

Economic Issue of the Day



Philippine Institute
for Development Studies
*Surian sa mga Pag-aaral
Pangkaunlaran ng Pilipinas*

Vol. XVII No. 4 (December 2017)

Social protection in the Philippines

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Despite the efforts of the government to save Filipinos from the claws of poverty, many poor and even nonpoor households remain vulnerable (Mina and Imai 2016). To support these households, the Philippine government implements a number of social protection programs targeted to improve their economic and social footing and lessen their exposure to risks.

This *Economic Issue of the Day* looks at the Philippine social protection and the framework being used to guide its implementation. It also discusses some of the studies that review the current state of social protection in the country.

Context

According to the Universal Declaration of Human Rights, social security or protection is a fundamental human right and a crucial tool to uphold the dignity of individuals. The 1987 Philippine Constitution also echoes the state's responsibility to protect the welfare of its citizens. Its article on social justice and human rights mandates the Congress to "give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good".

In 2007, the Philippine government, through its cabinet-level interagency Social Development Committee (SDC), adopted an official definition of social protection. According to the SDC Resolution No. 1, Series of 2007, social protection constitutes programs and policies that seek to (1) reduce poverty and vulnerability to risks and (2) enhance the social status and rights of the marginalized. To achieve these aims, it (1) promotes and protects livelihood and employment, (2) protects against hazards and sudden loss of income, and (3) improves people's capacity to manage risks.

In 2012, the SDC embraced the Social Protection Operational Framework as its basis for implementing social protection programs and other policies related to social protection. The said framework also identified the (1) life cycle and individual risks, such as hunger and malnutrition; (2) economic risks, such as unemployment; (3) environmental risks, such as floods and typhoons; and (4) governance risks, such as corruption, as some of various issues that the social protection programs need to address.

Components

According to Cabral (2008), social protection in the Philippines has four main components, namely, labor market interventions, social insurance, social welfare, and social safety nets.

Labor market interventions

These interventions are government measures that enhance employment opportunities in the country and advance Filipino workers' rights and welfare (Cabral 2008). Among these interventions are skills development and training, labor and trade policies, and agricultural support. Their main goal is to address the risks of underemployment, unemployment, and loss of income in the country.

One of these interventions is the *AlkanSSSy* program of the Social Security System, wherein the government provides the informal and poor workers, such as farmers, fisherfolk, and drivers, an affordable and convenient way to save part of their daily income for their social security contributions. The said microsavings scheme also covers job order workers from state-run institutions excluded from the mandatory coverage of the Government Service Insurance System. According to Conchada (2016), the program is an effective method to empower the poor as she found that the beneficiaries of the program have higher annual income than nonbeneficiaries.

Aside from *AlkanSSSy*, Orbeta and Abrigo (2013) also found the scholarship programs of the Technical Education and Skills Development Authority have also yielded significant benefits for their target recipients. Their study, for instance, revealed that the beneficiaries of the Private Education Student Financial Assistance (PESFA) have better employment opportunities than nonscholars.

Social insurance

These are measures installed to address the risks associated with disability, work-related injury, old age, and crop disasters (Cabral 2008). Among these interventions are public retirement and pension plans, as well as health and crop insurances, such as the Agricultural Insurance Program (AIP) of the Philippine Crop Insurance Corporation (PCIC).

Social welfare

These measures are preventive and protective in nature, and support the minimum basic needs of the poor and marginalized (Cabral 2008). Among the issues that they address are food insecurity, hunger and poor nutrition, poor quality of education, land and housing insecurity, and poor sanitation.

Currently, the government implements the *Pantawid Pamilyang Pilipino* Program (4Ps) as one of its social welfare measures. It is a conditional cash transfer program that helps increase the household budget for basic services, such as health and education. In a study, Orbeta and Paqueo (2016) found that 4Ps is an effective measure to keep Filipino children in school and improve human capital formation in the country. They even noted that the abolition of the program

may have damaging unintended consequences on the present and future welfare of Filipino children.

Social safety nets

These are urgent mechanisms that address the impacts of socioeconomic shocks, such as environmental degradation, disasters, and armed conflicts, on poor and other vulnerable groups (Cabral 2008). According to Reyes (2013), these are “short-term stop-gap measures such as cash transfers, food for work, and emergency employment programs”. These include unconditional cash transfers, feeding programs, price and food subsidies, and emergency employments and loans.

Challenges

As stated earlier, the government currently implements various social protection programs, such as AlkanSSSy, PESFA, and 4Ps, which are found to be effective in saving Filipino households from falling into or further into poverty. But not all social protection programs share the same story.

In terms of social insurance for the agriculture sector, for instance, Virola (2017) found that the AIP still suffers from low penetration rate, with less than 5 percent of the rice farmers availing its services. The PCIC has also yet to extend its coverage to underserved regions, such as Bicol, which are prone to typhoons and flooding.

Meanwhile, the country’s National Health Insurance Program for the poor suffers from leakage issues. In his study, Cabalfin (2017) revealed that aside from the poor, the program also benefits the nonpoor sector.

Even the 4Ps has its own share of leakage issues. While it has indeed helped improve Filipino children’s access to education, Reyes et al. (2015) noted that it has a leakage rate of 29 percent. This means roughly 3 in every 10 beneficiaries of the said program are not poor and do not even deserve to enjoy its benefits. One possible reason behind this leakage is the fact that the program uses outdated data in targeting its beneficiaries.

Conclusion

Indeed, much is still there to be fixed in the country’s current social protection measures. However, the good performance of programs such as AlkanSSSy, PESFA, and 4Ps in terms of improving the situation of their beneficiaries should serve as an inspiration to the government to continue promoting social protection as a tool to uplift the lives of the poor and the vulnerable.

Nonetheless, the government should consider strengthening the programs’ targeting rules given that many of them suffer from leakage. It should also invest in monitoring and evaluation to ensure that these interventions are meeting their objectives.

Recent events in the country, such as the 2017 Sarangani earthquake, the 2017 Visayas and Mindanao flooding, and the 2013 Super Typhoon Haiyan, also underscore the need for the adoption of innovative measures in the country, such as adaptive social

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protection (ASP) programs. According to Dacuycuy and Baje (2017), ASP is a relatively new concept that intersects social protection, climate change adaptation, and disaster risk reduction measures to strengthen the poverty reduction efforts of the government.

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