

Making the 4Ps inclusive for all children of currently enrolled households

Lifting the three-child limit for education benefit entitlement and making the 4P inclusive among children of beneficiary households is an efficient, affordable and sustainable policy measure to accelerate achievement of poverty reduction targets, improve school participation and completion of children in 4Ps households.



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HIGHLIGHTS

- All children have the right to social security and to grow up in a household with adequate resources for their upbringing, adequate healthcare and education.
- Child poverty in the Philippines or the proportion of children living in monetary poverty is high at 23.9%. Cash transfers programs are effective in reducing child poverty.
- The Philippines committed to a universal and transformative social protection as articulated in the Philippines Development Plan 2017-2022.
- The 4Ps Act allows coverage of all children in existing households.

INTRODUCTION

There is manifold evidence that cash transfer programs are effective policy instruments in reducing monetary child poverty, boosting school enrolment, increasing use of health services, improving food intake, dietary diversity and asset accumulation in poor households (Bastagli et al, 2016; Handa et. al 2017).

It is one of the most direct contribution to the achievement of Sustainable Development Goal (SDG #1) of Ending Extreme Poverty and it has been proven to accelerate results for other SDG goals and targets (UNICEF, 2019).

In the Philippines, the Pantawid Pamilya Pilipino Program (4Ps) is the flagship national social assistance programme directly benefitting around 4.3 million poor households with 7.8 million children as of June 2020. It has consistently showed encouraging results in keeping children healthy and in school. Both outcomes are important indicators of human capital accumulation leading towards increased productivity in adulthood and eventually, breaking the inter-generational transmission of poverty.

WHAT IS THE CURRENT SITUATION?

Over the years, there has been a notable decline in coverage among 4Ps children beneficiaries **from as high of 10.2 million children in November 2015 to its lowest of 7.8 million in 2020**. There are various reasons for this, such as the ageing out of children, but the critical ones point to program policies related to non-expansion of the program since 2016. The target of 4.4 million households remains unmet, observance of beneficiary registration cut-offs linked to the 2009 Listahanan (meaning no new children born after the period of registration are enrolled) and the imposition of the three-child limit per household. These result in exclusion of vulnerable children in the same household, who would equally deserve to benefit from the programme. Republic Act 11310 or the 4Ps Act of 2019 did not prescribe nor limit the number of children to be covered by the program per household which can be best interpreted in favor of the poor households covered by the program.

COVID-19 AND ITS DEVASTATING EFFECTS ON CHILDREN

COVID-19 is a public health emergency with immediate and long-term economic impacts which risk devastating effects on children and families. With the economic fallout due to COVID19, children are twice as likely to live in poverty; the latest projections by UNICEF and partners indicate that 106 million children will live in poor households by the end of 2020. This is in addition to the 385 million children already living in extreme poverty and the 663 million children who are living in multi-dimensional poverty.¹ As demonstrated

¹ UNICEF is working with DSWD to undertake a similar exercise estimating COVID19 Child Poverty Effects and the Efficacy of SP Responses in the Philippines.

in the recent government's social amelioration program, the 4Ps is a counter-cyclical economic policy that delivers rapid financial support to those that need it as crisis hits. With economies currently under the greatest threat since the 2008 financial crisis, the importance of counter-cyclical economic policy cannot be overstated. Now more than ever, there is an urgent need to make social protection universal, starting with the 4Ps' coverage to all poor and vulnerable children and eventually to all vulnerable households with children.

WHY LIFTING THE THREE-CHILD LIMIT MAKES SENSE?

1. **Access to social protection is every child's right.** Both the Convention on the Rights of the Child (UN CRC) and the Universal Declaration of Human Rights (UDHR) recognize social protection as every child's right. The Philippines is signatory to the UDHR and ratified the UN CRC in 1990.
2. **The Philippines Development Plan 2017-2022 articulates a *universal and transformative social protection for all Filipinos to help cope with vulnerabilities, shocks and ultimately reduce inequalities and poverty*.** Social protection interventions are proving to be a lifeline for the poor and vulnerable as they reel from the effects of the COVID19 economic fallout. Several important policies have since been passed – Universal Health Care and Universal Tertiary Education.
3. **Expanding the scope of 4Ps can accelerate results in other dimensions and contribute to several desired child outcomes** with important linkages to the **PDP 2017-2022 and the SDGs**.
 - Women in the bottom wealth quintile (poorest) have an average of 5.2 children (2013 National Demographic Health Survey). *Expansion of the program targets will mainly benefit and include unreached children in extremely poor households, currently excluded by three-child limit.*
 - Child poverty or the proportion of children living in poor households is at 23.9% in 2018 or around 9.3 million children (PSA, 2018). *The current coverage of 4Ps of around 7.8 million children suggests that there are more than 1.4 million poor children who are missing out on this important program.*
 - One third of Filipino children is stunted (33% prevalence, 2018 National Nutrition Survey), making the Philippines one of the top ten countries globally with the highest burden of stunting. Stunting occurs during the First 1000 Days of life (0-2 years old). *Targeting poor households without monitoring newborns beyond the three-child limit, means missing out on opportunities to reach most at risk children during their critical First 1000 Days.*
 - Teenage pregnancy among Filipino adolescents is high at 63% which potentially imperils the demographic dividend aspired for by the Philippines. Teenage pregnancy is also among the top three causes of children not attending school among 4Ps children (4Ps NPMO). The 4Ps *Bata Balik Eskwela* case management has successfully integrated around 286,000 children back to school. *By lifting the three-child limit, all children in the family can be monitored and provided case management support. Keeping children in school can reduce risky behaviors including teenage pregnancy (WHO, 2017).*
 - Latest Human Capital Index ranks Philippines 84th out of 157 countries in terms of the human capital attained by children, with a score of 0.55, which *means that a child born in the country today would be 55 percent productive when s/he grows up given the level of education and healthcare.* The HCI is based on *the same child development outcomes that the 4Ps is aiming to improve.*
4. **The 3rd impact evaluation of 4Ps demonstrated positive program results among children who are monitored compared to children who are not monitored in the same household.** There is significantly larger decrease in school dropout rates among children 12-15 years old and among 15-20 years old monitored beneficiary children than their non-monitored siblings (PIDS, 2019). This is probably the most compelling evidence to support inclusion of all children within 4Ps households. *The three-child limit has unnecessarily created a disincentive for non-monitored children in the same households.*

In the context of children with disabilities, the policy has the unintended consequence of parents less likely to choose them for compliance monitoring because of the perceived difficulties and inability to meet program conditions, leaving other children behind.

5. **The PDP 2017-2022 seeks to increase the ratio of government spending in social protection to GDP by 3.7% to provide universal social protection for all** (NEDA PDP Midterm update, 2020). Social protection expenditures as a share of GDP currently stands at 1.1% (PIDS, 2019). Expanding the coverage of 4Ps to include more children can help ramp up expenditures in social protection. *Investing in children is one of the best public investments a government can make. Global data shows that investing US\$1 in programmes for the youngest children gives an economic return of US\$16 to \$20 (UNICEF).*

HOW MUCH DOES IT COST TO MAKE THE 4Ps INCLUSIVE FOR ALL CHILDREN IN CURRENTLY ENROLLED HOUSEHOLDS?

The expected increase in program cost is mainly due to the increases in education grants given to each monitored child per grade level. Health grants and rice subsidy are provided per household and therefore will remain the same. Other costs may be incurred as part of operations resulting from an increased number of monitored children and the need to undertake a massive updating of beneficiaries. Such changes however have to be calculated in light of the necessary recalibration of operation and management information systems to align with the requirements of the recent 4Ps Act.

Based on existing data, the expansion will cover additional 1,023,874 children to make it inclusive. This translates to a 2021 budget requirement of around Php5 billion pesos (Php4.7 billion for education cash grants and the remaining for operations cost, updating and compliance verification).

Table 1: High-end Scenario
Computation of Education Grants @ 100% Compliance Rate

Year	Physical targets (No. of Children)		Financial targets (Education Grants)		Impact on Education Grants
	3-Children per HH Limit	All Eligible 3-18 years old Children ²	3-Children per HH Limit	All Eligible 3-18 years old Children ²	
2021	7,955,751	8,979,625	37,654,547,000	42,436,757,000	4,782,210,000
2022	7,382,421	8,193,206	36,854,123,000	40,479,200,000	3,625,077,000
2023	6,116,261	7,000,651	31,702,333,000	35,648,963,000	3,946,630,000

Assumptions:

- 4Ps will continue to serve 4.4m household coverage under the new administration in 2023 by replacing the households that exited with the newly identified Listahan 3 per DSWD MC, series of 2019
- Compliance rate for education condition will be 100% at Php300 for Elem, Php500 for JHS, and Php700 for SHS
- No short-term financial implication on health grants and rice subsidy, should the program continue to cover 4.4 million households until 2023

Table 2: Low-end Scenario
Computation of Education Grants @ 90% Compliance Rate

Year	Physical targets (No. of Children)		Financial targets (Education Grants)		Impact on Education Grants
	3-Children per HH Limit	All Eligible 3-18 years old Children ²	3-Children per HH Limit	All Eligible 3-18 years old Children ²	
2021	7,955,751	8,979,625	33,889,092,300	38,193,081,300	4,303,989,000
2022	7,382,421	8,193,206	33,168,710,700	36,431,280,000	3,262,569,300
2023	6,116,261	7,000,651	28,532,099,700	32,084,066,700	3,551,967,000

Assumptions:

- 4Ps will continue to serve 4.4m household coverage under the new administration in 2023 by replacing the households that exited with the newly identified Listahan 3 per DSWD MC, series of 2019
- Compliance rate for education condition will be 100% at Php300 for Elem, Php500 for JHS, and Php700 for SHS
- No short-term financial implication on health grants and rice subsidy, should the program continue to cover 4.4 million households until 2023

Source: DSWD 4Ps PMED²

IS THIS COST-EFFECTIVE?

Yes. Php5 billion represents about 5% of the Php100.8 billion budget for 2020. Based on recent P5 data, only 6 million children of the 8.3 million registered children are currently monitored. Given existing compliance rates, this is expected to result to a programme underspending of Php10 billion. In the immediate term, it can cover the adjustment to expand the program coverage.

DEBUNKING THE MYTHS

1. **Covering all children will increase fertility rates among the poor.** One of the arguments against providing uncapped cash transfer - i.e. regardless of the number of children - has been concerns related to fertility. There are theoretical reasons to believe that cash transfers could either increase or decrease incentives to have children. The evidence is clear: the vast majority of studies show either no impact on fertility, reductions in fertility and/ or changes in factors which can reduce fertility.
2. **Cash transfers foster dependency.** A prevailing notion is that giving cash to people discourages them from working and participating in the labor force, making them dependent and subsequently breeding laziness in the long run. Evidence from large-scale cash transfers from six countries (Honduras, Indonesia, Morocco, Mexico, Nicaragua and Philippines), show that these programs do not reduce the propensity to work, and rather than encouraging dependency cash transfers actually improve labor market participation and create opportunities for beneficiaries to become more self-sufficient by increasing productive investments. In the Philippines 4Ps', the impact evaluation showed that working-age members are employed and continue to look for additional work.

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