comm.). The research of the targeting sub-working group of the CWG found that for the most part, agencies used variations of community based targeting (CBT) when targeting cash assistance, rather than simple reliance on these lists. This was based on categorical vulnerability criteria (such as the size of the household; presence of children etc.) with some overlap with Pantawid eligibility criteria. Some agencies then included Pantawid beneficiaries if they considered that these households needed additional support; others did not (CWG Pers. Comm.).

The extent to which this list actually influenced the targeting strategies of humanitarian agencies is therefore unclear. However, it created a perception within some communities that Pantawid beneficiaries were receiving extensive support, at the expense of others who were equally affected. At least one Barangay rejected the use of targeted assistance, and demanded blanket assistance for all residents or no assistance at all (OCHA Pers. Comm.; Kagahastian and Kweyu 2015).

One positive aspect of cash coordination was DSWD's creation of a process for humanitarian agencies to coordinate with the Listahanan<sup>29</sup>. Via UN OCHA, who chaired the CWG, agencies could submit their lists of beneficiaries for cash assistance to the NHTO of DSWD, for verification and/or inclusion of the households into the Listahanan database. This process was intended to help NHTO to widen the Listahanan database to include those households that were affected by the disaster and who were made poor as a result (Bowen 2015). DSWD used this data and similar data generated by municipal and city links to enrol households that were newly impoverished as a result of the disaster, and therefore not listed as poor in the Listahanan, and who fitted the criteria for eligibility into Pantawid, into the MCCT. DSWD enrolled an additional 20,000 households in 2014, based on updated information on the poverty status of those affected by Typhoon Yolanda and other disasters in 2013 (Bowen 2015; DSWD Pers. Comm.). The World Bank considers this to be an important mechanism that gave the CCT programme the flexibility to adapt to a new post-disaster reality and the impact this had on household income, consumption and livelihoods and thus eligibility for social protection (Bowen 2015).

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<sup>28</sup> See Smith (2015) for more detail on cash coordination during the Haiyan response and the challenges faced.

<sup>29</sup> After completion of the process of revalidating Pantawid members, the NHTO in DSWD offered a data triangulation service to humanitarian actors, who had generated their own list of beneficiaries at the local government unit (LGU) level. NHTO estimated it could validate as many as 14,000 names within 24 hours.

## 5 Shock-responsive social protection in the Philippines—future scenarios

### Key points

- ) Since 2015 there has been some movement towards the institutionalisation of a national emergency cash transfer (N-ECT) for disaster response within DSWD, with donor support. There was little progress in 2014 and 2015 as DSWD needed to ‘regroup’ post Haiyan and also key protagonists on both sides (UN and DSWD) finished their positions and moved on, so there was some loss of institutional memory.
- ) The case of Philippines illustrates the importance of champions within UN agencies, donors and government for moving the institutionalisation process forward, and the importance of doing so, given the loss of institutional memory when personnel involved in piloting move on.
- ) Whilst it is early days and the design of an N-ECT is still to be determined, there is potential that this will be based upon the systems for social protection that are already in place under the Pantawid programme. Such a system offers potential for a long-term, structural solution linking humanitarian response to national development processes and improving coordination of government-led and humanitarian agency responses.
- ) Whether this will be through vertical expansion or through piggybacking on the systems of Pantawid in order to preserve the integrity of the CCT, or a combination of the two, is still in discussion.
- ) There are numerous factors that decision makers will need to take into account along with barriers to overcome. This includes defining processes for identifying and enrolling non-CCT beneficiary households; determining the objectives of an N-ECT and the parameters for establishing the transfer value post emergency; defining institutional arrangements and building capacity of those institutions involved in implementation; defining coordination arrangements with wider humanitarian assistance; preparedness planning for DSWD and payment service providers; and putting in place instruments to ensure availability and rapid release of funds. It also remains to be seen what support the incoming administration will provide for the Pantawid programme and the proposed N-ECT.

### 5.1 Shock-responsive social protection post-Haiyan: what has happened since

This research identified continued and growing interest and momentum within government, the UN, donors and the wider humanitarian sector in the Philippines to use social protection systems to support shock response.

In 2014, there was little movement within DSWD to institutionalise such an approach, although WFP already adopted the same arrangements with DSWD to support 6,810 households in their response to Typhoon Ruby in 2014 (Smith 2015). This lack of movement was considered by key informants to be for two reasons. First, DSWD needed to spend time to ‘regroup’ post Haiyan—to re-establish offices that were decimated in the disaster and pick up all their other activities that had been put on hold throughout the response / recovery; second, several of the key protagonists for the ECT on both sides (in the UN and in DSWD) finished their positions and moved on to other jobs, so there was some loss of institutional memory.

Momentum increased in January 2015 when the idea for an institutionalised ECT, building on experiences of Haiyan and using Pantawid administrative systems, was first presented to DSWD management by the World Bank during negotiations for the next Pantawid loan finance. In February 2015 CaLP and UNICEF hosted a training workshop, ‘Training on Cash Transfers and Coordination’ for DSWD staff. The objective of the training was to deepen the knowledge and skills of DSWD staff regarding emergency cash transfers, and explore further strategies for adopting the CCT framework to deliver cash assistance in emergencies (CaLP 2015b; UNICEF 2015). The outcome was a roadmap toward the institutionalisation of cash transfers within the Pantawid programme framework (DSWD, Pers. Comm.).

In 2015, the World Bank completed its own review on experiences of the pilot ECT which concluded that a scalable ECT programme within DSWD would reduce the burden of in-kind delivery, and provide more effective support to the diverse and changing needs of disaster affected

households. The Bank then approached DSWD with a concept note to support the development of a National Emergency Cash Transfer Programme (N-ECT) (Acosta 2016; World Bank, Pers. Comm.). Financial and technical support is envisaged over a two-year period, to implement a programme based on six components (Table 6). The paper highlights the importance of such a programme being able to scale up vertically (to provide additional support to existing social protection beneficiaries) but also horizontally (to reach a larger share of households affected by a disaster).

**Table 6 Components of World Bank's proposed engagement to develop a National Emergency Cash Transfer Programme**

	Activity	Aim
1	Roundtable discussion on post-disaster cash transfer programmes in the Philippines	To kick off the engagement with, generate buy-in from and seek experiences of agencies involved in cash transfers post-disaster (WFP, UNICEF, UNOCHA, CaLP, CWG members).
2	Empirical analysis	Programme parameters and financing strategy to assess the (hypothetical) cost of an ECT under various disaster scenarios. Simulation of post disaster ECTs to explore the (hypothetical) impact of an ECT on the consumption of affected poor households and efficiency savings compared to DSWD's current in-kind operations.
3	Support to programme design	Assessing the step-by-step processes in targeting, enrolment and payment that will be required to administer an ECT and comparison to the existing DSWD and CCT systems.
4	Support to elaboration of operations manual	To be elaborated by DSWD with assistance from development partners, including clearly defined rules for when an ECT will be triggered, that are transparent, objective and independent of the political process. This will learn from a previous engagement between the World Bank and DSWD which created a "Disaster Response Operations Sub-Manual" for the manual of the National Community Driven Development Programme in order for the programme to respond explicitly and more flexibly to disasters.
5	DSWD capacity-building	Supporting the institutionalisation of the processes through building capacity among staff, systems and administrative processes.
6	Learning and dissemination forum	To disseminate the findings from the partnership and the operations manual and extrapolate lessons learned.

Source: World Bank (2016)

At a DSWD–World Bank roundtable discussion on 16 June 2016, the N-ECT concept was presented to UN agencies, CWG agencies and others within government and civil society. There was apparent agreement amongst those present that indeed this is the direction in which agencies should proceed.

The design of an N-ECT is yet to be defined. The first elaboration of World Bank's idea presented in Bowen (2015) recommends development of a, 'complementary but separate programme' which leverages existing Pantawid systems in order to, 'preserve the integrity of the Pantawid CCT as an instrument for long-term human capital accumulation and poverty reduction...[and] that reaches both Pantawid and non-Pantawid affected households' (p3). The concept note and subsequent discussions in the round table also highlighted support for establishment of an N-ECT that was integral to—but that went beyond—the Pantawid programme (Acosta 2016). DSWD and World Bank confirmed that they are carefully considering the benefits and challenges of the different possible ways to build on existing systems, and that at present all options for design of an N-ECT are firmly on the table (DSWD; World Bank, Pers. Comm.).

## 5.2 Institutionalising an National Emergency Cash Transfer Programme: factors to consider and barriers to overcome

Stakeholders are clear that whilst moving forward with an N-ECT in DSWD is desirable, it is not a quick fix. The remainder of this section explores some of the key issues that must be considered, the barriers to overcome and potential solutions identified in this research.

### 5.2.1 Targeting approaches and inclusion of the most affected households

Defining mechanisms through which an N-ECT identifies and includes those households who are most vulnerable to hazards and disaster risk, whilst minimising errors, was a key issue cited by most stakeholders.

#### How to scale up an N-ECT

There was agreement that, from the perspective of targeting those affected by disaster, vertical expansion of the CCT is logical. The CCT provides an efficient mechanism for reaching **a cohort of those affected by disaster—i.e. those who are affected by the disaster and who are also Pantawid beneficiaries**—with emergency cash assistance, because there is a ready caseload of poor and vulnerable households, who can be expected to be among (but not all of) the worst affected; systems are already up and running.

The challenge is how to scale up an N-ECT that also aims to reach those who are not enrolled on the CCT but who are affected by a disaster. One option could be to horizontally scale up the CCT by temporarily enrolling new beneficiaries who need support following the disaster. Existing and ex-personnel of DSWD expressed reluctance, concerned that enrolling a caseload that did not fit the eligibility criteria for the CCT would change the focus of the programme, which is very specifically to improve human development of poor families. This could risk losing the clarity of this message, and undermining the legitimacy of the long term CCT. It could also be difficult to communicate the temporary expansion of the programme and create problems when these households were exited from the programme post-disaster (DSWD, Pers. Comm.).

Stakeholders recognised the value in an N-ECT using the existing underlying administrative systems of the CCT, rather than setting up parallel structures, providing this was understood as a separate programme. This fits the ‘piggy backing’ typology of shock-responsive social protection (Figure 1).

There is the possibility of horizontal expansion of Pantawid to reach additional households through the MCCT (detailed in section 3). However, this is only an option for those households who fit the demographic eligibility criteria of Pantawid, and the mechanism is not currently designed for provision of rapid, or temporary support<sup>30</sup> (DSWD, Pers. Comm.). This is not considered further here.

#### How to identify households for inclusion in an N-ECT

For households registered on the Pantawid programme, an N-ECT can make use of the programme’s beneficiary database to verify a ready caseload of vulnerable beneficiaries for support. This is based on the assumption (made on the evidence presented in section 3 of this

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<sup>30</sup> Social welfare officers must complete an assessment of the household and submit details to the NHTO with a request for their inclusion into the Listahanan (special validation of this list occurs on an irregular basis). If these cases are included in the Listahanan poor list, the household moves across to the regular Pantawid programme.

report), that the poorest households (i.e. the focus of Pantawid) are likely to be some of the worst affected by disasters. At the time of Haiyan, given the scale of the disaster and numbers affected, the WFP and UNICEF made the pragmatic decision to blanket-target all CCT beneficiaries within the affected area, assuming that most would have been affected, and that making no further verification would allow for speedy response. If this mechanism is used in future, then depending on the scale of the disaster, there would need to be a decision whether to blanket-target all CCT beneficiaries, or to undertake some further verification of each household based on extent of damage.

An N-ECT that aims to reach non-Pantawid households who have also been affected will need another means to quickly and accurately identify those affected by the disaster. Three potential mechanisms were put forward by stakeholders.

1. **Listahanan II:** There was widespread agreement that the existence of the Listahanan could be the starting point for targeting on any N-ECT (DSWD staff members, CWG, OCHA, Red Cross, Pers. Comm.). Bowen (2015) reports that it is already utilised by DSWD (previously by the Department for Risk Reduction and Operations Office, now DReaMB) to estimate the number of households that will be affected by a disaster in a particular location, and inform post-disaster needs assessments.

However, the precise way that the Listahanan can be used to inform targeting needs to be carefully considered. The list provides a social registry of all surveyed households, poor and non-poor, and is a repository of data on the majority of households nationwide. This could be a useful starting point for targeting of an N-ECT since it would remove the need to establish a household list from scratch. It could enable a more rapid validation process post disaster, to identify which households have been affected by and / or become poor because of the disaster, and who need assistance. If used for this it will be important to be aware of the limitations of the Listahanan for this purpose: 20-30% of the population is still excluded from the list (OCHA, Pers. Comm.; Bowen 2015).

This is very different to using the Listahanan database to actually pre-define eligibility of households. The database can theoretically be used for this purpose. Taking as a starting point that those in poverty can be expected to be some (not all) of the worst affected by a disaster, stakeholders considered that those identified in the Listahanan II as poor or near-poor could present a natural starting point for the immediate targeting of an N-ECT<sup>31</sup>. There are several limitations with the Listahanan that must be recognised here since they have the potential to undermine targeting of an N-ECT. Firstly, there are errors in proxy mean testing, which mean not all those who are included in the Listahanan as 'poor' will be poor, and vice versa. Secondly the database is updated very irregularly, meaning it becomes more inaccurate at predicting poverty over time. If such an approach was used, additional targeting strategies would also be needed to ensure those who are not classified as poor in Listahanan are also included in the N-ECT—or these households would need to be targeted with parallel humanitarian assistance.

2. **Disaster Assistance Family Access Card (DAFAC):** This mechanism was put forward by several stakeholders, and was also proposed at the World Bank / DSWD roundtable discussion (OCHA, DSWD, Pers. Comm.). Bowen (2015) and Kagahastian and Kweyu (2015) also consider it. The DAFAC is a registration card system that is used by DSWD in coordination with LGUs to register households affected by disasters (at the evacuation centres), and monitor receipt of relief, including family food packs, bottled water, shelter assistance and cash for

<sup>31</sup> In Listahanan II there are 5.1 million poor households, of which 2.8 million are Pantawid programme beneficiary households. Above this is a new category called the 'near-poor', comprising 1.5 million Pantawid programme beneficiary households who have moved above the poverty line plus 880,000 non-Pantawid households. These households are within 10% of the poverty line and considered highly vulnerable to poverty (Secretary Soliman pers. Comm.)

work. It includes information about level of damage to beneficiary households, their inclusion in Pantawid, and other indicators of vulnerability (e.g. presence of older people, people living with disabilities and pregnant women; and estimated monthly income). It is implemented through the DRM Office of the regional DSWD with support from SWOs including Pantawid municipal links. It is reportedly a good source of household-level, sex and age-disaggregated information, which could be used for identifying a new caseload for an N-ECT, and screening out Pantawid programme beneficiaries.

Available literature highlights some important limitations of the DAFAC for this purpose in its present form. It is a paper-based system, which means the data is not easily shared or utilised, as during emergency response there is little capacity for social welfare officers to code the data (OCHA, Pers. Comm.; Bowen 2015). Bowen (2015) recommends the digitisation of the DAFAC system, and electronic registration of households. There is also the risk that using the DAFAC as the primary tool for response programmes coordination excludes some disaster-affected households (those who did not move to evacuation centres) (Bowen 2015)<sup>32</sup>. It is not clear whether the coverage of disaster affected households by DAFAC would be better than that of Listahanan.

3. **Community-Based Monitoring System (CBMS):** Kagahastian and Kweyu (2015) propose the use of the CBMS for targeting emergency cash transfers. This was also put forward at the World Bank / DSWD roundtable. CBMS is a household survey conducted by the LGU, which aims to provide LGUs with their own poverty data to inform devolved policymaking and programming. It provides a comprehensive analysis of the extent of poverty at the local level, and identifies households who are Pantawid beneficiaries. However, this system is not currently implemented regularly in all LGUs, or to the same standards, due to lack of expertise and budgetary limitations (UNICEF, Pers. Comm.; Kagahastian and Kweyu 2015).

## How to prioritise assistance under an N-ECT

Inevitably, any N-ECT would need to be scaled up incrementally. Indeed, it may not even make financial sense to build capacity for such a programme nationally, but rather to focus investment on areas where the likelihood and impact of hazards will be greatest. In either case, this will require definition of which geographical locations and administrative areas will be prioritised<sup>33</sup>.

Furthermore, within these areas there will need to be definition of which households will be included in the N-ECT. In the World Bank / DSWD roundtable discussion, the benefits of a blanket targeting approach in the critical early stages following a large-scale disaster were noted, where the crisis is felt by all, and where it is difficult to determine with confidence which groups have been ‘most’ affected. In smaller scale disasters, and as the acute phase comes to an end, prioritisation of resources towards the ‘most in need’ may be needed. Quotas / cut-offs and how to administer these may need to be considered. This will certainly be essential if the aim is to pre-register at-risk households for an N-ECT as part of a preparedness strategy<sup>34</sup>.

Stakeholders mentioned that it will be necessary to clarify and agree upon which hazards an N-ECT would respond to—since the occurrence of typhoons, El Niño events and earthquakes could

<sup>32</sup> A survey undertaken by the Protection cluster at that time found that a “lack of documentation” and “access to humanitarian services” were listed as “severe protection problems” by 50% and 45% of those surveyed, respectively, suggesting this was indeed an issue (Bowen 2015).

<sup>33</sup> Various national initiatives to improve the capacity of the government and LGUs to undertake risk profiling and identify areas and population groups that are most vulnerable to disasters could be of use here. This includes a new project of the Information Management Group under the Office of Civil Defense to develop baseline hazard maps incorporating hazard vulnerability, along with information on services and infrastructure, poverty and demographic data (CWG, WFP, Pers. Comm.).

<sup>34</sup> DReaMB is reportedly embarking on a pilot initiative to register every poor household under the Listahanan in six high risk areas (three urban and three isolated rural Municipalities) (DReaMB, Pers. Comm.).

lead to the prioritisation of different geographical areas and population groups (CWG Pers. Comm.). Whilst the ongoing conflict in the south of the country presents a major hazard, there was general agreement that the additional complexities of programme implementation in these areas meant any N-ECT should focus first on responding to natural hazards (WFP, Pers. Comm.).

### 5.2.2 Setting the transfer value

The transfer value of any N-ECT must be calculated based on the programme objectives, which in turn requires consideration of what emergency needs are best met through a single, unconditional cash transfer administered by DSWD, as opposed to other approaches (such as in-kind support, or sector-specific and/or conditional cash transfers).

Stakeholders from the humanitarian community with experience in cash transfer programming explained that following natural disasters, the most common needs of households include support for food and other basic needs, shelter rehabilitation or reconstruction, and support for livelihoods recovery. Cash modalities have proved successful in meeting these needs in previous emergencies in the Philippines (Kagahastian and Kweyu 2015.). DSWD carries the mandate to lead on responses to address most of these needs in the cluster system (OCHA, WFP, Pers. Comm.). Therefore, in principle an N-ECT could be designed with the objective to meet these multiple needs, as ‘multi-purpose grants’.

There were various caveats that stakeholders gave, however, regarding the complication of inclusion of shelter needs:

- J Whilst DSWD’s food and non-food item pipelines are mobilised at the beginning of a response, shelter assistance is phased in later as part of early recovery. If the same approach were followed with an N-ECT, this would entail a phased approach with grant amounts initially based on food / basic needs and then eventually increasing to incorporate shelter needs. This adds an additional layer of complexity to programme administration (OCHA, Pers. Comm.).
- J Shelter responses currently provide different values of cash assistance according to the category of housing damage (whether full or partially damaged). This would lead to variation in the N-ECT grant value between households, again creating complications for programme administration and requiring clear communication to beneficiaries (OCHA, Pers. Comm.).
- J Cash-based shelter rehabilitation or reconstruction programmes tend to utilise CCTs. These are delivered as several tranches, and payments are contingent on the beneficiary purchasing appropriate materials and constructing to a particular standard. Globally there is concern amongst shelter practitioners that a move towards use of multi-purpose unconditional cash support in emergencies risks jeopardising building quality and safety (Global Shelter Cluster 2016). For these reasons, shelter actors are likely to oppose inclusion of shelter assistance within a single unconditional grant.

Stakeholders felt that an N-ECT value based on food and other basic needs may be more simple, realistic and appropriate, certainly in the response phase. Some respondents considered that the same channels could then be used to provide additional shelter assistance, as separate payments, to those who need it in the recovery phase. An electronic payment system would make this process relatively straightforward through the use of multiple e-money wallets (DSWD, Pers. Comm.).

### 5.2.3 Preparedness—roles, responsibilities and actions

Developing an N-ECT within DSWD (whether vertical expansion of Pantawid, implementation of a programme using the Pantawid administrative systems, or a separate programme), will require

extensive work as part of disaster preparedness to define and sensitise all concerned on their respective roles and responsibilities and the procedures to follow.

### **Preparing DSWD and the LGUs**

It is important for the operating processes of any N-ECT to be clearly set out in guidelines, supported with a rolling and continuous training initiative. In the case of vertical expansion of the CCT, this should define any differences for design and implementation of the CCT in emergencies (OCHA, Pers. Comm.). Stakeholders commented that generally government programmes and systems have not been made disaster resilient, and the regular CCT programme would benefit from the definition of procedures to ensure business continuity following a disaster, regardless of whether or not it scales up to meet additional needs (WFP, DSWD, CWG, Pers. Comm.).

Stakeholders commented on the need for sensitisation and capacity building at all levels within DSWD and LGUs, to move forward with an institutional cash based response in emergencies. Besides training in the operating processes for implementing the N-ECT, this includes training in market assessments, and in the monitoring requirements of humanitarian programming (i.e. changing focus from monitoring compliance of conditions, to the use of cash and impacts at the household and community level (WFP, Pers. Comm.).

### **Preparing the payment service providers**

Respondents highlighted the need for guidance for the Pantawid payment service providers to follow post disaster, to ensure continuity of regular CCT payments and defining their roles and responsibilities to implement an N-ECT (Red Cross, DSWD, PhilPost, LBP, Pers. Comm.). This would cover things such as processes for ensuring liquidity, capacity assessments of payment conduits, and contingency plans such as automatic authorisation of OTC payments. It would also formalise things which happened during the ECT pilots in an *ad hoc* fashion—such as Land Bank waiving the replacement card fees.

DSWD explained that, going forward, the agreement between DSWD and Pantawid payment service providers will provide flexibility for increasing the number of transactions to beneficiaries, so that LBP and the conduits are clear on their remuneration for engagement in an N-ECT (DSWD, Pers. Comm.). Some stakeholders considered that the service fees provided to conduits on the N-ECT should be higher to reflect the higher administrative burden (Bohling and Zimmerman 2015, PhilPost, Pers. Comm.).

One administrative process that has changed is the use of the acknowledgement receipts. Previously staff were required to complete a separate form (in triplicate) for each household. As of May 2016, this has been replaced with a miniature payroll that lists four beneficiaries on each page, who sign. Early experience suggests that this is much quicker (DSWD staff members, Pers. Comm.).

Whilst the Government of the Philippines' 'Cash Lite Agenda' and investments being made by LBP should see the payment system of Pantawid transitioning towards an electronic payment system in the not too distant future, in the short to medium term the bulk of payments will continue to be made manually<sup>35</sup>. This means mechanisms must be put in place, to ensure liquidity to manage the volume of cash payments on an N-ECT. The NDRRMC focuses on pre-positioning of commodities

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<sup>35</sup> Following recommendations by the World Bank, LBP are progressively transitioning more Pantawid beneficiaries over to the card based electronic payment system. 1.8 million households currently use cash cards to access their payments. 200,000 additional households will be moved across in 2016 and 400,000 in 2017 (Land Bank Pers. Comm.)

but nothing is done in relation to pre-positioning of cash. LBP is not a member of the NDRRMC, but would be eligible as they are government owned (BSP, Pers. Comm.).

### Establishing stand-by agreements

In the event that humanitarian agencies such as WFP are still directly funding and supporting the N-ECT implementation, establishing pre-agreements with these agencies would be beneficial. This would enable agencies to better understand the existing controls, checks and balances within the national CCT programme, and find ways to work within these systems where possible. Any requirements for adaptation of these systems would then be understood ahead of time and built into the agreement, ensuring any costs incurred by DSWD are covered<sup>36</sup>.

#### 5.2.4 Changes to regulations

Implementation of any N-ECT that provides additional cash assistance to Pantawid beneficiaries, or uses the Pantawid administrative systems for delivering assistance, should be outlined in a national regulation of the Pantawid programme along with the agreed triggering mechanism for disbursing an N-ECT (e.g. the declaration of a state of calamity). This would remove the need for DSWD to invoke new memorandums on a case-by-case basis (WFP, DSWD, UNICEF, Pers. Comm.). DSWD recommended that the CCT programme design document also be amended to reflect mechanisms for triggering, deploying and coordinating the N-ECT through the social protection system (DSWD, Pers. Comm.).

Recent actions to change financial regulations in the Philippines will create a better enabling environment for cash payments to households in emergencies (whether through social protection or a separate parallel programme):

- J **Relaxation of ‘know your customer’ (KYC) requirements:** Stakeholders in UN OCHA and the CWG noted that the BSP has been open to dialogue over actions at a regulatory level to improve preparedness of emergency cash transfer programmes (whether through DSWD or other agencies). BSP attended meetings of the Cash Working Group in 2015 and discussed a policy recommendation to automatically relax KYC regulations upon declaration of a state of calamity (OCHA, UNICEF, CWG, Pers. Comm.). BSP confirmed that those memorandum circulars established in response to typhoon Haiyan can now be automatically invoked in future calamities (BSP Pers. Comm.). BSP have an ongoing review of KYC regulations in the Philippines, as part of an initiative to deregulate low risk transactions and improve financial inclusion. BSP anticipate that this will lead to greater flexibility in the KYC requirements for low risk accounts (BSP, Pers. Comm.).
- J **Improving the regulatory environment for growth of e-payments:** use of e-payments for financial transactions is currently extremely low<sup>37</sup>. BSP are working on the National Retail Payment System to improve the regulatory environment which restricts the growth of e-payment systems. This will require amendments of the country’s anti-money-laundering regulations. It is focusing on improving digital payment flows between financial institutions and government-to-person and person-to-person transactions. This will make it easier to use e-money to its full potential and remove the reliance on cash. Such changes will make it more

<sup>36</sup> Lessons learned during Typhoon Haiyan influenced the memorandum of understanding between WFP and DSWD during Typhoon Ruby, when DSWD were supported to hire additional book keepers (DSWD, Pers. Comm.).

<sup>37</sup> The population make 2.5 billion transactions / payments in country per month and only 1% of this is done electronically. BSP aim to move to 20% by 2020 (BSP, Pers. Comms). While mobile money products have been in the Filipino market for over a decade, in 2011, the World Bank’s Findex revealed only 2% of adults used their mobile phone to pay bills; 13% of adults received and 7% sent money on their mobile phone (Bohling and Zimmerman 2015).

feasible to move towards an electronic payment system on Pantawid and for any N-ECT (BSP, Pers. Comm.).

### 5.2.5 Political economy issues and sustained support

The effectiveness of shock-responsive social protection in the Philippines as piloted during Haiyan, and any N-ECT that plans to use the Pantawid administrative systems, are heavily dependent on continued political and financial support for the Pantawid programme. If the coverage of the Pantawid programme was to increase, the percentage of the total population that would be enrolled would be higher, and—logically speaking, especially if the poor are some of the most vulnerable to disasters—then more disaster-affected households would also be enrolled, and could be supported through the relatively straightforward vertical scaling up of the CCT. Conversely if the CCT coverage is reduced, then this potential for vertical scale-up is reduced, and the underlying administrative systems may have lower coverage and staffing reduced, making the system less robust for delivering an N-ECT.

A key issue here is that the CCT is not enshrined in legislation, and future administrations can reduce support for the programme (DSWD, WFP, Pers. Comm.). The ‘institutionalisation of the CCT’ into law through the passing of the CCT Bill was high priority of the outgoing administration under DSWD. However, the draft Bill stalled in the Senate on account of political issues<sup>38</sup>.

It remains to be seen what level of support there is in the new administration for the CCT, or an N-ECT. One of the priorities of the incoming Secretary is to conduct a full review of the Pantawid programme. At the time of the fieldwork in June 2016, it was anticipated that this would lead to a scaling up of the CCT, rather than a reduction (DSWD; World Bank, Pers. Comm.)<sup>39</sup>. However, since the new Secretary Taguiwalo took office in July 2016, there is yet to be clarity on the government’s position and future commitment to Pantawid (Professor Mel Luna, World Bank, Pers. Comm.).

For the N-ECT, it was necessary for the World Bank to engage with not only DSWD but also the Department of Finance. Agreement from the Department of Finance was secured in early 2016 to finance the programme through the World Bank’s financial instruments (see section 5.2.6). It is hoped that the concept will continue to have political support (World Bank, Pers. Comm.).

### 5.2.6 Options for financing an N-ECT

The pilot ECTs were funded through international humanitarian funds. Any institutionalised N-ECT requires pre-agreed contingency finance for immediate implementation without reliance on emergency appeals.

#### The NDRRMF

Stakeholders highlighted the NDRRMF and QRF as existing institutional contingency financing mechanisms that could be used to finance an N-ECT. However, stakeholders agreed that in order to use this mechanism, additional financing would be required, otherwise such a programme risked

<sup>38</sup> This was just prior to the election of the new government, and the Bill became a political power struggle between the incumbent political party, and the opposition. This reportedly led to delays in getting the Bill on to the agenda in the Senate (DSWD Pers. comm.)

<sup>39</sup> The outgoing Secretary of the DSWD was advocating for the 1.5 million existing Pantawid beneficiaries who have moved above the poverty line under Listahanan II to be maintained on the CCT programme, as they are still highly vulnerable. This requires a change to the programme regulations to enable the inclusion of the ‘near-poor’ on the programme. This will also now be the responsibility of the new administration to take forward.

pulling existing financial resources away from other essential preparedness and response activities.

### **The Catastrophe Deferred Draw Option (Cat/DDO)**

In 2016, the World Bank signed an agreement with the Department of Finance for a Catastrophe Deferred Draw Option (Cat/DDO)<sup>40</sup>. This agreement represents a more formal commitment from both the Department of Finance and the World Bank to the idea of an N-ECT, and development of this is captured within the results indicators<sup>41</sup>.

Whilst the actual linkage from the Cat/DDO to such a programme is not formalised, the potential is now there to create a formal linkage for disbursement through any future N-ECT, i.e. there is potential for this fund to top up the NDRRMF, for the purpose of implementing an N-ECT. This would provide assured financing, over and above the government's existing disaster response funds, whilst being channelled through existing institutional mechanisms.

It will be important to bear in mind and address certain barriers in the Government of the Philippines' contingency financing mechanisms, to ensure effective use of these funds:

1. A Commission on Audit report of the Haiyan response found that there were administrative delays in releasing the NDRRMF and the QRFs allocated to DSWD. DSWD had to draw down on other available funds within its departmental budget to enable it to respond quickly in the interim (Bowen 2015).
2. QRF expenditure must be in line with the regulations set out in the General Appropriations Act. To date funds have been used by DSWD to stockpile commodities and for Cash for Work, but not for unconditional cash transfers (DReaMB, Pers. Comm.). The Act does not stipulate that funds cannot be used for this purpose, but it is not explicit that unconditional cash constitutes relief goods. There may be a reticence to use funds for other modalities unless this is clarified, as DSWD are accountable to the Commission on Audit for their use (OCHA, DReaMB, UNICEF, Pers. Comm.). This will require an executive order to amend the rules.

Some of the costs of setting up the N-ECT are to be funded by World Bank through a complementary grant. The World Bank has secured an initial \$450,000 to support this over two years. The purpose of the grant is to provide technical assistance in design of the programme and its implementation framework, including support to the production of an operational manual (World Bank, Pers. Comm.). It does not seem that there have been any discussions about the long-term financing of the institutional elements of an N-ECT (i.e. set-up costs or long-term operational costs) or government appetite to take this on beyond 2017.

### **The LDRRMF**

At the World Bank / DSWD roundtable use of the local DRRM funds to finance an N-ECT was also proposed. However, this would be challenging. Firstly, the lower class LGUs (4th to 6th class),

<sup>40</sup> A Cat/DDO is an approved contingent credit line that provides immediate liquidity to member countries in the aftermath of a natural disaster. It is part of a broad spectrum of risk financing instruments available from the World Bank Group, to help borrowers plan efficient responses to natural disasters. The Cat/DDO financing is triggered under certain conditions such as a declaration of calamity, and subject to progress towards various agreed milestones. The Department of Finance needs to specify policy options for what the financing will be used for in an emergency. The department has agreed that one component of this will be to finance the N-ECT (World Bank, Pers. Comm.; Bowen 2015).

<sup>41</sup> Results Indicator C6: the Department of Finance, Department of Budget Management and DSWD have developed procedures for emergency cash transfers following disasters. Baseline: Not yet developed (April 2015). Target: Operations Manual is developed, detailing the institutional and technical provisions for rapid and transparent scalable conditional cash transfer program in response to disasters (World Bank 2015).

which have higher risk of disasters, have proportionately smaller allocations for LDRRMF given their lower levels of revenue. These funds are already insufficient for the required investment in DRRM activities (Office of Civil Defense, 2015; OCHA, Pers. Comm.). It is important to identify additional sources of finance rather than divert funds that already exist. Secondly, the Funds are for use at the discretion of the LGUs in accordance with their DRRM Plans. It could not be guaranteed that Funds would be used to finance an N-ECT—nor would it be appropriate to expect LGUs to finance a centralised national programme (UNICEF; OCHA; Provincial DRM office, Pers. Comm.).

### **5.3 Policy options for consideration in design of an N-ECT**

There are various ways in which an N-ECT under DSWD could be designed, and at the time that this research was undertaken no decision had been made on this. It will be important to consider all possible options, and the pros and cons, and costs, of each. Table 7 illustrates the potential options for scaling up an N-ECT and illustrates some of the likely benefits and challenges of each.

**Table 7 Policy options for design of a National Emergency Cash Transfer Programme**

Policy options	Benefits	Limiting factors
1. Vertical and horizontal expansion of the CCT <sup>1</sup>	<ul style="list-style-type: none"> <li>) Quick access to a pre-defined caseload (vertical expansion).</li> <li>) Builds on existing administrative systems and processes.</li> <li>) Clear lines of coordination as all operations stay within the parameters of the existing CCT.</li> </ul>	<ul style="list-style-type: none"> <li>) Including households that do not fit the CCT eligibility criteria risks undermining the credibility of the CCT.</li> <li>) Likely to face challenges when it comes to exiting the temporary caseload from the programme.</li> <li>) Difficulties in rapidly targeting a new caseload—need to establish the criteria and mechanisms and deal with exclusion errors.</li> <li>) Is dependent on continued support for / coverage of the CCT.</li> </ul>
2. Vertical expansion of the CCT, and reaching additional households through a parallel but separate channel under DSWD that leverages CCT systems <sup>2</sup>	<ul style="list-style-type: none"> <li>) Quick access to a pre-defined caseload (vertical expansion).</li> <li>) 'Piggy backing' on existing administrative systems to reach new caseloads on a temporary basis quickly and efficiently whilst avoiding the difficulties expected from horizontal expansion of the CCT.</li> </ul>	<ul style="list-style-type: none"> <li>) Difficulties in rapidly targeting a new caseload—need to establish the criteria and mechanisms and deal with exclusion errors.</li> <li>) Vertical expansion is dependent on continued support for / coverage of the CCT.</li> <li>) Costs of setting up a parallel channel.</li> </ul>
3. Vertical expansion of CCT, and reaching additional households through the humanitarian system <sup>3</sup>	<ul style="list-style-type: none"> <li>) Quick access to a pre-defined caseload (vertical expansion).</li> <li>) Avoids the need to develop any additional channel or procedures within DSWD.</li> <li>) DSWD's role in the cluster system and the CWG steering committee provide a natural link.</li> </ul>	<ul style="list-style-type: none"> <li>) Unlikely to be as rapid.</li> <li>) Will require development and harmonisation of and adherence to well defined procedures to ensure good coordination.</li> <li>) Will need to overcome barriers to sharing of personal data.</li> <li>) Dependent on continued support for / coverage of the CCT.</li> </ul>
4. Development of a new national programme within DSWD, separate to the CCT but potentially leveraging the existing systems, to reach affected households that are CCT beneficiaries and non-beneficiaries	<ul style="list-style-type: none"> <li>) Maintains a clearly defined channel for use in emergencies, whilst maintaining the integrity of the CCT for long term development.</li> <li>) If it uses separate systems and resources, is not at risk from reduction in political support for the CCT—though would still need institutionalising.</li> <li>) Could still seek to make use of the same systems and staff as are currently used on the CCT but designed as a separate programme.</li> </ul>	<ul style="list-style-type: none"> <li>) Effectively duplicating administrative processes for a large cohort of disaster-affected households (CCT beneficiaries) which could be costly and time consuming.</li> <li>) A system that is not tried and tested, or functioning regularly in normal times, is likely to face challenges and delays during implementation.</li> <li>) Unless designed as a totally separate system with separate administrative resources, still dependent on continued support for / coverage of the CCT.</li> </ul>

Source: OPM, from discussions with key informants. Notes: (1) Policy options are based on the three types of shock-responsive social protection that relate to scaling up or building on an existing programme (horizontal and vertical expansion and piggybacking). *Vertical expansion* means increasing the value of the CCT to meet emergency needs of existing beneficiaries. *Horizontal expansion* means registration of new beneficiaries onto the CCT on a temporary basis. (2) *Piggybacking* means that the N-ECT reaches households affected by the crisis through a separate programme to the CCT, but the CCT administrative processes provide existing systems for registration, payment, staffing, etc. (3) *Aligning a parallel humanitarian response* would mean maintaining a parallel system for cash transfers, administered by aid agencies in partnership with payment service providers, closely coordinated and aligned with DSWD, in order to reach those households excluded from the expanded Pantawid programme.

## 5.4 Future coordination of an N-ECT programme: issues to consider

### 5.4.1 Improving coordination between institutions for social protection, disaster risk management, and humanitarian response

The Philippines has an unusual institutional set-up, in that the same government agency has a lead role in the coordination of social protection, DRRM and humanitarian response. This is recognised to offer opportunity for integrated thinking and programming on shock-responsive social protection (Bowen 2015; DSWD, UNICEF, Pers. Comm.). The NDRRMC also provides a forum for seeking the necessary regulatory approvals for an N-ECT programme, and for coordinating any disaster preparedness activities for and responses through an N-ECT<sup>42</sup>.

Whilst these institutional structures offer a strong starting point from which to build, stakeholders identified the following coordination issues that must be taken into account, in design of an N-ECT:

- J **Defining intra-departmental coordination mechanisms:** Any N-ECT would be the responsibility of DReaMB but, depending on the design, may be building on the institutional structures and administrative systems of the Pantawid programme. The Pantawid Programme Management Office and DReaMB work totally separately so coordination mechanisms would need to be defined (DSWD, WFP, OCHA, Pers. Comm.)<sup>43</sup>.
- J **Capacity gaps in the DRRM institutional structures:** getting the requisite endorsement for an N-ECT by the NDRRMC will require buy-in from the chair and council members. Disaster response and preparedness planning of the NDRRMC still focuses on in-kind provision, and cash transfer programming is yet to be elevated to discussion in the technical working group. It is not that the council would be against the concept—more that they would want to understand the benefits and risks along with any roles and responsibilities of the council at national and sub-national levels. Some respondents commented that ‘shock-responsive social protection’—and even the definition of social protection—may be well understood by DSWD but that other departments may lack clarity, and that this was even more likely at the local level. Stakeholders recommended that to build understanding and buy-in, DSWD should take the time to develop a well defined, tangible programme with clear operational mechanisms and plans for coordination that could be used by the council to determine roles and responsibilities (DSWD, WFP, OCHA, Pers. Comm.).
- J **Changes to DRRM institutional structure:** A 2015 review identified some limitations with the capacity of the national and local structures for DRRM<sup>44</sup>. It cited the need for an independent agency with full authority to implement DRRM strategy and activities nationwide (Office of Civil Defense 2015). A proposal has been submitted to Congress. If this is approved, those units within existing departments that take the lead on DRRM (DReaMB in the case of DSWD) will all move to a separate DRRM ministry. Creation of a dedicated department is intended to reduce bureaucracy, and speed up the release of funds for disaster relief, among other things. If an N-

<sup>42</sup> DSWD in its role as manager of the Pantawid programme and vice-chair for response within the NDRRMC would be the lead decision-maker in endorsing an N-ECT. To institutionalise a N-ECT as a national DRRM programme would then require endorsement by the chair of the NDRRMC which would recommend it to be passed as an executive order by the President’s Office (OCHA Pers. Comm.).

<sup>43</sup> There was some suggestion that this could be through an adaptation of the ‘Convergence Strategy’ of DSWD which is reportedly the mechanism through which the three core anti-poverty programmes of DSWD’s Poverty Reduction Programmes Bureau (the Pantawid, KALAHI-CIDSS, and SLP) are aligned together, to ensure a comprehensive response to poverty <http://www.gov.ph/2015/03/09/dswd-intensifies-program-convergence-to-address-poverty/>. No information could be found to determine how well thought out or effective this strategy has been in practice.

<sup>44</sup> A five-year review of progress made since the Enactment of the Disaster Response Act 121—the provisions of the law, its implementation and the challenges faced—by the “Sunset Review Committee”, a consultative body composed of government agencies and four civil society organisations sitting in the NDRRMC.

ECT were to top up Pantawid grants and/or piggyback on Pantawid administrative systems, then this would require institutional coordination between DSWD's Pantawid Programme Management Office and any new DRRM Department's bureau for disaster response.

**Coordination with international humanitarian response:** while it could become a primary channel, it is unlikely that any N-ECT will become the sole channel for cash based responses to disasters in the future since it is not feasible that all disaster-affected households will be identified and included in such a mechanism, or that such a mechanism can effectively respond to all needs with a single unconditional transfer. This means that additional, separate, cash based responses will need to be effectively coordinated with the N-ECT to avoid duplication and overlap. Most stakeholders considered that the CWG will have an important role to play here as a forum for information sharing and joint planning and preparedness. This has proved a useful vehicle for collaboration between agencies implementing cash transfers in emergencies and is still functioning, in peacetime, two and a half years after inception, institutionalised within the cluster system. Furthermore, both the Pantawid National Programme Management Office (NPMO) and DReaMB are members.

Effective sharing of data with this wider group on which households are N-ECT beneficiaries, and transfer values, would be necessary for effective coordination (UNICEF, WFP, OCHA, Pers. Comm., Bowen 2015). There is an issue of data protection here, which is still unreconciled. Previously the data under Listahanan I was shared with DSWD partners including UN OCHA, under a specific memorandum of understanding for the purpose. The enacting of a new Privacy Law has created barriers for DSWD in sharing with external agencies personal data held in Listahanan. This blocks the effective utilisation of Listahanan by humanitarian agencies, or to support targeting of any N-ECT (OCHA, Pers. Comm.). The CWG recognises this issue, and is considering sponsoring a policy formulation, in partnership with DSWD, for an executive order that will allow for some flexibility to be shown on the management of this data in the case of disaster response (for example, a relaxation of the law at times of calamity) (OCHA, Pers. Comm.).

Furthermore, there should be alignment between an N-ECT and cash transfers implemented through the humanitarian system on assessment tools and processes (needs assessments and response analysis), design features such as transfer values, and monitoring tools.

#### **5.4.2 Sub-national implementation of a National Emergency Cash Transfer Programme: coordination with LGUs**

Stakeholders interviewed were in agreement that any N-ECT under DSWD would need to maximise use of existing staff and institutions for implementation (DSWD, Pers. Comm.). Clearly LGUs will play an essential role in implementing an N-ECT. However, there were differences in thinking on the extent of the role they should play. On the one hand, stakeholders at sub-national level and within the UN felt that a leadership role for local government was important, given their primary role in disaster response, and to generate LGUs' buy-in (DSWD, Provincial DRRM Office, Pers. Comm.). Meanwhile, those interviewed at national level expressed concern that this could lead to political bias in targeting<sup>45</sup>. Other reasons cited were operational: i) if an N-ECT tops up or builds on the Pantawid systems, then it is logical for implementation to follow the Pantawid implementation processes, and these are centralised; and ii) maintaining an N-ECT as a centralised national programme will ensure that it is implemented in all areas; devolving it to LGUs would require its inclusion in every local DRRM plan.

<sup>45</sup> Stakeholders within DSWD considered that giving ownership of the N-ECT administration to local government risked targeting becoming influenced by local power dynamics and politics, such that some of those in need would be excluded. These are the same concerns that led the Pantawid programme to be centralised rather than devolved.

The idea to manage an N-ECT centrally through DSWD seems sensible from the point of view of resources, given the lack of staffing capacity within LGUs (the Provincial Social Welfare Offices and Municipal Welfare Offices) to manage and implement such a programme<sup>46</sup> (Provincial SWO; DSWD, Provincial DRRM Office, Pers. Comm.). The direct involvement of LGUs will nevertheless be crucial in order to ensure implementation support from LGU social welfare officers, if needed, and to create the enabling environment for implementation (i.e. mobilisation of police at payment points, or validating IDs, etc.).

Stakeholders identified several issues that it would be important to bear in mind regarding any plans to implement an N-ECT:

- J **Training:** Those personnel involved in the Pantawid CCT are already familiar with cash transfers in a development context. However, they require further capacity-building in aspects relating to cash transfer programming in emergencies, such as in market analysis, financial management and monitoring (Provincial DRRM Office, WFP, OCHA, Pers. Comm.). Those SWOs not currently involved in the Pantawid programme would need training on cash transfer programming in emergencies, as well as the operating procedures for the Pantawid programme (Provincial SWO, DSWD, Pers. Comm.). It is useful that one of the components of World Bank's proposed project is dedicated to capacity-building. WFP is reportedly also moving forward on a complementary capacity-building initiative with DSWD, to identify capacity gaps and develop a cash model of operations in emergencies (WFP, Pers. Comm.).
- J **Staffing challenges:** Even with staff from LGUs and DSWD special programmes, some respondents considered that operations on the regular programmes were overstretched (especially financial operations), and that it would be necessary to increase the number of personnel (WFP, Pers. Comm.). DSWD highlighted the difficulty that the department has faced in sourcing sufficient SWOs in some regions, due to a national shortage of social workers<sup>47</sup>. Another difficulty to bear in mind is the capacity of the LGU links. These positions are generally filled as 'job orders', on a contractual basis by the mayor. As a result, many are reportedly hired not based on competencies but on personal relationships. This also means that when mayoral offices change, the LGU links will also change, which means a regular loss of institutional knowledge (DSWD, Pers. Comm.). This will need to be considered in development of the training and capacity-building strategy. Following a disaster, depending on its scale, key programme personnel may also have been affected. Having some sort of contingency fund to finance additional human resources and / or a plan to surge in support from other non-affected regions will be needed (Provincial DRRM Office, WFP, Pers. Comm.).
- J **Plans for federalisation:** The development of an N-ECT will need to take into account the plans of the incoming administration for implementing a federalised system of government, which will lead to a greater devolution of power to LGUs. Stakeholders raised the suggestion of building some sort of incentive structure into the N-ECT, linked to capacity-building, to encourage the buy-in and strong performance of LGUs (World Bank, Pers. Comm.)<sup>48</sup>.

<sup>46</sup> Whilst there are numerous SWOs at the level of the province and municipality, these are personnel of the DSWD regional special programmes employed directly by DSWD. The same applies for the financial oversight provided by the roving book keepers, who are employed by DSWD not the LGUs. All these resources of the Municipal Action Team can already be mobilised to implement DSWD's disaster response programmes at times of calamity.

<sup>47</sup> This means some municipal link positions are filled by other relevant professionals including psychologists, teachers, nurses due to social worker shortage (DSWD, Pers. Comm.).

<sup>48</sup> The example was given of the CCT in Brazil, which is a national programme that is implemented by local government, with an incentive structure for good performance. The government provides a mandatory budgetary allocation for the programme to all local governments along with a discretionary top-up allocation, which provides an extra subsidy for those units deemed to have performed well (World Bank, Pers. Comm.).

## 6 Conclusions

The Pantawid programme was scaled up vertically by DSWD in response to Typhoon Haiyan through two separate ‘emergency cash transfer’ pilot projects, that were implemented with funding and technical assistance from WFP and UNICEF respectively. This effectively provided some existing CCT beneficiaries with additional cash top-up payments through the same administrative processes as were used on the regular programme. In the case of WFP, the objective was to meet the food needs of disaster-affected households, whilst UNICEF aimed to support the early recovery of disaster-affected households by providing sufficient funds to meet a range of needs and avoid negative coping strategies. In both cases, the decision to top up CCT beneficiaries was because i) the caseload of the CCT are some of the poorest households, expected to be some of the worst affected by the disaster; and ii) the use of a predefined list of households and existing systems for communication, payment, reconciliation and monitoring would allow the rapid scaling up of cash assistance.

Available evidence collated in section 4 points to the vertical expansion of the Pantawid programme as being an efficient way of reaching a portion of, but not all, households that were affected by the disaster.

The programme could not scale up horizontally, and so non-beneficiaries could not be supported with cash assistance through the same mechanism. These households were instead supported through the wider humanitarian system. Engagement of humanitarian agencies with DSWD on the vertical expansion of Pantawid did not impact negatively on the timeliness of this broader humanitarian assistance. The wider coordination of cash assistance between the many agencies involved in the Haiyan response was somewhat lacking, but experiences at that time generated important lessons going forward for how such coordination could be improved.

Nevertheless, there were some significant challenges faced, most of which stem from a lack of prior experience of, or procedures for, adaptation of the Pantawid programme for shock response, or any procedures for continuation of normal programme operations post-disaster. This included difficulties in locating and identifying CCT beneficiaries; the increased burden of labour on programme staff and payment conduits; non-functioning of e-payment systems; challenges with ensuring liquidity and security on over the counter payments; and problems with reconciliation of the ECT payments. Factors that were instrumental in overcoming these difficulties included strong working relationships between the UN agencies and DSWD; political will and a desire to seek solutions in the face of an unprecedented disaster among all concerned; surging in of additional staff from other regions; and the support from local-level implementers (municipal and city links and the LGUs).

### 6.1 What features of social protection systems facilitate an effective response to shocks?

There appears to be a consensus emerging within the Government of the Philippines, donors, UN agencies and other humanitarian actors that an N-ECT should be developed within DSWD, and that if possible this should somehow exploit the systems of the national social protection system (specifically the Pantawid CCT). In the first instance, such a programme would focus on addressing natural hazards rather than conflict.

Features of the current social protection system that could facilitate effective response to disasters include:

1. a CCT with national coverage and a large existing caseload of some of the poorest households, who are considered some of the most vulnerable to disasters—although not the only households who are vulnerable to disasters;
2. a national database of 60% of the population including poor and near-poor households, for rapid identification of additional caseloads and possible pre-identification of target households for an N-ECT on the basis of poverty (though with caveats about risks of doing so);
3. an effective payment system with flexibility to switch between payment channels if required;
4. local level personnel (municipal and city links plus other SWOs) to support implementation; and
5. the same institutions overseeing systems for social protection and disaster response.

Nevertheless, the design of any N-ECT will need to take into account the issues and challenges identified by stakeholders in this research. This section sets out a number of recommendations for those stakeholders taking forward the development of an N-ECT, for consideration in developing the strategic processes, the technical and operational framework and the enabling environment.

### 6.1.1 Targeting a National Emergency Cash Transfer Programme

In developing a targeting strategy, the following must be discussed, defined and agreed upon, and the strategy well communicated to LGUs and communities, so that everyone is clear on the reasons for why some areas and households are included and others are not.

1. Which hazards is an N-ECT going to respond to?
2. What will be the geographic coverage of an N-ECT? Whilst national coverage may be an ideal, incremental regional coverage may be more realistic, beginning in recognised ‘disaster hotspots’.
3. What are the targeting criteria and targeting mechanism for reaching disaster affected households, and will these vary depending on the hazard? Building on existing national mechanisms (the Listahanan, and the DAFAC for example) is sensible. It is essential to clarify the way in which these will be used to inform targeting (is it just to provide a ready-made population list upon which further criteria are applied, or is it to actually predefine a vulnerable caseload for assistance?) and the limitations of these systems for these different purposes must be acknowledged and addressed in the strategy.
  - The DAFAC only seems workable if the process is digitised.
  - Using Listahanan data to provide a ready-made list of poor and non-poor households could be a useful starting point for targeting, but time to further verify households would need to be factored in. Using Listahanan poverty lists to target disaster assistance based on poverty carries more risk since i) poverty targeting is imperfect, leading to errors of inclusion and exclusion in the database; ii) the data will become increasingly inaccurate as years go by; and iii) there is not complete overlap with poverty and disaster vulnerability. Such a mechanism could be a pragmatic, ‘quick and dirty’ way of getting assistance to people quickly following large-scale disasters where targeting is more broad. But, not all disasters will require such an approach. It will be important to develop contingency plans to support those households who do not fit the poverty score, or who are excluded from the list, but who are also affected by disaster. Coordination with LGUs and the wider humanitarian system to identify and support these groups through other means is likely to be crucial.
4. What will be the intended coverage of the target group? Whether vertically scaling up the CCT, or scaling up an N-ECT to reach other households, decisions need to be made on whether blanket-targeting is desirable or feasible, and at what stage further selection becomes a priority. Depending on resources, it may be necessary to establish quotas at provincial or municipal levels, or additional eligibility criteria such as level of damage to housing. In which

case, it will be important to coordinate with the humanitarian system to ‘fill the gap’ in the event that the N-ECT cannot meet all the identified needs.

5. Is it worth pre-identifying and enrolling those who are vulnerable to a disaster onto an N-ECT as part of preparedness? Given the risks of using Listahanan for this listed above, purpose the pros and cons of doing this must be carefully considered.
6. How do we verify eligibility post disaster? Anticipating loss of ID and defining what forms of ID can be used to identify eligible households post disaster will be important.

### 6.1.2 Defining the transfer value

To do this there must be clarity on the objectives of an N-ECT, and which emergency needs it aims to meet. This will require engagement and discussion with the clusters responsible for providing material assistance, from the government and the HCT, as well as with the CWG. A big decision is whether or not to include livelihood recovery and shelter within an N-ECT. Whilst transfer values cannot be precisely determined as part of preparedness planning, since the level of support needed will depend on the scale of the disaster, it should be possible to define the minimum expenditure basket in advance, and perhaps also a range of transfer values according to different levels of, or types of, disaster; or tools to guide this process so that the transfer value can easily be computed post-disaster.

Compromise is needed between the desire to provide tailored packages of assistance to meet specific needs of households versus the need to go to scale quickly and easily. The greater number of grant sizes included, the more onerous and complicated an N-ECT becomes to administer and communicate to beneficiaries. Having a limited number of predefined grant packages according to household size may be a good middle ground. Where possible, these should be rounded up or down to avoid the need for using small currency denominations.

### 6.1.3 Establishing procedures for implementing a National Emergency Cash Transfer Programme

The inclusion of ‘Support to Operation Manual’ in the World Bank’s proposed package of support for the N-ECT (see footnote 41 and Table 6) is welcomed, since establishing and sensitising all stakeholders on the systems to be used, processes to follow and their roles and responsibilities to implement an N-ECT post disaster will be essential. This is to ensure stakeholders are prepared for any scaling up, and to reduce the risk that staff turnover leads to loss of institutional memory. Where possible, these should build upon the existing processes and systems. These guidelines should include detail on any activities that must be completed as part of preparedness, including what needs to be pre-positioned (e.g. currency; ATM cards; ID cards) and establishing procedures for surging staff during a response. They should also define any procedures for early warning, the indicators and processes for triggering the scale up (and scale down) of the N-ECT, and systems for assessing who is affected and what their needs are.

### 6.1.4 Developing the National Emergency Cash Transfer Programme payments system

Whether conceived as an expansion of the CCT or a separate programme, the payment system to be developed for the N-ECT should build on the tried and tested system of the Pantawid programme. On any vertical expansion of the Pantawid programme, the payment channel will be dictated by the conduit or conduits used on the day to day programme. For any separate programme reaching additional caseloads of disaster affected households, the same conduits

could be used, and potentially other conduits added to provide surge capacity and ensure payments are made in a timely fashion.

Until now, the limited enabling environment for e-payments in the Philippines means a combination of modalities is still necessary, and does offer flexibility during disasters where e-payment infrastructure may be damaged. On the other hand, the manual payment process is resource-heavy, time-consuming and more at risk from a security and financial accountability perspective. An electronic payment system would need to be robust, with good coverage and would need to recover quickly post disaster—but such a system, if established, would be preferable over manual payments. There is a political drive to rapidly increase the use of e-payments, and changes to the regulatory environment which should make such a system more feasible. Stakeholders should consult with BSP and LBP to map out the plans for digitising payments on the Pantawid programme, and together determine the optimum division between electronic and OTC payments on an N-ECT. There should be contingency to switch to manual payments built into an N-ECT.

### **6.1.5 Ensuring the sustainability of a National Emergency Cash Transfer Programme**

It will be important for stakeholders to consider the risks to long term programme sustainability, and take steps to address these. The main risks identified during this research were a lack of resources to finance the scaling up of an N-ECT, and a reduction in political support for the CCT and/or the N-ECT.

The proposal to build on existing mechanisms for contingency financing in-country, linked to financing instruments that provide a pre-agreed top-up of funds from outside the national budget, without reliance on humanitarian appeals, is sensible. Some clarification on the use of the NDRRMF / QRF for these purposes under the General Appropriations Act is still required. It will be important to allocate contingency finance to the operational costs of scaling up an N-ECT, as well as the cash transfers, and this also must be clarified in the regulations. It is important for DSWD and the World Bank to calculate the set-up and day-to-day operational costs of an N-ECT, under different design options, and establish the capacity (and willingness) of the incumbent government to absorb the operational costs after 2017. It could be necessary to consider longer term grant support.

In terms of political support, it remains to be seen what decisions the incoming administration make concerning CCT expansion. It is highly recommended that the proposed project of DSWD and World Bank build in the necessary activities and advocacy to build understanding within the new administration of the importance of social protection to the disaster resilience and poverty reduction agenda in the Philippines; build political support for the CCT, and ideally get the CCT and any N-ECT institutionalised through legislation. The Act is drafted for the CCT, and the evidence exists, globally and from the Pantawid evaluations. For the N-ECT, the project must include resources to capture evidence and learning on the efficiency and effectiveness of an N-ECT for shock response. This could be through modelling or simulations; these activities are proposed within the World Bank concept note. It could also be through evaluation of any piloting of the N-ECT during a future disaster which may generate more powerful evidence.

It is recommended that DSWD and the World Bank extend their engagement on developing an N-ECT beyond the initial two years currently planned, and advocate for the inclusion of the programme in the legal framework and in order to fully realise these institutionalisation objectives.

## 6.2 How can social protection, disaster risk management and humanitarian systems work better together for more effective responses to shocks?

The Philippines has well developed systems for social protection, DRM and humanitarian response. DSWD plays a lead role in design and implementation of policy and programmes of each. In the event of the development of an N-ECT, this certainly offers potential for effective coordination of these systems during responses to shocks. **Examples of good coordination** seen during the pilot ECTs include:

1. Rapid establishment of a memorandum of understanding between WFP and DSWD to work with Pantawid, because of existing partnerships with the DSWD's unit for disaster response;
2. Institutional mechanisms enabling DSWD staff implementing national social protection programmes to support disaster response operations of the department during crises;
3. DSWD's membership of UN OCHA's CWG, the forum for coordinating cash assistance delivered by humanitarian actors during disasters. This enabled the sharing of the Pantawid programme beneficiary list with humanitarian actors to inform targeting (although lack of defined procedures on the ways in which these lists should be used to inform targeting created some confusion during the Haiyan response). It also enabled humanitarian agencies to share their targeting lists (via OCHA) with DSWD's NHTO, to improve national poverty data post disaster, and contribute to the implementation of the MCCT by the Pantawid programme office, thus giving long term support to those eligible households made newly poor by the typhoon.

That said, there are several things that will need to be reflected upon in the design of the N-ECT to ensure these **linkages** are used to their full potential during future responses:

1. The Pantawid National and Regional Programme Management Offices and DReaMB work totally separately, and coordination mechanisms enabling their collaboration on an N-ECT need to be defined;
2. The CWG offers potential as a forum to coordinate a government-led N-ECT with additional cash assistance provided by humanitarian partners. To be effectively realised this will require development of clear criteria, indicators and mechanisms for targeting on the N-ECT; data sharing so that other CWG members are best placed to 'fill the gaps'; harmonisation of approaches for needs and market assessments; and standardisation of transfer values and frequencies.
3. The Pantawid is a nationally implemented programme whereas disaster response is led by LGUs. The level of devolution of an N-ECT to LGUs, and/or involvement of LGUs, must be defined.

In defining **implementation arrangements** on an N-ECT, stakeholders must make decisions on:

- J Whether the N-ECT will be a nationally implemented or a devolved programme and extent of the involvement of local government actors.
- J What coordination mechanisms are needed within DSWD (between DReaMB and the Pantawid NPMO), or between DSWD and a potential future Department for DRM.
- J Any investments needed in staffing.
- J How to build capacity in cash based humanitarian response at local and national levels (within DSWD, the NDRRMC, the Office of Civil Defense, social welfare officers, mayors and municipal links).
- J Coordination of an N-ECT with other humanitarian cash assistance, through the CWG.

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## Annex B Detailed methodology

### B.1 Approach to the research

The overall research combines both quantitative and qualitative data gathered through a combination of desk-based research (literature review and interviews) and six country case studies, three in-depth and three light ones (document review, consultations with key informants and stakeholders). In-depth case studies provide detailed information gathered over at least three in-country research periods, accompanied by regular consultations and interactions with key stakeholders in-between the missions. The light case studies analyse information relevant to the main research questions, but during just one in-country research period and focusing on specific aspects particularly interesting to examine (such as an effective DRM system, a successful experience in piggybacking, or multiple regional initiatives aimed to deliver effective shock responses). The research has three main components: normative, diagnostic and explanatory:

1. **Normative:** this component ensured key terminology and concepts were clarified leading to consistency across the project e.g. on the objectives of social protection and key enabling factors and constraints as identified by the literature. Some of this was completed during the literature review and inception phase consultations. The aim was to identify what qualifies as a shock-responsive social protection policy and system, their properties and the links to humanitarian interventions.
2. **Diagnostic:** this component mapped out social protection policies and systems and considered their (actual and potential) degree of responsiveness in the context of different shocks. It also provided descriptive analysis of broader processes that influence that effectiveness, such as political considerations, the budget process and the legislative framework.
3. **Explanatory:** this component addressed the question ‘why?’ It examined the factors underlying the patterns and results highlighted at the diagnostic stage. Its objective was to provide information on the reasons why policy and systems have evolved and performed as outlined. Factors considered include: policy design and implementation details, administrative / operational capacity, political economy variables and financing sources and arrangements. The analysis was applied to both social protection policies, systems and to the coordination or integration (and/or lack thereof) between social protection and humanitarian shock response.

### B.2 Analytical tools

Answering the research questions required the application of a broad set of analytical tools covering different themes and pursuing different objectives. These are:

1. **Mapping and analysis of stakeholders, power relations and governance:** This set of tools analyses the people and organisations who are—or might be—involved in contributing to a shock-responsive social protection system; their mandates, interest and influence, the way they organise themselves and their capacities. It consists of stakeholder analysis, institutional analysis and organisational capacity assessments.
2. **Vulnerability / poverty analysis:** This involved creating a ‘risk and vulnerability profile’ for each country, drawing on secondary quantitative and qualitative data from a range of reputable sources.
3. **Mapping and analysis of policies and systems for social protection, humanitarian assistance and DRM:** This involved reviewing and updating existing mappings and collecting information relating to the design of relevant policies and systems and the features of policy delivery. Following the mapping exercises, policy analysis was conducted to review explanatory factors.

4. **Budget / financial analysis:** This involved review of the macroeconomic environment and medium term outlook of key economic indicators; review of budgetary processes and rules for allocation of budgets, their use and reallocation within and across sectors or administrative entities; analysis of sources and levels of expenditure allocated to social protection, DRM, humanitarian response, and (if relevant) climate change; and financial analysis of specific social protection, DRR / DRM, or humanitarian response programmes or interventions.

Our approach paid attention to issues of conflict and fragility and their impact on the development and implementation of policies and systems that can respond to shocks. This has been linked to the questions explored under analytical tools such as the vulnerability analysis and financial analysis, since conflict and fragility may have a bearing on topics such as the assessment and mitigation of risk and issues surrounding funding cycles.

### B.3 Overview of stakeholder consultations

A summary of key informant interviews is presented in Table 8.

**Table 8** Summary of key informant interviews

Type	Organisation
Government	<ul style="list-style-type: none"> <li>) DSWD (6 interviews)</li> <li>) DSWD, Pantawid Provincial Programme Operations Unit, Leyte (3 interviews)</li> <li>) DSWD Region VIII Office (6 interviews)</li> <li>) Office of Civil Defense</li> <li>) Provincial Disaster Risk Reduction and Management Office, Leyte</li> <li>) Provincial Social Welfare Office, Leyte (2 interviews)</li> </ul>
Multilateral development partners	<ul style="list-style-type: none"> <li>) ILO</li> <li>) UNICEF, Philippines</li> <li>) UN OCHA (4 interviews)</li> <li>) World Bank, Philippines</li> <li>) WFP regional office, Bangkok (3 interviews)</li> <li>) WFP regional office, Cairo</li> <li>) WFP, Philippines (2 interviews)</li> </ul>
NGO	<ul style="list-style-type: none"> <li>) Oxfam</li> <li>) Philippines Red Cross</li> <li>) Save the Children</li> <li>) World Vision International</li> </ul>
Private sector / payment service providers	<ul style="list-style-type: none"> <li>) Central Bank of Philippines</li> <li>) Land Bank Philippines</li> <li>) PhilPost (3 interviews)</li> </ul>

Source: OPM.

## Annex C Further information—Shocks and vulnerability

### C.1 Environmental shocks in the Philippines

**Table 9** Recent environmental shocks

Disaster	Date
El Niño induced drought	June 2016
Typhoon Melor	December 2015
Typhoon Koppu	October 2015
Floods and landslides	June 2015
Typhoon Maysak	March 2015
Tropical Storm Jangmi	December 2014
Typhoon Hagupit	December 2014
Tropical Storm Fung-Wong	September 2014
Typhoon Rammason	July 2014
Floods and landslide	June 2014
Floods and landslide	January 2014
Typhoon Haiyan	November 2013
Bohol Earthquake	October 2013
Typhoon Nari	October 2013

Source: ReliefWeb (accessed 20 June 2016)

**Table 10** Worst environmental shocks in terms of casualties

Disaster	Date	Number of people killed
Typhoon Yolanda (Haiyan)	November 2013	6,300
Mindanao earthquake	August 1976	6,000
Typhoon Uring (Thelma)	November 1991	5,956
Luzon earthquake	July 1990	2,412
Typhoon Pablo (Bopha)	December 2012	1,901
Tropical Depression Winnie	November 2004	1,619
Typhoon Titang (Kate)	October 1970	1,551
Typhoon Sendong (Washi)	December 2011	1,439
Typhoon Nitang (Ike)	September 1984	1,422
Typhoon Reming (Durian)	November 2006	1,399

Source: Cruz (2014)

**Table 11 Worst environmental shocks in terms of number of people affected**

Disaster	Date	Number of people affected (millions)
Typhoon Yolanda (Haiyan)	November 2013	16.1
Typhoon Pablo (Bopha)	December 2012	6.2
Typhoon Ruping (Mike)	November 1990	6.2
Typhoon Ondoy (Ketsana)	September 2009	4.9
Typhoon Frank (Fengshen)	June 2008	4.8
Typhoon Pepeng (Parma)	September 2009	4.5
2012 Habagat (Southwest Monsoon)	August 2012	4.5
Typhoon Loleng (Babs)	October 1998	3.9
Typhoon Milenyo (Xangsane)	September 2006	3.8
Typhoon Openg (Vera)	November 1973	3.4

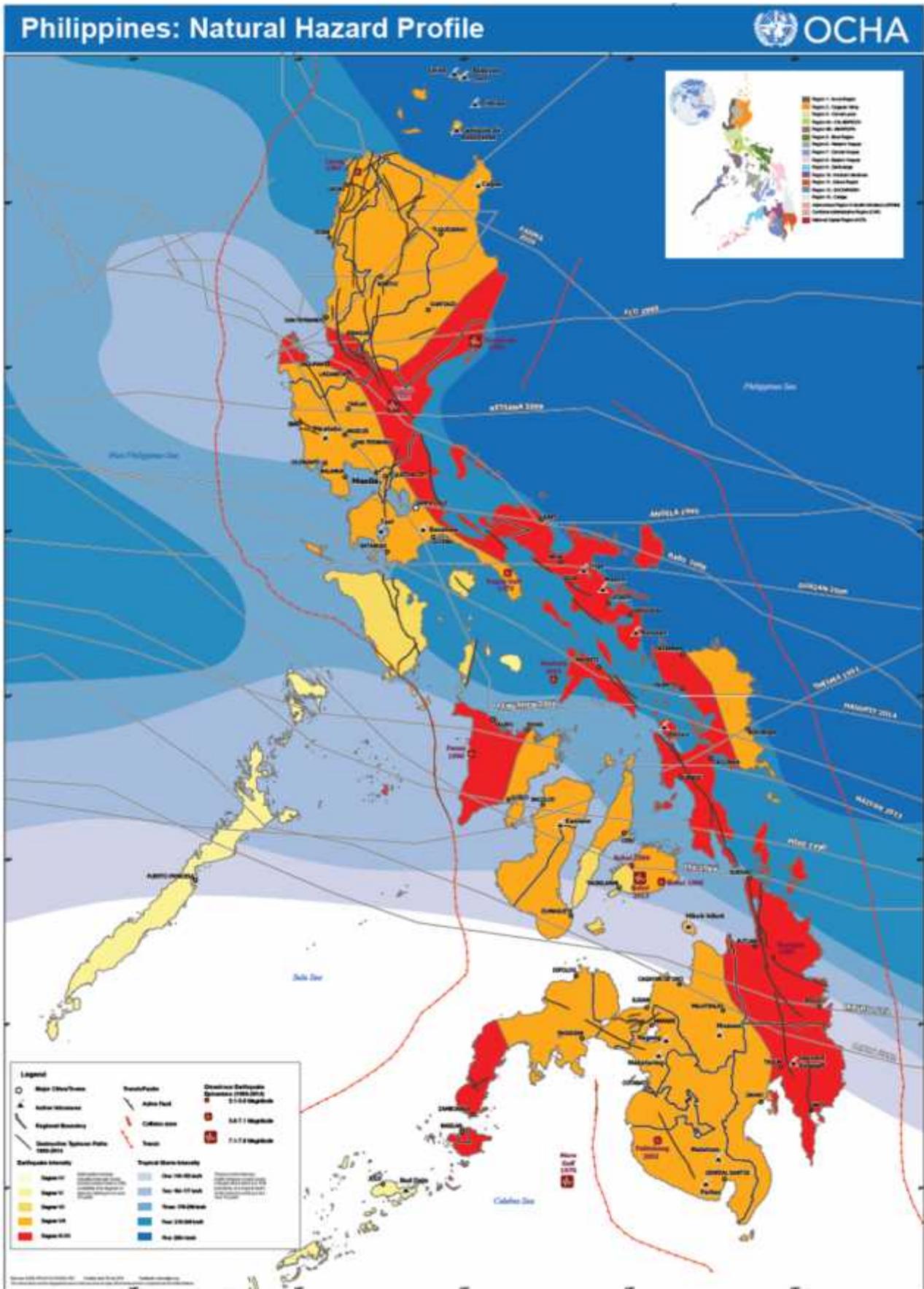
Source: Cruz (2014)

## C.2 Poverty incidence

**Table 12 Regional distribution of poverty**

Region	Poverty rates		
	2012	2012 – first semester	2015 – first semester
NCR	4	5	7
CAR	23	29	27
Region I	19	21	22
Region II	22	25	22
Region III	13	16	16
Region IV-A	11	14	13
Region IV-B	31	37	30
Region V	41	43	39
Region VI	29	32	31
Region VII	30	34	31
Region VIII	45	45	47
Region IX	40	43	39
Region X	40	43	41
Region XI	31	35	27
Region XII	45	46	45
Caraga	40	42	44
ARMM	56	53	59

Source: Philippine Statistics Authority. Notes: Percentage of people whose income is below national poverty line 2012.



Source: UN OCHA (2015)



## Annex D Further information—The social protection system

### D.1 Social protection in the Philippines and the Department for Social Welfare and Development's social welfare programmes

Social protection in the Philippines can be traced back to the 1930s, with the establishment of the Government Service Insurance System providing pension benefits for civil servants. This was followed in the late 1950s by the Social Security System, a similar insurance programme created for workers in the formal private sector (Solidar n.d.). In 1998, the Social Reform and Poverty Alleviation Act (Republic Act 8425) came into effect. As a result, the National Anti-Poverty Commission (NAPC) was created and became responsible for coordinating and advising on the implementation of the social reform agenda, including social protection. In 2004, the Medium-Term Philippine Development Plan 2004-2010 was launched, including a strategy for improving social services and empowering vulnerable groups. The Social Development Committee (SDC) was also developed as a primary mechanism for policy dialogue<sup>49</sup>.

Since then the Philippines has developed one of the most advanced social protection systems in the East Asia Pacific region, as part of rapid and comprehensive social welfare reform over the last decade (Bowen 2015). In 2007, the government adopted an official social protection definition as,

'policies and programmes that seek to reduce poverty and vulnerability to risks and enhance the social status and rights of the marginalised by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people's capacity to manage risks' (SDC Resolution No.1, Series of 2007).

This Resolution also identifies four components of social protection:

1. **Labour Market Programmes:** measures aimed at enhancing employment opportunities and protection of the rights and welfare of workers. Labour protection includes compliance with labour standards such as minimum wages, or health and safety in the workplace, whilst employment enhancing measures include trade policies and skills development and training.
2. **Social Insurance:** programmes that seek to mitigate income risks by pooling resources and spreading risks. Beneficiaries pay a premium over a given period of time to cover or protect them from loss of income and unemployment as a result of illness, injury, disability, retrenchment, harvest failure, maternity and old age. This component includes micro- and area-based schemes to address vulnerability at the community level (such as micro-insurance and social support funds).
3. **Social Welfare:** preventive and developmental interventions that seek to support the minimum basic requirements of the poor, particularly the poorest of the poor, and reduce risks associated with unemployment, resettlement, marginalisation, illness, disability, old age and loss of family care. Social welfare and social assistance programmes usually comprise direct assistance in the form of cash or in-kind transfers to the poorest and marginalised groups, as well as social services including family and community support, alternative care and referral services.
4. **Social Safety Nets:** stop-gap mechanisms or urgent responses that address effects of economic shocks, disasters and calamities on specific vulnerable groups. These are measures that target affected groups with the specific objective of providing relief and transition.

<sup>49</sup> This comprised 16 Cabinet Members from across ministerial departments. A recent development in 2016 was the merging of the SDC with the Human Development Committee (due to an overlap of membership and functions) to create the Human Development and Poverty Reduction Committee. NAPC is the secretariat of this merged committee.

Measures include emergency assistance, price subsidies, food programmes, employment programmes, retraining programmes and emergency loans.

In this way, humanitarian assistance programmes are understood to fall under the broad umbrella of social protection.

There was critical realisation of the need for a stronger and more cohesive social protection system at the onset of the global financial crisis in 2008. As a response to the crisis, the government issued Administrative Orders 232 and 232-A, which organised social welfare programmes through a national Social Welfare Programme Cluster (SWPC), a sub-committee of the SDC. This is headed by the DSWD as the agency leading on the social protection components of social welfare and safety nets. It includes other cabinet members and non-members who lead on other social protection components, or who are involved in delivering social protection<sup>50</sup>. The SWPC is responsible for formulation and oversight of social protection policy and programmes.

In 2009, the SWPC commissioned the Development Academy of the Philippines to conduct an assessment of social protection programmes. This study identified over 60 social protection programmes being implemented by 21 agencies in a fragmented, uncoordinated and overlapping fashion<sup>51</sup>. Targeting was found to be weak and heavily influenced by politicians at local level. Programmes were inadequately funded and coverage of programmes was limited, with most programmes assisting only a few thousand. The poor, and those working in the informal sector, had limited access to many programmes, especially social insurance and labour market schemes. The study recommended that to impact on poverty, social protection programmes needed to be harmonised in order to avoid overlaps, their targeting improved, and that poverty reduction and social protection strategies needed to be harmonised (Villar 2013; NAPC 2011).

In response, a Social Protection Strategy Paper was drafted which led to creation of a Sub-Committee on Social Protection under the SDC (SDC Resolution no. 2, series of 2009). The subcommittee is chaired by the DSWD Undersecretary for Policy and Programmes, and was created to operationalise actions under the social protection strategy and provide a means of coordinating the actions of different responsible agencies. In 2012, the subcommittee developed a draft Operational Framework for Social Protection. This framework situates social protection in the context of the overall national poverty reduction objective of the PDP 2011-2016. The PDP is founded on four pillars, i) access to quality basic services, ii) asset reform and access to economic opportunities, iii) sustainable development of productive resources, and iv) democratising the decision-making and management processes. Taking into account evidence that exposure to and vulnerability to risks contributes to poverty, the plan subsequently incorporated social protection as a major pillar to reduce poverty.

The stated objective of social protection in the PDP is “to empower and protect the poor, vulnerable and disadvantaged individuals, families and communities from individual life cycle, economic, environmental and social risks” (Villar 2013). The draft Social Protection Operational Framework was approved by the SDC at Cabinet Level (SDC Resolution no. 3, series of 2012), and was seen as a positive step of the government to consolidate what were previously fragmented and poorly targeted social protection programmes (ADB 2012).

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<sup>50</sup> The Department of Labour and Employment leads on Labour Market Programmes; the Social Security Service leads on Social Insurance. Other members include NAPC; Department of Health; Department of Education; Government Service Insurance System (GSIS)

<sup>51</sup> 12 programmes fell under the labour market component; 27 under social safety nets; nine under social welfare; and 18 under social insurance.

Recently operating social assistance programmes in the Philippines include:

- J Medical Assistance Programme—support to healthcare facilities using funds from lotteries and gaming.
- J Social Amelioration Programme in the Sugar Industry—cash transfers to sugar workers, benefitting around 500,000 workers in 2009.
- J Supplementary Feeding Programme—undernourished children in selected parts of the country were given healthy lunches for 6 days every week over 120 days. Over 5,000 school children benefitted.
- J Food for School and Other Feeding Programmes—a food subsidy for young learners with a daily ration of 1 kilo of rice per child for a specified period of time, dependent on daily school or day care attendance.
- J Calamity assistance—used during October 2009 when Typhoon Pepeng occurred. Food and relief goods provided to affected communities.
- J Shelter Assistance Programme—provision of strong shelter units to families whose homes are destroyed in disasters, starting in 1985. 5,187 families were assisted in 2009.
- J VAT Assisted Electric Bill Subsidy—one off payment for electricity for poor households.
- J VAT assisted Cash Subsidy to Grandparents—beneficiaries were 70+, part of a low-income family and not in receipt of retirement benefits. In 2009 over 700,000 senior citizens received the subsidy.
- J Rice subsidy projects—low priced rice and noodles were provided to impoverished communities.
- J CHED Programmes—scholarships and financial assistance for academically strong students.
- J Educational Benefit for Veteran Dependants—college scholarships for the dependants of veterans.
- J Pantawid—nationwide CCT aimed at poverty alleviation and improving the health, nutrition, and education of poor children.

Source: Bowen (2015)

## **D.2 The Department for Social Welfare and Development institutional structure**

### **D.2.1 National level**

As the lead agency in social welfare and development, DSWD leads on the formulation of policies and plans guiding the development and delivery of social welfare and development services. They are responsible for providing social protection for the poor, vulnerable and disadvantaged, and for providing funds to the LGUs to deliver social welfare and development services in impoverished municipalities and protective services to individuals, families and communities in crisis situations.

The functions of the Department are organised within four Groups, of which the Operations and Programmes Group is responsible for overseeing the various social welfare and development programmes and for directly implementing three nationally-initiated core poverty reduction programmes. This includes the Pantawid programme, the Community Driven Development Programme (formerly KALAHI) and the Sustainable Livelihoods Programme. These national programmes are managed out of a dedicated Poverty Reduction Programmes Bureau, overseen by the Assistant Secretary for Promotive Programmes. Each has a dedicated programme division.

The Pantawid Pamilya Programme Division executes all plans, policies, tasks and activities in the implementation of the CCT programme. This division is responsible for the operation of the programme systems and procedures. Specific functions include:

- )] Managing and monitoring the operations of the Pantawid Pamilya Programme.
- )] Overseeing operations at NPMO and Regional Programme Management Office (RPMO) level.
- )] Providing technical assistance to and monitoring field operations and implementation.
- )] Overseeing and monitoring overall programme budget and disbursement.
- )] Formulating, implementing and monitoring programme policies, guidelines and regulations.
- )] Evaluating programme accomplishments and providing recommendations.

The National Advisory Council for Pantawid is the highest inter-agency policymaking body that provides policy direction and guidance on matters pertinent to programme implementation.

## **D.2.2 Sub-national level**

The Department has offices in each region. Beyond regional level the Devolution Act or Local Government Code of 1991 devolves the administration of basic services—including health, social welfare, maintenance of public works and highways and environmental protection—to LGUs. LGUs are comprised of provincial, municipal and city governments, and have autonomy on how to use resources and govern their areas of responsibility through Annual Investment Plans, overseen by the Ministry of Local Government (OPM, 2015). LGUs are funded through Internal Revenue Allotment under the General Appropriations Act (DSWD, Pers. Comm).

Within the LGUs, social welfare services in municipalities fall under the jurisdiction of the Provincial Offices of Social Welfare and Development (POSWD), overseen by the provincial governor. Social welfare services in cities are separate to the provincial offices, and overseen by the city mayor. Social welfare activities under the development plans of the LGUs are implemented by Social Welfare and Development Officers. This includes implementation of social welfare services and activities for people with disability, senior citizens and other vulnerable groups including victims of trafficking, domestic violence and child protection cases as well as livelihoods support programmes and support to households in crisis.

Pantawid is a special programme of the president, and is one of three core national anti-poverty programmes. As such, implementation is not devolved to LGUs, rather the targeting and administration is implemented nationally and centrally through the DSWD. The programme is not something that an LGU has to accept within its jurisdiction—however, all have done so to date. This is arranged through a memorandum of agreement between the regional director of DSWD and the mayor of the municipality of the LGU. The LGU's responsibility under the programme is to ensure adequate supply of basic services (schools, health centres and associated staffing and resources) to support the demand created through the programme.

The implementation structure for Pantawid mirrors the local government structure (i.e. through social welfare and development officers, housed within provincial and municipal offices). However, these personnel are employed by and managed by the regional offices of DSWD (under the Regional Pantawid Programme Coordinator), not the POSWD or the city mayors. At provincial level the programme is implemented through the Pantawid Provincial Operations Unit (PPOU), separate from the POSWD. These social workers are known as the Provincial, City, and Municipal Links respectively, and they play the major role in the implementation of the Pantawid programme. This includes implementation of the family development sessions on a monthly basis; monitoring adherence to the various programme conditions in partnership with teachers and health workers, support to the payment process and case management

The POSWD has a designated focal person for Pantawid, who coordinates with the provincial link on matters pertaining to the programme within the province. The Provincial Interagency Committee is the forum for discussing and coordinating the Pantawid programme and the other national poverty reduction programmes of DSWD, of which POSWD is the secretariat.

Collectively the resources of the Municipal Social Welfare Office, the municipal links for Pantawid and the SWOs responsible for the other national anti-poverty programmes (the area coordinator of Kalahi, the Community Driven Development Programme, and community development officers of the Sustainable Livelihoods Programme) comprise the Municipal Action Team for social welfare and development.

### **D.3 The Pantawid programme**

The organisational structure of the Pantawid programme is presented in Figure 8.

#### **D.3.1 Features of the Pantawid programme's payment process**

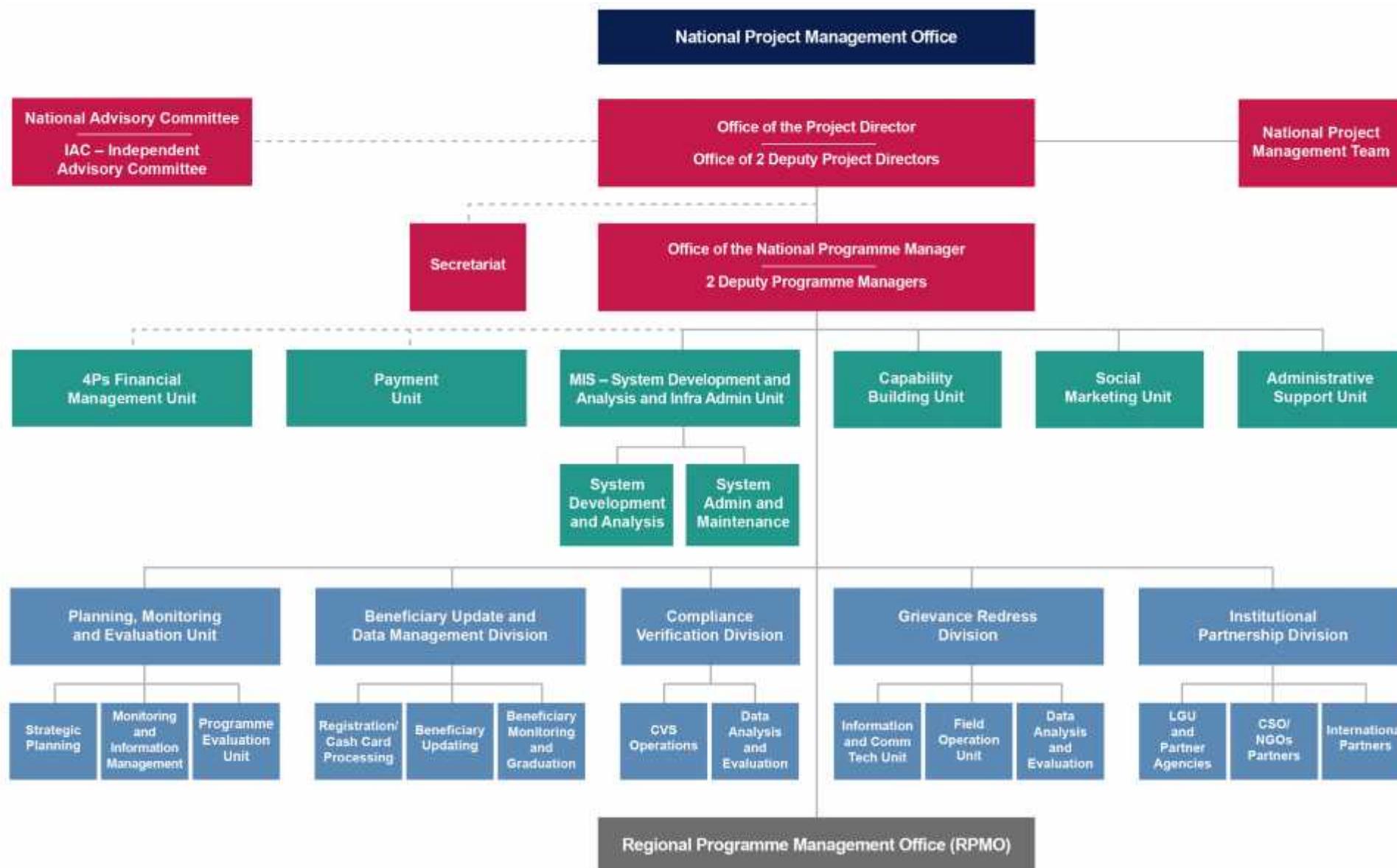
The payment process is quite bureaucratic and administratively cumbersome—especially the manual payment process and the monitoring of the grant conditions. Preparation of the payroll is completed by the National Programme Management Office (NPMO).

The management information system then generates compliance verification forms that regional Programme Management Offices (RPMOs) are responsible for compiling. Forms are distributed through the municipal and city links to the municipal partners of Pantawid (school and clinics). These are filled in manually, collected and returned to the RPMO where data is inputted and coded for submission to the NPMO. The final pay roll is sent to LBP, who then transfers the money to the conduits. The Regional Action Centre Meeting then takes place between LBP, the conduits, the RPMO and the Pantawid Provincial Operations Unit to agree the payment schedule and any amendments.

The payment service provider (LBP or the conduits) undertake the payments, with support from the municipal and city links and the Roving Book Keeper of the Pantawid Provincial Operations Unit. The SWOs are responsible for sensitisation of beneficiaries about the payment schedule, managing the payment sites and crowd control (for manual payments in communities), and handling grievances.

Acknowledgement receipts for each beneficiary payment are written out in triplicate. The payment service providers use these to reconcile the money disbursed for the day and this is verified by the Roving Book Keeper. One copy of the reconciliation report is retained by the payment service provider in order to receive their commission. The other copy is submitted to the Cash Grant Unit in the Regional DSWD Office, and from there financial reports are submitted to the Commission on Audit.

**Figure 8 Organogram of the Pantawid programme**



### D.3.2 Impact evaluation of the programme

Comparison of Pantawid beneficiaries with a control group of non-beneficiaries who are near-poor showed that:

- ) The CCT impacted positively on health seeking behaviour and health of beneficiaries: the programme encouraged more mothers to deliver in health facilities. There were 7 in 10 live births among Pantawid mothers in the past five years, compared to 5.5 in 10 births among non-beneficiary mothers (against the national average of 6 in 10 live births). There was also increased access of beneficiaries to postnatal care in health facilities and by a skilled health professional.
- ) The CCT improved children's access to some key health care services: significantly more beneficiary children have access to basic health services compared to non-beneficiary children. Almost 9 in 10 Pantawid children received Vitamin A supplementation, nearly 8 in 10 received deworming pills at least once a year, and about 20% of children under 2 years and 50% of children aged 2-5 years had regular weight monitoring in health centres.
- ) The CCT kept older children in school: gross enrolment rate for high school children (12-15 years old) was higher for beneficiary children living near the poverty threshold. Beneficiary children (10-14 years old) also worked on average seven days less in a month compared to non-beneficiary children, although the cash grants are not enough to completely keep children from working.
- ) The CCT increases households' investments in education: beneficiary households spent PHP 206 more per school-aged child per year at the threshold compared to non-beneficiary households.

Source: DSWD (2014a)

## Annex E Further information—Disaster response

### E.1 An overview of the disaster risk management system

#### E.1.1 National arrangements

At the national level, the Government of the Philippines has developed comprehensive legislation and institutional arrangements governing DRM. In 1978, a Presidential Decree was issued (PD 1566 of June 11) aimed at ‘Strengthening the Philippine Disaster Control, Capability and Establishing the National Programme on Community Disaster Preparedness’, which triggered a significant move away from disaster response towards DRM. However, activity remained centred on hazards and disaster response, and the government was reactive to disasters (World Bank 2005a).

The Philippines adopted the Hyogo Framework for Action (HFA) 2005-15, and in 2006-07 the government, with support from the NGO community, drafted the Strategic National Plan (SNAP) which included support for a DRM Law. The result was the passing of the Republic Act 10121 on Disaster Risk Reduction and Management in 2010. This was a crucial development to transform the Philippine’s disaster management system from relief and response towards DRR, and established the framework for the creation of the NDRRMC (Bowen, 2015).

Responsibility for DRM falls under the Office of the President, and the lead agency is the Department for National Defense—they chair the NDRRMC, and the Office of Civil Defense is the Secretariat. There are four Vice Chairs of the national council, each leading on a different thematic area of DRM (response, recovery, preparedness and prevention / mitigation). Fourteen different government agencies feed into the NDRRMC, including the Philippine Red Cross, plus five LGUs, four representatives of civil society organisations, and one private sector representative. The Council is replicated at regional level (OPM, 2015).

The NDRRMP 2012-2028 outlines the activities, outputs and expected outcomes for each of the NDRRMC Vice-Chair agencies under their thematic areas of responsibility. It aims to strengthen the capacities of the national government and LGUs to develop disaster resilient communities and establish mechanisms for DRR.

As such, the DSWD is the lead agency for disaster response as well as for social welfare. Relief operations of DSWD are managed within a separate bureau of the Operations and Programmes Group – the DReaMB. DReaMB leads on the planning, coordination and monitoring of all disaster response efforts including through:

- )] Developing programme operational guidelines on disaster management.
- )] Providing technical assistance and resources to provincial and municipal offices and others for implementing disaster responses (including trainings, prepositioning of relief goods etc.).
- )] Managing the implementation of disaster management programmes.
- )] Leading three of the 11 clusters for humanitarian response (camp management; food and non-food items; and IDP protection clusters).
- )] Maintaining a database of all disaster management projects and activities.

The Bureau has four main divisions:

1. Disaster preparedness for response division (leading on prepositioning and training).
2. Disaster response assistance management division (leading the clusters).

3. Disaster recovery and rehabilitation (leading on early recovery activity including a cash for work unit and shelter assistance unit).
4. Disaster response operations monitoring and information centres.

### **E.1.2 Sub-national arrangements**

At regional level activity is coordinated by the DRM unit of the Regional DSWD Office. However, when a state of calamity is declared, the Regional Director can issue a Regional Special Order to the Municipal Action Team, who are mandated to support disaster response where needed<sup>52</sup>. Under the DRM Law, LGUs are mandated to take the lead role in disaster response<sup>53</sup>. National government plays an enabling role, providing LGUs with the resources and funds they need to respond effectively (Bowen 2015).

The NDRRMC structure is therefore replicated at the regional and local levels for increased vertical integration of DRM. There are LDRRMCs in every municipality, whose function and structure is similar to the NDRRMCs, but with local membership. Below this are Barangay DRRM Committees. These Councils and Committees are responsible for the development, implementation and coordination of DRM at the local level including approving, monitoring and implementing of local DRRM plans; ensuring that DRR is integrated into local development plans and budgets; undertaking evacuation procedures for local residents before disasters; and preparedness activities through information dissemination. Each LGU is mandated to have a Local DRRM Office (LDRRMO) which acts as the Secretariat for the LDRRMC and coordinates the activities of LDRRMC members.

However, the lack of training and low levels of education for LGU officials can hamper the effectiveness of the decentralised system. Lack of personnel, shortage of financial resources and a policy of frequent rotation of government staff also hinder progress (OPM 2015).

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<sup>52</sup> Such as identifying and verifying households, distribution of relief goods etc.

<sup>53</sup> Except in cases of national calamity, where LGU's capacities are damaged.





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