



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 28-Aug-2020 | Report No: PIDA29362



BASIC INFORMATION

A. Basic Project Data

Country Philippines	Project ID P174066	Project Name Beneficiary FIRST Social Protection Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 31-Aug-2020	Estimated Board Date 15-Sep-2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Republic of the Philippines	Implementing Agency Department of Social Welfare and Development	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to mitigate the impacts of COVID-19 on the welfare of low income households and strengthen DSWD’s social protection delivery systems to be adaptive and efficient.

Components

Support for Cash Grants of the Pantawid Pamilyang Pilipino Program (hereafter refers to 4Ps or Pantawid Program)
Support for DSWD’s Social Protection Delivery Systems and Project Management
Contingent Emergency Response Component

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	10,000.00
Total Financing	10,000.00
of which IBRD/IDA	600.00
Financing Gap	0.00

DETAILS

World Bank Group Financing



International Bank for Reconstruction and Development (IBRD)	600.00
Non-World Bank Group Financing	
Counterpart Funding	9,400.00
Borrower/Recipient	9,400.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

A. Country Context

- 1. The proposed project is being prepared to support the Government of the Philippines (GoP) in its response to the COVID-19 outbreak worldwide, including in the Philippines.** Since December 2019, COVID-19 has been spreading rapidly across the world. On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. To varying degrees, countries have introduced measures to contain and mitigate COVID-19, including the imposition of restrictions on individual mobility and economic activity, as well as public health measures to prevent, detect, and respond to infections. The Philippines is no exception. The country imposed strong measures including strict community quarantines. Despite such efforts, the total number of COVID-19 cases passed 200,000 in the country as of late August, among the highest in the region. The pandemic is far more than a health crisis, affecting societies and economies in many dimensions. While the impact of COVID-19 will vary from country to country, it will exacerbate poverty at a global scale. Given the pressing and immediate needs, the project is processed under paragraph 12 of the World Bank Policy on Investment Project Financing (Projects in Situations of Urgent Need of Assistance or Capacity Constraints).
- 2. Since the onset of COVID-19, the GoP has responded with strong public health and social protection (SP) mitigation measures.** The Philippines was the first country in Southeast Asia to introduce strict quarantine measures to limit the spread of the disease. On March 16, 2020, President Rodrigo Duterte declared a state of calamity across the whole country for a period of six months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon, which represents approximately 50 percent of the country’s population and 70 percent of economic activities. On March 24, 2020, the *Bayanihan To Heal as One Act* (Republic Act No. 11469) was enacted into law, declaring a national emergency and granting the President expanded powers to adopt measures to prevent and suppress the spread of COVID-19.¹ To protect households from the disease and the short-term costs of the containment measures, the GoP has laid out an extensive package of SP measures worth over US\$4 billion (equivalent to 1.1 percent of the country’s gross domestic product) focused on providing funding for social safety nets for the poor and vulnerable groups.

¹ The act also authorizes the executive branch to reallocate and realign savings from the budgets of national government agencies as well as government- owned and controlled corporations.



- 3. The announced SP measures include emergency subsidies for about 18 million families, approximately 70 percent of total population, under a social amelioration program (SAP).²** The *Bayanihan* law stipulates the provision of PHP 5,000 to PHP 8,000 (about US\$ 100 to US\$ 160) cash assistance for two times, depending on the minimum wage of workers and households' subsistence expenditure in the region. The target 18 million poor and low-income families were expected to include about 10 million existing social assistance grantees³ of the Department of Social Welfare and Development (DSWD) and 8 million informal sector workers and vulnerable individuals who were not part of existing SP programs. The challenge was that the Government's announcement was unclear on the unit of the subsidy program between families versus households. As a result, there were more families that the local government units (LGUs) identified as vulnerable than initially estimated based on the number of households and level of poverty in each LGU. After implementing the first tranche of SAP in April – June 2020, the Government updated the eligibility criteria and conducted data deduplication on the beneficiary list for the second tranche. The target beneficiaries for second tranche was reduced to around 14 million families, including 5.3 million vulnerable "waitlisted" families who could not receive the first tranche in addition to 1.3 million 4Ps beneficiaries and 7.2 million other vulnerable families still under ECQ (as of May 1 to 15, 2020).
- 4. COVID-19 has devastating socioeconomic impacts, resulting in the country's first economic contraction in over two decades.** Before the outbreak of the COVID-19, the Philippines had consistently maintained solid economic growth averaging 6.3 percent between 2017 and 2019. While critical from a health perspective, social distancing and lockdown measures have resulted in massive disruptions on mobility, tourism, business operations, and local supply chains, resulting in major losses in household income and workers' unemployment. Most significantly and mainly due to the implementation of ECQ, the Philippine economy contracted by 16.5 percent year-on-year in the second quarter of 2020, the worst contraction in the country's history. Over the same period, public investments fell as resources were shifted away from public spending on capital outlays towards the government's COVID-19 support measures. Moreover, given the unravelling outbreak in advanced economies such as the United States, Euro Area, and Saudi Arabia where most of overseas remittances come from, remittances flows have contracted in March and April 2020.⁴ While the 2022 national election is expected to provide an added boost to economic activities, there are uncertainties surrounding an earlier economic recovery. As the health crisis remains unresolved which could further prolong community quarantines, more businesses are expected to close and job losses are expected to escalate, delaying potential economic recovery.
- 5. As a result of COVID-19 and associated mitigation measures, the poverty level in the Philippines is projected to increase,⁵ though the scale of the increase mitigated to some extent by the Government's SP interventions.** Before the pandemic, the Philippines experienced steady poverty reduction, with the poverty incidence falling from 26.6 percent in 2006 to 16.6 percent in 2018.⁶ The slowdown of the economy due to COVID-19 is likely to reverse the substantial progress in poverty reduction. The extended

² The emergency subsidy is the largest direct financial assistance SP program granted by the GoP to Filipino families in the country's history. Department of Finance. <https://www.dof.gov.ph/dof-says-covid-19-emergency-subsidy-largest-social-protection-program-in-phi-history/>

³ Approximately 10 million grantees include 4 million households that are part of the country's flagship safety net program – Pantawid Pamilyang Pilipino Program (4Ps), 3 million individuals part of the social pension (SocPen) program, and another 3 million under the unconditional cash transfer (UCT) program.

⁴ Remittances contracted by 5.2 percent year-on-year in March 2020, and by 16.1 percent year-on-year in April 2020.

⁵ World Bank staff estimates based on the Family Income and Expenditure Survey (FIES).

⁶ According to Philippine Statistics Authority official data.



quarantine period has adversely affected jobs, particularly among informal workers, which had been fueling growth in household incomes among lower income groups. The Philippines' unemployment rate reached a record high of 17.7 percent in the April 2020 round of the Labor Force Survey. Although the Government continues to extend social assistance through various channels, poverty is nonetheless expected to rise. This is a significant departure from the country's recent progress in poverty reduction and its objective of achieving the vision of *AmBisyon Natin 2040* for the Philippines to become a prosperous middle-income country free of poverty. The GoP is committed to staying the course in effectively implementing SP and poverty reduction reforms with financial and technical support from the World Bank (WB) and other development partners.

6. **In addition to the COVID-19 crisis, the Philippines is prone to natural disasters, which are expected to increase due to climate change, highlighting the need for SP systems to be more adaptive and better serve vulnerable households.** Across its 7,641 islands, the Philippines is exposed to multiple natural hazards including typhoons, earthquakes, flooding, storm surges, tsunamis, volcanic eruptions, and landslides. The Global Climate Risk Index ranked the Philippines along with Japan and Germany at the top of the list of the most affected countries by extreme weather events in 2018. Around 90 percent of the damage incurred in recent years was from typhoons.⁷ For instance, in 2013, Typhoon Yolanda (also known as Typhoon Haiyan) alone caused 6,300 fatalities and about US\$13 billion in damages, and in 2018, Typhoon Mangkhut had a devastating impact with direct damages of approximately US\$623 million. These natural disasters tend to disproportionately affect poor and vulnerable households. They are more likely to depend on disaster-vulnerable livelihoods and live in unsafe areas (that is, urban slums and coastal areas). Due to limited resources and opportunities, they invest less in reducing their risk, and thus experience a significant loss when hit by a disaster. Estimates suggest that almost half a million Filipinos annually face transient consumption poverty as a result of natural disasters,⁸ and poverty increases vulnerability to adverse natural events. A study on the Philippines estimates that the bottom quintile of households suffers 9 percent of the total asset losses from disasters, but 31 percent of the total welfare losses,⁹ and over a third of the non-poor population is at risk of being pushed into poverty by typhoons in most provinces along the Eastern Seaboard.¹⁰

B. Sectoral and Institutional Context

7. **The COVID-19 SP response measures build on the Pantawid Pamilyang Pilipino Program (hereafter 4Ps or Pantawid), the country's robust flagship safety net program to which the WB has been providing financial and technical support since 2008.** Over the last decade, the DSWD has implemented 4Ps, which has achieved important outcomes. The program provides cash grants to poor families to ensure that children stay healthy and in school, reducing dropout rates and discouraging child labor, among other benefits. It has benefitted more than 4 million families (around 20 percent of the country's population), including 8.7 million children. Implemented in 145 cities and 1,483 municipalities, 4Ps was responsible for a quarter of the total poverty reduction between 2006 and 2015 in the country (World Bank 2018 Poverty Assessment). A series of rigorous impact evaluations of the program have shown consistent and lasting impacts on health and educational outcomes of children from poor households. The program has also

⁷ Philippine Statistics Authority.

<https://psa.gov.ph/system/files/CPES%202016%20Component%204%20Extreme%20Events%20and%20Disasters.pdf>

⁸ Walsh, Brian and Stephen, Hallegatte, 2019 "Measuring Natural Risks in the Philippines: Socioeconomic Resilience and Wellbeing Losses."

⁹ Walsh and Hallegatte, 2019.

¹⁰ Skoufias et al., 2019 "Identifying the Vulnerable to Poverty from Natural Disasters: The Case of Typhoons in the Philippines."



contributed to overall social inclusion, gender equality and women's empowerment, and crisis resilience. Continuous efforts to include indigenous peoples (IPs) and other vulnerable groups, provide gender-sensitive support, and implement additional cash transfers during shocks have also been noteworthy.

- 8. The 4Ps Act was signed on April 17, 2019, marking an important milestone in institutionalizing the program.** The salient features of the law include: the recognition of 4Ps as the main national poverty reduction strategy and human capital investment program; automatic coverage of 4Ps beneficiaries in the PhilHealth subsidized insurance; revalidation of standardized objective targeting every five (5) years; an increase in grant benefits (implemented from December 2019); benefits payments through transaction accounts; and the conducting of impact evaluations by the Philippine Institute for Development Studies (PIDS) every three years. The 4Ps Act also sets a maximum period of seven years for the cash grant assistance to beneficiary household, with strong linkage to graduation strategy and possible period extension subject to consideration by the National Advisory Council (NAC) under exceptional circumstances.
- 9. Building on 4Ps, the DSWD has moved toward shock-responsive and adaptive SP.** For instance, in response to Super Typhoon Yolanda in 2013, the DSWD immediately waived the program conditions and provided top-up to 4Ps beneficiaries, aiming to mitigate the impact of shocks on the welfare of disaster-affected low-income families. Building on the Yolanda experience, the DSWD's disaster response has formally integrated the emergency cash transfer (ECT) into its SP Operational Framework, and the ECT Guidelines was approved by the National Disaster Risk Reduction and Management Council (NDRRMC) in February 2020.¹¹ In addition, the unconditional cash transfer (UCT) program, which was introduced in 2018 in response to the Tax Reform for Acceleration and Inclusion Act,¹² demonstrates the adaptability and flexibility of the SP system.¹³ Moreover, during the COVID-19 pandemic, the DSWD immediately extended SAP subsidies to 4Ps beneficiaries. Preliminary results of a survey conducted among 4Ps and other low-income households in April 2020 show that compared to non-4Ps households, the 4Ps beneficiaries were able to receive SAP benefits on time, which helped them cope with the shock.
- 10. Despite these successes and institutional achievements, the COVID-19 response revealed that there remains some way to go in improving the adaptability and efficiency of the DSWD's SP delivery systems.** Experiences across the world have shown that the common features among the countries that have quickly, effectively, safely and accountably used SP systems to mitigate the impacts of COVID-19 include strong foundational ID systems, dynamic digital government-to-person (G2P) payment ecosystems, and coherent whole-of-government approaches to personal data governance and management. Without these platforms in place, the Philippine SAP had to depend on paper forms and manual processes, including distribution of physical cash to non-4Ps beneficiaries in the first tranche. This led to delays, misunderstandings and duplications, despite the best efforts of the DSWD. Although the second tranche used a website developed by volunteers to digitize forms and to collect bank and e-money account information for digital payments, a more sustainable, robust, and DSWD-owned solution to future crisis response is needed. The significant delays and inefficiencies in the delivery of SAP benefits beyond the 4Ps households have highlighted the urgent need for the Government to better leverage digital

¹¹ The DSWD Memorandum Circular No. 17, series of 2019 and the NDRRMC Memorandum No. 3 s. 2020

¹² Republic Act 10963 or the TRAIN Act is the initial package of comprehensive tax reform program signed into law on December 19, 2017.

¹³ The UCT is a temporary mitigation program to support 4Ps, the Social Pension Program for Indigent Senior Citizens, and other poor households who are adversely affected by rising prices despite the benefit of lower income tax from the TRAIN Law.



technologies and platforms, and to take a more holistic and integrated approach to SP delivery.

11. The huge implementation challenges in SAP and the WB's ongoing technical engagement have highlighted five important areas in SP delivery systems for continued efforts and innovations.

- (a) **Standardized targeting system.** The outdated national household targeting system (that is, social registry) and uncertainties around Listahanan and the community-based monitoring system (CBMS)¹⁴ require further strategic thinking on targeting. Lack of an updated social registry during SAP implementation has greatly limited the Government's ability to identify vulnerable populations. In the short term, completion of Listahanan 3 and its adoption by 4Ps is critical to ensure continued reliable household targeting.¹⁵ The objective beneficiary selection method based on the first Listahanan in 2009 contributed to the 4Ps' targeting performance being comparable with other well-performing cash transfer programs around the developing world.¹⁶ However, the second Listahanan in 2015 was not used for targeting 4Ps beneficiaries,¹⁷ because a significant share of the 4Ps population was excluded from the registry. Thus, most of the current 4Ps beneficiaries are identified using data as of 2009 and the targeting performance of 4Ps has declined over time. Thus, the update of the social registry with the latest information is urgently needed. Going forward, uncertainties regarding the respective roles of different registries and databases in the standardized targeting system should be addressed. While Republic Act 11315 specifies the CBMS as a data source for targeting SP beneficiaries, the quality of data varies among regions and it would be an inadequate basis for household-targeting at this moment. It is essential for the DSWD to start preparing a medium term targeting strategy considering the evolving policy environment to ensure objective, reliable, and more timely inclusion of beneficiaries.
- (b) **G2P payments system.** The DSWD and the main financial service provider for the 4Ps (Land Bank of the Philippines [LBP]) have been shifting payments away from over-the-counter (OTC) delivery to cash cards. Now, almost 90 percent of the 4Ps beneficiaries receive bi-monthly benefits through cash cards. However, lack of digital G2P payment mechanisms for non-4Ps beneficiaries and low levels of financial inclusion remain a significant challenge, and there is room for further strengthening. The current single purpose cash card for 4Ps, which only allows beneficiaries to receive deposits from 4Ps without providing for savings or access to other financial products, has been undermining financial inclusion efforts and the empowerment of beneficiaries. Thus, there is a need for ensuring beneficiaries' access to a transaction account. In addition, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) requires further considerations. With poverty

¹⁴ Listahanan is a social registry or a database of poor households across the country, implemented by the DSWD and is used as basis in identifying potential beneficiaries of SP programs. Until a new Standardized Targeting System is adopted, the DSWD will continue using Listahanan as source of program beneficiaries. On the other hand, the CBMS which was institutionalized under Republic Act 11315, refers to an organized technology-based system of collecting, processing, and validating necessary disaggregated data that monitoring at the local level while empowering communities to participate in the process.

¹⁵ Listahanan 3, aiming to cover 70 percent of the total population, was under enumeration when the COVID-19 crisis caused the suspension of its data collection activities. The Listahanan 3 survey resumed its operations by the end of May and the DSWD estimates the release of the new list of poor households by the first quarter of 2021.

¹⁶ For instance, the share of the bottom 20 percent of households among social assistance beneficiaries was 53 percent in 2013 for 4Ps, comparable to 55 percent of Brazil's Bolsa Familia in 2015 and 53 percent of Indonesia's Program Keluarga Harapan in 2014 about the same but we have later year data. However, the share has gone down to 46 percent in 2017 for 4Ps as targeting performance has deteriorated over time.

¹⁷ Listahanan 2 contained information on 15 million households (around 75 percent of the population). Listahanan 2 provided the basis for selection of 2.2 million poor households for UCT and validation for 3.4 million beneficiaries of Social Pension (SocPen) for indigent senior citizens, but it was not used for updating beneficiaries for 4Ps.



incidence of 63 percent, BARMM is the poorest region in the country. The communities in the region experience recurring displacement due to protracted armed conflict and clan disputes. Only 6.8 percent of BARMM 4Ps beneficiaries receive grants via cash card. Delays in hiring of conduits for OTC delivery, which has resulted in payouts only once or twice a year, have to be addressed. Also, unlike 4Ps beneficiaries most non-4Ps UCT beneficiaries, including social pensioners, still receive grants by OTC delivery, indicating the need for overall G2P payment strengthening.

- (c) **Grievance Redress System (GRS).** The Pantawid Grievance Redress processes involves manual interventions and was not suitable to be scaled up in response to the COVID-19 crisis. For SAP, the DSWD received many grievances through various grievance channels (for example, call center, electronic mail, and social media), but a systematic resolution was challenging without integrated management information systems with a clear policy. In response to this, the DSWD, with WB technical support, developed a customized SAP grievance portal (that is, uSAP Tayo¹⁸ Portal) from an off-the-shelf software for customer service. The portal has a convenient client interface supported by a sophisticated and automated backend system with secure data storage. The downside is that the subscription of the software comes with a significant cost. Also, it has limited capability to integrate with existing GRS such as Pantawid GRS.
- (d) **Information systems and business process.** Multiple information systems exist across the social assistance system that have been developed to meet business processes and requirements. As a result, each program has its own system (or multiple systems) without clear interoperability. For instance, the Pantawid Pamilya Information System (PPIS) has multiple subsystems (that is, beneficiary update system, compliance verification system, and GRS) without links to Listahanan. The lack of interoperability and integration among different programs within and outside of the DSWD¹⁹ is a major challenge to efficient business processes and digital data governance.
- (e) **Service delivery and compliance monitoring system.** The service delivery and compliance monitoring mechanism for 4Ps conditions in the 'new normal' under COVID-19 need to be established. Since the ECQ, the conditions for 4Ps' grants have been temporarily waived. With school closures and limited use of health facilities, human capital accumulation among low income households is likely to be significantly constrained. To continue to achieve the 4Ps' objective of increasing the human capital of children from poor families, there is an urgent need to design practical measures and procedures to promote human capital accumulation aligned to the COVID-19 realities. In light of this, the DSWD has started developing an electronic curriculum for family development sessions (FDS) to reach 4Ps families. Nonetheless, beneficiaries' ability to adopt such delivery modalities is unclear. Further, adapted compliance verification measures for education and health conditions are yet to be established.²⁰

12. Fortunately, shifting to the use of digital platforms and technologies for SP delivery is recognized as a high priority agenda of the Government, and some progress is being made. For instance, the

¹⁸ Usap Tayo means "let's talk" in Filipino.

¹⁹ For instance, the DSWD's PPIS has to be linked with the Department of Education (DepEd) and Department of Health (DOH) databases to facilitate compliance monitoring and verification of Pantawid conditions.

²⁰ Examples include the delivery of basic immunization services through household visits, and development of online or broadcast radio based FDS and Youth Development Session (YDS) modules, considering distance learning.



Government has fast-tracked the Philippine Identification System (PhilSys)²¹ registration, which will enable reliable unique identification of beneficiaries for the first time, and through its digital authentication services,²² will help streamline future beneficiary enrollment and account (bank and e-money) opening. SP beneficiary registration and financial inclusion has been designated the first priority for the PhilSys with the intention to register 5 million heads of low-income households by the end of 2020, with priority to women. The establishment of the Department of Information and Communications Technology (DICT) and the National Privacy Commission in 2016, also provides an enabling environment to develop whole-of-government approaches to personal data protection. They will be able to guide the DSWD and other agencies' information systems in securely data sharing through interoperability enabled by the PhilSys.

13. The proposed operation aims both to help the GoP meet its immediate financial needs stemming from the COVID-19 response and to strengthen the DSWD's SP delivery systems in the longer term. The project will support the provision of 4Ps grants to beneficiaries, complementing the existing Social Welfare Development and Reform Project (SWDRP) II. Moreover, it will support the transition of business processes and SP delivery systems into more robust and sustainable ones. Through the adoption of digital technologies and a more integrated and holistic approach to beneficiary data, the project activities will enhance the efficiency, responsiveness and accountability of SP delivery in the longer term.

C. Proposed Development Objective(s)

The Project Development Objective (PDO) is to mitigate the impacts of COVID-19 on the welfare of low-income households and strengthen DSWD's social protection delivery systems to be adaptive and efficient. The mitigation of the impacts of COVID-19 would be reflected in the number of beneficiaries of major cash transfer programs in DSWD and the impact on their household incomes.²³ The strengthened SP delivery systems would be captured by indicators on targeting, digital payment, and information systems. As the title of the project – Beneficiary FIRST, where FIRST stands for Fast, Innovative, and Responsive Service Transformation – suggests, the project aims to take the beneficiary-centered approach through its support for provision of benefits and service delivery

PDO Level Indicators

The PDO will be measured by the following indicators:

- Share of 4Ps beneficiaries reporting 4Ps benefits as a significant source of household income;
- Share of 4Ps beneficiaries who received cash grants through a transaction account;²⁴ and
- Share of 4Ps beneficiaries having had their socio-economic status assessed by the standardized targeting system.

²¹ The Philippine Identification System (PhilSys) is the government's central identification platform for all citizen and resident aliens of the Philippines.

²² They include biometrics and one-time passwords.

²³ Major cash transfer programs include 4Ps, SocPen and UCT unless modified by DSWD.

²⁴ Transaction accounts are defined as accounts held with banks or other authorized and/or regulated payment service providers (PSPs), which can be used to make and receive payments and to store value. They include bank accounts and e-money accounts.



D. Project Description

- 14. The project would use an Investment Project Financing (IPF) lending instrument with Performance Based Conditions (PBCs), and contribute to the financing of DSWD's 4Ps.** The total costs of the 4Ps are projected to be around US\$10 billion over 5 years with an annual budget of Php 100 billion. The amount of the proposed project financing is US\$600 million, where US\$580 will finance 4Ps grants to beneficiaries (an estimated 5.8 percent of the total 4Ps budget over 5 years). While the financing support focuses on the 4Ps program, the PBCs and technical assistance activities address various areas of DSWD's delivery systems to pursue positive spillovers beyond the 4Ps program. The instrument would allow a phased approach where the initial phase of COVID-19 response (year 1) utilizes rapid disbursement through retroactive financing (up to 40 percent of the total financing) and expense-based financing during the COVID-19 pandemic period, while the 2nd phase (years 2-5) ensures the achievement of key results indicators through PBCs.
- 15. The project consists of three components: (i) Component 1: Support for cash grants of the 4Ps; (ii) Component 2: Support for DSWD's social protection delivery systems and project management; and (iii) Component 3: Contingent Emergency Response Component.** These components will eventually improve beneficiary experience, efficiency, and equity. More specifically, continued support for 4Ps will help the beneficiaries to better manage the impact of household income loss due to COVID-19. Moreover, support for G2P payment and grievance mechanisms will enhance beneficiaries' experience with 4Ps. Efficiency of business processes and information systems for cash transfer programs in DSWD will be enhanced through robust information systems and data governance. Finally, equity will be improved through targeting based on the up-to-date information of beneficiaries.

Component 1: Support for Cash Grants of the Pantawid Program (US\$ 580 million)

- 16. This Component combines financing support for DSWD to mitigate the negative welfare impacts of the COVID-19 on 4Ps households with longer-term resources to enable DSWD's efforts to prepare for future shocks.** This is a significant support for adaptive SP in that it helps the government: (i) maintain the implementation of the 4Ps even during the unprecedented shock of COVID-19; (ii) enhance 4Ps beneficiary households' resilience; and (iii) prepare for future shocks.

Sub-component 1.1 Immediate COVID-19 response (US\$ 300 million):

- 17. The rapid financing would be disbursed against the expenses for cash grants paid to 4Ps beneficiaries during the first year of the project implementation, given the urgent needs for funds during the response phase of the COVID-19 pandemic.** Significant efforts made by the DSWD to continue supporting 4Ps beneficiaries, implement SAP, set up a SAP grievance mechanism, and establish institutional arrangements (that is, various memoranda of agreement [MOA] with financial service providers [FSPs]) for digital payment serve as a strong justification for an early disbursement. Business continuity of 4Ps during and after COVID-19 has proven the program's capability to be adaptive and also contributed to building resilience of 4Ps beneficiaries in disaster-prone provinces (close to 30 percent of total 4Ps beneficiaries). rapid financing would be disbursed against the statement of expenses (SOEs) for cash grants paid to 4Ps beneficiaries during the first year of the project implementation, given the urgent needs for funds during the response phase of the COVID-19 pandemic. Significant efforts made by DSWD to continue supporting 4Ps beneficiaries, implement the SAP, to set up a SAP grievance mechanism (i.e., uSAP Tayo Portal launched on August 13, 2020),²⁵ and to establish institutional arrangements (i.e., various Memorandum of Agreements [MOAs] with financial service providers) for digital payment serve as a strong justification for an early disbursement. Business continuity of 4Ps during and after COVID-19 has proven the program's capability to be



adaptive, and also contributed to building resilience of 4Ps beneficiaries in disaster-prone provinces (close to 30 percent of total 4Ps beneficiaries).

Sub-component 1.2 PBC based support (US\$ 280 million):

18. From the second year onward, financing would be disbursed against the achievement of performance targets which serve as indicators of improvements in beneficiary experience, efficiency, and equity of SP programs. The strengthening of the standardized targeting system, access to digital G2P payments instruments supporting the broad financial inclusion agenda, easy and traceable grievance redress mechanisms, and core services associated with the 4Ps, adopting digital technologies and platforms, will be some important PBC indicators. PBCs will be associated with specific financing levels, called PBC values, which may be withdrawn upon achievement of the PBC targets, subject to presentation of sufficient eligible expenditures (that is, the 4Ps cash grants). The achievements of expected results would be supported via investments made under Component 2. This results-based financing approach would promote timely achievements of PBC Targets, facilitating predictability in the financing support to the Government.

Component 2: Support for DSWD’s SP Delivery Systems and Project Management (US\$ 20 million)

Sub-component 2.1: SP Delivery Systems for beneficiary experience

(i) Digital payments

19. The project will support the DSWD in the promotion of payment delivery modernization combined with strong beneficiary education and training on financial literacy in collaboration with Bangko Sentral ng Pilipinas (BSP). More specifically, the project would support five activities of DSWD: (a) implementing disbursement of 4Ps payments to transaction accounts and usage among beneficiaries who do not have a transaction account; (b) supporting data management of payment account information; (c) enhancing the capacity of the DSWD Financial Management Service (FMS) for digital budgeting, accounting, and cash disbursement; (d) raising awareness and training beneficiaries in basic financial literacy; and (e) supporting payments delivery in BARMM through cooperation with entities that have local presence and experience in BARMM. In these efforts, enabling beneficiaries to choose the most convenient and preferred transaction account of FSP would significantly reduce physical congestion at pay-out points and the need to travel long distances.

(ii) Grievance redress system (GRS)

20. Learning from the lessons of uSAP Tayo portal and back-end GRS prepared for SAP, the DSWD aims to develop its own integrated GRS. The integrated GRS would manage the grievances of clients of the DSWD’s SP programs beyond 4Ps. The project would therefore support the development (or procurement) of adequate software for the integrated GRS, scale-up to cover various programs, and the DSWD staff capacity-building in this area.

(iii) 4Ps adaptation to “New Normal” and linkage to Emergency Cash Transfer

21. The project would support operational costs associated with additional service delivery or revised program conditions for 4Ps. In addition, particular emphasis will be placed on: (a) early childhood health and nutrition; and

²⁵ Usap Tayo means “let’s talk” in Filipino.



(b) adaptive SP through ECT. For the first, the project will support pilot activities of the implementation of enhanced Pantawid for pregnant women and children under age 5, as part of a strategy to ensure human capital investment. This will likely include targeted social mobilization for pregnant women and young children for 4Ps program enrollment, awareness training and intervention regarding parenting and nutrition, and promotion of prenatal and postnatal care that they are entitled to under 4Ps. More detailed activities can be designed in collaboration with the Task Force on Zero Hunger.²⁶ For the second, the project will support contingency planning for 4Ps operations, ensuring its linkage to ECT operations and capacity building of the DSWD's concerned units.

Sub-component 2.2: SP Delivery Systems for the efficiency of business process and information systems

22. The activities under this sub-component will be coherent with the World Bank's Technical Assistance for Philippine Statistical Authority (PSA) on PhilSys and Reimbursable Advisory Services (RAS) for DICT on digital transformation.

(i) Digital transformation strategy and information systems upgrades

23. **The project will support the DSWD to develop, adopt, and implement a medium-term digital transformation strategy.** The strategy will include enterprise architecture; information system (re-)architecture, development, and upgrades; business process re-engineering; shared services and infrastructure (for example, networking, cloud computing, records management); cybersecurity enhancement; and change management, governance, and capacity-building. This strategy will help the DSWD adopt cutting edge digital technologies and platforms for its administrative procedures and service delivery, including through the adoption of and integration with the PhilSys. It will also guide an IT roadmap or a departmental plan for the Medium-Term Information and Technology Harmonization Initiative (MITHI).²⁷

24. **Among the information systems to be developed through the project and to be guided by the strategy are an electronic case management system and a management information system (MIS) for ECT.** The electronic case management system will enable a systematic assessment of beneficiaries' needs. The MIS-ECT will help the DSWD respond more efficiently and effectively to future shocks. Finally, the project will support the integration of PhilSys digital authentication into the DSWD's systems and processes, including the necessary software changes and interfaces, and the acquisition of fingerprint and facial recognition devices for biometric authentication.

(ii) Data Governance and Unified Beneficiary Database

25. **The project will support the DSWD to develop, adopt, and implement a beneficiary data governance framework and a unified beneficiary database (UBD).** The data governance framework will define, approve, communicate, and implement principles, policies, procedures, metrics, tools, and organizational responsibilities for beneficiary data, reflecting modern principles and practices of data privacy protection following the Data Privacy Act.²⁸ The UBD will be a dynamic repository of master data on core beneficiary attributes (that is, basic demographic information, family and household groupings, socio-economic status, health and disability status). The data governance framework and the UBD will allow the DSWD to have consistent and holistic information on beneficiaries (at

²⁶ The Executive Order No. 101 created an Inter-Agency Task Force on Zero Hunger led by the Cabinet Secretary with the Secretaries of the DSWD as Department of Agriculture as Vice Chairpersons

²⁷ MITHI is an e-government and Information and Communications Technology support initiative established through a Joint Memorandum Circular No. 2012-01

²⁸ For instance, guidelines and standards for how beneficiary data are collected, used, managed and shared, considering government data interoperability standards and data protection and privacy, will be part of the framework.



individual, family and household levels) across programs. The project will help the DSWD consolidate multiple databases under the UBD, carry out demographic matching and deduplication exercise to clean the data, and seed validated PSNs or PSN token for each beneficiary's record, following good practice in data privacy. The project will build the DSWD's capabilities and help the procurement of necessary data management tools in line with recommendations of the data governance framework, such as (but not limited to) demographic data matching software and data integration software.

Sub-component 2.3. SP Delivery Systems for equity through an objective targeting mechanism

(i) Adoption of Listahanan 3 for targeting

26. The project will support the adoption of Listahanan 3 for the targeting of major cash transfer programs, starting from the 4Ps. First, the project will support DSWD to assess the targeting performance of Listahanan 3. A sample survey and analyses of inclusion and exclusion errors can greatly inform the standardized targeting strategy. The assessment will identify the areas of adjustments in targeting given that close to 70 percent of household data was collected before the COVID-19 crisis while the remaining was completed later. Second, for the same sample, the exercise of assigning socioeconomic status would take place to simulate the extent to which new beneficiaries would replace existing ones. Based on these assessments and simulations, the project will support the actual adoption of Listahanan 3 for targeting purposes. Each beneficiary in major cash transfer programs will have their socioeconomic status assessed; new beneficiaries should be able to enroll in 4Ps; and exit/graduation of existing beneficiaries assessed to be no longer in poverty will be promoted.

(ii) CBMS and targeting strategy

27. DSWD, in collaboration with PSA, will need to prepare for either a new targeting strategy which builds on the CBMS or for an enhanced Listahanan methodology incorporating CBMS data as one of its sources. DSWD has also agreed to revisit the targeting method of Proxy Means Testing (PMT) in the context of the changing environment with COVID-19 and the development of other administrative databases. The project will support DSWD to develop the targeting strategy using the Listahanan and start preparing for the transition or integration of CBMS with a clear timeline as part of implementing the targeting strategy.

Sub-component 2.4: Project management

28. This component will support project management costs related to operations, capacity building and training, including audit and verification of cash transfer, service fees for financial service providers, and implementation of safeguards activities. All the activities under Component 2 will be guided by the SP Delivery Systems Manual.

Component 3: Contingency Emergency Response Component (CERC) (US\$0 million)

29. The objective of the contingent emergency response component (CERC), with a provisional zero allocation, is to allow for the reallocation of financing to provide an immediate response to an eligible crisis or emergency,²⁹ as needed. The Government can request the WB to urgently activate CERC and reallocate the undisbursed balance to

²⁹ An eligible crisis or emergency may include (a) cyclone, (b) earthquake, (c) storm, (d) storm surge and strong waves, (e) tornado, (f) tsunami, (g) volcanic eruption, (h) flood, (i) landslides, (j) forest fires, (k) drought, (l) severe weather, (m) extreme temperature, (n) high winds, (o) dam break, and (p) any natural disaster or man-made crisis.



support the implementation of the government’s emergency plan. Additional financing can also be mobilized to fully or partially replenish the funds reallocated to the CERC in accordance with the WB’s requirements. Detail procedures and rules on activation and implementation of CERC will be summarized in the CERC Emergency Response Manual (ERM) which will be prepared by the government and to be approved by the WB as an appendix of the SP Delivery Systems Manual.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

Environmental Risks

30. The project will contribute to the financing of the DSWD's Pantawid program to support poor and near-poor households, as well as support institutional capacity building to strengthen DSWD's SP delivery systems such as the introduction of digital solutions to enhance beneficiary experience. It will not support the procurement of any materials or goods, or rehabilitation or construction activities that would have adverse environmental impacts. Therefore, negative environmental impacts and environmental risks associated with the project are considered low.

31. The project includes CERC as Component 3 to allow for the reallocation of financing to provide immediate response to an eligible crisis or emergency as needed. In case CERC is activated, the project E&S risks assessment will be revisited, and updated as needed, as soon as the scope of the contingency component is better defined. In addition, the project's SP Delivery Systems Manual with its annex including the Emergency Response Manual (ERM) will include provisions to govern the operations of the CERC and procedures for analysis of potential E&S risks as well as the institutional arrangements for E&S management during implementation of the CERC in accordance with the ESF. The ERM for CERC will be developed to provide detailed information on (i) mechanisms for activating the CERC; (ii) main instruments under the CERC; (ii) coordination and implementation arrangements; (iii) procurement, financial management and disbursement functions; (v) compliance with safeguard policies; and (vi) monitoring and evaluation.

Social Risks

32. Social risks related to COVID-19 and the proposed project also include delays in social assistance/welfare services due to limited mobility, reduced access to educational services as a result of mandated quarantine or physical distancing. It is projected that it will take time to fully address the pandemic impact. Thus, it is anticipated that more school-aged children could drop out, child labor might increase as a result of income losses/disruption



in productivity, increase in malnutrition may occur and immunization rate may decrease. The Project is designed to mitigate the negative impacts of the pandemic.

- 33. The Pantawid program has contributed to overall poverty reduction in the country, and has proven its consistent and lasting impacts on health/educational outcomes of children from poor households, as evidenced in various studies.** The program has also contributed to economic empowerment of women and continually introduced innovative solutions to enhance inclusion of IPs and other vulnerable groups. The success of the Pantawid program has been primarily attributed to a good targeting system as well as its responsive operations systems. However, given the pandemic significantly straining DSWD's delivery mechanisms, continued efforts to improve the targeting and operations systems are required. The Project includes a strategic technical assistance component that will facilitate the transition of the operations systems of DSWD's major social assistance programs, including the 4Ps, into digital platforms to enhance its efficiency given the impact of COVID-19 and to be responsive to future disasters or shocks, and to facilitate the interoperability of the various social assistance programs.
- 34. Given the aforementioned assessment, a social risk rating of moderate is recommended.** As discussed above, the risk assessment will be revisited and updated in case the CERC is activated. In such case, mitigating measures will also be identified in accordance with the ESF.

E. Implementation

Institutional and Implementation Arrangements

- 35. The DSWD will be the implementing agency for the Project and will have overall responsibility for accounting for project funds and coordinating activities for the project.** In DSWD, the Executive Committee chaired by the Secretary (with all Undersecretaries and Assistant Secretaries as members) will have oversight responsibility for the proposed project. The DSWD will appoint a Project Director (Undersecretary level) who will be responsible for the project and overseeing the existing SWDRP II project. A Project Manager (Director level) will also be appointed to oversee the day-to-day implementation of the Project. The activities under the proposed project will be undertaken primarily by the National Project Management Office (NPMO), in accordance with the *Pantawid* program's Operations Manual and with support from other relevant Offices, Bureaus and Units within DSWD. The NPMO will be composed of representatives from various Offices of the Department, including ICTMS, National Housing Targeting Office (NHTO), a FMS, among others. At the regional level, the DSWD Field Directors will assume the overall responsibility for implementing the project with technical support from the NPMO. At the municipal level, the 4Ps Municipal Link will coordinate with the local government units to ensure the completeness and accuracy of the beneficiary registration and coordinate other activities related to the Project implementation.
- 36. The Inter-agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) was created through Executive Order (EO) 168 in 2014 to assess, monitor, contain, control and prevent the spread of any potential epidemic in the Philippines.** The IATF-EID is chaired by the DOH Secretary and composed of representatives from the Department of Foreign Affairs (DFA), the Department of Interior and Local Government (DILG), the Department of Justice (DOJ), the Department of Labor and Employment (DOLE), the Department of Tourism (DOT) and the Department of Transportation (DOTr). The IATF-EID delegated the responsibility to the DSWD, in coordination and collaboration with other national government agencies, to implement social



protection programs, projects and services to mitigate the effects of the declaration of ECQs on the well-being of the most vulnerable sectors. The IATF-EID will act as an advisory committee to DSWD to ensure support and coordination with other government agencies. The Secretary and the Project Director will represent DSWD in the IATF-EID for matters pertaining to this project.

37. The DSWD plans to strengthen mechanisms for grievance redress and appeal on the implementation of cash transfers. All grievances will be managed and monitored by the DSWD Central Office-Operations Center through its 24/7 hotline. The Office receives complaints and ensures proper referencing and reporting to concerned offices for validation and/or investigation. It is required to respond to queries and complaints within 24 hours from receipt. The same office manages the GRS related to SAP. In the medium-term, the DSWD plans to establish an iGRS across various DSWD programs.

38. The guiding document for Component 1 will be an updated and comprehensive 4Ps Operations Manual (OM) while a SP Delivery Systems Manual for Component 2 will define the details of any additional requirement for strengthening the SP delivery systems. Capacity building and international good practices for the envisaged Systems Manual can be further provided by the Bank's *Pantawid* SP TA, supported by Bank Executed trust funds from DFAT, Gates Foundation, and Japan Disaster Relief Management funds.

Results Monitoring and Evaluation Arrangements

39. The monitoring of outputs and evaluation of outcomes are primarily the responsibility of DSWD. These are vital for the project not only to measure its end results but also to inform and adjust the implementation of the project. Data, which includes beneficiary updates, compliance, and grievances, will be regularly collected, recorded and monitored through the PPIS. It will also be complemented by data from spot checks and impact evaluations. In addition, data collected by the regular national household surveys like the Family Income and Expenditure Survey (FIES) and the Annual Poverty Indicator Survey (APIS) among others are also valuable in monitoring the effectiveness of the project.

40. The progress and achievement of the PDOs will be monitored and evaluated through the following activities: (i) semi-annual implementation support missions; (ii) annual project status and progress reports; (iii) mid-term review; and (iv) a final review of the project outcomes upon project closing. Findings from these activities will provide the basis for concrete policy actions and rectifications in the operations of the project.

Sustainability

41. The project is anchored on the extant 4Ps program, thus the likelihood of sustaining the project objectives beyond the closing date is high. For more than a decade now, the DSWD has exhibited strong ownership of the 4Ps and has pushed for the enactment of the 4Ps Act. With the implementation of the 4Ps Act, the program is sustainable from a fiscal standpoint, since annual government appropriation is guaranteed. From the perspective of the sustainability of impacts, it largely depends on the capacity of the implementing agency, and resources and infrastructure that the agency's staff can tap into. By incorporating ample capacity building, IT investment, and innovative pilot activities, the project would support building the sustainability of the 4Ps and other programs in DSWD.



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