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Report No: PAD1321-PH

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$450.00 MILLION

TO THE

REPUBLIC OF THE PHILIPPINES

FOR A

SOCIAL WELFARE DEVELOPMENT AND REFORM PROJECT II

JANUARY 20, 2016

SOCIAL PROTECTION AND LABOR GLOBAL PRACTICE
EAST ASIA AND PACIFIC REGION

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CURRENCY EQUIVALENTS

Exchange Rate Effective January 19, 2016

Currency Unit = Philippine Peso
47.75 Philippine Peso = US\$1
US\$1.38 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ARMM	Autonomous Region in Muslim Mindanao
CCT	Conditional Cash Transfer
CDD	Community Driven Development
COA	Commission on Audit
CPS	Country Partnership Strategy
DBCC	Development Budget Coordination Committee
DBM	Department of Budget Management
DFAT	Australian Department of Foreign Affairs and Trade
DRRM	Disaster Risk Reduction Management
DSWD	Department of Social Welfare and Development
EAP	East Asia and the Pacific
FDS	Family Development Sessions
FY	Fiscal Year
GACAP	Governance and Anti-Corruption Action Plan
GDP	Gross Domestic Product
GOP	Government of the Philippines
GRS	Grievance Redress System
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IFR	Interim Financial Report
IMC	Implementation Management Committee
IMP	Integrity Management Program
IPF	Investment Project Financing
IPPF	Indigenous Peoples Population Plan
ISSP	Information Systems Strategic Plan
KALAHI-	<i>Kapit-Bisig Laban sa Kahirapan</i> – Comprehensive and
CIDSS	Integrated Delivery of Social Services
LEAPS	Learning, Equity and Accountability Program Support
LFS	Labor Force Survey
LGU	Local Government Unit

M&E	Monitoring and Evaluation
MAT	Municipal Action Team
MFO	Major Final Outcome
MIS	Management Information System
ML	Municipal Link
MTEP	Medium Term Expenditure Plan
NCB	National Competitive Bidding
NEDA	National Economic and Development Authority
NPMO	National Program Management Office
NPSSP	National Program Support for Social Protection
OM	Operations Manual
OTC	Over-the-Counter
PAD	Project Appraisal Document
PDO	Project Development Objective
PDP	Philippine Development Plan
PHP	Philippine Peso
POI	Project Outcome Indicators
PPIS	Pantawid Pamilyang Information Systems
RDD	Regression Discontinuity Design
RPMO	Regional Program Management Office
SCP	Sub-committee on Social Protection
SDC	Social Development Committee
SDR	Special Drawing Rights
SLP	Sustainable Livelihood Program
SPOF	Social Protection Operational Framework
SWDRP	Social Welfare Development and Reform Project
TA	Technical Assistance
TOR	Terms of Reference
WBOM	World Bank Office Manila

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PHILIPPINES
Social Welfare Development and Reform Project II

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PAD DATA SHEET*Philippines**Philippines Social Welfare Development and Reform Project II (P153744)***PROJECT APPRAISAL DOCUMENT***EAST ASIA AND PACIFIC**0000009341*

Report No.: PAD1321

Basic Information			
Project ID P153744	EA Category B - Partial Assessment	Team Leader(s) Pablo Ariel Acosta,Aleksandra Posarac	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 15-Apr-2016	Project Implementation End Date 31-Dec-2019		
Expected Effectiveness Date 01-Apr-2016	Expected Closing Date 31-Dec-2019		
Joint IFC No			
Practice Manager/Manager Jehan Arulpragasam	Senior Global Practice Director Arup Banerji	Country Director Motoo Konishi	Regional Vice President Axel van Trotsenburg
Borrower: REPUBLIC OF THE PHILIPPINES			
Responsible Agency: DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT			
Contact: Telephone No.: (63-2) 931-8101	Title: Secretary Email: dinky@dswd.gov.ph		
Project Financing Data(in USD Million)			
[X] Loan	[] IDA Grant	[] Guarantee	
[] Credit	[] Grant	[] Other	
Total Project Cost:	455.20	Total Bank Financing:	450.00
Financing Gap:	0.00		

Financing Source					Amount					
Borrower					5.20					
International Bank for Reconstruction and Development					450.00					
Total					455.20					
Expected Disbursements (in USD Million)										
Fiscal Year	2016	2017	2018	2019	2020					
Annual	110.00	110.00	110.00	120.00	0.00					
Cumulative	110.00	220.00	330.00	450.00	450.00					
Institutional Data										
Practice Area (Lead)										
Social Protection & Labor										
Contributing Practice Areas										
Cross Cutting Topics										
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Jobs <input type="checkbox"/> Public Private Partnership										
Sectors / Climate Change										
Sector (Maximum 5 and total % must equal 100)										
Major Sector	Sector		%		Adaptation Co-benefits %		Mitigation Co-benefits %			
Health and other social services	Other social services		60							
Education	General education sector		20							
Health and other social services	Health		20							
Total					100					
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.										
Themes										

Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	40
Human development	Education for all	20
Human development	Child health	20
Social protection and risk management	Other social protection and risk management	20
Total		100
Proposed Development Objective(s)		
The proposed PDO is to support the National Program Support for Social Protection of the Department of Social Welfare and Development (DSWD) to improve the use of health and education services of poor children.		
Components		
Component Name	Cost (USD Millions)	
Support to the Pantawid Pamilya	450.00	
Strengthening of CCT Implementation and Monitoring and Evaluation	5.20	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Moderate	
2. Macroeconomic	Low	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Moderate	
6. Fiduciary	Substantial	
7. Environment and Social	Moderate	
8. Stakeholders	Moderate	
9. Other		
OVERALL	Moderate	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]

Have these been approved by Bank management?	Yes []	No [X]
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project		
	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X
Legal Covenants		
Name	Recurrent	Due Date
Spot Checks (LA, Schedule 2, Section I.A.4)	X	
Description of Covenant		
The Borrower shall designate, under contract or other arrangements, an independent third party to carry out spot checks as set out in this paragraph, and not later than October 31 in each year, commencing October 31, 2016, carry out such spot checks, mutually satisfactory to the Bank and the Borrower.		
Name	Recurrent	Due Date
Impact Evaluation (LA, Schedule 2, Section I.A.5)		30-Jun-2019
Description of Covenant		
The Borrower shall designate, under contract or other arrangements, independent third party to carry out an impact evaluation of the Pantawid Pamilya, as set out in this paragraph, and submit to the Bank, not later than June 30, 2019 an impact evaluation report mutually satisfactory to the Bank and the Borrower.		
Name	Recurrent	Due Date
Pantawid Pamilya Operations Manual (LA, Schedule 2, Section I.A.2.a)	X	
Description of Covenant		
The Borrower shall carry out the Project in accordance with the Pantawid Pamilya Operations Manual, satisfactory to the Bank.		
Name	Recurrent	Due Date

Implementation Arrangements (LA, Schedule 2, Section I.A.3)	X		CONTINUOUS	
Description of Covenant				
The Borrower shall maintain the National Advisory Committee, NPMO, and RPMOs with a composition, staff and resources satisfactory to the Bank, throughout the period of implementation.				
Conditions				
Source Of Fund	Name		Type	
Description of Condition				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Pablo Ariel Acosta	Team Leader (ADM Responsible)	Senior Economist		GSPDR
Aleksandra Posarac	Team Leader	Program Leader		EACPF
Rene SD. Manuel	Procurement Specialist	Senior Procurement Specialist		GGODR
Aisha Lanette N. De Guzman	Financial Management Specialist	Financial Management Specialist		GGODR
Carmenchu D. Austriaco	Team Member	Finance Officer		WFALN
Cecilia D. Vales	Team Member	Lead Procurement Specialist	Integrity Management Program	GGODR
Danielle Malek Roosa	Team Member	Senior Counsel		LEGES
Gia Mendoza	Team Member	Program Assistant		EACPF
Jorge Avalos	Team Member	Consultant		GSPDR
Lansong Zhang	Team Member	Operations Analyst		GSPDR
Leonardo Jr. Batugal Paat	Safeguards Specialist	Senior Environmental Specialist		GENDR
Maria Loreto Padua	Safeguards Specialist	Senior Social Development Specialist		GSURR
Maya Razat	Team Member	Program Assistant		GSPDR

Rashiel Besana Velarde	Team Member	Economist		GSPDR	
Ririn Salwa Purnamasari	Team Member	Senior Economist		GPVDR	
Roberto Antonio F. Rosadia	Team Member	Health Specialist		GHNDR	
Thomas Vaughan Bowen	Team Member	Junior Professional Associate		GSPDR	
Extended Team					
Name	Title	Office Phone	Location		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required ? Consulting services to be determined					

I. STRATEGIC CONTEXT

A. Country Context

1. **The Philippines has benefited from strong macroeconomic fundamentals.** This has been manifested by low and stable inflation, falling debt ratios, a healthy current account surplus, high international reserves, and a stable banking sector. Philippines economic growth has been robust in recent years, averaging 6.2 percent in 2010-2014, in line with the major economies in the East Asia and Pacific (EAP) region. Real GDP grew by 6.1 percent in 2014, driven by household consumption, private construction, and exports of goods and services. The external and fiscal positions are strong, with a 2014 current account surplus of 4.4 percent of GDP, a national government fiscal deficit of 0.6 percent of GDP, and general government debt at 36.4 percent of GDP.¹
2. **In recent years, economic growth has become more inclusive, more jobs have been created, and income poverty has moderately declined.** Inclusive economic growth and poverty reduction are the main development priorities for the Philippines. In 2014, unemployment rate fell to its lowest level in 10 years at 6 percent. And after years of stagnation, officially measured poverty incidence declined by 3 percentage points in 2013 vs. 2012, down to 24.6 percent. However, in the first half of 2014, poverty increased by one percentage point to 25.6 percent.² The increase is attributed to Typhoon Yolanda (a one time, unprecedented event) and high rice prices (due to rice importation delays). Nevertheless, poverty fell by around two percentage points from 2012 to 2014. Moreover, the real income of the bottom 20 percent of the population grew much faster than that of the rest of the population (10 percent vs. 2.4 percent for the rest of the 80 percent of the population).
3. **At about 25 percent of the population and having been slow to respond to economic growth, poverty remains a major challenge.** Poverty in the Philippines is concentrated in rural areas. Three out of four poor Filipinos are in rural areas. The groups that have particularly experienced chronic poverty include indigenous groups/communities; conflict-affected areas; and geographically isolated areas. Most of the poor are “in work poor”: often employed in agriculture, with low/ no education/ skills; in informal farming jobs that are paying very low wages. It is a combination of low education and low productivity agriculture that keeps these households in perpetual poverty. Too often, households have to withdraw their older children, in particular boys, from secondary education and have them engaged in informal low paid jobs – the opportunity cost of secondary education is too high – perpetuating intergenerational transmission of poverty.
4. **Similarly, vulnerability to poverty remains a major concern.** Of the 1.1 million entrants to the labor force annually, only 22 percent get jobs in the domestic formal sector. Better jobs are needed for the 21 million Filipinos who are still informally employed and with few skills. Among the poorest 10 million Filipinos, only 100,000 (1 percent) has college education. The recent contraction in agricultural value-added and employment, where most of the poor still find their livelihood, may risk undermining the government’s poverty reduction efforts. And many Filipinos still hover just above the poverty line (“near poor”), cycling in and out of poverty due to high

¹ IMF Article IV Consultation with the Philippines, September 2015.

² World Bank (2015), Philippine Economic Update, October 2015.

vulnerability to climatic, disaster, financial and price shocks. It has been estimated that a 20 percent increase in the poverty line following a major food shock would increase the poverty incidence by over 9 percentage points. Between 2003 and 2009, every year, 44 percent of the population was poor at least once, one in three Filipinos were persistently poor, and two out of three households moved in and out of poverty. Perennial typhoons and flooding are the most devastating in terms of their economic and social impact. The Philippines is affected by an average of 20 typhoons annually. For instance in 2014, due to the after-effects of the super Typhoon Yolanda (November 8, 2013) and a failure of policies to keep the food and in particular rice prices low, poverty rate spiked to 25.8 percent of the population.³

5. **In terms of guaranteeing access to education and health services, despite notable progress, challenges and inequities remain.** Increases in public education spending have halted the decline in education access and learning that began in the late 1990s and that had made the Philippines lag behind most of the countries in the EAP Region. The efforts of the current administration are beginning to show. Between 2006/07 and 2012/13 primary (secondary) net enrollment rates increased from 84 (59) percent to 95 (65) percent. However, while access to elementary education is comparable to other countries in the region, this is not the case with secondary education where the Philippines lags behind and inequalities are high (65 percent enrollment for non-poor youngsters aged 15-18, vs. 40 percent among poor). In health, while most indicators have improved, malnutrition among mothers and children under five years continues to be a persistent challenge (20.2 percent in 2011) and the Philippines is unlikely to achieve the MDG targets for nutrition (13.6 by 2015).⁴ The situation is similar in maternal mortality, where rates remain stubbornly high (221 per 100,000 live births in 2011, with a target of 52.2 by 2015). Poverty vulnerabilities and unequal access to health and education services emphasizes the need for large-scale social protection policies and programs.

B. Sectoral and Institutional Context

6. **Since 2008 and in particular since 2010, the Philippines has undertaken significant steps to build its social protection system and it currently features much improved—better designed, coordinated and implemented and more efficient and effective—suite of social protection programs than it used to.** The Philippines used to have multiple, relatively small and uncoordinated social assistance programs that sought to assist the poor and vulnerable. Nearly each government agency used to implement their own social assistance program, employing their own methods of identifying beneficiaries. Without an effective mechanism to identify the target population, the effectiveness of social assistance programs in the Philippines was compromised. Since 2007, and in particular since 2010, significant policy and institutional changes have taken place, including the adoption of the national framework for social protection, the establishment of the SP coordination mechanism, and the establishment of the national household targeting system. As a result, the Department of Social Welfare and Development (DSWD), the institution leading the social protection programs in the Philippines has become well capacitated and resourced, with

³ The typhoon displaced 4.1 million people, destroyed over half a million houses and damaged another half a million; around 8,000 people died or went missing. The scale of potential job losses is significant: approximately six million workers were affected by the typhoon. The value of damaged physical assets, both public and private, were estimated at 3.7 percent of GDP.

⁴ World Bank (2015), “Twenty years of progress on maternal and child health in the Philippines: an equity lens.”

well trained and competent staff, and a budget that increased from PHP 5.5 billion in 2007 to PHP 107.9 billion in 2015. The World Bank provided strong technical and financial support to these developments. This new phase moving forward is to consolidate the gains and further support DSWD's aspirations to strengthen the program to support the poor and to continue to reap the positive results of these last years.

7. The Philippines features a well-established unified national system to target poor households (the National Household Targeting System for Poverty Reduction – Listahanan).

Created in 2007 by an Executive Order of the President to initially identify poor households that could benefit from the Pantawid Pamilya Conditional Cash Transfer (CCT) Program, a major data collection effort took place in 2009-2010 when data on about 11 million households (almost 60 percent of the Filipino households) was collected by DSWD of which 5.2 million were identified as poor and targeted for government assistance, with support from the World Bank. The national household targeting system has become the backbone of the Philippine's anti-poverty programs and it is now used to target various programs implemented by 44 national agencies, including the Pantawid Pamilya CCT Program, the PhilHealth subsidized health insurance and the social pension program. It is also used by more than 1,069 local government units (LGUs), as well as civil society organizations, legislators, universities and research institutions and donors. DSWD also uses it to plan relief operations and deliver emergency assistance to families affected by natural disasters. The credibility of the national household targeting system - Listahanan lies in its use of an objective method of classifying households as poor (or not) and a systematic means of collecting a standard set of easily verifiable household information for this purpose. Listahanan is supported by automated systems for data entry with validation routines, checking duplicates, proxy means test (PMT) processing, and generation of reports for data sharing, among others. However, unlike most targeting systems, Listahanan also benefits from community validation. This allows the community to challenge the list of poor once the preliminary results of targeting become available, and accept the targeting system for its transparency. The update of the system is currently ongoing and it is planned to be completed in November 2015, by when data from 15.3 million households or 75 percent of all households will have been collected.

8. The Pantawid Pamilya CCT Program has become a flagship poverty reduction program.

The CCT program aims to break intergenerational transmission of poverty by incentivizing poor households to invest in education and health of their children. In addition, the program has been a platform for citizens' education (life skills through family development sessions, FDS), empowerment (parent leaders' engagement) and program coordination and convergence at the local level (education and health). The program has been expanded from 660,000 households in 2010 to 4.2 million households in June 2015, covering all poor household with children 0-18, as identified by the national household targeting system. Initially, it covered only children in elementary education (grades 1-8), but in June 2014, it was expanded to cover poor children in secondary education as well. The CCT plays a central role in the Government's overall strategy to address poverty and vulnerability among Filipinos. Commensurately, the budget allocation to the CCT Program increased from 0.1 percent of GDP in 2010 to 0.5 percent of GDP in 2014. The CCT Program is implemented by 13,000 staff across the Philippines and it features elaborate implementation architecture, including a beneficiary identification and update system, compliance verification system, payment system and grievance redress system (GRS).

9. **The Pantawid Pamilya CCT Program has shown strong impact on health and education of poor children, as well as a significant effect on poverty and inequality.** Two rounds of rigorous impact evaluation and a household survey based benefit incidence analysis have shown that the CCT Program has helped reduce both total poverty and food poverty at the national level by up to 1.4 percentage points in 2013. Pantawid Pamilya also contributed to reducing national income inequality as measured by Gini coefficient by 0.5 points. In terms of use of education and health services, the program was found to increase households' investment in education that has translated into higher elementary education gross enrollment rates of the Pantawid children, which are now on par with those of the non-poor children (above 90 percent). The Program has also promoted facility-based deliveries, access to professional post-natal care, and postnatal check-ups in health facilities.

10. **The community driven development (CDD) program was scaled up too.** In addition to the CCT Program, DSWD has significantly strengthened and expanded the *Kapit-Bisig Laban sa Kahirapan* - Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) national community driven development program. The CDD program is part of the Government's strategy to empower citizens to participate in the decision making at the local level. In the past few years, the CDD has been a major support in the construction of health and education facilities that are required for CCT compliance.

11. **Productive inclusion of the poor has become an integral part of social protection policies for inclusion and poverty reduction.** To complement the CCT and CDD interventions, DSWD launched in 2011 the Sustainable Livelihood Program (SLP), a community-based capacity building program that aims to improve the socio-economic status of the poor Filipino families and to increase opportunities for the CCT households to exit poverty. The program has two tracks: (i) micro enterprise development – it supports poor households in their self-employment efforts and (ii) employment facilitation track that focuses on skills development. The skills building for employment track is particularly relevant for the school to work transition of the CCT secondary education graduates and one of the levers of the Government's strategy to support poor households break the structural causes of poverty in the Philippines (lack of education and skills) and thus break intergenerational transmission of poverty. It is important to clarify that DSWD is not the only agency implementing livelihood programs (including also LGUs), and the Government is exploring ways to better complement and integrate these interventions, including fostering access to formal tertiary education for high-school graduates from poor background.

12. **The Philippines has integrated social protection programs into its disaster management and response.** The Philippines is one of the best examples of efforts to improve social protection resilience to disaster and to scale up social protection programs in response to emergency. Given the country's exposure to frequent natural disasters, huge numbers of the population and in particular the most vulnerable suffer from frequent shocks to their incomes, well-being and consumption, disrupting development progress and keeping them in poverty. In that sense, DSWD is also the government agency responsible for disaster relief and early recovery, in coordination with many other institutions and LGUs implementing relief programs. Commensurately, it has taken significant steps to strengthen its capacity to effectively perform its Disaster Risk Reduction Management (DRRM) functions, by making the social assistance programs more resilient to disaster and able to quickly recover after the disaster and continue the

services delivery. For instance, in response to the massive Yolanda typhoon of 2013, DSWD immediately waived the CCT conditionality and used the CCT Program and the national household targeting system as means by which to help affected poor families recover from the disaster. It also coordinates cash-for-work, food, and temporary shelter assistance with LGUs.

13. Aside from its continuous efforts to improve the delivery of core social protection programs, DSWD keeps strengthening its capacity to perform its role as the leader in social protection. DSWD implements programs that are assisting poor and vulnerable individuals, households and communities in the Philippines, covering more than 30 million people (roughly 30 percent of the population) and a budget in 2015 close to 2 percent of GDP (US\$2.5 billion). It maintains and updates the national household targeting system as an objective and transparent targeting system for social protection programs, sustains advocacy work for the promotion and protection of the rights of poor and vulnerable population, and enhances results-based policy making and implementation. The institution is also involved in the development of an integrated information management system (as established in its Information Systems Strategic Plan, ISSP), to aid in policy development, planning and implementation. DSWD personnel capacity is continuously being strengthened through capacity building and training activities. DSWD is also leading the “convergence agenda”, an approach to service delivery adopted and implemented by the current administration to synchronize and coordinate programs development and delivery within the same government agency and between government agencies, in particular at the local government level where the programs are delivered to citizens. It does so by making efforts to synchronize (“converge”) the delivery of its programs (CCT, CDD, and SLP, in particular) at the local level – to that effect Municipal Action Teams (MAT) comprising respective programs’ officers have been established; and second, by collaborating closely with other government agencies and units (Department of Education, Department of Health, LGUs, etc.) to deliver key programs.

14. Overall, social protection policy and system development has been impressive, but challenges remain. Sustaining the achievements in the social protection reform agenda are needed for the Philippines to be able to continue to effectively provide protection to the poor and vulnerable population, while promoting their human capacity development for better productive inclusion. One of the challenges facing social protection is the potential for set-backs that could materialize during the forthcoming government transition in 2016. Particularly important over the next several years is to: (i) maintain, and further enhance the national household targeting system as a backbone of anti-poverty programs in the country; (ii) maintain, and continuously enhance the CCT Program and its implementation architecture; (iii) expand exit or graduation programs aimed at increasing productive capacity and inclusion of poor households, including programs to facilitate school to work transition for the CCT secondary education graduates to formal tertiary education, youth skills development and youth employment programs; as well as job matching services and others; (iv) continue strengthening and improving DSWD capacity to perform its disaster response and recovery functions; (v) continue advancing the convergence agenda as one of the key strategies for effective and efficient social services delivery; and (v) continue strengthening the capacity of DSWD to develop social protection policies and implement them, in particular through the introduction of an integrated data management system, strengthened policy development and monitoring and evaluation (M&E), and enhanced social communications

functions. Moving forward, DSWD will address these aspects through its National Program Support for Social Protection (NPSSP).

C. Higher Level Objectives to which the Project Contributes

15. **Social protection is one of its cross-cutting strategies of the Philippine Development Plan (PDP) 2011-2016 (including its Midterm Update in 2014) whose main objectives are inclusive growth and sustained poverty reduction.** To achieve these goals, the PDP calls inter alia for a broad-based access to development opportunities through increased investment in human capital (education and health) and improved access to infrastructure, finance, land, and other assets. For effective social protection, the PDP lays out the needs for developing effective and responsive safety nets, in particular providing direct CCTs to the poor, and converging social protection programs for priority beneficiaries and target areas. In 2012, the Social Development Committee adopted the Social Protection Operational Framework (SPOF), which was contextualized within the PDP 2011-2016. The SPOF has the following objectives: (1) protect and prevent people from falling from their current income/consumption levels due to various risk factors; (2) build capacity and adaptability to ensure that better quality of life is maintained and sustained; (3) expand opportunities for income expansion and improve human capital investments in the long-term; and (4) sustain standard of living in spite of exposure to risks of different types.

16. **The World Bank has played an instrumental role in moving forward the social protection reform agenda in the Philippines.** The Social Welfare and Development Project SWDRP (P082144; US\$505 million) has provided assistance to the design, financing, implementation and scaling-up of the Pantawid Pamilya CCT Program over the last five years. The original loan in the amount of US\$405 million was approved by the Board in November 2009 and became effective in 2010. The Project's objective is to strengthen the effectiveness of DSWD as a social protection agency to efficiently implement the CCT Program and to expand an efficient and functional national household targeting system for social protection programs. In 2013, the Project's Additional Financing in the amount of US\$100 million was approved and the Project closing date was extended to December 30, 2015. The Bank has provided critical technical assistance (TA) through a series of Programmatic Analytical and Advisory Activities (P115883 and P148753), financing activities (studies, consultants, workshops, IT development) related to capacity building for operations and management in DSWD, targeting/identification of beneficiaries (Listahanan), eligibility and compliance verification, grievance and redress and payment delivery, management information system (MIS) integration, and monitoring and evaluation. It has also provided TA for the two rounds of impact evaluation and benefit incidence analysis of the CCT Program.

17. **The proposed Project supports the NPSSP of DSWD and its Medium Term Expenditure Plan (MTEP) for 2016-2019.** Under DSWD's NPSSP and MTEP, financing for the CCT Program has been confirmed over 2016-2019, including the proposed World Bank Project (US\$450 million, IBRD financing) and complementary/parallel financing (US\$400 million) from the Asian Development Bank (ADB). Aside from the CCT grants to which the World Bank and ADB Projects will contribute, DSWD's NPSSP and MTEP are expected to include actions/activities to: (i) increase capacity/skills and chances for productive inclusion of the CCT beneficiaries, in particular secondary education graduates, and thus to enhance their chances of exiting poverty; (ii) strengthen DSWD capacity to perform its role in the disaster response and

recovery; (iii) integrate and strengthen data management system, including the data management system of the CCT Program; and (iv) advance the convergence agenda.

18. **The proposed Project is fully aligned with the Country Partnership Strategy (CPS) FY15-18 (Report No. 78286-PH).** The goals of the CPS for the Philippines are to promote inclusive growth, reduce poverty and support shared prosperity. The theme of the PDP is inclusive growth, defined as high growth that is sustained, creates jobs and reduces poverty. The FY15-18 CPS identifies five engagement areas, and the proposed operation is directly aligned with EA2 “Empowerment of the Poor and Vulnerable”, in particular with its results focus on “Improved health outcomes”, “Improved quality of basic education and improved access for the vulnerable”, and “Strengthened social safety nets”.

19. **In addition to financing, the proposed loan is a vehicle for continued technical cooperation and support to the Pantawid Pamilya CCT Program.** As mentioned above, the World Bank has a decade old history of technical cooperation with DSWD, and more generally, on evaluation and monitoring, poverty diagnostics, and social protection strategy. Concerning the CCT Programs, the Bank has a long-standing role in providing technical support throughout the world, through learning events, as well as through direct lending to countries around the world. Thus, aside from financial support, the Government of Philippines wishes to continue leveraging the Bank’s substantial experience and knowledge in these areas to help it address the challenges described above. It is envisaged that the Bank would provide technical support to Pantawid Pamilya CCT Program, and more broadly on social protection and poverty reduction strategies, during Project supervision and through complementary non-lending TA.

20. **Finally, World Bank support through this Project will continue to be critical for the consolidation of gains from the CCT Program and for its continued strengthening through a political transition and under a new administration.** The Bank’s support has been key to strengthening the integrity of the CCT Program, including key systems such as targeting, grievance redress, and MIS that have enhanced the legitimacy and credibility of the program. This was helpful in supporting the nascent program expand through the 2010 election and beyond. It will likewise be important in supporting the program, including its strong governance elements to date, transition into the next administration in 2016.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

21. The proposed Project Development Objective (PDO) is **to support the National Program Support for Social Protection of DSWD to improve the use of health and education services of poor children.**

22. The PDO will be achieved by supporting the implementation of the Pantawid Pamilya CCT Program. By “poor children”, it refers to children 0-18 years old from families participating in the CCT Program and identified as poor in the national household targeting system.

B. Project Beneficiaries

23. The **Project beneficiaries** for the CCT Program are households identified as poor by the national household targeting system (“Listahanan”) and with children 0-18 years old that comply with health and education co-responsibilities.

C. PDO Level Results Indicators

24. **The following are the proposed PDO indicators for this Project:**

- a) Share of monitored children in elementary school in poor CCT beneficiary households attending school at least 85 percent of the time.
- b) Share of monitored children in high school in poor CCT beneficiary households attending school at least 85 percent of the time.
- c) Share of monitored children 0-5 years old in poor CCT beneficiaries households undergoing growth monitoring and check-ups in accordance with Department of Health protocol
- d) Share of monitored children in poor CCT beneficiary households who transition from elementary to high school.

III. PROJECT DESCRIPTION

A. Project Components

25. **This project contributes to the financing of the DSWD's Pantawid Pamilya CCT Program over the next four years, as recently endorsed by the Development Budget Coordination Committee (DBCC) and whose total cost is projected at US\$5.84 billion.** The amount of the proposed IBRD loan is US\$450.0 million (estimated at 7.3 percent of the total CCT cost in 2016-2019). The amounts proposed for loan financing are based on a conservative scenario of “zero real growth” in the budget of DSWD and are not expected to require increased financing over the life of the Project. Funds flow and disbursement arrangements are described in detail in Annex 3.

Component 1: Support to the Pantawid Pamilya (IBRD: US\$450.0 million⁵)

26. **The objective of this component is to support the continuous delivery of the Pantawid Pamilya Pilipino CCT Program to poor households with children.** It will continue to contribute to the financing of the health and education grants given to the CCT beneficiaries nationwide over the period of four years. Financing would amount to about 7.3 percent of total cash grants in the CCT Program. The beneficiary households – poor households with children 0-18, should continue to be selected using the national household targeting system - Listahanan - that follows a standardized targeting mechanism with rigorous quality control process.

⁵ The loan covers a front end fee of US\$1.125 million, accordingly the funds to be spend on the CCT in this component will be in amount of US\$448.875 million.

Component 2. Strengthening of CCT Implementation and Monitoring and Evaluation
(IBRD: US\$0.0; Borrower: US\$5.2 million)

27. **This component will allow DSWD to undertake enhancements of the CCT Program.** It will do so by allowing DSWD's National Program Management Office (NPMO-Pantawid) to enhance implementation of the CCT, through a strengthened capacity for monitoring, evaluation and data analysis, enhanced payment and GRS, streamlined and improved family and youth development sessions, and faster compliance verification and beneficiary data systems.

28. **Specifically, the component will use Government owned funds as planned in the above referenced MTEP to undertake institutional and capacity development and monitoring and impact evaluation activities, including:** (a) strengthening policy analysis and monitoring and evaluation capacity, including conducting a CCT Program impact evaluation and annual CCT Program implementation spot checks; (b) training of central, regional and municipal staff to deliver the CCT Program; (c) developing content for, and strengthening capacity to deliver, strategic communications, including strengthening the beneficiary feedback mechanism; and (d) training for the development and delivery of family and youth development sessions.

B. Project Financing

29. **The lending instrument for the Project is Investment Project Financing (IPF).**

30. **The loan includes provisions for retroactive financing.** This will be up to US\$90,000,000 for eligible expenditures under Category 1 (Conditional Cash Transfer Grants), starting on March 1, 2015 (see Annex 3).

C. Lessons Learned and Reflected in the Project Design

31. **The World Bank has a wealth of experience in the Philippines in the areas relevant to this Project design.** This expertise is particularly strong in expanding/reforming/strengthening CCT Programs' design and implementation from around the world, including the experience accumulated in the Philippines.

32. **Based on the findings of the rigorous impact evaluation and the implementation spot checks, the CCT Program has continuously been enhanced.** A major change took place in 2014 when the program was expanded to cover 15-18 year old children in secondary education to increase their chances of attaining it. Children attending the Alternative Learning System (ALS) of the Department of Education have also been accepted into the program since 2014. On the implementation side, continuous efforts have been made to improve the payment system, GRS, the compliance verification system (CVS), and other CCT implementation architecture systems.

33. **An important lesson from SWDRP is that continuous monitoring and adjustment of the program based on implementation experience and learning has been the key to success.** This will continue to be the case under SWDRP II, where the Bank will continue to support the Government as it takes actions to address new, second generation issues as they arise. Component 2 of the Project will provide the basis for supporting adjustments to and strengthening of the CCT Program implementation, financed by Government own funds. Some of the emerging lessons

which are recognized by DSWD and would be under consideration subject to policy and budget discussions, include:

- a) *Assessment of the appropriate adjustment of the nominal value of the CCT cash grant.* The Government has opted to maximize the coverage of the poor households with children covered by the CCT Program increasing the number of beneficiary households by 3.8 million since 2010. As a result, the Pantawid Pamilya cash grant amounts have remained unchanged since Program's commencement in 2008. Now that the coverage has expanded, the Government may consider periodic adjustments in the amounts of the grants to ensure the program provides adequate support to poor families.
- b) *Strengthening business processes.* The Pantawid Pamilya Information System (PPIS) needs to be further integrated for more efficient program implementation. The PPIS also needs to be linked to/ integrated with other program databases of DSWD, such as the Listahanan and the Disaster Response information systems, for better coordination and to enable more informed decision-making in the continuing program enhancement. The new Information Management Bureau (IMB) in DSWD has already developed an Information System Strategic Plan (ISSP) for 2015-2017 to implement these needed changes.
- c) *Augmenting the capacity of the ground workforce, especially the Municipal Links (MLs).* MLs implement the Program at district/barangay level. They bear a large workload of handling about 800 household beneficiaries each (high per international standards) and multiple additional tasks. An assessment of the current work load of frontline staff is essential to ensure effective program implementation and monitoring.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

34. **Implementation arrangements would follow existing government procedures as it is in support of Government programs in the Philippines. The loan proceeds will disburse to the Treasury accounts.**

35. **DSWD will be the lead executing agency for the Project.** As in the case of the SWDRP, the overall management of the Project is under the DSWD Executive Committee, which is chaired by the Secretary and composed of all the Undersecretaries and Assistant Secretaries. The activities under the Project will be undertaken primarily by the CCT National Program Management Office (Pantawid NPMO), in accordance with the CCT Program Operations Manual and with support from other relevant DSWD departments, units and bureaus which are all within the structure of DSWD.

B. Results Monitoring and Evaluation

36. **The Project Results Framework is included in Annex 1.** DSWD will be responsible for verifying the data through regular administrative data recording and monitoring, plus survey based data. Instruments to collect information will be regular CCT Program's management information

systems (MIS), including compliance verification system, grievance redress systems, payment system and beneficiary data base, as well as results from spot checks and impact evaluations.

37. **The progress and achievement of the PDO will be monitored and evaluated through four types of activities:** (i) semi-annual project implementation support missions, (ii) annual Project status and performance reports; (iii) mid-term review, and (iv) a final review of the Project outcomes upon Project closing.

C. Sustainability

38. **The likelihood of sustaining the Project objectives beyond the closing date of the Project is high.** Government funding for the CCT Program has been confirmed for the next four years (2016-2019), as part of DSWD's MTEP and NPSSP. In addition to the Government's ownership of the Project objectives, sustainability will be supported through this Project by the continuous provision of technical assistance and capacity building, and building on the lessons learned from the SWDRP Project, impact evaluations of the CCT Program, and international evidence on similar programs.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

39. **The overall risk rating for the Project is Moderate.** The main contributors to the overall rating are political, governance, and fiduciary as described below.

40. **The political and governance risk is Moderate.** The project is currently well aligned with the Philippines Development Plan as well as the DSWD's MTEP. It focuses on delivering on key outcomes related to shared prosperity and poverty reduction under the Government's program. With the elections in 2016, a political transition will take place. Based on the currently available information, it looks unlikely that the new administration would depart from these broad objectives, or from the use of the established CCT Program as the nation's and DSWD's primary poverty reduction program, or from the use of the national household targeting system – Listahanan, to identify the CCT beneficiaries. Listahanan, was instituted as the national household targeting system by an Executive Order of the President, and has been an important contributing factor to the sound poverty targeting and good governance of the CCT Program.

41. **Macroeconomic risk is Low.** The government budget across all sectors, and especially the social protection sector, has been steadily increasing. Good macroeconomic performance of the country over the past several years and increasing government revenues reduce the likelihood of negative macroeconomic impacts on the Project Development Objectives.

42. **The risk related to sector strategies and policies is Moderate.** Social welfare and development are well captured and prioritized at the national level in sectoral policies and strategies. The Project development objectives and results are fully aligned with the related national policies and sector-specific strategies.

43. **The technical design related risk is Moderate.** The Project design is straightforward since the CCT Program has been in operation since the piloting phase in 2007 and it is well established.

44. **The implementation capacity risk is Moderate.** DSWD has been implementing social assistance interventions for a long time, and it has been strengthened in both technical and staff capacity at central level and on the ground. Still, incoming changes in institutional leadership in 2016 may jeopardize these efforts.

45. **Fiduciary risk with regards to financial management is substantial.** Significant government resources are allocated to the Pantawid Pamilya program, covering 4.2 million households and, based on the latest MTEP, has an approximate total funding requirement of almost US\$6 billion over 2016-2019. In addition to the magnitude of the program, the delivery of Pantawid Pamilya grants to beneficiaries is complex, given that the Philippines is an archipelago where CCT payments have to be implemented in remote and challenging locations such as conflict and natural disasters affected locations and in areas with limited internal control capacity. The government has existing fiduciary controls that were assessed by the Bank. Challenges were identified related to manual reporting and lack of integrated information system that exposes the Agency to risk if not properly mitigated through preemptive action. Over the last several years, DSWD has undertaken a number of steps to build and improve its fiduciary system and capacity that contribute to the management of risk during implementation. The measures in SWDRP that were found to be effective should be continued under SWDRP II. Additional mitigating measures could be undertaken to further reduce the fiduciary risk. These includes (i) strengthening preventive controls over information processing enforced by IT applications such as edit checks to validate data entry, accounting for transactions systems in the safeguarding of data and generation of reports; (ii) enhanced liquidation process of over-the-counter (OTC) payments and reconciliation of payments between DSWD, LandBank and the conduits; and (iii) review of the core design of the payroll system on how it can adapt to changing policies, that are either planned (updated Listahanan, change in eligibility criteria) or unplanned (e.g. state of calamity) events. The Project involves procurement which will be carried out under national public procurement regulations, since procurable items will be entirely financed by counterpart funds.

46. **Environmental and social risks are Moderate.** The Project does not produce any outputs that may have negative environmental consequences. And in five years of implementation of SWDRP, implementation support missions have consistently rated safeguards performance as satisfactory with no major issues. In terms of social risks, the Project will continue benefiting the most disadvantaged population groups (e.g. extreme/ food poor, households with many children, single parent households, disabled persons, indigenous populations). The CCT will also continue operating in conflict-affected areas (ARMM), which will impose several implementation challenges and would potentially require a different approach regarding beneficiary identification, verification and enrollment, payment, compliance verifications, GRS and so on).

47. **The stakeholder risk is Moderate.** The Bank enjoys a strong and constructive relationship with the Government of the Philippines, particularly in this broad sectoral area and with the current implementing agency, DSWD. However, the impending political transition could pose risks to that situation. Other challenges include the coordination with LGUs of uneven capacity and governance

structures, as well as coordination with Department of Education and Department of Health. Lastly, Development Partners are in general supportive, in particular ADB that has provided parallel financing to SWDRP and technical assistance to the CCT; UNICEF on developing FDS curricula; and the Australian Department of Foreign Affairs and Trade (DFAT) that has provided a significant Trust Fund financing through the World Bank to strengthen capacity and provide technical assistance to DSWD on the Listahanan and CCT design and implementation.

Systematic Operations Risk- Rating Tool (SORT)

Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Low
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
OVERALL	Moderate

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

48. **The proposed Project would support the CCT Program, which is expected to directly benefit approximately 4.2 million poor beneficiary households with 11 million children and with about 22 million members.** The expected direct benefits to these CCT beneficiaries include: i) increased school enrolment, attendance and primary and secondary education completion among children in poor households; ii) improved access to health services; and iii) increased life skills in a number of areas through family and youth development sessions.

49. **Based on the CCT benefit incidence analysis, the Pantawid has had positive effect on poverty and inequality in the Philippines.**⁶ On average, without the CCT grants, poor beneficiary households' incomes are 35 percent short of meeting the minimum income level needed to afford their basic needs. Pantawid cash transfers are helping beneficiaries close this gap. The estimated reduction of total poverty and food poverty among beneficiaries of the CCT Program by up to 6.7 percentage points is significant. At the national level, it was also estimated that the program reduced both total poverty and food poverty by up to 1.4 percentage points in 2013, from a baseline of 26.4 percent total poverty and 12.5 percent of food poverty without the CCT. These estimates are in between those found in two other large CCT Programs in the world – Mexico's Prospera (former Oportunidades) was estimated to have reduced total poverty by 1.8 percentage points,

⁶ Forthcoming report on Benefit Incidence Analysis of the Pantawid Pamilya CCT Program.

while Brazil's Bolsa Familia was estimated at 0.5 percentage point. Pantawid also reduced the overall poverty gap from 9.1 percent to 8.2 percent. This translates into a reduction of PHP 61 in the nominal poverty gap for every PHP 100 spent on the Pantawid Pamilya. Finally, the Pantawid Pamilya also contributed to reducing national income inequality as measured by Gini coefficient by 0.5 points, or to 48.7 in 2013 with Pantawid Pamilya from 49.2 if without the program.

50. Findings from the latest impact evaluation study using regression discontinuity design (RDD) confirm that Pantawid Pamilya households living near the poverty threshold spent PHP206 more per school-aged child per year compared to the non-Pantawid Pamilya households. Higher households' investment in education has translated into higher gross enrollment rates of the Pantawid Pamilya children. The increase in enrollment rates was not only observed within those in the age group of 6-11 years old, but also within the age group of 12-14 years old. These increases make enrolment rates in both age groups equally high among poor and non-poor children (above 90 percent). More importantly, based on APIS 2013 data, the likelihood of completing elementary education among Pantawid Pamilya children of 13-16 years old (83 percent) is higher than among those of the same age group poor, but non-Pantawid Pamilya, children (79 percent). The positive effect was observed on both boys and girls.

51. In relation to health outcomes, the RDD impact evaluation indicates that Pantawid Pamilya promotes facility-based deliveries, where at the poverty threshold, 7 in 10 live births in the past five years by Pantawid Pamilya mothers were delivered in health facilities, in comparison to only 5.5 in 10 births among non-Pantawid Pamilya mothers. The study also indicates that Pantawid Pamilya promotes access to professional post-natal care where 80 percent of Pantawid Pamilya mothers were checked by a skilled health professional after giving birth, compared to 59 percent incidence of non-Pantawid Pamilya mothers. In addition, there were more Pantawid Pamilya mothers (72 percent) who had their postnatal check-up in health facilities than those of non-Pantawid Pamilya mothers (55 percent).

52. Contribution of World Bank loan to DSWD's budget over the duration of the Project is modest. The loan, therefore, would have a limited fiscal impact on the overall DSWD budget and would not be a burden for the government to continue investing in these activities even when the Project concludes.

B. Technical

53. The design of the proposed activities is technically sound. The CCT Program was designed following best practice examples from other countries, such as Mexico, Brazil and Colombia. The program has been implemented since 2008 and it has been subject to regular monitoring through spot checks, rigorous impact evaluations and qualitative assessments. All provide evidence that the program is performing well, meeting its development objectives. Similarly, CCT administrative processes have continuously been assessed and efforts made to improve them, both at the local and the national levels. The grievance and redress system is considered by the World Bank as a best practice example for the design and operation of such a system. International comparisons show that the Philippines CCT Program is on par with best performing similar programs (Bolsa Familia of Brazil, and Prospera of Mexico). It is also gaining recognition for its engagement of beneficiaries and civil society organizations. Moreover,

Pantawid Pamilya CCT and Listahanan's strategic communication approach have become best practice models around the world.

C. Financial Management

54. **Existing country system on financial management will be used for Project implementation.** The Project will be implemented using the Government of Philippines (GOP) and DSWD's financial management systems as the basis for budgeting, accounting, internal controls, financial reporting and auditing. Based on a Financial Management (FM) assessment of the Project carried out in accordance with the "Financial Management Practices in World Bank-Financed Investment Operations", DSWD FM systems meet the Bank's requirements. Full details of the FM Arrangements are in Annex 3.

55. **A report-based disbursement modality will be used for the download of funds from the Bank to the Bureau of Treasury (BTr).** In this modality, Bank funds will be downloaded to BTr at least on an annual basis based on the certification from DSWD on the amount of CCT grants liquidated as of a particular period. As agreed during the technical discussion, DOF will prepare the Withdrawal Applications to the Bank supported by the Certificate on CCT grants liquidated and IFR prepared by DSWD. DSWD will need to show proof that the CCT grants disbursed and liquidated are equal or greater than the amount being reimbursed from the Bank, net of CCT grants funded by other multilateral agencies such as the ADB. Annual audit of financial statements will be required for submission to the Bank. IFRs covering Pantawid Pamilya grants and expenses for activities under Components 1 and 2 and the internal audit reports on Pantawid Pamilya will be reviewed during the project support missions on a semi-annual basis.

D. Procurement

56. **Since the loan will only finance cash grants, no procurement activities are envisaged under Component 1.** Capacity strengthening and monitoring and evaluation activities under the Component 2 will be financed from Government funds and hence procured under national public procurement regulations.

E. Social (including Safeguards)

57. **The Project is anchored in the reform agenda for social welfare and development.** As such, it builds on the various multi-stakeholder consultations that DSWD conducted at the national and local levels with participation from representatives of key national implementing agencies; the academe; private sector, non-governmental networks; leagues of local government units and basic sector organizations. The Pantawid Pamilya CCT has been enhanced based on the lessons learned from more than 7 years of implementation as synthesized through annual implementation reviews well as various studies that include third party monitoring/spot checks, interim impact evaluation survey and specialized/thematic assessments. More importantly, the Family Development Sessions and Grievance Redress System of the Pantawid Pamilya CCT serve as the major mechanism for beneficiary feedback that have been continually used to improve the program. Thus, the design of the proposed Project benefits from multi-stakeholders feedback and formal assessments.

58. **The CCT has continually made adjustments to be responsive to the specific circumstances of marginalized groups such as indigenous people, persons with disability and urban poor.** Furthermore, it has been classified as a gender-responsive program using the tools prescribed by the Government in compliance with the PH Magna Carta for Women. By providing the grants to mothers or surrogate mothers, there are strong indications that the program has enhanced the capability of women as household decision making. Moreover, the women's involvement as parent leaders has been appreciated for enhancing their opportunities to participate in community affairs/mobilization. As indicated in the Results Monitoring Framework (Annex 1), most of the Project indicators will have sex-disaggregated data which will allow gender analysis of the program outcome.

59. **DSWD has a good track record of complying with safeguards policies as part of its recent World Bank-supported Projects (i.e., SWDRP and KALAHI-CIDSS).** For SWDRP, DSWD has prepared an Indigenous Peoples Policy Framework (IPPF) to ensure compliance with OP/BP 4.10. The Bank's implementation support missions have consistently rated safeguards performance as satisfactory with no major issues after five years of Project implementation.

60. **The proposed Project will cover the poor and vulnerable households, which include indigenous people.** Indigenous communities and households are among the poorest and disadvantaged groups in the Philippines, in particular in terms of human development outcomes. Therefore, Indigenous Peoples OP/BP 4.10 is triggered. An enhanced IPPF for the proposed Project was prepared by DSWD based on an assessment of the implementation of the SWDRP Project's IPPF implementation. Consultations with IPs were done regularly through annual focused group discussions with IP grantees and through the regular meetings of the program Advisory Committees at all levels (from national to municipal) wherein the National Commission on Indigenous People (NCIP) is represented or is a regular member. DSWD disclosed the IPPF on its website on September 8, 2015, and the Bank has also done so in Infoshop on September 13, 2015.

F. Environment (including Safeguards)

61. **No environmental impacts are expected from the Project.** The Project supports activities that are community services-oriented including grants administration and management, knowledge transfers, capacity building, expert services, and ICT. The Project is not expected to support construction of physical infrastructure, civil and earth-moving works nor expected to directly promote activities that may have adverse effects on the environment. It is thus assessed that the environmental impacts of the Project are insignificant to negligible, and if at all will be localized and easily mitigated. No civil works are foreseen in this Project. The Project is classified as environmental category "B" (partial assessment) operation.

62. **However, Environmental Assessment OP 4.01 is triggered** on account of the need to assess the social impacts of the Project on the beneficiaries and other major stakeholders, including the Indigenous Peoples (OP 4.10).

G. World Bank Grievance Redress

63. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported Project may submit complaints to existing Project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address Project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: Philippines

Project Name: Philippines Social Welfare Development and Reform Project II (P153744)

Results Framework

Project Development Objectives

PDO Statement

The proposed PDO is to support the National Program Support for Social Protection of DSWD to improve the use of health and education services of poor children.

These results are at | Program Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values			
		YR1	YR2	YR3	End Target
Share of monitored children in elementary school in poor CCT beneficiary households attending school at least 85% of the time (Percentage)	90.6	90.7	90.8	90.9	91.0
<i>Males (Percentage - Sub-Type: Breakdown)</i>	<i>90.0</i>	<i>90.1</i>	<i>90.2</i>	<i>90.3</i>	<i>90.4</i>
<i>Females (Percentage - Sub-Type: Breakdown)</i>	<i>91.3</i>	<i>91.4</i>	<i>91.5</i>	<i>91.6</i>	<i>91.7</i>
Share of monitored children in high school in poor CCT beneficiary households attending school at least 85% of the time (Percentage)	88.1	88.3	88.5	88.7	88.9
<i>Males</i>	<i>86.6</i>	<i>86.8</i>	<i>87.0</i>	<i>87.2</i>	<i>87.4</i>

<i>(Percentage - Sub-Type: Breakdown)</i>					
<i>Females</i> <i>(Percentage - Sub-Type: Breakdown)</i>	89.5	89.7	89.9	90.1	90.3
Share of monitored children 0-5 years old in poor CCT beneficiaries households undergoing growth monitoring and check-ups in accordance with Department of Health protocol (Percentage)	92.8	93.0	93.2	93.4	93.6
<i>Males</i> <i>(Percentage - Sub-Type: Breakdown)</i>	92.7	92.9	93.1	93.3	93.5
<i>Females</i> <i>(Percentage - Sub-Type: Breakdown)</i>	92.8	93.0	93.2	93.4	93.6
Share of monitored children in poor CCT beneficiary households who transition from elementary to high school (Percentage)	41.5	44.0	47.0	51.0	55.0
<i>Males</i> <i>(Percentage - Sub-Type: Breakdown)</i>	40.9	43.0	46.0	50.0	54.0
<i>Females</i> <i>(Percentage - Sub-Type: Breakdown)</i>	42.1	45.0	48.0	52.0	56.0

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values			
		YR1	YR2	YR3	End Target
Total number of household beneficiaries who receive due cash grants (Number)	4,226,177	4,402,253	4,380,876	4,295,755	4,180,932
Share of beneficiary households receiving CCT grants regularly (Percentage)	85.6	85.8	86.0	86.2	86.4
Share of households receiving CCT grants through OTC (Percentage)	56.0	55.0	50.0	45.0	40.0

CCT spot checks of schools, clinics, municipal links and beneficiary households implemented per year (Number)	1	1	1	1	1
Impact evaluation of the CCT Program every two years (Yes/No)	Yes	Yes	No	Yes	No
Percentage of grievance cases addressed in a timely manner in the CCT Program (Percentage)	58.0	61.0	64.0	67.0	70.0
Share of monitored households attending the monthly Family Development Sessions (Percentage)	94.9	95.0	95.3	95.6	96.0

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Share of monitored children in elementary school in poor CCT beneficiary households attending school at least 85% of the time	Denominator: Total of children in poor beneficiary households monitored for the education condition, where "monitored children" are children/grandchildren of the household head in elementary who are enrolled as CCT beneficiaries and who will be monitored for compliance to program education conditions, and "poor beneficiary households" are those who are identified as such by Listahanan. Numerator: Among the denominator, the total of children who attended school at least 85 percent of the school days of each	Semi-annual and annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO

	school month. 85 percent attendance is a minimum requirement by Department of Education for children to pass grades.			
Share of monitored children in high school in poor CCT beneficiary households attending school at least 85% of the time	Denominator: Total of children in poor beneficiary households monitored for the education condition, where "monitored children" are children/grandchildren of the household head in high school who are enrolled as CCT beneficiaries and who will be monitored for compliance to program education conditions, and "poor beneficiary households" are those who are identified as such by Listahanan. Numerator: Among the denominator, the total of children who attended school at least 85 percent of the school days of each school month. 85 percent attendance is a minimum requirement by Department of Education for children to pass grades.	Semi-annual and annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO
Share of monitored children 0-5 years old in poor CCT beneficiaries households undergoing growth monitoring and check-ups in accordance with Department of Health protocol	Denominator: Total of children in poor beneficiary households monitored for the health conditions, where "monitored children" are children/grandchildren of the household head aged 0-5 who are enrolled as CCT beneficiaries and who will be monitored for compliance with program health conditions, and "poor beneficiary households" are those who are identified as such by Listahanan. Numerator: Among the denominator, the total of children who appeared in their elected health facility for growth monitoring and check-up based on age-appropriate schedule of Department of Health.	Semi-annual and annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO

Share of monitored children in poor CCT beneficiary households who transition from elementary to high school	Denominator: Total of children in poor beneficiary households monitored for the education condition who graduated from elementary, where "monitored children" are children/grandchildren of the household head who are enrolled as CCT beneficiaries and who will be monitored for compliance to program education conditions, and "poor beneficiary households" are those who are identified as such by Listahanan. Numerator: Among the denominator, the total of children who were promoted to high school.	Semi-annual and annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO
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Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Total number of household beneficiaries who receive due cash grants	Total number of conditionality compliant household beneficiaries who receive due cash grants within the payment schedule. Target beneficiaries include calculation on beneficiaries exiting the Program. In order to avoid duplication, the beneficiary targets show annual number of beneficiaries, not cumulative.	Semi-Annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO
Share of beneficiary households receiving CCT grants regularly	Numerator: Total number of conditionality compliant household beneficiaries who receive due cash grants for all payment periods. Denominator: Total number of poor beneficiary households monitored for the education and health condition, and "poor beneficiary households" are those who are identified as such by Listahanan.	Semi-Annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO

Share of households receiving CCT grants through OTC	Numerator: Total number of households receiving grants through over-the-counter Denominator: Total number of poor beneficiary households monitored for the education and health condition, and "poor beneficiary households" are those who are identified as such by Listahanan.	Semi-Annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO
CCT spot checks of schools, clinics, municipal links and beneficiary households implemented per year	On time conduct of Spot Checks	Annual	Status updates on conduct of Spot Checks	Pantawid NPMO
Impact evaluation of the CCT Program every two years	On time conduct of Impact Evaluation	Annual	Status updates on conduct on Impact Evaluation	Pantawid NPMO
Percentage of grievance cases addressed in a timely manner in the CCT Program	Numerator: Total number of grievance cases from the CCT Program addressed in accordance to established protocol. Denominator: Total number of grievance cases received from the CCT Program.	Semi-Annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO
Share of monitored households attending the monthly Family Development Sessions	Denominator: Total of families monitored for attendance to FDS, where "monitored families" are representative of the household who are enrolled as CCT beneficiaries and who will be monitored for compliance with attendance to FDS, and "poor beneficiary households" are those who are identified as such by Listahanan. Numerator: Among the denominator, the total of families who attended the scheduled Family Development Sessions	Semi-annual and annual	Semi-annual Progress reports generated from the Pantawid Pamilya Information System (PPIS)	Pantawid NPMO

Annex 2: Detailed Project Description

PHILIPPINES: Social Welfare Development and Reform Project II

A. Sectoral and Institutional Context

1. **Social protection is one of the key cross-cutting strategies of the 2011-2016 Philippine Development Plan (PDP).** The PDP focuses on transformational leadership based on governance, empowering people, and delivery of health and education services to achieve inclusive growth and sustained poverty reduction. The PDP aims to achieve three strategic objectives: (i) attain a sustained and high rate of economic growth that provides productive employment opportunities, (ii) equalize access to development opportunities for all Filipinos, and (iii) implement effective social safety nets to protect and enable those who do not have the capability to participate in the economic growth process. To enable broad-based access to development opportunities, the PDP calls for increased investment in human capital (education and health) and improved access to infrastructure, finance, land, and other assets. Social protection was adopted in the PDP as one of its cross-cutting strategies aimed at improving the quality of human and physical capital. For effective social protection, the PDP emphasizes the needs for developing effective and responsive safety nets.

2. **Since 2008 and in particular since 2010, the Philippines has undertaken significant steps to build its social protection system and it currently features much improved-better designed, coordinated and implemented and more efficient and effective-suite of social protection programs than it used to.** The Philippines used to have multiple, relatively small and uncoordinated social assistance programs that sought to assist the poor and vulnerable. Nearly each government agency used to implement their own social assistance program, employing their own methods of identifying beneficiaries. Without an effective mechanism to identify the target population, the effectiveness of social assistance programs in the Philippines was compromised. Since 2007, and in particular since 2010, significant policy and institutional changes have taken place, including the adoption of the national framework for social protection, the establishment of the SP coordination mechanism, and the establishment of the national household targeting system. As a result, the Department of Social Welfare and Development (DSWD), the institution leading the social protection programs in the Philippines has become well capacitated and resourced, with well trained and competent staff, and a budget that increased from PHP 5.5 billion in 2007 to PHP 107.9 billion in 2015. The World Bank provided strong technical and financial support to these developments. This new phase moving forward is to consolidate the gains and further support DSWD's aspirations to strengthen the program to support the poor and to continue to reap the positive results of these last years.

3. **The vastly improved situation is the result of the Government's persistent efforts to develop and reform social protection.** While some of the reforms in social protection were initiated by the previous administration, in particular since 2007, the current administration that came to power in 2010 has not only advanced the reforms, but it has made the development of a social protection system and, within that, the development of the social assistance programs to assist the poor and vulnerable more effectively, one of its key reform priorities. These reforms were spearheaded largely by DSWD which led to the Department's leadership role in the Social Protection. With the support from the World Bank, DFAT and ADB, the main building blocks of

an effective social protection system were put in place: a legitimate and objective household targeting system recognized and used by national agencies; a conditional cash transfer (CCT) Program with appropriate checks and balances that is empirically shown to be successful in delivering assistance to the poor; and a policy environment that supports proper functioning of these systems within a national social protection framework.

4. **The 2007 definition of social protection and the national social protection framework were enhanced in 2012.** The framework serves as a blueprint for the improved delivery of social protection programs, with a view to reducing fragmentation and overlap, while enhancing coordination. Tools were developed and rolled out at the local government level to provide core parameters/guidelines for adopting the definition of social protection and related framework among various agencies and organizations implementing social assistance programs.

5. **The interagency coordination for social protection policy development continued to function well.** In 2009, a Sub-committee on Social Protection (SCSP) in the standing Social Development Committee was created. The SCSP is an inter-agency committee that serves as the national coordination body and leads the policy dialog in social protection. It is structured within the Social Development Committee (SDC) of the National Economic and Development Authority (NEDA) and is co-chaired by the DSWD and NEDA. The creation of the SCSP has paved the way to strengthen coordination among Government agencies in crafting policies and in designing, implementing, and monitoring social protection programs at the national level.

6. **The Philippines features a well-established unified national system to target poor households (the National Household Targeting System for Poverty Reduction – Listahanan).** Created in 2007 by an Executive Order of the President to initially identify poor households that could benefit from the CCT Program, a major data collection effort took place in 2009-2010 when data on about 11 million households (almost 60 percent of the Pilipino households) was collected by DSWD of which 5.2 million were identified as poor and targeted for government assistance, with support from the World Bank. The national household targeting system has become the backbone of the Philippine's anti-poverty programs and it is now used to target various programs implemented by 44 national agencies, including the Pantawid Pamilya CCT Program, the PhilHealth subsidized health insurance and the social pension program. It is also used by more than 1,069 local government units (LGUs), as well as civil society organizations, legislators, universities and research institutions and donors. DSWD also uses it to plan relief operations and deliver emergency assistance to families affected by natural disasters. The credibility of the national household targeting system - Listahanan lies in its use of an objective method of classifying households as poor (or not) and a systematic means of collecting a standard set of easily verifiable household information for this purpose. Listahanan is supported by automated systems for data entry with validation routines, checking duplicates, proxy means test (PMT) processing, and generation of reports for data sharing, among others. However, unlike most targeting systems, Listahanan also benefits from community validation. This allows the community to challenge the list of poor once the preliminary results of targeting become available, and accept the targeting system for its transparency. The update of the system is currently ongoing and it is planned to be completed in November 2015, by when data from 15.3 million households or 75 percent of all households will have been collected.

7. **The Pantawid Pamilya CCT Program has become a flagship poverty reduction program.** The CCT Program aims to break intergenerational transmission of poverty by incentivizing poor households to invest in education and health of their children. In addition, the program has been a platform for citizens' education (life skills through family development sessions, FDS), empowerment (parent leaders' engagement) and program coordination and convergence at the local level (education and health). The program has been expanded from 660,000 households in 2010 to 4.2 million households in June 2015, covering all poor household with children 0-18, as identified by the national household targeting system. Initially, it covered only children in elementary education (grades 1-8), but in June 2014, it was expanded to cover poor children in secondary education as well. The CCT plays a central role in the Government's overall strategy to address poverty and vulnerability among Filipinos. Commensurately, the budget allocation to the CCT Program increased from 0.1 percent of GDP in 2010 to 0.5 percent of GDP in 2014. The CCT Program is implemented by 13,000 staff across the Philippines and it features elaborate implementation architecture, including a beneficiary identification and update system, compliance verification system, payment system and grievance redress system (GRS).

8. **The CCT Program has shown strong impact on health and education of poor children, as well as a significant effect on poverty and inequality.** Two rounds of rigorous impact evaluation and a household survey based benefit incidence analysis have shown that the CCT Program has helped reduce both total poverty and food poverty at the national level by up to 1.4 percentage points in 2013. Pantawid Pamilya also contributed to reducing national income inequality as measured by Gini coefficient by 0.5 points. In terms of use of education and health services, the program was found to increase households' investment in education that has translated into higher elementary education gross enrollment rates of the Pantawid children, which are now on par with those of the non-poor children (above 90 percent). The Program has also promoted facility-based deliveries, access to professional post-natal care, and postnatal check-ups in health facilities.

9. **As with other conditional cash transfer programs, the Pantawid Pamilya provides cash in exchange for compliance with program conditions.** Different conditions apply to different members of a beneficiary household. Education grants are given to each school-aged child in the household but only up to a maximum of 3 children per beneficiary household. Each child between 3 and 14 years old who is enrolled in kindergarten/ pre-school/ elementary school is entitled to a grant of PHP 300 (US\$6.98) per month if they attend at least 85 percent of the school days in a month. Each child between 15 to 18 years old who is enrolled in secondary school is entitled to a grant of PHP 500 (US\$11.63) per month if they attend at least 85 percent of the school days in a month. Education grants are only given for 10 months every year because there are two vacation months from school (usually March and April). The PHP 500 (US\$11.63) monthly health grant is an all-or-nothing grant. It is received by the beneficiary household only if it complies with all applicable health condition. Health grants are provided for twelve months every year. Based on this schedule, beneficiary households can receive up to PHP 21,000 per year, depending on their household composition and compliance with applicable program conditions.

10. **Grants are delivered through various channels with the objective of minimizing the cost for the beneficiary.** Initially, program grants were delivered to beneficiaries only through the

Land Bank of the Philippines (LBP), a government depository bank. Where possible, grantees⁷ are given LBP debit cards to withdraw their grants through ATM machines. In areas where ATM machines are less accessible to beneficiaries, off-site cash payments are scheduled by LBP. In an effort to continuously improve the delivery of Pantawid Pamilya grants, DSWD through LBP is engaging other service providers as payment conduits: Globe GCash Remit (a mobile cash delivery service), local rural banks, local cooperatives, and so on.

Table 2.1: Pantawid Pamilya CCT grants conditions

Education conditions	Health conditions
<ol style="list-style-type: none"> 1. Children 3-5 years old enroll in pre-school or day care facilities 2. Children 6-18* years old enroll in elementary or high school and maintain school attendance of at least 85 percent of school days per month 	<ol style="list-style-type: none"> 1. Children below 5 years old go for monthly visit to health station to avail of age-appropriate health checks and services as prescribed by DOH. 2. Children 6-14 years old take deworming pills twice a year in school. 3. Pregnant women go for trimestral consultations during pregnancy. 4. Pregnant women birth delivery attended by a skilled health worker. 5. Grantee and/or spouse attend/s monthly Family Development Sessions (FDS).

Source: Pantawid Pamilya Operations Manual (as of September 2014). *Extension of program conditions and benefits to 15-18 year old school children began in January 2014.

11. Program grants are subject to a deduction, suspension, termination, or delays based on rules known to beneficiaries. Non-compliance to program conditions automatically means deduction of a specific grant amount. If a household beneficiary fails to comply with the condition for an elementary school-aged child, PHP 300 is automatically deducted for every month the child misses to comply with the 85 percent required attendance. If any one of the applicable health conditions is not met, PHP 500 is automatically deducted for each month of non-compliance. Proven misuse of program grants due to pawning of the LBP card or used as collateral are grounds for suspension of the grants (on the second offense) or termination and delisting from the program (on the third offense). Beneficiaries can also be delisted from the program if they were proven to have deliberately provided false/fraudulent information at the time of the data collection for Listahanan or enrollment into the Pantawid Pamilya. Inadvertent errors in records, or outdated household information – such as misspelled names of grantees shown in the LBP cards, transfer from one school to another by a child beneficiary – may also delay the receipt of the grant, if such mistakes or changes are not immediately corrected or updated in the beneficiary household records of the Pantawid Pamilya program.

12. Based on the latest program data, compliance with program conditions is high. Monitoring compliance is done in coordination with partner government agencies; in particular the Department of Education and the Department of Health have special roles in monitoring compliance of beneficiaries with the program's education and health conditions. Compliance with conditions is systematically recorded through the program's Compliance Verification System

⁷ The Grantee is usually the mother of the family.

(CVS). CVS paper forms are filled out by school and health personnel based on their records. The accomplished forms are collected by Pantawid Pamilya ground coordinators, called Municipal Links, and sent to DSWD regional offices to be recorded in the computer-based CVS. Records that appear in the system are used to compute grants that will be paid to each household beneficiary and to generate the payroll. Over years of implementation, compliance with program conditions has improved. As of September-October period in 2014, according to the program Compliance Verification System, beneficiary households are almost universally compliant with Pantawid conditions. This in turn means that beneficiaries should be receiving their maximum entitlement from the program.

Table 2.2: Pantawid Pamilya CCT compliance track record

Program Conditions	percent of Compliant HH beneficiaries			
	(As of March 2010)	(March-April 2012)	(March-April 2014)	(Sept-Oct 2014)
Education	94.19	96.67	98.81	96.49
Enrollment in Day Care Center/Pre- School for Children 3-5 years old		96.23	97.66	96.13
Attendance in Primary and Secondary Schools for Children 6-14 years old		97.11	99.02	97.34
Health	80.04	96.86	97.14	97.20
Check-up/immunization for Pregnant and Children 0-5 years old		95.48	96.05	96.31
Health (deworming) for Children 6-14 years old in Elementary Level		98.29	99.90	99.60
Attendance of FDS by Parents	84.28	96.15	95.08	94.86

Source: DSWD Pantawid Pamilya Pilipino Program Implementation Status Reports (various issues).

13. The Pantawid Pamilya Pilipino Program has generated a major shift in the way social protection programs are implemented in the country. Pantawid has been the first large-scale social protection program with a well-designed information management system that supports program implementation. Pantawid Pamilya has its own back-end systems for beneficiary registry, regular updates of beneficiary information, compliance verification, payment, and complaints management. It also has regular spot checks to assess business processes and the CCT implementation, as well as rigorous quantitative impact evaluation accompanied by a qualitative assessment which have provided needed empirical evidence on the CCT Program performance, as well as the basis for the program adjustments to improve its efficacy. The availability of a Grievance Redress System (GRS) allows anyone (beneficiary or not) to file feedback or complaints about the programs. All complaints received are acted upon following a systematic resolution process. In addition, civil society organization has systematically been included in the program implementation and monitoring.

14. The Pantawid Pamilya CCT has also fostered institutional coordination at national level. The National Advisory Committee (NAC) of the Pantawid Pamilya Program acts as the program's highest policy-making body. While DSWD is the primary implementer, changes in the program design or implementation mechanisms are decided by an interagency committee from various government departments (Department of Education, Department of Health, National Anti-poverty Commission, and Department of the Interior and Local Government, among others). Close coordination with other agencies ensured alignment of the CCT Program implementation with

other policies across government (e.g., the K-12 program of Department of Education, health protocols of Department of Health) and necessary actions outside the mandate of DSWD are immediately brought to the attention and acted upon by appropriate agencies.

15. **The community driven development (CDD) program was scaled up too.** In addition to the CCT Program, DSWD has significantly strengthened and expanded the *Kapit-Bisig Laban sa Kahirapan* - Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) CDD Program. The CDD program is part of the Government's strategy to empower citizens to participate in the decision making at the local level. In the past few years, the NCCDP has been a major support in the construction of health and education facilities that are required for CCT compliance.

16. **Productive inclusion of the poor has become an integral part of social protection policies for inclusion and poverty reduction.** To complement the CCT and CDD interventions, DSWD launched in 2011 the Sustainable Livelihood Program (SLP), a community-based capacity building program that aims to improve the socio-economic status of the poor Filipino families and to increase opportunities for the CCT households to exit poverty. The program has two tracks: (i) micro enterprise development – it supports poor households in their self-employment efforts and (ii) employment facilitation track that focuses on skills development. The skills building for employment track is particularly relevant for the school to work transition of the CCT secondary education graduates and one of the levers of the Government's strategy to support poor households break the structural causes of poverty in the Philippines (lack of education and skills) and thus break intergenerational transmission of poverty. It is important to clarify that DSWD is not the only agency implementing livelihood programs (including also LGUs), and the Government is exploring ways to better complement and integrate these interventions, including fostering access to formal tertiary education for high-school graduates from poor background.

17. **The Philippines has integrated social protection programs into its disaster management and response.** The Philippines is one of the best examples of efforts to improve social protection resilience to disaster and to scale up social protection programs in response to emergency. Given the country's exposure to frequent natural disasters, huge numbers of the population and in particular the most vulnerable suffer from frequent shocks to their incomes, well-being and consumption, disrupting development progress and keeping them in poverty. In that sense, DSWD is also the government agency responsible for disaster relief and early recovery, in coordination with many other institutions and LGUs implementing relief programs. Commensurately, it has taken significant steps to strengthen its capacity to effectively perform its Disaster Risk Reduction Management (DRRM) functions, by making the social assistance programs more resilient to disaster and able to quickly recover after the disaster and continue the services delivery. For instance, in response to the massive Yolanda typhoon of 2013, DSWD immediately waived the CCT conditionality and used the CCT Program and the national household targeting system as means by which to help affected poor families recover from the disaster. It also coordinates cash-for-work, food, and temporary shelter assistance with LGUs.

18. **Aside from its continuous efforts to improve the delivery of core social protection programs, DSWD keeps strengthening its capacity to perform its role as the leader in social protection.** DSWD implements programs that are assisting poor and vulnerable individuals,

households and communities in the Philippines, covering more than 30 million people (roughly 30 percent of the population) and a budget in 2015 close to 2 percent of GDP (US\$2.5 billion). It maintains and updates the national household targeting system as an objective and transparent targeting system for social protection programs, sustains advocacy work for the promotion and protection of the rights of poor and vulnerable population, and enhances results-based policy making and implementation. The institution is also involved in the development of an integrated information management system (as established in its Information Systems Strategic Plan, ISSP), to aid in policy development, planning and implementation. DSWD personnel capacity is continuously being strengthened through capacity building and training activities. DSWD is also leading the “convergence agenda”, an approach to service delivery adopted and implemented by the current administration to synchronize and coordinate programs development and delivery within the same government agency and between government agencies, in particular at the local government level where the programs are delivered to citizens. It does so by making efforts to synchronize (“converge”) the delivery of its programs (CCT, CDD, and SLP, in particular) at the local level – to that effect Municipal Action Teams (MAT) comprising respective programs’ officers have been established; and second, by collaborating closely with other government agencies and units (Department of Education, Department of Health, LGUs, etc.) to deliver key programs.

19. Overall, social protection policy and system development has been impressive, but challenges remain. The biggest challenge facing social protection is the potential for set-backs that could materialize during the forthcoming government transition in 2016. Sustaining the achievements in the social protection reform agenda are needed for the Philippines to be able to continue to effectively provide protection to the poor and vulnerable population, while promoting their human capacity development for better productive inclusion. Particularly important over the next several years is to: (i) maintain, and further enhance the national household targeting system as a backbone of anti-poverty programs in the country; (ii) maintain, and continuously enhance the CCT Program and its implementation architecture; (iii) expand exit or graduation programs aimed at increasing productive capacity and inclusion of poor households, including programs to facilitate school to work transition for the CCT secondary education graduates to formal tertiary education, youth skills development and youth employment programs; as well as job matching services and others; (iv) continue strengthening and improving DSWD capacity to perform its disaster response and recovery functions; (v) continue advancing the convergence agenda as one of the key strategies for effective and efficient social services delivery; and (v) continue strengthening capacity of DSWD to develop social protection policies and implement them, in particular through the introduction of an integrated data management system, strengthened policy development and monitoring and evaluation (M&E) capacity, and enhanced social communications functions. Moving forward, DSWD will address these aspects through its National Program Support for Social Protection (NPSSP).

B. Project Components

20. This project contributes to the financing of the DSWD's conditional cash transfer program over the next four years, as recently endorsed by the Development Budget Coordination Committee (DBCC) and whose total cost is projected at US\$5.84 billion. The

amount of the proposed IBRD funding is US\$450 million (estimated at 7.3 percent of the total CCT cost in 2016-2019).

Component 1: Support to the Pantawid Pamilya (IBRD: US\$450 million)

21. **The objective of this component is to support the continuous delivery of the Pantawid Pamilya Pilipino CCT Program to poor households with children.** It will continue to contribute to the financing of the health and education grants given to the CCT beneficiaries nationwide over the period of four years, starting from the date of Project effectiveness. Financing would amount to about 7.3 percent of total cash grants in the CCT Program. The beneficiary households – poor households with children 0-18, should continue to be selected using the national household targeting system - Listahanan - that follows a standardized targeting mechanism with rigorous quality control process.

22. **The CCT grants are delivered by DSWD to poor eligible households with children 0-18 years old nationwide.** Selected poor households receive the cash transfers for up to 3 children, subject to meeting eligibility criteria and the compliance with the health and education related conditions. Poor households with children 0-18 years old and/or pregnant women are eligible for a health transfer currently set at PHP 500 (~US\$11) per household per month (for a period of 12 months/year) regardless of the number of children 0-18 years old. The health transfer requires that households fulfill the following conditions: (i) all children 0-5 years old should visit the health center or rural health unit to get the services established by Department of Health according to their age, including growth monitoring and immunization; (ii) pregnant women must attend the health centers or rural health unit for pre-natal and post-natal care, according to Department of Health protocol; (iii) all children 6-14 years old in elementary school should comply with the de-worming protocol at schools (2 pills per year); and (iv) for households with children 0 to 18 years old the household grantee (mother) and /or spouse shall attend FDS at least once a month. Poor households with children 5-18 years old are eligible for education grant. Up to three children can receive the grant. Children receiving grants are required to attend classes at least 85 percent of the time. For children enrolled in day care or elementary education, the current grant amount is PHP 300 (~US\$ 6) per child per month (for a period of 10 months/year). For children enrolled in secondary education the grant amount is currently set up at PHP 500 (~US\$11) per month for 10 months/year). Secondary education grantees are also expected to attend youth development sessions.

23. **The real value of the grants has, however, declined by about 40 percent since 2007 when the program was piloted, prior to being scaled up in 2008.** The grants have been fixed in nominal terms and have not been adjusted since 2007 when the CCT Program was piloted. As a result, by 2015, the grants lost about 40 percent in real terms. This drop may affect adversely the incentives of households to participate in the program and thus undermine the achievement of its objectives.

24. **During the proposed Project supervision and through complementary TA, the Bank will support DSWD in its efforts to continuously improve the Pantawid, which includes the revision of key parameters for the Program drawing lessons from past and forthcoming implementation assessments and impact evaluations.** Going forward and taking into account

the availability of Listahanan 2 (updated national household targeting system) data later this year (2015), the Government is examining options to increase the value of the grants to keep at least partially the pace with inflation. Another aspect DSWD is considering for potential revisions concerns the number of targeted households, as well as the choice of children to be monitored under the CCT.

Component 2. Strengthening of CCT Implementation and Monitoring and Evaluation
(IBRD: US\$0; Borrower: US\$5.2 million)

25. **This component will allow DSWD to undertake enhancements of the CCT Program.** It will do so by allowing DSWD's National Program Management Office (NPMO-Pantawid) to enhance implementation of the CCT, through a strengthened capacity for monitoring, evaluation and data analysis, enhanced payment and GRS, streamlined and improved family and youth development sessions, and faster compliance verification and beneficiary data systems.

26. **As the CCT Program expanded, several enhancements were introduced to ensure the program delivers the needed assistance to poor households.** Among the major changes are: (i) a shift from quarterly to bi-monthly payments to deliver cash grants to beneficiaries in a timely manner, (ii) the coverage of children in CCT households attending non-formal schools or those under the Alternative Learning System (ALS) of the Department of Education, (iii) the inclusion of new pregnancies for health compliance monitoring, (iv) the extension of coverage to 15 to 18 years old children who are in secondary school with a correspondingly higher education grant amount, and (v) use of alternative modes of payment (such as mobile remittance, rural banks, cooperatives) besides the regular OTC payments and the ATMs of the Land Bank of the Philippines. All these changes entailed corresponding adjustments in the operational cycle, manpower requirement and deployment, and management information system of the CCT Program.

27. **Continued efforts are required to properly maintain and continue to develop and strengthen systems for registration, verification, client data updates, payment, grievance acceptance and resolution and monitoring, and evaluation activities.** As shown in other programs around the world, a key to the CCT Program success is a strong, dedicated, and well-resourced organizational structure, which is capable of implementing all key activities of the program cycle efficiently and effectively. These include: registration of eligible families, verification of eligibility, keeping the beneficiary data information up to date, verification of compliance with conditions, managing payments, delivering FDS, organizing assemblies of grantees and mobilizing parent leaders, implementing a GRS, undertaking monitoring and evaluation and maintaining an MIS system that supports all these operation activities. DSWD has put in place solid implementation architecture, with about 12,500 strong staff across the Philippines, serving 4.2 million beneficiary households.

28. **Specifically, the component will use own Government funds to undertake institutional and capacity development and monitoring and impact evaluation activities, including:** (a) strengthening policy analysis and monitoring and evaluation capacity, including conducting a CCT Program impact evaluation and annual CCT Program implementation spot checks; (b) training of central, regional and municipal staff to deliver the CCT Program; (c) developing content for, and

strengthening capacity to deliver, strategic communications, including strengthening the beneficiary feedback mechanism; and (d) training for the development and delivery of family and youth development sessions.

Annex 3: Implementation Arrangements
PHILIPPINES: Social Welfare Development and Reform Project II

A. Project Institutional and Implementation Arrangements

1. As the Agency responsible for the implementation of the Pantawid Pamilya Pilipino Program, DSWD will be the executing agency for the Social Welfare Development and Reform Project II (SWDRP II). In DSWD, oversight responsibility for the Pantawid Pamilya CCT Program and hence for SWDRP II is the responsibility of the Executive Committee which is chaired by the Secretary. The Secretary of DSWD acts as the National Director for the Pantawid Pamilya Pilipino Program.
2. The implementation of the Pantawid Pamilya CCT Program is governed by a comprehensive Operations Manual (OM) that defines details of the organizational structure, fiduciary arrangements, rules, roles and controls for Program implementation. The OM applies to SWDRP II as well. During the course of the implementation of SWDRP (2010-2015), the Pantawid Pamilya OM has been reviewed by the World Bank continuously and found satisfactory. The following paragraphs briefly mention some of the key implementation features of the Pantawid Pamilya CCT Program.
3. *Pantawid Pamilya National Program Management Office (NPMO).* The Pantawid Pamilya Pilipino Program is managed by the National Project Management Office which is an organizational part of DSWD. NPMO is headed by a Director. Its structure, organization, rules, roles and controls are regulated in detail by the Operations Manual. SWDRP II will be managed by the Pantawid Pamilya's NPMO and all rules and arrangements applicable to the Pantawid Pamilya, apply to SWDRP as well.
4. *Regional Program Management Office (RPMO).* It is in charge of the regional implementation of Pantawid Pamilya. The RPMO provides support and technical supervision to make sure that all functions are carried out in an efficient and timely manner through having an extended field office at the provincial level and establishment of field implementers at the city/municipal level.
5. *Financial Management Service.* The Financial Management Service is in-charge of preparing and implementing budgetary plan for the implementation of the program. It is responsible for the management of utilization/disbursement of the funds allocated at the National and Regional level and liquidation and reporting of the same to the central office. The Unified Financial Management Unit links directly with the Financial Management Service of the Department and under the supervision of the General Administration Service and Support Group.
6. *Pantawid National Advisory Committee (NAC).* The Advisory Committee is established to ensure the soundness of policy decisions pertaining to the Pantawid Pamilya CCT Program and to ensure the convergence and coordination with key government agencies. The NAC is chaired by the National Project Director and composed of representatives from Department of Health, Department of Education, Department of the Interior and Local Government (DILG), Department

of Labor and Employment (DOLE), National Economic and Development Authority (NEDA), National Anti-Poverty Commission (NAPC), Department of Budget and Management (DBM), Council for the Welfare of Children (CWC), Philippine Commission of Women (PCW), National Council for Indigenous People (NCIP), National Nutrition Council (NNC), and Population Commission (POPCOM). NAC is mirrored at the regional level by a Regional Advisory Committee (RAC) which includes the counterparts of all the member-agencies of the NAC and provincial representatives. Similarly, a Municipal Advisory Committee (MAC) is organized at the municipal level, with a mayor as chair and with the participation of relevant municipal-level representatives of NAC member-agencies.

B. Financial Management

7. The Financial Management assessment of SWDRP II, was carried out in accordance with the “Financial Management Practices in World Bank-Financed Investment Operations” issued by the Financial Management Sector Board on November 3, 2005 and as further rationalized in the “Principles Based Financial Management Practice Manual” issued by the Board on March 1, 2010 and retrofitted on February 4, 2015. Under the Bank’s OP/BP 10.0 with respect to Projects financed by the Bank, the Borrower and the Project implementing agency are required to maintain financial management systems — including budgeting, internal control, accounting, financial reporting, and auditing systems — adequate to provide the Bank with assurance that funds will be used in an efficient and economical way to enable Project development objectives to be met. The conclusion of the assessment is that the financial management systems at the Department of Social Welfare and Development (DSWD) meet the Bank’s requirements.

8. The financial management risk of the Project is assessed as **Substantial**. The risk rating assessment is not a reflection of FM performance but instead assesses the probability of liability, loss or other occurrence that is caused by external or internal vulnerability that may be avoided through preemptive action. The assessed level of FM risk provides a guidance on the various aspects of FM design, supervision, technical assistance and other actions that may be taken by the Bank to support the Borrower in achieving the development objectives.

9. The Pantawid Pamilya program is the flagship poverty reduction program of the Government of the Philippines which has significantly expanded across the country in a short span of time from 660,000 households in 2010 to 4.2 million households in June 2015. Significant government resources are allocated to this program. Based on the MTEP, the CCT total funding requirement in 2016-2019 is projected at US\$6 billion. In addition to the magnitude of the program, the program design of the delivery of Pantawid Pamilya grants to beneficiaries is complex given that the Philippines is an archipelago where grant payment has to be implemented in remote and challenging locations such as conflict and natural disasters affected locations and in areas with limited financial services.

10. The Government has existing fiduciary controls that were assessed by the Bank. A number of challenges were identified, and are characterized by manual reporting and no integrated information system that exposes the Agency to risk if not properly mitigated through preemptive action.

11. Over the last several years, DSWD has undertaken a number of steps to build and improve its fiduciary system and capacity that contribute to the management of risk during implementation. As a result, the FM residual risk has been reduced from High to Substantial. The measures in the previous project that were found to be effective should be continued under SWDRP II. Additional mitigating measures could be undertaken to further reduce the risk rating. These includes (i) strengthening preventive controls over information processing enforced by IT applications such as edit checks to validate data entry, accounting for transactions systems in the safeguarding of data and generation of reports; (ii) enhanced liquidation process of OTC payments and reconciliation of payments between DSWD, LandBank and the conduits; and (iii) review of the core design of the payroll system on how it can adapt to changing policies, that are either planned (e.g. updated Listahanan, change in eligibility criteria) or unplanned (e.g. state of calamity) events.

12. DSWD will continue to undertake various implementation improvements to ensure that program funds are used for the intended purpose. The program currently has a component on strengthening the Pantawid Pamilya Implementation and Monitoring and Evaluation that will enhance the implementation of Pantawid Pamilya, grant payments, grievance redress system and compliance verification.

13. The mitigating measures that were found effective in SWDRP that should continue to be implemented to reduce risks associated with the current Financial Management system are: (i) to conduct semi-annual internal audit reports (ii) to submit status/progress of actions taken to address the findings and recommendations of the Commission on Audit on the financial statements and Internal Audit Services internal audit reports. The final version of existing FM Sub-manuals on Pantawid Pamilya payouts to formalize control processes specific to the program had been updated and adopted prior to negotiations.

Financial Management Implementation Arrangements

14. DSWD is the Government agency responsible for the implementation of the Pantawid Pamilya Pilipino Program. Therefore, the GOP and DSWD's financial management systems for budgeting, accounting, financial reporting, internal controls, and auditing shall be used for SWDRP II. DSWD has previous experience in the implementation of various World Bank Projects through the Kapit-bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services Project (KALAHI-CIDDS), Social Welfare and Development Reform Project (SWDRP), Community Driven Enterprise Development Project (JSDF-CDED) and Livelihood for Vulnerable Urban Communities Project (LVUC). In the said Projects, DSWD has complied with the Bank's fiduciary requirements and supported the Project implementation. DSWD has ensured sufficient FM staffing and maintenance of accounting records, including putting in place adequate internal controls to provide reasonable assurance that funds were used for the intended purpose.

Financial Management Organization and Staffing

15. Under the General Administration and Support Services Group (GASSG), the Financial Management Service (FMS) is responsible for the preparation and implementation of an effective financial plan to support the Department's program/activities/projects aimed at achieving its desired outcome and mandate; development and implementation of policies and guidelines for the

effective, efficient and economical management of financial resources of the department; management of financial and related non-financial information system to ensure timely compliance with reporting requirements of oversight agencies and statutes, and to support or provide management with relevant information and advice / options in decision making process. The FMS of DSWD Central Office processes check disbursements and bank transfers; maintains the books of accounts; and prepares the financial statements of the Agency. The finance personnel of the DSWD Field Offices assist in the implementation of FM arrangements at the regional level particularly on the reconciliation and preparation of liquidation reports.

16. The Agency had established the Unified Financial Management Unit (UFMU) and had been responsible for the implementation of FM arrangements of previous foreign assisted projects. UFMU is also responsible for the facilitation of the timely release and disbursement of funds to field offices accounts and preparation of interim financial reports. For SWDRP II, the UFMU will ensure that CCT liquidation reports will be prepared and government spending on Component 2 monitored as support for the certification of CCT grants for loan proceeds withdrawal.

17. To ensure that FM systems of the Program are implemented as intended, DSWD will ensure throughout implementation that there is adequate FM personnel in the central and field offices who will facilitate FM requirements and monitor financial reporting requirements from field offices and oversight agencies as documented in the updated Operations Manual.

18. The Project had updated the existing Operations Manual for the Pantawid Pamilya that will define the roles and responsibilities of FM personnel in the Central and Field offices. The FM section in the OM reflects the specific reporting requirements, funds flow instructions and audit requirements necessary to show accountability of transactions as required by the oversight agencies. Training on the fiduciary requirements will be conducted for FM staff as needed.

Budgeting Arrangement

19. Budget proposals are prepared annually by DSWD and submitted to the Department of Budget and Management (DBM) for review. The annual budget of the Agency is included in the annual General Appropriations Act (GAA) which has to be approved by Congress. To inform annual budgeting, DSWD also prepares Medium Term Expenditure Plan. This plan is approved by the Development Budget Coordination Committee (DBCC). During SWDRP II implementation (calendar 2016-2019), early coordination with DBM and Department of Finance (DOF) will be made to ensure availability of budget for the Pantawid Program implementation to which the loan contributes.

Accounting Arrangement

20. DSWD conforms to the New Government Accounting System (NGAS) which the Commission on Audit (COA) issued as per COA Circular No. 2001-004 dated October 30, 2001 and took effect January 1, 2002. Recently, COA rolled out the new Unified Account Code System (UACS) and Philippine Public Sector Accounting Standards (PPSAS) which is an adoption of the International Public Sector Accounting Standards (IPSAS)

21. The accounting records are maintained by DSWD using the eNGAS financial management system. DSWD FMS at the central office and regional offices, are responsible for the maintenance of the books of accounts, monitoring of the expenditures, and preparation of the relevant Financial Reports. DSWD generates Financial Reports on a monthly basis regarding CCT payments and liquidation for DSWD management use. The following arrangements shall also be implemented for SWDRP II:

- a) No separate books of account will be maintained. DSWD shall continue to monitor Pantawid Pamilya grants paid and liquidated as per the Operations Manual. Only grants liquidated can be submitted to the Bank for reimbursement.
- b) Any audit findings on Pantawid Pamilya noted by COA on the financial statements and internal audit reports by IAS shall be addressed within six months after receipt of the audit report.

An Operations Manual that include the FM Sub Manual on CCT had been finalized and adopted prior to negotiations. The OM includes a separate Annex detailing Bank FM arrangements, funds flow, reporting requirements and disbursement arrangements.

Internal Controls and Internal Audit Arrangements

22. Basic internal controls such as separation of conflicting functions, segregation of bookkeeping functions from custodianship of assets, reconciliation of subsidiary records with the corresponding general ledger control account, and a multilevel system of review and approval of transactions before their execution are required under NGAS.

23. The SWDRP II follows the internal controls policies and procedures found in the NGAS, Government Audit and Accounting Manual (GAAM), COA and DBM memoranda and circulars, other laws and regulations. The following arrangements as documented in the OM and/or required by existing GOP rules shall be maintained for the duration of SWDRP II:

- a) Monitoring of liquidated CCT grants
- b) Grievance monitoring system as documented in the OM shall be maintained.
- c) Capacity building on financial management shall be conducted for FM personnel as needed.
- d) Internal Audit Report on CCT should be made available to the Bank during project implementation support missions on a semi-annual basis.
- e) Submission of unaudited interim financial reports (IFR) upon submission of each withdrawal application, not later than sixty (60) days after the end of the period covering such IFR/withdrawal application, but no less than one per calendar year, detailing the liquidated CCT grants and expenses under Component 2. The financial information on liquidated Pantawid Pamilya grants and government spending under Component 2 will be made available during project support missions (e.g. twice per year).
- f) The financial management sub-manuals (NPMO and RO level) are being updated to include changes and the proposed enhancement of financial management processes. The manual will be submitted to the Bank for review and approval.

Funds Flow and Disbursement Arrangements

24. The Project will support elements of the Government's own program within budget financing. In other words, the loan will not provide additional financing to the sector, but rather will help guarantee the delivery of budgeted items critical to the agenda of the agency.

25. A Modified Disbursement Scheme (MDS) is being used for the transfer of funds from the Bureau of Treasury (BTr) to government agencies. Under the system, MDS accounts with an authorized government servicing bank (GSB) are maintained for each agency and their regional offices. The BTr makes initial deposits to each MDS account. Notice of cash allocation (NCA) issued by DBM to the agencies are treated as authorizations to issue MDS checks against it. DBM releases the NCA directly to the DSWD's Central Office and Regional Offices. The head office of the GSB submits to BTr daily a summary of checks paid and a request for replenishment. BTr then releases the replenishment after checking the summary of checks submitted by the head office of the GSB against the summary of checks received from the branches of the GSB through its provincial and regional offices.

26. This Project will utilize the above-described funds flow arrangement of DSWD and GOP. Funds from the loan proceeds will be withdrawn to reimburse expenditures incurred by submitting withdrawal applications supported by a DSWD certificate on the CCT grants liquidated. Since all expenses will be pre-financed by the GOP, there is no need to maintain a Designated Account.

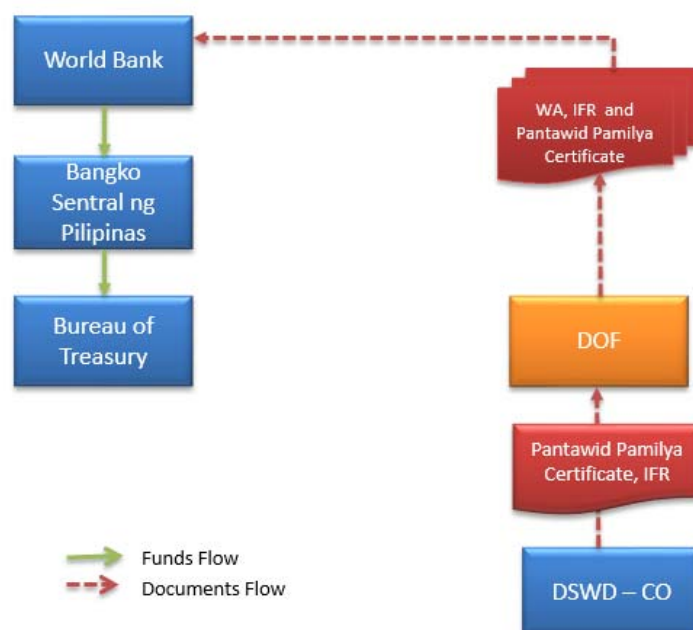
27. A report based disbursement modality will be used for the download of funds from the Bank to the Bureau of Treasury (BTr). In this modality, Bank funds will be downloaded to BTr at least on an annual basis based on the CCT Certification and IFR from DSWD on the amount of CCT grants liquidated as of a particular period. To facilitate reporting, Regional offices shall submit the Liquidation report of CCT Grants and government spending to Central office monthly and central office to consolidate all Liquidation reports for cash cards and OTC payments as basis for the IFR. As agreed during the technical discussion, DOF will prepare the Withdrawal Applications to the Bank supported by the Certificate on CCT grants and IFR prepared by DSWD. DSWD will need to show in the certification that the CCT grants disbursed and liquidated are equal or greater than the amount being reimbursed from the Bank net of CCT grants funded by ADB.

28. The loan shall be disbursed over a period of four years based on the following categories of expenditures:

Category	Amount of Loan (in US Dollars)	% of Expenditures to be Financed
(1) Conditional Cash Transfer Grants under Component 1 of the Project	448,875,000	100% of amount disbursed under each CCT Grant
(2) Front end fee	1,125,000	
Total	450,000,000	

29. The maximum amount of the proposed retroactive financing is US\$90,000,000 for eligible expenditures under Category 1 starting on March 1, 2015.

Figure 3.1: Funds and Documents Flow from World Bank to GOP



Financial Reporting and Monitoring

30. DSWD records its financial transactions and operations in conformity with generally accepted accounting principles and in accordance with pertinent laws and regulations as provided by the COA and DBM. The accounts of the DSWD are kept in such detail as it is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by oversight agencies of the government.

31. DSWD has instituted a monthly reporting on the Status of Pantawid Pamilya grants liquidated by the regions. These reports form the basis for the consolidated monthly Interim Financial Reports detailing the payment and liquidation of the Pantawid Pamilya grants.

External Audit

32. The Commission on Audit (COA), being the Supreme Audit Institution of the country is performing the external audit of DSWD's financial reports.

33. The audit of the Financial Statements will be conducted by COA. The agency consolidated annual audit report will include a disclosure on the CCT grants liquidated including the related

audit observations and recommendations on the CCT Program. The annual audit reports will be submitted to the Bank nine months after the end of each calendar year.

Summary of FM Arrangements

34. Under this Project, DSWD shall submit the following reports to the Bank throughout the life of the Project:

- a) Interim Financial Reports (IFRs) at withdrawal application, or at least once a year, detailing the liquidated CCT grants. Information on liquidated Pantawid Pamilya grants and government spending under Component 2 will be made available during implementation support missions (e.g. twice per year).
- b) Annual Agency Audited Financial Statements which includes the auditor's observations and recommendations shall be submitted to the Bank no later than 9 months after the end of each fiscal year. The auditor for the Agency is COA. DSWD will also monitor issues noted by COA and prepare a time bound action plan to address all issues within 6 months after the receipt of the audited financial statements.
- c) Semi-annual Internal Audit reports will be made available for Bank review during the project implementation support missions.

Supervision Plan

35. FM Project support review shall be undertaken twice a year during Project implementation to ensure that the loan proceeds are used for the purpose it was granted, which may take at the most three weeks per mission. The scope of the supervision is left to the professional judgment of the FM specialist. It may cover any of the following: (1) review of the continuous maintenance of adequate FM system by DSWD; (2) review of IFRs; (3) follow up of timeliness of FM reporting and actions taken on issues raised by external and internal auditors; (4) review of the Program financial reports; (5) follow up on the status of any agreed action; and (6) review of compliance with the financial covenants and FM arrangements as documented in the Operations Manual.

Annex 4: Implementation Support Plan
PHILIPPINES: Social Welfare Development and Reform Project II

Strategy and Approach for Implementation Support

1. The motivation for the Implementation Support Strategy is based on the nature of the proposed Project content and its risk profile. This Strategy aims to make implementation more efficient so that the Project Development Objective is achieved. The following areas and actions have been defined as part of the strategy:

- a) **Financial Management:** During implementation support, the Bank's financial management specialist will routinely review DSWD financial management capacity, including but not limited to accounting, reporting, and internal controls to ensure that they are satisfactory to the Bank. Special attention will be paid to financial flows and Pantawid Pamilya grant liquidation.
- b) **Technical:** The implementation of technical aspects will be supported by technical specialists to ensure that they are carried out adequately.

Implementation Support Plan

For the execution of the Implementation Support Plan, key Bank team members will be based at World Bank Office in Manila (WBOM). Proper communications and support from the WBOM will be coordinated to ensure timely, efficient, and effective implementation support to DSWD. Task team leadership and key specialists will also conduct semiannual formal implementation support missions and field visits to follow up on the Project implementation.

The Project will require the following implementation support in each year:

Table 4.1: Required Project Supervision (per Year)

<i>Skills Needed</i>	<i>Number of Staff Weeks</i>	<i>Number of Implementation Support Missions</i>
Senior Economist (TTL)	10	2
Lead Economist (Co-TTL)	6	2
Economist	10	2
Monitoring and Evaluation Specialist	6	2
Financial Management Specialist	6	2
Social Development and Safeguards Specialist	2	1
Governance Specialist	2	1

Annex 5: Economic and Financial Analysis

PHILIPPINES: Social Welfare Development and Reform Project II

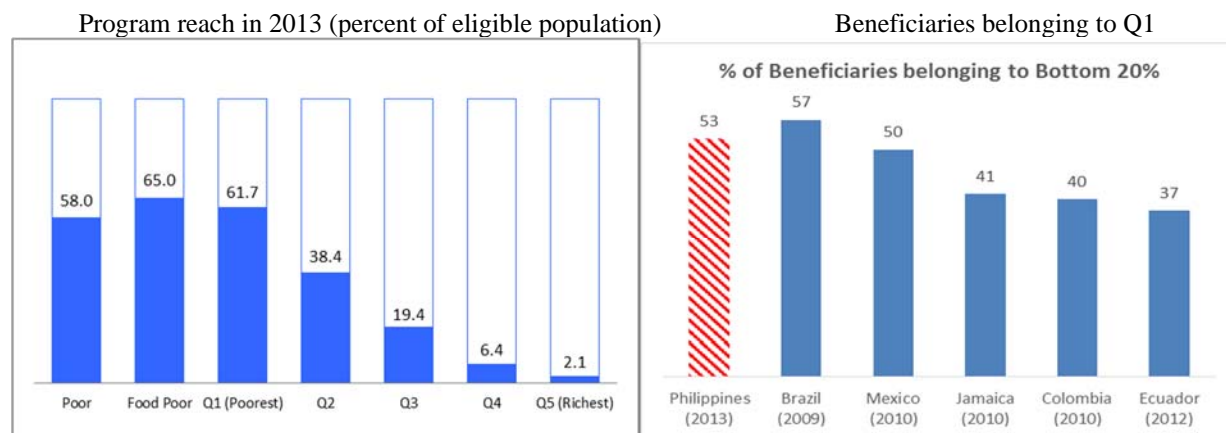
A. Economic Analysis

1. **By supporting the CCT Program, the Project is expected to directly benefit approximately 4.2 million poor beneficiary households with 11 million children and with about 22 million members.** The expected direct benefits to these CCT beneficiaries include: (i) increased school enrolment, and attendance in primary and secondary education and completion; (ii) improved access to health services; and (iii) increased life skills in a number of areas through family and youth development sessions.

Coverage and Targeting of the CCT Program

2. **Despite its rapid expansion, the program maintains good levels of coverage of the poor and targeting accuracy, especially when compared to CCT Programs of other countries.** As of 2013, the Pantawid Pamilya has reached 58 percent of the poor eligible population and 65 percent of the eligible food-poor (extreme poor) population across the country. Of the program's beneficiaries, 65 percent were found to be income poor, and 35 percent food poor in 2013. In terms of income quintiles, 53 percent of beneficiaries belong to the poorest 20 percent of the population (Q1), and the next 29 percent belong to the second lowest income group (Q2). It should be noted that the data collection for the national household targeting data base, which is used to target the CCT beneficiaries was carried out in 2009 and that since then the income status of the CCT households may have changed. It is thus expected that targeting accuracy will improve significantly after the national household targeting data base is updated later in 2015. It should also be noted that the Pantawid Pamilya's targeting performs better than that of many other CCT Programs. At the time when this analysis was done (June 2015), available data suggested that among countries with large CCT coverage, only Brazil's Bolsa Familia has a more accurate targeting performance than the Philippines' Pantawid Pamilya.

Figure 5.1: Coverage and targeting accuracy of Pantawid Pamilya CCT Program



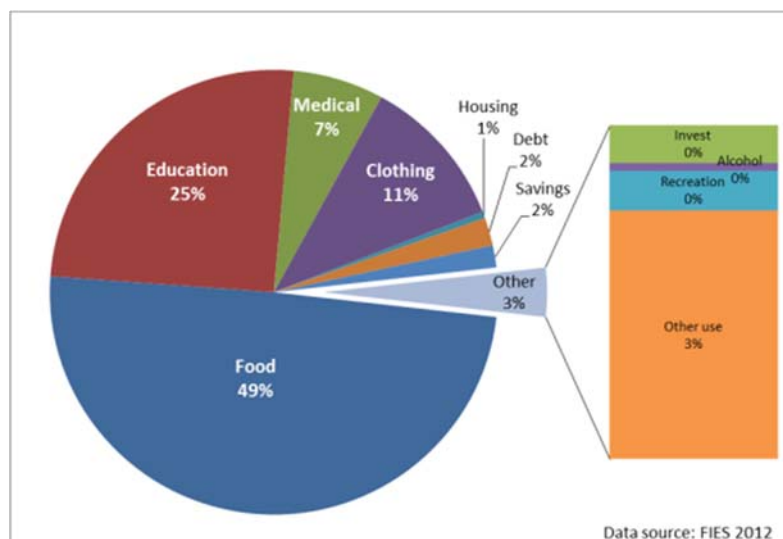
Source: Own calculations based on FIES 2009 and APIS 2013 using World Bank Social Protection ADEPT software. World Bank ASPIRE database for other countries.

Effects on poverty and inequality

3. **Based on the CCT benefit incidence analysis, the Pantawid Pamilya has had positive effect on poverty and inequality in the Philippines.**⁸ On average, before the CCT transfer, poor beneficiary households' incomes are 35 percent short of meeting the minimum income level needed to afford their basic needs. Pantawid Pamilya cash transfers are helping beneficiaries close this gap. The estimated reduction of total poverty and food poverty among beneficiaries of the CCT Program by up to 6.7 percentage points is significant. At the national level, it was also estimated that the program reduced both total poverty and food poverty by up to 1.4 percentage points in 2013, from a baseline of 26.4 percent total poverty and 12.5 percent of food poverty without the CCT. These estimates are in between those found in two other large CCT Programs in the world – Mexico's Prospera (former Oportunidades) was estimated to have reduced total poverty by 1.8 percentage points, while Brazil's Bolsa Familia was estimated at 0.5 percentage point. Pantawid Pamilya also reduced the overall poverty gap from 9.1 percent to 8.2 percent, or by 10 percent. This translates to a reduction of PHP 61 in the nominal poverty gap for every PHP 100 spent on the Pantawid Pamilya. Finally, the Pantawid Pamilya also contributed to reducing national income inequality as measured by Gini coefficient by 0.5 points, or to 48.7 in 2013 with Pantawid Pamilya from 49.2 if without the program.

4. **Beneficiaries spend their *Pantawid Pamilya* cash grants on basic needs.** In the 2012 Family Income and Expenditure Survey of the Philippine Statistical Authority, beneficiary households were asked how they spent the grants they received from the Pantawid Pamilya program. Their self-reported responses indicated that half of the grants were spent on food and a quarter went to school-related expenses. Virtually none of the grants were used for recreation or adult goods like alcohol.

Figure 5.2. Spending of Pantawid Pamilya CCT cash grants

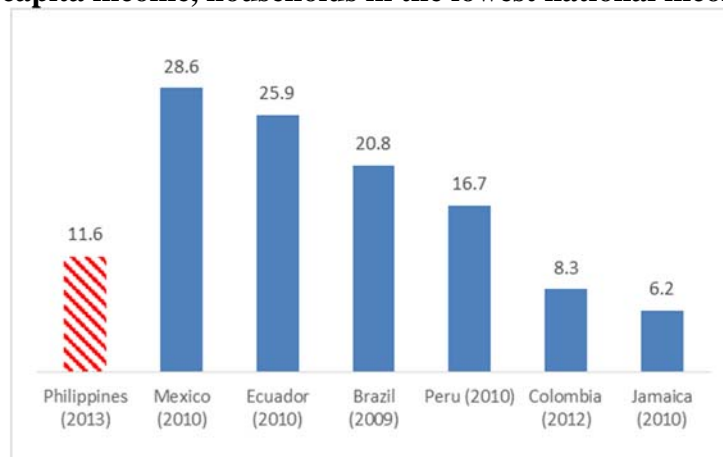


Source: Own calculations based on APIS 2013 using World Bank Social Protection ADEPT software, and FIES 2012

⁸ World Bank (2015), "An Update of the Philippine Conditional Cash Transfer's Implementation Performance".

5. **However, over the years, the generosity of the Pantawid Pamilya program has declined and lagged in comparison to other CCTs of comparable size.** The program was designed so that program generosity is on par with that of Brazil, Mexico, and Colombia. Based on simulations using available 2006 national survey data at program design stage, the benefit level was at 23 percent of potential households' income. Over the years, the Government has prioritized covering all poor households with children over updating benefits to maintain a reasonable Program budget. However, because the nominal value of the grant has not been adjusted since it was piloted in 2007, at an annual inflation rate of 4.3 percent from 2007 to 2014, the maximum entitlement of PHP 15,000 (\$348.84) per household in 2007 is valued only at about PHP 10,750 (\$250) in 2014, equivalent to a cumulative reduction in real value of 40 percent. In comparison with other countries with large CCTs, at 11.6 percent the Pantawid Pamilya is now among the least generous, as measured by the share of benefits in the income of the poorest 20 percent.

Figure 5.3: Generosity of the Pantawid Pamilya CCT Program
(% of per capita income, households in the lowest national income quintile)



Source: Own calculations based on APIS 2013 using World Bank Social Protection ADEPT software. World Bank ASPIRE database for other countries.

Improvement in education outcomes

6. **Findings from the latest impact evaluation study using regression discontinuity design (RDD) confirm that Pantawid Pamilya households living near the poverty threshold spent PHP206 more per school-aged child per year compared to the non-Pantawid Pamilya households.** Higher households' investment in education has translated into higher gross enrollment rate of the Pantawid Pamilya children. The increase in enrollment rates was not only observed within those in the age group of 6-11 years old, but also within the age group of 12-14 years old. These increases make enrolment rates in both age groups equally high among poor and non-poor children (above 90 percent). More importantly, based on APIS 2013 data, the likelihood of completing elementary education among Pantawid Pamilya children of 13-16 years old (83 percent) is higher than among those of the same age group poor, but non-Pantawid Pamilya, children (79 percent).

7. **In the secondary education age cohort, however, enrolment rates among poor children are still much lower than those among non-poor children.** Only about 70 percent of poor children aged 15 to 16 were attending school, in comparison to about 80 percent of the non-

poor children in the same cohort. Significantly higher gaps in school enrolment between poor and non-poor children are observed in the 17-18 years old group, where almost 60 percent of non-poor children were enrolled in school and only about 36 percent of poor children continued their education (APIS 2013). Simple (uncontrolled) correlation analysis shows a strong positive relationship between income and enrolment rate at higher income level and older cohort. This suggests that low household's income impedes children's enrollment in secondary education. Low enrolment among 15-18 years old poor children is most likely because children drop out of school to support income of their households. Among poor households, almost 34 percent (in comparison to only about 17 percent among non-poor households) of their 15-18 years-old children already participate in wage employment. These children earn on average between PHP129 (US\$3) per day among 15-16 years-old workers to PHP150 (US\$3.5) per day among 17-18 years-old workers. This translates into about PHP 2,570 - 2,990 (US\$60-70) per month contributing to total household income by more than 20 percent.⁹ This is much more than the CCT total contribution to household income.

8. **An analysis using APIS 2013 shows that income elasticity to education (enrollment) of 15-18 years old group among the poor (including Pantawid Pamilya households) is positive but relatively lower than that of their non-poor counterparts.** At the calculated elasticity, the current Pantawid Pamilya benefit level of 7 percent increase in total income of poor households will lead to 1 percent increase in the probability of 15-18 years-old poor children to enroll school. It means the average probability of 15-18 years-old poor children to enroll school will increase from 54 percent to 55 percent. For the same age cohort, more promising results are shown among Pantawid Pamilya children who have both higher elasticity and current probability of enrolment. At the current benefit level, increase household income from Pantawid Pamilya grants will increase probability of beneficiaries' children age 15-18 to enroll in school from 62 percent to 63 percent.

Table 5.1. Income elasticity to probability of enrollment (age 15-18 years-old)

	Elasticity*	Current probability of enrolment	Estimated probability of enrolment after transfer
Poor	0.11	54 percent	55 percent
Non-poor	0.20***	77 percent	
Pantawid	0.17***	62 percent	63 percent
All (poor & non-poor)	0.24***	72 percent	

*Estimated at the mean values. ***Statistically significant at 1 percent level.

9. **Since the opportunity cost of secondary education among 15-18 years old is relatively high,** especially for poor children, incentivizing these children to stay at school, in particular through Pantawid Pamilya, is very important **(as the Government does since 2014).** Moreover,

⁹ This figure most likely underestimates income contribution generated by 15-18 years old members to total household income because Labor Force Survey (LFS) 2013 only reported daily wage of employees but not self-employed. Data show that most of the 15-18 years old working children have already worked full-time (35 hours per week), and thus monthly income is calculated with the assumption of 20 working days.

as international evidence shows, higher education attainment improves labor market outcomes. For the Philippines, the analysis using APIS 2013 data suggests that completing secondary school increases opportunity of young Filipinos to get a job by 33 percent relative to those who do not complete secondary school. The analysis based on LFS 2013 data also shows that better educated workers, as shown by higher education attainment, earn higher income than less-educated workers. In particular, having completed secondary school increases daily wage by 39 percent relative to those who only completed primary school. From the same LFS 2013 data, average daily wage of those who have completed secondary school is PHP 275 (US\$6.4), which on average is 27 percent higher than for those with incomplete secondary school and 33 percent higher than for those who have only completed elementary education.

10. **Having higher education attainment and hence bigger chance to participate in employment and to get a better job (and earn a higher wage) is vital for escaping poverty.** Recent study by the World Bank on Labor Market Determinants of Poverty in the Philippines identified poor education as one of the key factors behind in-work poverty. Workers with less than secondary education, which represent nearly 80 percent of the working poor, face a high risk of poverty. The study results also show that the completion of secondary education lowers the risk of in-work poverty quite significantly to less than 10 percent.

11. **Nonetheless, combination of low probability of school enrollment and the low income elasticity to education of 15-18 years old cohort, suggest that only incremental contribution of the Pantawid to the total income of poor households decreasing only marginally the opportunity cost of education, might lead to only a small impact on secondary education enrollment among this group.** At the same time, the current benefit level for the secondary school children to be in the program is apparently slightly lower than the direct costs associated with high-level grades schooling. According to data from a randomized impact evaluation study 2011/2012, monthly school expenditure for secondary school children range from PHP470 to PHP 550.¹⁰ This suggests the importance of the adjustment in the current benefit level for secondary school children beneficiaries, at the minimum to cover the average direct costs associated with schooling, in order to provide incentives for poor households to keep their children in school.

12. **To conclude, the CCT Program has a great potential to positively influence educational attainment and exit from poverty for many poor children.** To what extent this potential is going to be realized, depends critically on the CCT Program design and parameters, in particular for the children at secondary education age.

Improvement in health outcomes

13. **In relation to health outcomes, the RDD impact evaluation indicates that Pantawid Pamilya promotes facility-based deliveries, where at the poverty threshold, 7 in 10 live births in the past five years by Pantawid Pamilya mothers were delivered in health facilities, in comparison to only 5.5 in 10 births among non-Pantawid Pamilya mothers.** The study also indicates that Pantawid Pamilya promotes access to professional post-natal care where 80 percent of Pantawid Pamilya mothers were checked by a skilled health professional after giving birth, compared to 59 percent incidence of non-Pantawid Pamilya mothers. In addition, there were more

¹⁰ Adjusting monthly schooling expenditure with CPI to 2014 value results in the range of PHP 503-589.

Pantawid Pamilya mothers (72 percent) who had their postnatal check-up in health facilities than those of non-Pantawid Pamilya mothers (55 percent).

14. **The evaluation results also reveal that Pantawid Pamilya children, in comparison to those in the non-Pantawid Pamilya cohort, have significantly more access to basic health services that are vital for improving children's health outcomes.** A recent study by the World Bank which draws on data from six nationally-representative Philippines survey over 20 years confirms that there has been improvement in child health status and coverage of child health interventions among poor families over time.¹¹ Undeniably, better access to basic health services including those through Pantawid Pamilya, plays significant role in achieving those improvement.

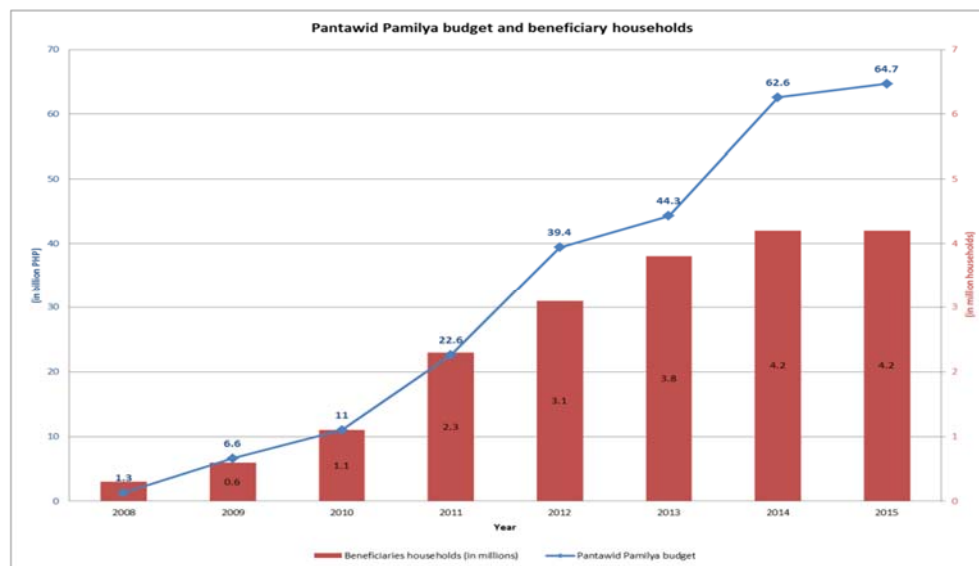
15. **Compared to other countries in South and East Asia, the Philippines perform well on infant mortality, child mortality and antenatal care; however, performance on immunization and diarrhea related interventions is below the regional average.** Similarly, the evaluation results also suggests that there is no significant difference between the Pantawid Pamilya and non-beneficiary children below six years old who suffer from wasting, underweight, and stunting. These results signify the need for continued support to the program's implementation, in particular to strengthen monitoring process of each mother and child visiting the health facility to meet the CCT health related conditionality – it is critically important that they do receive health services as per the Department of Health protocols.

B. Financial Analysis

16. **Public spending on social assistance has increased significantly in the Philippines since the introduction of the Pantawid Pamilya program.** DSWD's and Pantawid Pamilya's budget increased rapidly after 2008, when the CCT Program was launched, and it is now the flagship social assistance program in the country. It currently covers 4.2 million poor households with children 0-18 (as of June 2015), as identified by the national household targeting system.

¹¹ Twenty Years of Progress on Maternal and Child Health in the Philippines: an equity lens, 2015, Caryn Bredenkamp and Leander Buisman (forthcoming).

Figure 5.4. Coverage and spending of Pantawid Pamilya CCT Program.



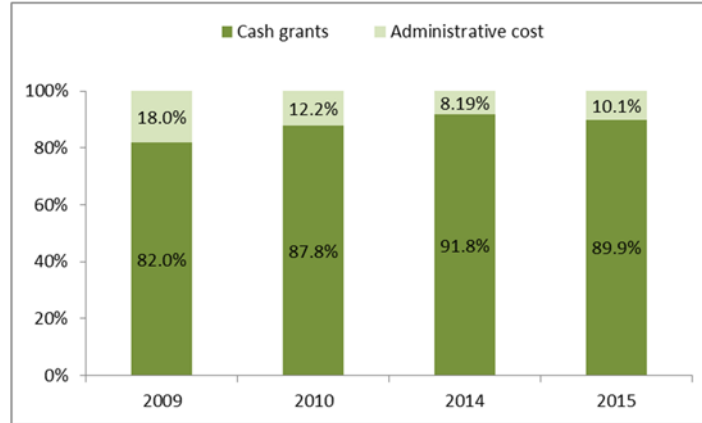
17. **DSWD budget allocation to CCT Program is on par with other countries implementing conditional cash transfers.** The program cost represents today 0.5 percent of GDP, of which 88 percent corresponds to delivery of grants (the rest, to administrative costs).

18. **Pantawid Pamilya is an efficient means of delivering assistance to poor households.** Based on the most recent budget data for the program, it only costs the government an additional PHP 11.20 to deliver PHP 100 of cash grant to program beneficiaries. This includes the cost of setting-up and maintaining the targeting system Listahanan that is used to select potential beneficiaries of the Pantawid Pamilya spread over the seven years.¹² In addition to the targeting system, program administrative costs also include staff and personnel costs, monitoring and evaluation, bank fees, and cost of equipment.¹³ From 18 percent in 2009 when the full cost of targeting and information systems figured significantly in the program budget, with the expansion of the Program coverage, the cost of program administration has settled at about 8-10 percent annually.

¹² The cost-benefit ratio for Pantawid Pamilyang was previously compared with another large scale program of the government in 2009, the rice subsidy program. The latter was found to cost the government PHP 68.40 to deliver a PHP 100 direct assistance to its beneficiaries (Fernandez and Velarde, 2012).

¹³ Calculation of program administrative costs is extremely challenging and as such these estimates should be taken as a first approximation. Several indirect costs should also be considered (e.g. staff from different agencies and local government units in areas where the program is implemented), as well as other investment costs (e.g. of the national household targeting system set up and updating, to be spread out across time and different user programs).

Figure 5.5. Cost breakdown of Pantawid Pamilya CCT Program



Source: DSWD Appropriated Budget (various years).

19. **The proposed Project would contribute to finance 7.3 percent of Pantawid Pamilya CCT over 2016-2019, thus no financial sustainability risk is envisioned.** The amounts proposed for loan financing are based on a conservative scenario of “zero real growth” in the budget of DSWD and will not require increased financing over the life of the Project. Contribution of World Bank loan to DSWD's budget over the duration of the Project is modest. The loan, therefore, would have a limited fiscal impact on the overall DSWD budget and would not be a burden for the government to continue investing in these activities even when the Project concludes.

Annex 6: Social Assessment

PHILIPPINES: Social Welfare Development and Reform Project II

1. **The Project is anchored in the reform agenda for social welfare and development.** As such, it builds on the various multi-stakeholders consultations that DSWD conducted at the national and local levels with participation from representatives of key national implementing agencies; the academe; private sector, non-governmental networks; leagues of local government units and basic sector organizations. The Pantawid Pamilya CCT has been enhanced based on the lessons learned from more than 7 years of implementation as synthesized through annual implementation reviews well as various studies that include third party monitoring/spot checks, interim impact evaluation survey and specialized/thematic assessments. More importantly, the Family Development Sessions and Grievance Redress System of the Pantawid Pamilya CCT serve as the major mechanism for beneficiary feedback that have been continually used to improve the program. Thus, the design of the proposed Project benefits from multi-stakeholders feedback and formal assessments.
2. **In terms of social impact, the interim impact evaluation and spot checks have provided clear indications of the improvements in health seeking behavior for poor pregnant women and children, as well as the enrollment and attendance rates in elementary and secondary education.** The implementation of the CCT has been an effective driver for building convergence among various national/local government agencies and civil society organizations to ensure sufficient supply of education and health services, as well as other basic services that are targeted to poor and marginalized groups. The proposed Project is expected to sustain the aforementioned benefits of the CCT.
3. **The participation of the grantees in the FDS shall continue to be ensured during the Project implementation through the enhanced FDS and mobilization of the CCT parent leaders.** The assessment of the FDS has so far indicated strongly that these sessions have not only provided a mechanism for beneficiary feedback, but have also been an effective venue for educating beneficiaries in life skills, raising their awareness about other basic services and encouraging their participation in other community affairs as well as their capacity to engage the service providers. The FDS and the GRS have served as an effective feedback mechanism to ensure/enhance social inclusion and promotes social accountability.
4. **The CCT has continually made adjustments to be responsive to the specific circumstances of marginalized groups such as indigenous people, persons with disability and urban poor.** Furthermore, it has been classified as a gender-responsive program using the tools prescribed by the Government in compliance with the PH Magna Carta for Women. By providing the grants to mothers or surrogate mothers, there are strong indications that the program has enhanced the capability of women as household decision making. Moreover, the women's involvement as parent leaders has been appreciated for enhancing their opportunities to participate in community affairs/mobilization. As indicated in the Results Monitoring Framework (Annex 1), most of the Project indicators have sex-disaggregated data which will allow gender analysis of the program outcome.

5. **The LGUs shall continue to be engaged through the municipal inter-agency advisory committee which also exists at the provincial level to ensure sustained delivery of health and education as well as other related basic services.** The civil society organizations will continue to be mobilized for spot checking and through the social accountability or grievance redress mechanisms.

6. **DSWD has a good track record of complying with safeguards policies as part of its recent World Bank-supported Projects (i.e., SWDRP and KALAHI-CIDSS).** For SWDRP, DSWD has prepared an Indigenous Peoples Policy Framework (IPPF) to ensure compliance with OP/BP 4.10. Bank's implementation support missions have consistently rated safeguards performance as satisfactory with no major issues after five years of Project implementation.

7. **The proposed Project will cover the poor and vulnerable households, which include indigenous people.** Indigenous communities and households are among the poorest and disadvantaged groups in the Philippines, in particular in terms of human development outcomes. Therefore, Indigenous Peoples OP/BP 4.10 is triggered. An enhanced IPPF for the proposed Project was prepared by DSWD based on an assessment of the implementation of the SWDRP Project's IPPF implementation. Consultations with IPs were done regularly through annual focused group discussions with IP grantees and through the regular meetings of the program Advisory Committees at all levels (from national to municipal) wherein the National Commission on Indigenous People (NCIP) is represented or a regular member. DSWD disclosed the IPPF on its website on September 8, 2015, and the Bank has also done so in Infoshop on September 13, 2015.

Annex 7: Governance and Anti-Corruption Action Plan (GACAP)
PHILIPPINES: Social Welfare Development and Reform Project II

1. **Mandate and Objective.** The Integrity Management Program (IMP) is a department-wide integrity improvement system mandated by Executive Order No. 176, issued by President Benigno Aquino, in December 2014, institutionalizing the IMP as the national corruption prevention program in all departments, bureaus, offices, agencies, including government-owned and controlled corporations, government financial institutions, state universities and colleges, and local government units. It calls for the establishment of integrity management systems by the government entity. Its main objective is to reduce the level of corruption vulnerabilities at the agency level, and to ensure that integrity measures are practiced in the public sector with the primary aim of improving public's trust and confidence in government. It covers six dimensions, namely: Service Delivery, Institutional Leadership, Human Resource Management and Development, Financial, Procurement and Asset Management, Internal Reporting and Investigation, and Corruption Risk Management.

2. **Implementing Guide and Oversight.** An IMP Handbook guides the agencies in the implementation of the IMP. It describes the methods for producing ten templates toward attaining a sustainable IMP, such as: (1) Critical Systems for Assessment; (2) Process Matrix; (3) Corruption Risk Register; (4) Assessment Report; (5) Integrity Management Plan Logical Framework; (6) Implementation Plan; (7) Monitoring and Evaluation Plan; (8) Monitoring and Evaluation Progress Report; (9) Performance Monitoring Report; and (10) Performance Rating Sheet. The process is overseen by a Program Management Committee (PMC) jointly chaired by the Office of the President and the Office of the Ombudsman. The PMC is cited by the governing EO 176 as the overseer of the implementation of the IMP in all government agencies, including the local government units.

3. **IMP Organization.** Being a department-wide system, and not merely for the Pantawid Project, the DSWD created its Implementation Management Committee (IMC) chaired by Secretary Corazon Soliman with Assistant Secretary Javier R. Jimenez as Vice Chair. The members are the Heads of different offices, bureaus, service offices, including attached agencies. The IMC secretariat is the Internal Audit Service headed by a Director. The DSWD's IMC is responsible for the implementation of the IMP as mandated by the EO 176 and guided by the IMP handbook. On the other hand, the Secretariat ensures that the process is followed, i.e.: (a) that the required template outputs are consolidated agency-wide; (b) that the templates are submitted to the IMC and, eventually to the PMC; and (c) that monitoring and evaluation are carried out according to the agreed indicators.

4. **IMP replaces the SWDRP Project's Governance and Anti-Corruption Action Plan (GACAP) that was cited as Annex to the PAD of the SWDRP Project.** While the Project implementers monitored periodically the implementation of the activities under the former GACAP, the relevant activities of which are subsumed under the Pantawid section of the IMP, and are incorporated in the IMP Logical Framework, the IMP Action Plan, and the Monitoring and Evaluation Plan. The purpose is to ensure that the integrity measures for the whole of DSWD, with

its interrelated functions and systems are implemented and that trust and confidence of the public are restored or sustained department-wide.

5. **Implementation Status.** The DSWD IMC and its secretariat, together with representatives from various offices, bureaus and attached agencies, conducted several meetings and workshops to discuss, and agree, on the required templates that are supervised and duly recorded by the PMC representatives from the Office of the President and Office of the Ombudsman.