

# **GIVING CASH TO THE POOR: A STUDY OF PANTAWID PAMILYA CASH GRANTS GENEROSITY, FREQUENCY, AND MODALITY**

**PUBLIC RESEARCH SEMINAR  
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# OUTLINE



Background and Objectives



Design and Methodology



Results

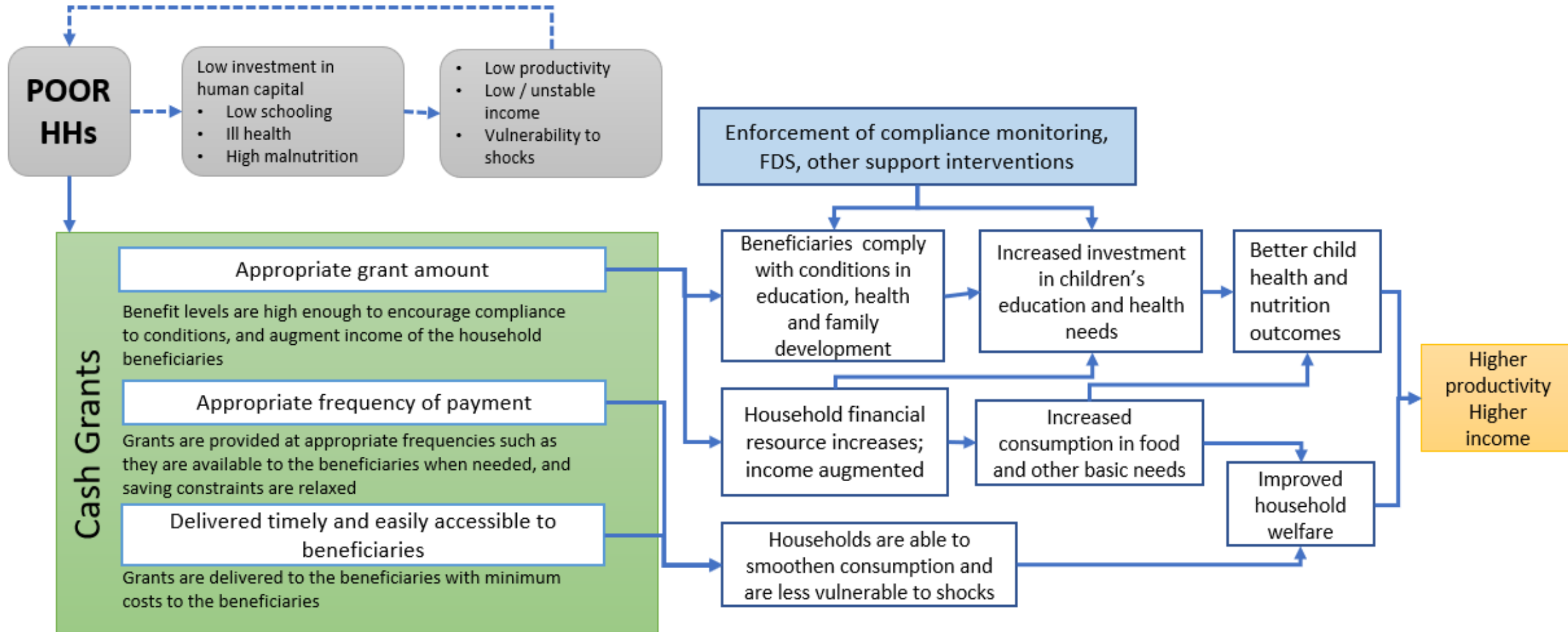


Summary and Recommendations

# BACKGROUND AND OBJECTIVE

- The study is an early attempt of the Institute to examine the Pantawid Pamilya implementation and recommend improvements in its payment system in light of the enactment of RA 11310
- This study aims to assess the payment system of the *Pantawid Pamilyang Pilipino Program* (4ps or Pantawid Pamilya) in terms of the **benefit levels or amount of cash transfers, frequency and mode of payment delivery.**

# CONCEPTUAL FRAMEWORK



# RESEARCH DESIGN



**Desk review of literature  
and administrative data**



**Key Informant Interviews  
and Focus Group  
Discussions**

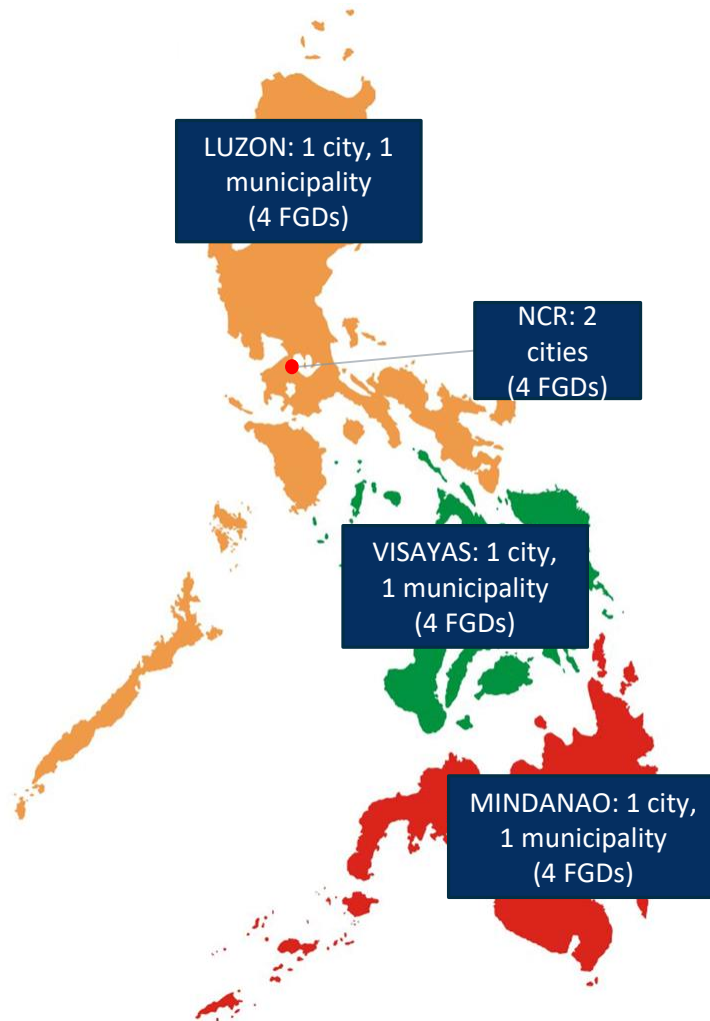


**Analysis of IE3 survey  
data to measure impact  
of payment features**



**Online survey on the SAP  
implementation**

# STUDY SITES FOR FGD AND LOCAL KII



## Focus Group Discussions

- Areas were selected from the 3rd impact evaluation sites
- One rural and one urban (or “Poblacion”) barangay were chosen for each city or municipality.
- 16 barangays at 1 FGD/barangay → 16 FGDs total.

## Key Informant Interviews

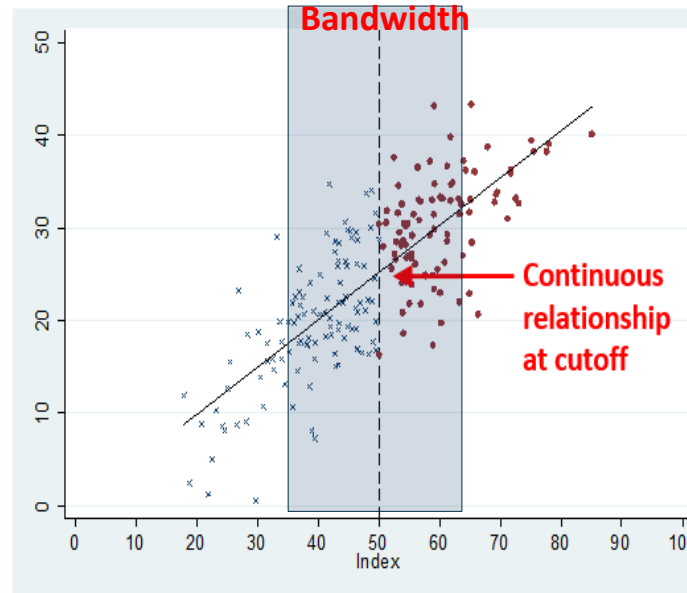
- KII with the City/Municipal Link and Municipal Roving Bookkeeper assigned in the city or municipality
- KII with DSWD National Program Management and Financial Unit
- KII with Land Bank of the Philippines



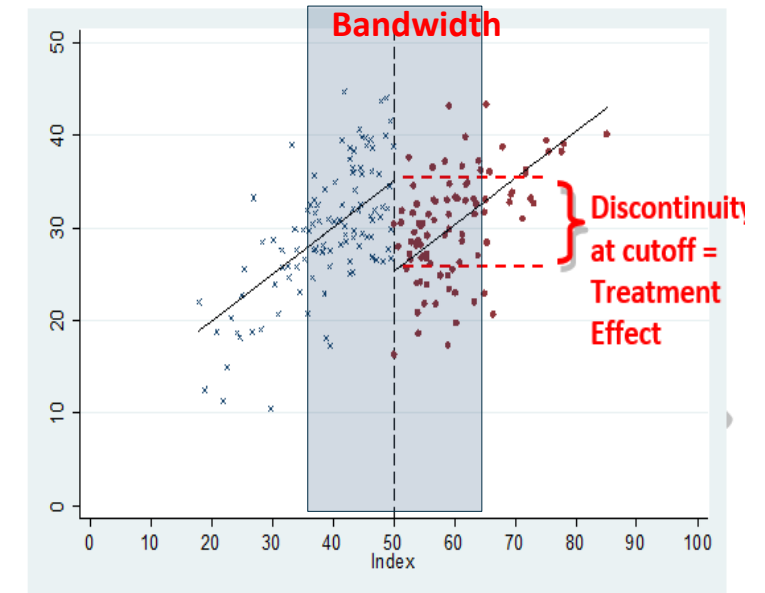
# ANALYSIS OF IE3 DATA

Data from the 3<sup>rd</sup> impact evaluation of the program was analyzed using an RDD identification strategy to measure the impact of the program.

Without program



With program



- The study estimated the impact of the program on **subsets of beneficiaries grouped by cash grant modality (OTC versus cash card)** and compare the magnitude of impact



# ONLINE SURVEY ON SOCIAL AMELIORATION PROGRAM (SAP) AMONG 4PS BENEFICIARIES

## 4Ps Members at Parent Leaders:

### MAKILAHOK SA ONLINE SURVEY TUNGKOL SA SOCIAL AMELIORATION PROGRAM

Para sa mga may Facebook Messenger Account, maaaring pumunta sa sumusunod na link:

**Tagalog version:** [https://bit.ly/PIDS\\_4PsSAPSurvey](https://bit.ly/PIDS_4PsSAPSurvey)

**Cebuano version:** [https://bit.ly/PIDS\\_4PsSAPSurvey\\_Ceb](https://bit.ly/PIDS_4PsSAPSurvey_Ceb)

I-click lang po ang link at pagkatapos ay piliin ang **"Get Started"** at **"Begin Survey"** para magsimula.

Para sa mga walang Facebook Messenger Account, gamitin lang ang mga link na ito:

**Tagalog version:** [https://bit.ly/PIDS\\_4PsSAPSurvey2](https://bit.ly/PIDS_4PsSAPSurvey2)

**Cebuano version:** [https://bit.ly/PIDS\\_4PsSAPSurvey\\_Ceb2](https://bit.ly/PIDS_4PsSAPSurvey_Ceb2)



### Online Survey on Social Amelioration Program (SAP) among 4Ps Beneficiaries

#### Magandang araw!

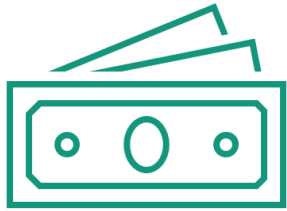
Ang survey na ito ay bahagi ng mabilisang pag-aaral ng Philippine Institute for Development Studies o PIDS sa kasakuyang isinasagawang Social Amelioration Program (SAP) ng pamahalaan dahil sa krisis na dulot ng COVID-19. Ang PIDS ay isang ahensiya ng gobyerno na ang pangunahing

Majority of the responses were collected from April to May 2020

- 886 respondents were used in the analysis
- Majority of complete responses are from NCR and urban areas



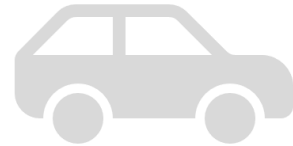
# RESULTS



Benefit Level



Frequency



Modality

# WHAT DOES INTERNATIONAL EVIDENCE SAY?

Outcome group	Transfer Level
Poverty	<b>Larger transfer is associated with bigger impacts</b> on overall household expenditure, food expenditure, and poverty reduction
Education	<b>Mixed evidence.</b> Higher transfer levels associated with improvements in cognitive and verbal tests in Mexico; no impact on attendance in Cambodia; reduction in test scores in Malawi;
Health	<b>Higher transfers</b> associated with <b>better HAZ</b> scores, and <b>more frequent health center visits</b>
Savings, investment	Savings and livestock holdings were substantially and significantly higher for those receiving a larger transfer
Employment	General evidence shows no disincentive in labor outcomes due to grants. Few studies show potential reduction in work hours due to high amount but results are inconclusive

# CASH GRANT AMOUNT PER MONTH THROUGH THE YEARS

The amount of grants remained at same levels since its pilot implementation in 2008 **until recently**

## 2008 to mid-2014

Health = **PHP 500** per HH  
Education = **PHP 300** per child

## 2017 to 2019

**Health** = **PHP 500** per HH  
**Education** = **PHP 300** per child in elementary, **PHP 500** per child in secondary school  
**Rice** = **PHP 600** per HH

2008 > 2009 > 2010 > 2011 > 2012 > 2013 > 2014 > 2015 > 2016 > 2017 > 2018 > 2019 > 2020

## Mid-2014 to 2016

Health = **PHP 500** per HH  
Education = **PHP 300** per child in elementary, **PHP 500** per child in secondary school

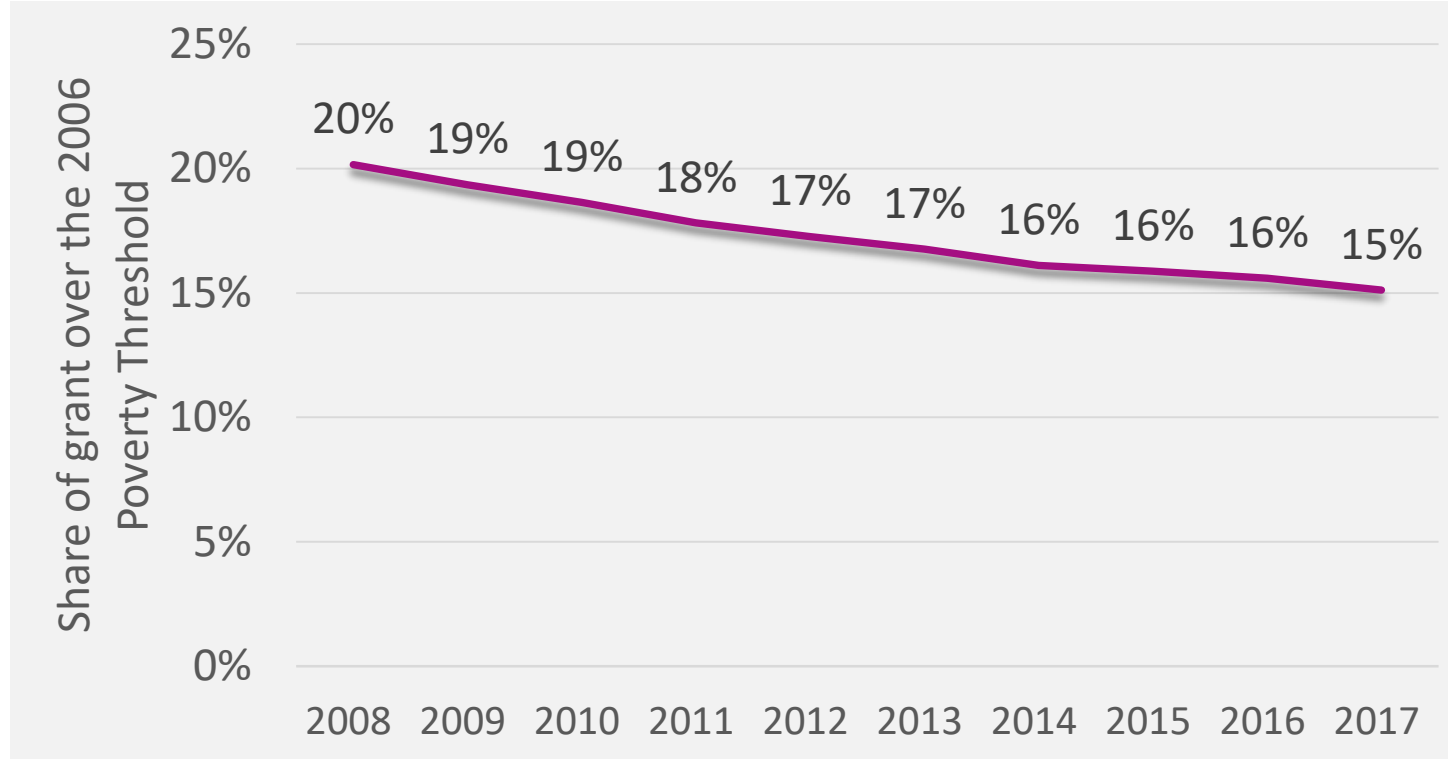
## 2020 (RA11310)

**Health** = **PHP 750** per HH  
**Education** = **PHP 300** per child in elementary, **PHP 500** per child in JHS, **PHP 700** per child in SHS  
**Rice** = **PHP 600** per HH

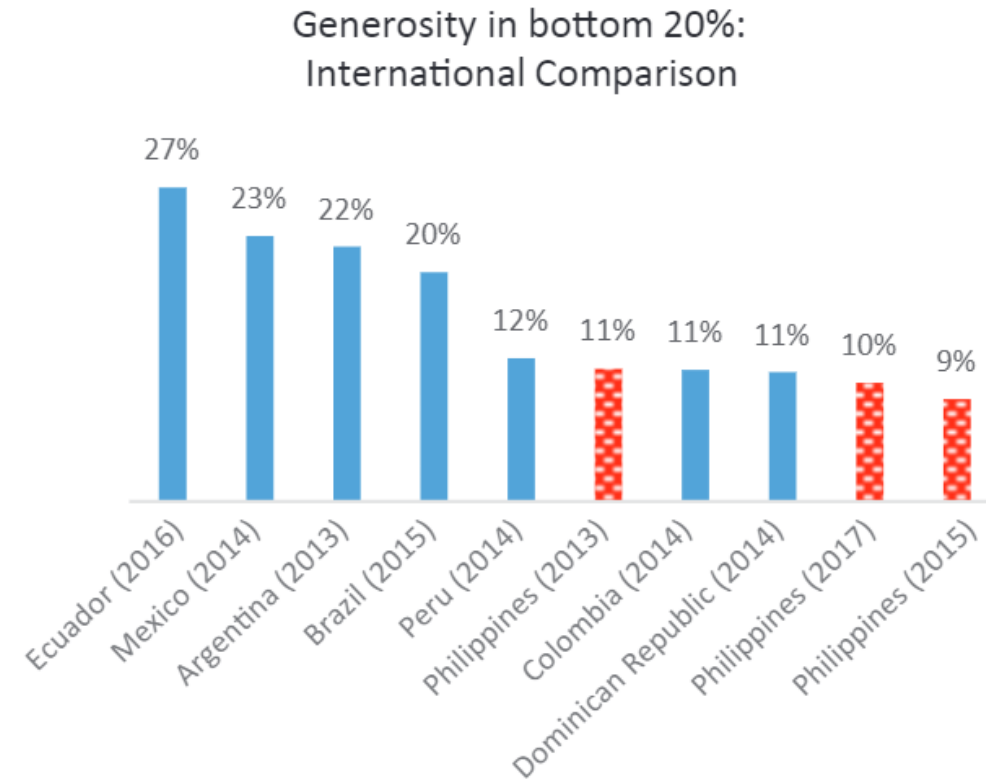
Note: Only a maximum of three children are allowed for the education grants per household

# PANTAWID PAMILYA CASH GRANTS GENEROSITY

Share of the real value of grants over 2006 poverty threshold, by year



Note: Simulation of a household with 3 children in elementary and fully compliant with conditionalities  
2006 threshold was projected to 2008 value using CPI.



Source: Acosta & Velarde (2017)

# HOW DO BENEFICIARIES USE THEIR GRANTS?



Beneficiaries using the grants for the following most often:

- School expenses of children such as for allowance, uniform, and projects or “contributions”, fees
- Food – rice, milk
- Health – vitamins

Grantees often report that they are not able to set aside a portion of the grant money, and this is often spent by the time of the next payout.

A small number were able to save

Few respondents shared that they use part of the grant as capital for their businesses or long-term investments.

# BENEFICIARIES' OPINION ON CASH GRANT AMOUNT

Even though the respondents reported that their household budget is not enough to cover their expenses, most are reluctant to suggest optimal cash grant amount that should be provided to them.

Arguments for Increase in cash grant	Arguments for Status quo
<ul style="list-style-type: none"><li>▪ Cover cost of rising prices</li><li>▪ No specific amount was suggested, but they mentioned which components could be increased – usually the grant for rice or education.</li></ul>	<ul style="list-style-type: none"><li>▪ Happy with whatever amount the government chooses to give them, also noting that the funding should go to programs for others who are also in need.</li><li>▪ Beneficiaries also need to work in order, they should not rely solely on the grant</li><li>▪ Others cited that the increase of benefits under RA 11310 and they are already satisfied with the amounts under the law.</li><li>▪ Besides request for increase, grantees also suggest provision of livelihood programs, to support their income.</li></ul>

# PROGRAM IMPLEMENTERS' OPINION ON CASH GRANT AMOUNT

Program implementers interviewed (DSWD and Landbank) believe that an increase in grant amount would be beneficial for the beneficiaries

KII RESPONDENT	HIGHLIGHT OF INTERVIEW
<b>LOCAL STAFF:</b> <b>City/Municipal Link</b> <b>Municipal Roving</b> <b>Bookkeeper</b>	<ul style="list-style-type: none"><li>• Many are satisfied with the grant amounts as they can see improvements in wellbeing of the beneficiaries but also admitted that an increase in amount would help beneficiaries</li><li>• Some said that amounts should be increased because of increase in prices of food and other commodities</li></ul>
<b>DSWD Financial</b> <b>Management Office</b>	<ul style="list-style-type: none"><li>• Any increase in the amount of the grants will help the beneficiaries</li><li>• Mentioned that the grants have already been increased in the law</li></ul>
<b>LBP</b>	<ul style="list-style-type: none"><li>• Do not have any opinions on the grant amount as they think it should be a decision made by the DSWD policymakers</li></ul>

# RESULTS



Benefit Level



Frequency



Modality



# WHAT DOES INTERNATIONAL EVIDENCE SAY?

Outcome group	Frequency, timing, predictability
Poverty	More frequent (monthly) transfer help in consumption smoothing. Kenyan cash transfer experiment was associated with a small but non-significant decrease in non-durable expenditure
Education	Postponement of the bulk of the payment until <b>just before enrollment</b> - small but significant increase in enrolment rates Late delivery of transfers – no impact in attendance and enrollment
Savings, investment	<b>Lump-sum recipients accumulated</b> significantly more non-land <b>assets</b> and large livestock (Kenya)
Employment	Delayed receipt of a transfer was associated with a decline of 2.3 working hours a week

# CURRENT PAYMENT SCHEDULE

From 2008 to 2010, cash grants were paid to beneficiaries on a **quarterly basis**;

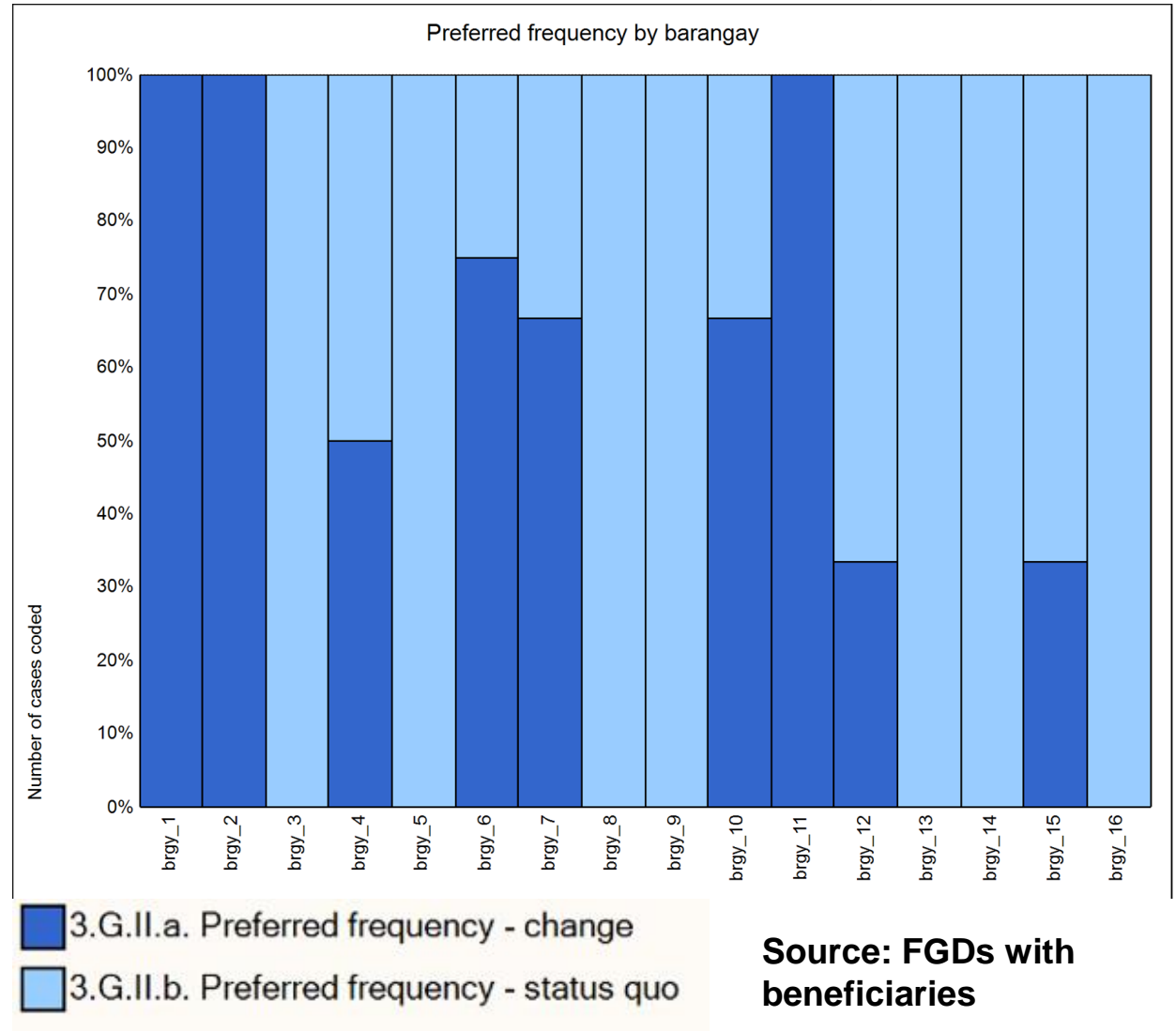
Starting 2011 up to present, cash grants are paid every two months.

	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6
FEBRUARY	Compliance monitoring					
MARCH						
APRIL	Payroll preparation	Compliance monitoring				
MAY	PAYOUT					
JUNE		Payroll preparation	Compliance monitoring			
JULY		PAYOUT				
AUGUST			Payroll preparation	Compliance monitoring		
SEPTEMBER			PAYOUT			
OCTOBER				Payroll preparation	Compliance monitoring	
NOVEMBER				PAYOUT		
DECEMBER					Payroll preparation	Compliance monitoring
JANUARY					PAYOUT	
FEBRUARY						Payroll preparation
MARCH						PAYOUT

# BENEFICIARIES' OPINION ON PAYMENT FREQUENCY

Based on the FGDS:

- 9 of the 16 barangays that responded stated that they preferred the current schedule of provision of grants to **be retained**.
- 6/16 barangays leaned towards more frequent provision of grants, citing that they preferred that grants **be provided monthly**.
- 1/16 barangay had **50-50** opinion on the matter



# BENEFICIARIES' OPINION ON PAYMENT FREQUENCY

## Reasons of FGD participants for choosing preferred frequency

CHANGE TO MONTHLY PAYOUTS	STATUS QUO
<ul style="list-style-type: none"><li>▪ Can cover emergency or sudden and urgent expenses (i.e., school projects)</li><li>▪ Avoid needing to take out loans to tide over the household expenses while waiting for the next provision of the grant</li><li>▪ Lighten the burden of school expenses such as allowance, food, etc.</li></ul>	<ul style="list-style-type: none"><li>▪ Members will receive a larger amount</li><li>▪ Less expenses on transportation for those who do not have ATMs in their area</li><li>▪ “Members should not completely rely on what they receive from the program”</li></ul>

None of the respondents preferred a frequency of three months or more citing that this interval would be too long and would cause them to incur debts.

# CONSIDERATIONS FOR INCREASING PAYMENT FREQUENCY ACCORDING TO DSWD KEY INFORMANTS

- Increasing payment frequency is more doable for areas that are already using cash cards as mode of payment
- Increasing payment frequency means added cost for the program operations and bank service fees.
  - Increasing payment frequency means that the compliance verification process needs to be done every month → needs commensurate increase in operations budget and staff
  - Bank service fees are charged by the LBP to DSWD/NG for withdrawal transactions of beneficiaries to non-LBP ATMs\*. In 2021, the bank service fees budget is PHP 289 million

\*for 1<sup>st</sup> withdrawal only

# RESULTS



Benefit Level



Frequency



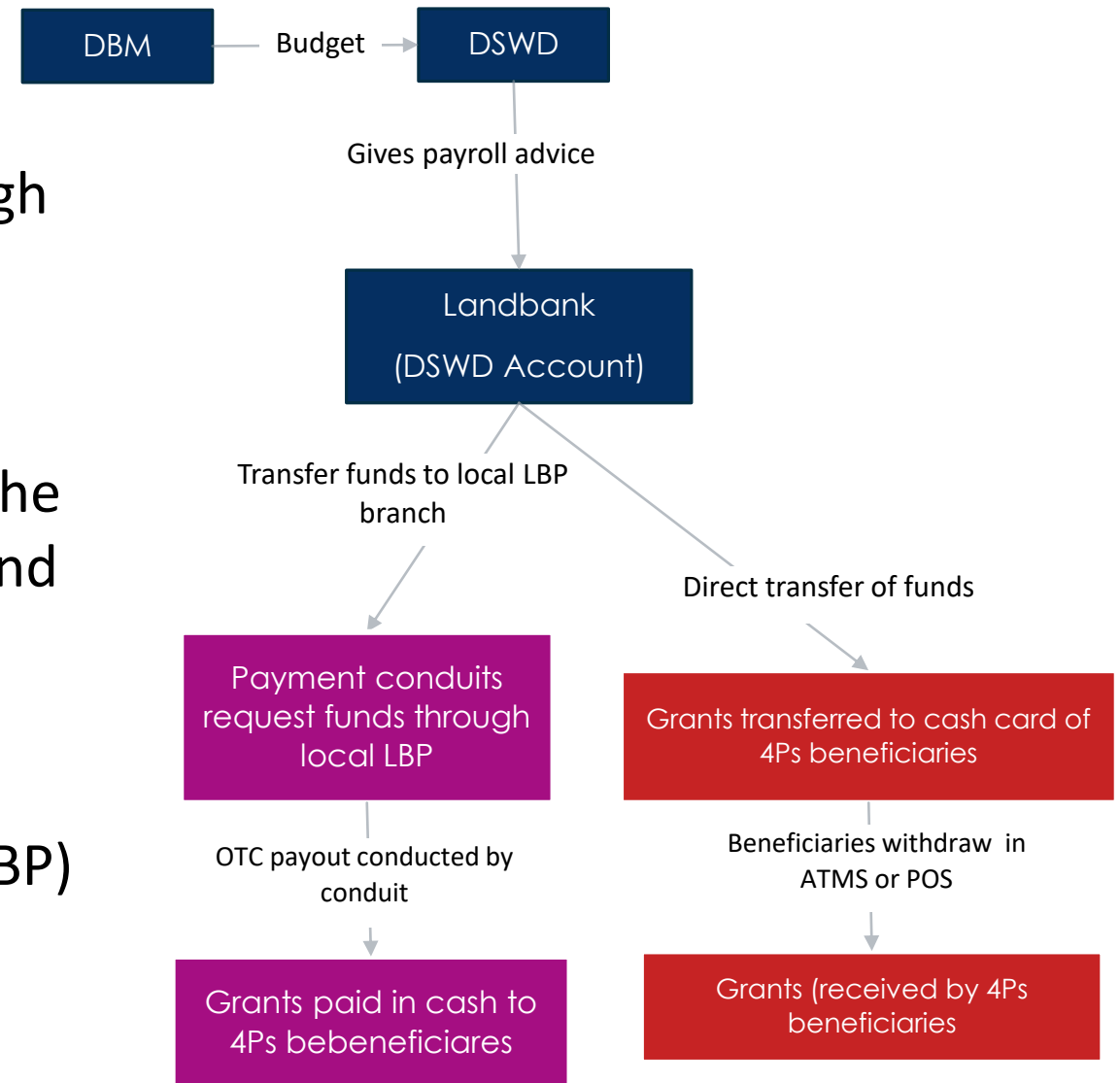
Modality

# PAYMENT MODALITY

Cash grants are delivered to beneficiaries through two modes of payment:

- **Bank cash cards** where the grants are withdrawn via ATM; and
- **Over-the-counter (OTC) transactions** where the grants are provided directly to beneficiaries and in the form of cash via **payment conduits**

The payment delivery system is currently being managed by the Land Bank of the Philippines (LBP) as the program's authorized government depository bank (AGDB).



# MOVEMENT TOWARDS CASH CARD PAYMENT MODE

- The share of cash card payment mode increased from less than half to almost 90% currently. The biggest increase was observed in 2019.
- According to DSWD, the direction of the program is towards implementing a 100% Cash Card (EMV Cards) mode of payment, and eventually, conversion to transaction accounts.

*Transaction Account* – Grantees shall be issued with an account in the form of deposit account or electronic money/ wallet, which can be used to store money, send payments, and receive deposits.

**Share of Cash Card and OTC payment modes among 4Ps households, 2016-2020 (Q2)**

YEAR	Cash Card	OTC
2016	45.0%	55.0%
2017	44.3%	55.8%
2018	56.1%	43.9%
2019	86.0%	14.0%
2020 (Q2)	87.8%	12.2%
2021 (Q2)	92.6%	7.4%



# CHALLENGES OF CASH CARD AND OTC ACCORDING TO BENEFICIARIES

Over-the-counter (OTC)	Cash Card
<ul style="list-style-type: none"><li>• Less flexible with the schedule of receipt since beneficiaries are called to one place to receive the grants in person</li><li>• More frequent delays in payouts</li><li>• Waiting time is longer compared to withdrawal via ATM</li></ul>	<ul style="list-style-type: none"><li>○ Experience of beneficiaries are influenced by availability and reliability of ATMs in their localities<ul style="list-style-type: none"><li>○ Long queues (but generally shorter compared to OTC)</li><li>○ Need to transfer and spend for transportation to look for ATM that is online or has enough cash</li><li>○ Grants are reduced due to fees (ATM or POS)</li></ul></li><li>○ Duration of the process of card replacement sometimes take a long time.</li></ul>

To address these challenges, beneficiaries suggested better access to ATMs and improved reliability (not offline, has enough cash, not malfunctioning)

# C/MLS AND MRBS OPINION ON PAYMENT MODALITY

- Most of the C/MLs and MRBs believe that the cash card payment is better as it is more convenient for beneficiaries.
- However, there were also a few that wanted to return to the OTC payment of specific challenges in cash card-based payments

## **RECOMMENDATIONS BY C/MLs and MRBs**

1. Provision of satellite ATMs for areas with no LBP branches
2. Streamlining and expediting of processing of card replacement and change grantee
3. Access to real-time status of update processing and grievance resolution
4. Improve approval system for updates by using an online system to avoid conflicted information

# DSWD FMS OPINION ON PAYMENT MODALITY

- DSWD KII respondents believe that the conversion to cash cards for most of the beneficiaries greatly improved the performance of the payment system
- Regarding other e-payment facilities (e.g., GCASH, PAYMAYA):
  - Respondents mentioned that there might not be added value to this since LBP is already working to provide the same features to beneficiaries once their cards are converted to fully transactional accounts as promised by LBP
  - Switching to other modes of grant payment might pose difficulties because beneficiaries would have a new system to learn and get comfortable with
  - Many features (in GCash and PayMaya) are already offered in the LBP mobile. The beneficiaries just need to be trained and taught how to access these features

# RESULTS OF IE3 ANALYSIS

Differential impact of the program for households under Cash Card mode of payment versus households under OTC mode of payment

OUTCOME	RESULT
<b>Enrollment Attendance</b>	<ul style="list-style-type: none"><li>• Increase in enrollment and attendance observed for both cash card and OTC groups of beneficiaries.</li><li>• No discernible difference in magnitude of impact</li></ul>
<b>Dropout</b>	<ul style="list-style-type: none"><li>• Decrease in drop-out rate observed for both cash card and OTC groups of beneficiaries.</li><li>• No discernible difference in magnitude of impact</li></ul>
<b>Health</b>	<ul style="list-style-type: none"><li>• Positive impact consistent for use of child care services (growth monitoring, vitamin A, etc.) for both subgroups</li><li>• No discernible difference in magnitude of impact bet. the subgroups</li></ul>

# RESULTS OF IE3 ANALYSIS

Differential impact of the program for households under Cash Card mode of payment versus households under OTC mode of payment

OUTCOME	RESULT
Expenditures	<ul style="list-style-type: none"><li>• Positive impact on share of food expenditures for those on OTC mode of payment</li><li>• Positive impact on share of non-food expenditures for those on Cash Card mode of payment</li><li>• <b>BUT</b> differences are <b>NOT</b> significant based on Z statistics</li></ul>
Income	<ul style="list-style-type: none"><li>• Increase in income for both OTC and cash card subgroups of beneficiaries</li><li>• No discernible difference in magnitude of impact bet. the subgroups based on Z statistics</li></ul>
Hunger and Self-rated poverty	<ul style="list-style-type: none"><li>• Decrease in incidence of hunger and self-rated poverty observed for both cash card and OTC groups of beneficiaries.</li><li>• No discernible difference in magnitude of impact bet. the subgroups</li></ul>

# ONLINE SURVEY ON SOCIAL AMELIORATION PROGRAM (SAP) AMONG 4PS BENEFICIARIES

- The existing payment system for the 4Ps allowed ease by which the government disbursed the SAP money to them.
- In terms of actual experience of 4Ps beneficiaries in receiving/withdrawing of their SAP benefits from their cash cards:
  - 66% said the amount they received are sufficient for their household's needs during the quarantine
  - Most respondents reported using SAP money for food, medicine and other health-related expenditures, and to extend aid to other families.
  - 30% had to queue in ATMs or SAP distribution venues by more than 1 hour

# **SUMMARY AND RECOMMENDATIONS**

# GRANT AMOUNT

SUMMARY	RECOMMENDATIONS
<ul style="list-style-type: none"><li>• The amount of cash grants have remained at their nominal levels starting 2008 up to 2016 even though the real value has already decreased due to inflation. The amount of grants have only recently increased due to the Rice subsidy and RA 11301</li><li>• Compared to other countries, the 4Ps grants are less generous</li><li>• Beneficiaries are hesitant to demand increase in grant amounts but admit that their budget is barely enough to cover needs. Most of the grants are spent on education expenses of children and food for the family</li></ul>	<p>DSWD and PIDS to study the need to establish a principle for adjusting the grant amount, e.g. maintain real value, ahead of the six-year schedule of reviewing the benefit level of the program.</p> <p>This is also important given that the country will enter the recovery phase post-COVID.</p> <p>If grant amounts cannot be adjusted proactively, supplementary interventions (other programs or other cash assistance) should be pursued.</p>



# FREQUENCY

SUMMARY	RECOMMENDATIONS
<ul style="list-style-type: none"><li>• Evidence on frequency of payment of benefits are mixed. While more frequent payments result in consumption smoothing, less frequent payments also resulted in positive impact on savings and asset accumulation.</li><li>• There is no strong demand for more frequent payments among the beneficiaries.</li><li>• There are cost considerations in increasing the payment frequency of the program. This include costs for operations in the compliance monitoring, and cost for bank service fees</li></ul>	<p>More than increasing the frequency of payouts, reliability and predictability of payment schedules appear to be more important. This can be done by ensuring payouts are conducted timely and beneficiaries have reduced barriers to access the grants. Improvements in processes and IT infrastructures of DSWD and LBP are essential.</p> <p>Changes in frequency of payment should be carefully examined to know if benefits outweigh additional costs. This can be piloted in a small area.</p>

# MODE OF PAYMENT

SUMMARY	RECOMMENDATIONS
<ul style="list-style-type: none"><li>• The payment delivery system has improved through the years primarily due to the conversion of mode of payment to cash cards</li><li>• IE3 evidence suggest mode of payment do not create significant heterogeneity in impact of the program (except for shares in food and non-food expenditures)</li><li>• Cash card mode of payment is more convenient than OTC mode of payment, but it also has its unique challenges including lack of access to ATMs and banks in rural areas, long process of card replacement, and gaps in feedback loop among staff.</li></ul>	<p>LBP (or the relevant AGDB) should expand network of ATM and local bank branches in the country to reach all areas.</p> <p>LBP should find alternative points of cash withdrawal such as POS to cover areas without ATMs. POS establishments should be monitored and transaction fees should not be shouldered by beneficiaries (at least for 1<sup>st</sup> withdrawal).</p> <p>Processes of resolving payment and cash card related grievances (e.g., decentralized process) should be streamlined and frontline staff should have access to real-time status.</p>



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# Thank you!

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