

**WORLD BANK COMMENTS ON SOCIAL PROTECTION  
SPECIAL PDF EVENT  
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Mr. Chairman, Honorable Secretaries, Government Colleagues and Fellow Partners;

Good morning. Thank you for Undersecretary Bala's presentation which shows that the Government is now increasingly focused on moving the agenda of Social Protection forward. On behalf of the World Bank, I would like to make six points.

1. **Importance of Social Protection.** First, we think the increased attention to the issues of social protection is absolutely appropriate. A study by NAPC and NSCB estimated that 45 percent of all Filipinos are vulnerable to shocks that will throw them into poverty. And we know from analysis that shocks in health, employment, natural disasters, civil unrest, and food prices (as we have seen again most recently) are those that most often through Filipino households into poverty. It is not uncommon for emerging Middle Income Countries to allocate increasing amount of public resources to address this issue. Many such countries spend close to 1% of GDP on social assistance. Meanwhile, a recent estimate puts the spending of the Philippines in this area at just 0.2% of GDP. With about one-third of the population in poverty, the Philippines is justified in increasing its emphasis in this area. As noted by the Government itself, it needs to spend more money on social protection, and to spend it better.
2. **Social Protection Strategy that Better Aligns Programs to Needs.** Second, regarding the need to spend better, to date one of the challenges in the Philippines has been the fragmentation of social protection programs across multiple agencies. In this regard, setting up a National Social Protection Program to coordinate across sectors is welcomed, and we are glad to hear that DSWD will be the Secretariat. One of the first challenges of the Program will be to work with other agencies to develop an overall social protection strategy and operational framework. The value of such a multi-sectoral program will be realized if it can be more holistic in its approach, including reallocating resources across sectoral programs.
3. **Targeting.** Third, setting up an objective household targeting system of the poor is a critical step in developing a National Social Protection Program. As you well know, recent studies have pointed to the gross mis-targeting of some current programs, with exclusion errors of greater than 60 percent. We commend the Government for taking steps to put an objective household targeting system into place. A sound targeting system based on objective criteria will go a long way toward (i) improving the efficiency of public spending directed at the poor; (ii) reducing leakage; and (iii) even increasing the credibility of targeted government poverty programs in general. It can be used by multiple programs, including, for example, the PhilHealth Indigent health insurance program, the CCT, and education voucher programs, to name a few. Importantly, it also provides the possibility for Government to rapidly respond to crises in the future, through targeted cash transfers, for example. Rolling out such a

program, we know, is a challenging task. And as many of us here have acknowledged, it is important to do it carefully and cost-effectively; to roll it out gradually, without cutting corners that would undermine the legitimacy of the system. It makes sense to prioritize poorest areas first as such a system is rolled out.

4. **Conditional Cash Transfers.** Fourth, we also strongly commend the Government in rolling out its Conditional Cash Transfer Program, the “4Ps”. The CCT program in many countries has paved the way to a modern social protection and poverty reduction program. Implemented properly, we think it can do the same here too. It provides income to the poorest, protecting them from shocks. In so doing, it also addresses many of the specific problems faced among the poor in the Philippines: higher drop-out rates and lower net enrollment rates, high child morbidity and maternal mortality, malnutrition. Recent deteriorations in some of these indicators would point to the fact that “demand side” measures such as CCT would be a good complement to the increased “supply side” spending and reforms the Government is doing in sectors like education and health. The good systems of transparency, accountability and governance that usually go with such CCT programs can also help “raise the bar” on all programs in the Philippine’s new social protection sector. However, we know that putting into place a CCT program is no easy task. It will be extremely important to ensure that the appropriate monitoring and verification systems and management information systems are in place, as well as appropriate grievance redress systems. The World Bank and some other partners of the PDF working group stand ready to help here.
5. **Monitoring and Evaluation.** Fifth, key to moving forward with a National Social Protection Program will be to monitor and evaluate the multitude of existing programs, including CCT. It would be important to eventually scale-up the good ones and scale-down the not so effective ones --- with a view to addressing the actual risks and vulnerabilities of the Filipino people. This would be an important role for the National Social Protection Program to play. In that regard, two separate points would need to be highlighted: First, is on expenditure monitoring. It would be important to get a better sense of how much is actually being spent on each of these programs and to track the various allocations to these programs over the course of the year. This is a plea for increased transparency and clarity of budget allocations and execution over the course of the year. Second, is on impact evaluation. The call to move to more evidence-based programming is also a call for more impact evaluations of key Government programs to understand which programs actually work best and should be scaled up.
6. **Moving to a Modern Social Protection System.** Sixth, and in conclusion, it is very exciting to see the Philippines take the steps that could signify moving from an older “first generation” social protection system to a “modern” social protection system. Over time, this could mean the move away from high-cost but badly targeted commodity subsidies -- such as rice -- to much better targeted and more efficiently delivered cash transfers. Indeed, going beyond simple social assistance, such programs can not only stimulate the demand for better services, but be fundamental to helping address food security and poverty reduction in general.

Thank you.