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Underinvestment hampers growth of PH health sector

UNDERINVESTING IN HEALTH has resulted in the sector’s slow progress and poor health outcomes in the Philippines, despite recent increases in health spending.

According to a study released by state think tank Philippine Institute for Development Studies (PIDS) titled *“Public health and labor policy”*, researchers Charlotte Justine Diokno-Sicat, Valerie Gilbert Ulep, Robert Hector Palomar, Ricxie Maddawin, and Mark Gerald Ruiz cited chronic underinvestment as the primary cause of the health sector’s lackluster growth.

The study noted that the Philippines’ public spending on health was only half of what upper middle-income countries and its Association of Southeast Asian Nations counterparts spent on health. In particular, the Philippines’ public spending on health, which accounted for about 1.5 percent of the gross domestic product (GDP), was notably lower than that of Thailand, Viet Nam, Singapore, and Malaysia, which spent four times more.

“Philippine GDP has rapidly increased in recent years, but the country experienced only modest improvements in health outcomes compared with its neighboring countries,” the authors said.

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Editor's Notes

Our second-quarter issue puts the spotlight on human capital development and the issues hampering its progress in the Philippines, as revealed by several PIDS studies. As defined by the World Bank, human capital refers to the knowledge, skills, and health accumulated by people throughout their lives, enabling them to achieve their potential as productive members of society. Sustained productive human capital provides a stable environment for economic growth, leads to more innovation, and promotes inclusive development.

Key to developing and expanding human capital is adequate investments in health care and quality education, among others. One of the gaps seen is in health. The banner story points to the country's underinvestment in health, evidenced by its public health spending, which was only half of upper-middle-income and other ASEAN countries' spending. The Philippines' public health expenditure was only about 1.5 percent of its gross domestic product, while Thailand, Viet Nam, Singapore, and Malaysia spent four times more. This has led to an underdeveloped healthcare system, evident at the height of the COVID-19 pandemic, and poor health outcomes such as stunting. In 2019, 29 percent of Filipino children under five, or 3.7 million, were stunted. Thus, another article underscores the need to invest more in interventions to avert stunting prevalence. This entails educating mothers, particularly those with lower levels of formal education, on proper child feeding and rearing practices and implementing nutrition-specific interventions for mothers and children from poor households. (Page 24)

Thus, they recommended boosting investments in the health sector. This will not only drive the Philippines' economic activity and growth but also increase workers' productivity.

The study analyzed the relationship between public health expenditures and labor participation. It linked increased public health spending with improved labor productivity.

"Government spending in the health sector is worth increasing with respect to further improving productivity, especially for the employed," the authors said.

"A 1-percent increase in public health spending per capita may be related to an increase of about 15.1 percent to 17.9 percent in labor productivity in 5 years," they added. "This is consistent with the theory that higher investments or spending in health may be related to better productivity."

The authors urged the government to build better health policies that would benefit the country's labor force. They highlighted the importance of continued investments in human capital and education and other key areas to stimulate economic growth while improving the population's well-being.

Apart from underspending in health, the study noted challenges in implementing the Universal Health Care (UHC) Act, whereby the government aspires to increase public spending to facilitate equitable healthcare access for all Filipinos.

"The implementation of the UHC Act should not be considered a health sector agenda alone but also part and parcel of the country's policy to improve economic productivity," the authors said.

"While the UHC Act provides the legal framework, critical components of the law have yet to be implemented, including mobilization of health resources and reforms," they added.

The authors emphasized that the type of spending is as critical as the level of public expenditure. Thus, they suggested investing in cost-effective health interventions and improving the country's primary and preventive care, which is more efficient and effective in enhancing health outcomes than curative or hospital-based care.

In addition, physical health infrastructures must be financed and supported to encourage businesses and provide workers with needed equipment, tools, and technology to be more productive.

The study touted the coronavirus disease 2019 (COVID-19) as an "important catalyst" that increased fiscal space for health and prompted the government to spend more on health primarily for its pandemic response. However, while the sector had been the top priority in terms of reforms and budgetary allocations owing to the pandemic, continued health investment is vital to sustaining the country's economic recovery.



The PIDS study observed that households had cut back on education and health spending in children in the early phase of the pandemic, resulting in declines in school attendance and health-seeking behaviors.

Ripple effects of COVID-19

In another study titled “COVID-19-induced human capital shocks, lifetime labor productivity, and inequality”, PIDS Senior Research Fellows Michael Abrigo and Connie Bayudan-Dacuycuy and President Aniceto Orbeta Jr. assessed the possible long-term effects of human capital spending shocks induced by the pandemic.

According to the authors, COVID-19 amplified existing weaknesses and brought new challenges to the Philippine education and health systems, endangering the country’s recent successes in growing human capital spending.

“Over the last decade, the Philippines has made several important strides in expanding human capital investments through new education and health entitlements,” the authors said. However,

they stressed that the COVID-19 pandemic “threatens whatever gains the Philippines has painstakingly amassed over the years”.

“Evidence of the impact of the COVID-19 pandemic shows that households had cut back on human capital spending in children in the early phase of the pandemic,” the authors added.

They noted sharp declines in school attendance and health-seeking behaviors during the pandemic.

The study showed that aggregate non-COVID-19 human capital spending decreased by at least PHP 118 million in 2020 compared to 2018. The decline was 15.2 percent for health and 0.1 percent for education.

On the other hand, government spending increased by 9.4 percent for education, compensating for the decline in household

education spending, but dropped by 9.2 percent for health.

Diverting public funds to the COVID-19 response significantly lowered spending on other health programs, with children, the elderly, and the poor as the most affected.

“The decline in health spending is likely to result in adverse long-term outcomes,” the authors said.

They added that the declines might reduce life expectancy and exacerbate the existing income inequality, which may “endure through generations”.

Moreover, the reduction in life expectancy can lead to a decrease in income per capita, primarily driven by a higher adult mortality rate. This, in turn, can impede the growth of the working-age population and be viewed as a setback to human capital investments, as the

returns on such investments would not be maximized.

The study highlighted possible implications for the country's attainment of several national and international goals, such as the Sustainable Development Goals on ensuring healthy lives, promoting well-being, and reducing inequality.

Because of these declines, those with the least resources and endowments may also miss opportunities to invest in health and education.

"For example, it takes a school year to attain specific education milestones. Those who were unable to attend school or were able to participate but did not receive ideal instructions and guidance will lag relative to their cohorts," the authors said.

"A similar situation is expected in health outcomes, with more adverse implications for the sick who failed to secure medical and professional help," they added.

The study emphasized the need to assess the country's health programs and other initiatives for the young population. Likewise, it stressed the importance of strategically investing in both sectors while the country completely recovers from the pandemic-induced economic slump.

"Understanding what responses worked and could have worked better is crucial in designing responses to future global health crises," the authors said. "Strategic education investments are needed to improve the productivity of the younger cohorts." **EGR**

PH must bolster repatriation fund, social protection of OFWs to build resilience vs. future shocks



The PIDS study advised the government to consider putting up a contingency fund in the General Appropriations Act for emergency repatriation, especially for future crises like COVID-19. (Photo from Department of Foreign Affairs website)

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THE GOVERNMENT SHOULD expand the emergency repatriation fund for overseas Filipino workers (OFWs) and enhance their access to health and social protection to prepare for future shocks like COVID-19.

"It is important to consider putting up a contingency fund in the General Appropriations Act, especially for crises of this scale [similar to COVID]," said Philippine Institute for Development Studies (PIDS) researchers Aubrey Tabuga, Anna Rita Vargas, and Madeleine Louise Baiño in their paper titled "*The COVID-19 and Filipino migrant workers: Looking into the Philippine government's post-COVID-19 support mechanism*".

Looking at the Philippine government's COVID-19 support mechanism for repatriating OFWs, the PIDS study noted the sheer scale of the operation and the huge resources required. An average of 72,883 OFWs per month were repatriated in 2020. This increased to 102,453 repatriated OFWs per month in 2021. As of August 29, 2022, more than 3 million OFWs have returned to the Philippines. Although the Overseas Workers Welfare Administration (OWWA), the lead agency for repatriation efforts, has a PHP 100-million emergency repatriation fund, the national government needed to augment this to support its operations. As of December 2021, the

national government had spent PHP 19 billion for COVID-19 tests, food, and hotel accommodation of displaced OFWs during mandatory quarantine and transportation to their respective provinces.

“The government may also consider reviewing the emergency repatriation fund of OWWA on whether it must be augmented or there is a need to set up another type of fund for addressing various needs, including reintegration and post-repatriation,” the authors stressed.

They added that it would be useful for the government to explore a government-managed insurance scheme for OFWs that can cushion them in case of mandatory or unprepared repatriation. Force majeure, or unforeseeable circumstances preventing a person from fulfilling a contract, is often not included in insurance coverages. Moreover, many OFWs did not receive salaries and end-of-service benefits prior to their return to the Philippines due to the quick process of mass repatriation. Thus, it is important to review policies on insurance to remedy the vulnerable position of OFWs in emergency repatriations.

“The pandemic was just another reminder of a long overdue need for effective social protection among migrant workers and their families,” the authors said. Based on the 2019 National Migration Survey, only 47 percent of migrant workers are active members of a social security and pension plan, while 69 percent have health insurance coverage.



The COVID-19 pandemic underlined the need for effective social protection among Filipino migrant workers and their families.

Lessons learned from COVID-19

Successful repatriation process from abroad during the COVID-19 pandemic relied on factors such as effective communication systems overseas, cooperation of migrant workers and their employers, efficient logistics system, and close coordination between the government and migrant organizations and other nonstate actors.

Recruitment agencies, multilateral institutions (i.e., International Labour Organization, International Organization for Migration), civil society organizations, and nongovernment organizations helped OWWA locate OFWs and mobilize resources abroad. This collaboration between state and nonstate actors has facilitated the repatriation process. The authors encouraged the government to strengthen these newly formed or existing partnerships.

Moreover, the PIDS study emphasized the importance of data sharing and coordination with host countries. Drawing from the experience of host countries that faced similar crises, facilitating information sharing on migrant workers enabled the Philippines to allocate the necessary resources to assist OFWs swiftly.

Locally, the successful return of OFWs was contingent on interrelated factors, such as adequate testing and medical facilities, available flights, unhampered entry into the country, functional embassies/consulates, adequate accommodation, and cooperation of local government units in receiving constituent OFWs.

“In any type of emergency, repatriation efforts must be systems-oriented to account for all the vital nuances,” the authors said.

The COVID-19 experience also accelerated the adoption of digitalized platforms and other technologies. Several systems were developed to gather information on OFWs, track their origin and location, and identify their reintegration and financial needs. The authors urged the government to build upon these recently developed digital systems to support future efforts and provide continued assistance to OFWs.

Cross-border social protection

A separate PIDS study titled *“How literate are Filipino migrant workers in East Asia on health and social security systems?”* by Jocelyn Celero, Melissa Garabiles, and Evangeline Katigbak-Montoya pointed the need to establish greater access and portability mechanisms for health and social security systems for migrant workers.

The study observed that most Filipino migrant workers in Japan, Hong Kong, and Singapore are health and social systems literate. However, their understanding is limited to the basic schemes offered, and they do not have easy access to state-led healthcare and social security benefits due to the absence of portability mechanisms and bilateral agreements with the destination countries. Notably, the Philippines has a bilateral agreement with Japan, signed in 2015, which ensures access and totalization of healthcare and social benefits for OFWs. Unfortunately, similar arrangements with Hong Kong and Singapore are lacking.

“Cross-border health care and social welfare are only possible if the sending and receiving countries have a social security agreement. Hence, the Philippines should negotiate with receiving states for

portable and flexible health and security to ensure optimal protection of OFWs across the migration cycle,” the authors explained.

The lack of portability poses challenges for migrant workers in accessing timely medical care, despite being enrolled in the Philippine Health Insurance Corporation (PhilHealth). While they can use PhilHealth abroad and claim reimbursements in the Philippines, PhilHealth’s reliance on domestic case rates disregards the differences in healthcare costs between the Philippines and overseas locations. Additionally, poor implementation of mutual assistance agreements with destination countries further compounds the issue, preventing OFWs from accessing social protection programs.

Furthermore, membership processing and claim filing challenges contribute to OFWs’ poor healthcare and social protection literacy. To address this, the authors recommended streamlining application requirements, simplifying payment processes, and minimizing paperwork to boost membership uptake and retention.

Moreover, the government could explore investing in three key areas: (1) establishing a unified database for accessing records of all OFWs, (2) creating a dedicated portal for all related services, and (3) introducing a multipurpose identification card for OFWs to streamline system transactions and ensure convenient and secure authentication for various purposes. **WMA**



The government needs to establish greater access and portability of its health and social security systems to ensure optimal protection for OFWs.

Mothers' education, nutrition primary culprits for stunting gaps—PIDS study



Experts advised providing adequate maternal education to equip mothers with information on child feeding and rearing practices to improve children's nutritional status.

WHILE GENETICS CONTRIBUTE to the stunting disparity between poor and nonpoor children, a PIDS study found that maternal education and nutritional status largely influence the gaps in under-five stunting.

In a study by Philippine Institute for Development Studies (PIDS) titled *“The determinants of the socioeconomic inequality and the trajectory of child stunting in the Philippines”*, researchers Valerie Gilbert Ulep, Jhanna Uy, Lyle Daryll Casas, Mario Capanzana, Alice Nkoroi, Rene Gerard Galera Jr., Maria Evelyn Carpio, and Frederick Tan

reported that about 29 percent (3.7 million) of Filipino children under five were stunted in 2019. This places the Philippines among the upper-middle-income countries in Southeast Asia with the highest prevalence of stunting.

Using a stunting decomposition model, the study pinpointed the key factors accounting for the large disparity, which include (1) maternal height, body mass index, and education; (2) quality of mother's prenatal care; (3) iron supplementation for children; and (4) diversity of the child's diet.

According to the authors, social and cognitive pathways could potentially influence the association between maternal education and stunting. For instance, mothers with formal education may be more knowledgeable on optimal infant and young child feeding (IYCF) practices.

Drawing from the 2015 National Nutrition Survey, the authors noted a correlation wherein mothers with lower levels of formal education are less likely to possess accurate knowledge regarding optimal child feeding practices. Consequently, they are less likely to receive vital nutrition information during IYCF counseling.

To avert the prevalence of stunting, the authors advocated the widespread promotion of IYCF alongside comprehensive interventions on complementary feeding. In particular, they emphasized the importance of large and sustained investments in improving children's diets aged 6–23 months and promoting IYCF practices.

“Without increasing interventions, the prevalence of stunting will hover at the 30-percent range in the next 10 years,” the authors cautioned. They also warned that without “path-breaking interventions”, the Philippines is “bound to fail the 2030 Sustainable Development Goal (SDG)”.

They added, “If the country expands the promotion of IYCF in the medium to long term, the prevalence of stunting could decline from 30 percent to 19 percent by 2030.” This would enable the country to achieve its SDG target for stunting by 2030.

Moreover, the authors underscored the importance of tackling the social determinants contributing to the stunting disparities. They recommended integrating these determinants into a comprehensive set of interventions and prioritizing malnutrition within the broader multisectoral development agenda of the government.

The PIDS study also highlighted the need to increase government spending to ensure the universal provision of nutrition and health interventions. Hence, public fund allocation should be strategically planned to anticipate the increased costs of these interventions.

Invest more in IYCF interventions

Meanwhile, the study examined the medium- to long-term trajectory of stunting in the Philippines and identified six nutrition-specific interventions to reduce child stunting and chronic malnutrition: (1) balanced energy-protein supplementation during pregnancy, (2) antenatal multiple micronutrient supplementation, (3) complementary feeding among poor children, (4) zinc supplementation, (5) promotion of exclusive breastfeeding, and

(6) promotion of improved infant and young child feeding practices.

Similarly, providing adequate maternal education is advised to equip mothers with information to improve their nutritional status and child feeding and rearing practices. Equitable access to quality prenatal care is also urged to regularly monitor and assess maternal nutrition and be provided with appropriate interventions to improve the mother and child’s nutrition status.

The PIDS study further revealed that sustained expansion of cost-effective interventions would significantly impact child mortality. The findings indicate that the continuous promotion of IYCF and expansion of zinc supplementation will prevent almost 30,000 cumulative child deaths by 2030.

The study contended that although promoting IYCF practices is found to be the most effective in reversing stunting prevalence, it is also the most expensive, with an estimated annual cost of USD 61 million in 2020, projected to triple by 2030.

Hence, the study stressed the need for increased government spending on IYCF interventions. Furthermore, it emphasized that achieving an equitable allocation and implementation of essential health and nutrition interventions is crucial for enhancing the stunting situation in the country.

Evaluating the efficacy of current nutrition strategies

In another PIDS paper titled *“Identifying and addressing the determinants of stunting in the first 1,000 days: Review of nutrition governance strategies and implementation of the Philippine Plan of Action for Nutrition (PPAN) 2017–2022”*, authors Maria Asuncion Silvestre, Christian Edward Nuevo, Alfredo Jose Ballesteros, Joy Bagas, and Valerie Gilbert Ulep highlighted the “very siloed, random, and indiscriminate” investment and resource allocation on nutrition programs across varying levels of governance. They noted that investments and resource allocation for nutrition programs remain fragmented, haphazard, and lacking a systematic approach.

The authors observed that despite integrating the PPAN framework into regional, provincial, and city/municipal nutrition action plans, there is a widespread lack of awareness regarding the PPAN at the barangay level, which is supposed to serve as the primary site for implementation.

“Although certain nutrition-sensitive and specific programs receive consistent and more funding than others, allocations tend to skew disproportionately to the disadvantage of other nutrition programs,” the authors said.

Moreover, they noted that funding inequities across local government units

show the lack of specific guidance for budget allocation in nutrition. Nutrition financing appears to be heavily influenced by the priorities of local chief executives, such as mayors. The authors pointed out that regional budget allocation is often driven by local political factors, determining the level of resources allocated to nutrition and which specific nutrition programs receive funding.

The study also found that although accountability is required across governance levels, the lack of sufficient human resources, especially at the city or municipality and barangay levels, remains a major implementation problem.

Recommendations

To enhance nutrition financing, the authors recommended aligning the delivery of services and governance of nutrition programs with the recent reforms introduced by the Universal Health Care Act. Specifically, they advocated capitalizing on health financing reforms by tapping into mechanisms linking payments with actual performance and service delivery. This allows financing nutrition-specific program components such as supplies, commodities, IYCF counseling, vitamins, and supplements through PhilHealth as individual-based health services. However, some aspects are still funded by similar programs of the Department of Health.

The authors also highlighted that PhilHealth is increasingly shifting toward

performance-based payments tailored to the specific circumstances of localities and providers. This presents an opportunity to optimize the linkage between nutrition targets, interventions, and resource financing.

The authors further suggested strategically integrating nutrition as a vital component within the primary care-oriented health system. They emphasized that adopting this approach would prompt the system to reorient its service delivery and financing priorities, ultimately leading to equitable delivery and access to nutrition services across all populations.

Moreover, the authors stressed the importance of operationalizing nutrition

programs encompassing interventions from pregnancy to the first three years of life. They called for developing and disseminating an evidence-based framework that combines the principles of the First 1,000 Days Strategy and the Nurturing Care Framework for Early Childhood Development. This comprehensive framework would serve as a guiding tool to enhance the direction and strengthen the implementation of nutrition interventions.

Furthermore, the authors emphasized the significance of ensuring sufficient knowledge, resources, and organizational capacity to facilitate the consistent adoption and investment in programs from the national to barangay levels. **MPT**



Findings showed that continuous promotion of optimal infant and young child feeding practices and expansion of zinc supplementation will prevent almost 30,000 cumulative child deaths by 2030.

Proximity, quality of facilities significantly impact education, health outcomes of 4Ps children, PIDS study reveals

A RECENT STUDY by the Philippine Institute for Development Studies (PIDS) has revealed the crucial role of proximity and quality of schools and health centers in shaping the behaviors and outcomes of children enrolled in the *Pantawid Pamilyang Pilipino* Program (4Ps). The 4Ps is the government's flagship conditional cash transfer initiative aimed at improving the education and health of children from poor households.

Authored by PIDS researchers Michael Abrigo, Danika Astilla-Magoncia, Zhandra Tam, and Sherryl Yee, the study titled "*Conditional cash transfers in resource-poor environments: Evidence from the Philippine 4Ps*" goes beyond previous evaluations by examining additional factors contributing to the program's impact heterogeneity and offers insights for policy improvements.

One key finding of the study is that the proximity and quality of schools and health centers significantly influence the school attendance and vaccination rates among 4Ps beneficiaries. The authors explained that children who live far from schools are less likely to attend regularly, while inadequate health resources and vaccine supplies hinder the attainment of age-appropriate vaccinations.



Inadequate health resources and vaccine supplies significantly influence the vaccination rates among 4Ps beneficiaries.

The study revealed that while the 4Ps provides some assistance, it does not fully mitigate the adverse effects of inadequate facilities. This highlights the need for complementary efforts to address supply-side challenges and enhance the availability and quality of education and health services.

For instance, the authors showed that inadequate health human resource (HHR) supply was associated with a substantial decline of 7.7-percentage points in basic

immunization rates among children. Similarly, insufficient vaccine supply was linked to a 4.2-percentage-point reduction in the likelihood of receiving all age-appropriate vaccinations. These estimates are particularly striking compared to the baseline vaccination rates of 42.4 percent for basic immunization and 4.3 percent for age-appropriate vaccinations among children.

Interestingly, the study also examined the modifying effects of the 4Ps on these

supply-side limitations. Although the estimates were imprecisely measured, the findings demonstrated that 4Ps eligibility has a mitigating impact on the adverse influence of certain supply-side factors, specifically HHR supply and distance to health facilities, on child immunization rates. This suggests that the cash incentive provided by the 4Ps has played a role in bridging the gap between supply-side challenges and behavioral changes related to vaccination.

The study also looked into the issue of potential crowding-out effects on nonbeneficiaries due to the program's targeted actions and found no evidence of such impact, specifically in relation to child immunization. The authors noted that children from 4Ps beneficiary households might even face slight disadvantages compared to nonbeneficiaries due to the expanded services provided by facilities.

According to the authors, the provision of 4Ps-focused additional services in the nearest health facility increases the likelihood of basic immunization among near-poor children by approximately 11-percentage points but only by 3.2-percentage points among poor children. However, the effects of these affirmative actions on age-appropriate vaccinations were found to be less pronounced.

Regarding school enrollment, the study found that the 4Ps had a limited impact on improving enrollment rates across education levels. This is consistent with previous findings and can be attributed

to the high baseline enrollment rates observed among non-4Ps children. However, the study stressed the importance of considering the nuanced effects of the program, especially under poorer baseline circumstances where cash transfers may have a greater impact.

Furthermore, distance to school emerged as a significant factor affecting school attendance but not enrollment. The study also suggests that student-classroom and student-teacher ratios influence household education investment decisions, although the estimates vary across model specifications.

Interestingly, the presence of master teachers in schools is positively associated with elementary school enrollment and attendance in junior

and senior secondary levels. The study indicates that the 4Ps program can attenuate the adverse influence of increasing student-teacher ratios on enrollment propensity in senior high school. However, it raises concerns about the lower enrollment likelihood of 4Ps-eligible children in elementary school when the nearest school has a higher student-to-classroom ratio, requiring further investigation.

While demand-side interventions can contribute to progress, they have limitations. "Inexistent or poor-quality supply of education and health services have sizeable influence on human capital investments on children. Addressing these supply availability and quality gaps is paramount," the authors concluded. **GGM**



Children who live far from schools are less likely to attend regularly, highlighting the need to enhance the availability and quality of education services.

PH public transfer system: A worthwhile investment with sustainable returns—PIDS study



A public transfer system is a set of government programs and policies to redistribute resources and provide financial assistance.

THE PHILIPPINE GOVERNMENT'S transfer system is a worthwhile investment, with returns closely aligned with market interest rates.

This was according to a team of researchers at state think tank Philippine Institute for Development Studies (PIDS), who analyzed the incidence of public transfer flows across different age groups using a comprehensive set of macroeconomic accounts spanning seven decades.

In the PIDS study, *"Is government a good investment? Public transfers for*

Filipino generations born in 1950–2020", authors Michael Abrigo, Katha Ma-i Estopace, Zhandra Tam, and Kean Norbie Alicante revealed that while individual programs may have subpar returns when considered separately, the system allows for intergenerational resource reallocation that would otherwise be challenging to achieve.

A public transfer system refers to a set of government programs and policies to redistribute resources and provide financial assistance to individuals or groups within a society.

Influence of demographic forces

The authors acknowledged the significant impact of demographic forces on public finance, although their influence has diminished in recent years. They highlighted that the previous public transfer system benefited from favorable demographic conditions, which may not be sustainable in the long term. This raises the critical question of whether the expected productivity growth stemming from enhanced human capital will adequately offset the fiscal risks of population aging.

Evolution of the PH public transfer system

Through the years, the Philippine government has implemented key social protection programs that have transformed into established institutions. Milestones such as the transfer of control over the public school system from the American colonial government, the establishment of separate old-age pension systems for private and public sector employees, and the introduction of social health insurance and universal coverage have significantly shaped the system. Other notable reforms include expanding the education system and introducing free primary and tertiary education in subsequent years. A noncontributory social pension

program was implemented in addition to old-age pension systems. Meanwhile, taxes, contributions, and public transfers increased over time, primarily benefiting younger cohorts.

Winners and losers

The study's estimates explained the effects of these reforms on different population cohorts, reflected in the age schedule of taxes, contributions, and benefits. In particular, examining the age at which individuals contribute to and benefit from the system reveals the specific effects of these reforms on different population segments. This analysis allows for a deeper understanding of how the reforms have influenced the distribution of taxes, contributions, and benefits across various age groups.

The PIDS study identifies winners and losers within the public transfer system. Based on lifetime public transfer flow estimates, the millennial generation (i.e., those born in the 1980s and 1990s) appears somewhat disadvantaged, while Generation Z (i.e., those born in the 2000s and 2010s) emerges as winners or at least not worse off compared to other generations. These findings align with previous studies on the US, Austria, Spain, and France populations, indicating variations in net contributions among different generations, particularly those born after World War II.

Cohorts born in the 1980s and 1990s appear relatively disadvantaged. In terms of undiscounted flows, education and

healthcare programs generate a fiscal surplus, while social health insurance and old-age pension systems show a positive surplus for different cohorts. When normalized against lifetime labor income, the public transfer system provides substantial benefits, with Generation Z cohorts emerging as overall winners regardless of the discount factor applied.

Sustainability of the PH transfer system

Public transfers in the Philippines have experienced significant growth, averaging about 6 percent annually since 1950. According to the PIDS paper, while certain programs like old-age pensions and social health insurance face fiscal sustainability challenges due to net deficits, the overall public transfer system remains sustainable. Notably, the estimated returns from these transfer programs closely align

with market interest rates, indicating the effectiveness of reallocating resources through transfers in the country.

The study also examined the implied internal rates of return to the public transfer system and its programs for each cohort. The results indicate that while all rates of return are positive, rates within individual programs are generally below-market interest rates and decline with each birth cohort, except for old-age pension. However, when programs are combined, the implied borrowing rates align much closer to market rates. Implied lending rates increase with each birth cohort and approximate market rates only for more recent generations. These findings suggest that the public transfer system in the Philippines, particularly when programs are combined, is relatively efficient and approaches generational fairness. **GGM**



Notable reforms include the expansion of the education system and introduction of free primary and tertiary education.

Strengthen primary care to ease financial burden of NCDs

IMPROVING THE CURRENT state of primary care can reduce the burden of the healthcare costs of noncommunicable diseases (NCDs).

This is based on the analysis of a study by state think tank Philippine Institute for Development Studies (PIDS) titled “Determinants of household out-of-pocket expenditure on noncommunicable diseases: Evidence from the 2018 National Health Expenditure Survey”.

Authored by PIDS Senior Research Fellow Valerie Gilbert Ulep and Consultant Lovely Ann Tolin, the study analyzed out-of-pocket (OOP) health expenditure on NCDs using the 2018 Philippine National Health Expenditure Survey. It highlighted that NCDs, a leading cause of mortality in the Philippines and globally, account for about 71 percent of all deaths worldwide, or 41 million people annually.

“NCDs have increasingly taken a larger share of global mortality, therefore surpassing infectious disease,” the authors said.

NCDs’ healthcare costs include direct costs, such as medical consultations and hospitalization, and indirect costs, like productivity or income losses from a disease or illness. Citing World Health Organization estimates, the study noted



The costly nature of treating noncommunicable diseases could lead to or worsen poverty and widen social inequities, according to a PIDS study.

that NCDs cost the Philippine economy PHP 756.5 billion in 2015, equivalent to 4.5 percent of the country’s gross domestic product annually.

The burden of NCDs adversely impacts not only the population’s health but also its economic well-being. It hurts poor households the most, particularly in the Philippines, where OOP expenditures remain the major source of healthcare financing.

The authors emphasized that the costly nature of treating NCDs could lead to or worsen poverty and widen social inequities.

Hence, they recommend expanding the country’s primary and preventive care, widening health insurance coverage, and providing better access to healthcare services to manage NCDs.

“Supplementary or increase in insurance coverage, improved primary healthcare services, and greater accessibility to these services could aid in reducing the burden of healthcare costs of NCDs among Filipinos,” the authors said. They added, “early detection by preventive screenings and early treatment initiation will help decrease disease progression and reduce preventable hospitalizations.”

The study stressed that countries with established primary health care have 18 percent lower health expenditures than those without primary care. On the other hand, countries with weak primary care have statistically higher healthcare costs.

Looking into the relationship between OOP spending on NCDs and the type of health facilities, the study revealed that private facilities incurred significantly higher costs than other facilities. A large percentage of the population (40%–45%) relies on private facilities. However, public hospitals were utilized the most for inpatient and outpatient care at 25.66 percent and 60.16 percent, respectively, followed by private hospitals.

The study noted that more than half of the individuals were covered by the Philippine Health Insurance Corporation (PhilHealth), while a small percentage availed of other types of health insurance, such as private insurance, health maintenance organization, the Social Security System, and the Government Service Insurance System.

Most inpatient and outpatient costs were spent on medicines, followed by professional care. However, despite the wider benefit coverage of PhilHealth, it failed to cover all essential medicines. Moreover, PhilHealth did not reduce OOP spending on NCDs for both inpatient and outpatient services, making patients shoulder substantial payments.

“Benefits package offered or support value for NCDs was inadequate, which

implies that PhilHealth insurance was not able to ensure financial protection,” the authors said.

They warned that this might affect the quality of health services, such as the continuous supplies of medicines and equipment, and encourage irrational use of health services, wherein patients opt to access secondary or tertiary facilities for primary care. Further, this could result in inefficient service delivery and, eventually, higher healthcare expenses.

Since access to health facilities also matters in OOP spending, the authors suggested providing additional services to NCD patients who live farther from healthcare facilities, especially in remote and rural areas. For instance, they suggested these areas can explore

telemedicine to improve patients’ access to facilities and services.

Comorbidity also affects OOP spending. For instance, based on the study, outpatient OOP spending tends to increase with the number of comorbidities. The opposite was observed for inpatient OOP spending, as the presence of comorbidity can incur a significantly lower cost.

Catastrophic spending was higher among households with at least one member with NCD relative to households with one member with a communicable disease. To improve treatment services for NCDs and reduce the burden of OOP spending, the government can explore the provision of tax incentives to increase private health insurance coverage to supplement PhilHealth. **EGR**



Despite the wide benefit coverage of PhilHealth, it does not cover all essential medicines, leading to patients shouldering substantial payments.

PIDS study calls for strategic allocation of Philippine Sin Tax funds to address health coverage gaps



PhilHealth, in collaboration with other relevant government agencies, must ensure the accuracy, validity, and consistency of data on indigents at national and subnational levels to improve healthcare equity throughout the country. (Photo from PhilHealth website)

Although there have been significant increases in public health funding since the enactment of the Sin Tax Reform Act (STRA), this did not lead to improved health outcomes and spending capacity. Hence, the Department of Health (DOH) and other relevant implementing agencies must strategically request, allocate, and utilize funds from sin tax revenues to address service coverage gaps.

This was according to Philippine Institute for Development Studies (PIDS) researchers Miharū Jay Kimwell, Frances Lois Ngo, Vicente Alberto Puyat, and George Douglas Siton in their study *“Efficiency and effectiveness of earmarking*

for public health in the Philippines”. Implemented in 2012, the STRA (Republic Act 10351) enables reforms to tobacco and alcohol excise taxation as a commitment to the World Health Organization (WHO) Framework Convention on Tobacco Control. In particular, the law mandates (1) a substantial increase in excise tax rates from a multitiered ad valorem system to a one tax rate for all like-products, (2) an annual 4-percent increase in excise tax, and (3) substantial earmarking of revenues for healthcare implementation.

Presently, the STRA earmarks around 85 percent of incremental tax revenues collected from sin taxes to the health

sector and funds DOH public health programs and Philippine Health Insurance Corporation (PhilHealth) premium payments toward more progressive universal health care.

However, the study highlighted the potential for improving the utilization of funds collected from excise tobacco and alcohol revenues to enhance health programs. While it is acknowledged that the current utilization may be less efficient or equitable, this presents an opportunity for optimizing resource allocation and achieving better outcomes. The study also emphasized the need to address the underutilization of allocated funds to enhance health facilities, which can be resolved using an allocation framework anchored on equity. With a focus on maximizing the impact of these resources, there is great potential for enhancing the effectiveness and efficiency of health programs in the future.

The PIDS study stressed that all health programs must incorporate poverty incidence criteria in their administrative processes when allocating funds and implementing programs and activities. According to the authors, this ensures that equitable healthcare assistance is guaranteed to all, especially in areas with high at-risk subpopulations.

Meanwhile, they also argued that while earmarking policies have notably increased public spending on health and reduced the prevalence of tobacco and alcohol consumption, there needs to be a proper assessment of the efficient use of health resources, specifically on the targeted DOH programs and PhilHealth. They added that the STRA earmarking policy must be assessed in relation to attaining equity, quality of care, and financial protection in the use of health services.

Moreover, the PIDS study also emphasized aligning health financing policy with public financial management to ensure equitable and efficient fund distribution.

Assessing the quality of STRA implementation

Using a modified intersectoral framework, the PIDS study evaluated the quality of the Philippine public health sector's implementation of the STRA. It stressed the need to revisit earmarking policies and processes to reap the benefits of earmarked funds adequately, efficiently, equitably, and effectively in the public health sector.

On adequacy, the study found that although overall health appropriations significantly jumped by an average of PHP 35 billion from 2014 to 2020, inconsistencies in the annual budget increase of funding sources (i.e., Philippine Amusement and Gaming Corporation and Philippine Charity Sweepstakes Office) to implement healthcare programs persist.

It noted that both funding agencies still supplement each other in financing approved DOH health budgets. Hence, an increase in additional financing sources for the health sector must be considered to elevate access to public health services. The authors also reiterated that the DOH must exhibit transparent accounting records to substantiate the need for a bigger fiscal space for optimized health outcomes.

Meanwhile, it was observed that indigent members under the National Health Insurance Program account for the majority of STRA funds. While this suggests considerable progress in attaining equitable access to health services among minorities, the study revealed that poverty incidence and indigent and sponsored membership have a weak association.

Hence, "PhilHealth needs to continuously work with the Department of Social Welfare and Development to ensure that beneficiaries are selected based on the National Household Targeting System for Poverty Reduction criteria to ascertain that subsidized membership reaches the indigent households," the authors suggested.

It was also revealed in the PIDS study that the effectiveness of earmarking in achieving target outcomes varies widely across health programs. It emphasized that issues with efficiency and equity of appropriations and revenue utilization limit the extent of improvement among program indicators. For instance, modern contraceptive coverage among women

of reproductive age yielded improved results with increased budget allocation. However, budget increases in the country's immunization coverage did not show a significant positive correlation in the same scenario. Thus, performance indicators of different programs should be revisited to quantify targets and outcomes effectively.

Meanwhile, the authors also emphasized that "while public expenditure can significantly influence health status outcomes, it is far from the sole or most important determinant." Thus, it is imperative to consider the impact of earmarking and sin tax revenues on health outcomes across different social determinants of health, including geographic location, age, sex, and income class, and assess how pooled funds can be equitably distributed across them.

Do graphic health warnings on cigarette packaging contribute to smoking cessation?

In another PIDS study titled "*Impact Evaluation of DOH's Implementation of Articles 6 and 11 of the Framework Convention of Tobacco Control*", authors Valerie Gilbert Ulep, Nina Ashley Dela Cruz, Alfredo Jose Ballesteros, Alyssa Cyrielle Villanueva, and Clarisa Joy Flaminiano found that larger pictures of graphic health warnings (GHWs) on dark-colored cigarette packaging have a statistically significant influence on reducing cigarette demand by 5 percent. Similarly, dark-colored GHWs reduce the smoking probability of nonsmokers by 6 percent.

Thus, the authors noted that using large, more graphic, print graphic health warnings on dark-colored cigarette packaging reduces consumption and initiation. They also emphasized that “the images of smoking-related diseases should be easily recognized” to prompt smokers to think they could contract the same diseases if they continue their smoking habits.

Meanwhile, the PIDS study found that the implementation of increased excise taxes led to a dramatic increase in government revenues designated for alternative livelihood programs, healthcare financing, and expenditures. The government is thus advised to investigate the utilization and allocative efficiency of earmarked funds and local government shares from tobacco excise tax collections.

Data from the 2015 Global Audit Tobacco Survey found that STRA implementation has significantly decreased the prevalence of tobacco use over the last decade. It found that tobacco use prevalence among adults aged 15 and above decreased to 23.8 percent of the adult population (or 16.6 million adults) compared to 2009. Nevertheless, cigarette consumption continued to demonstrate price inelasticity despite excise tax increases, meaning it remained relatively unaffected by price changes. This was also consistent with 2014 National Tax Research Center data which suggests that cigarettes (with a net retail price of PHP 12 and below) recorded increases in consumption despite price hikes.

Moreover, the study cited several socioeconomic factors, such as sex,

educational level, and income class, that influence the likelihood of smoking. In particular, females have a 36 percent lower chance to smoke than males; urban residents are more susceptible to smoking than rural residents; those with higher levels of education have a decreased smoking probability than their counterparts by 0.25 percent; and those in the wealthiest bracket are associated with an 8-percent lower chance of smoking than those in the poorest income bracket.

The study also found that although there was an increase in illicit tobacco trade after the implementation of the STRA, there is not enough evidence to confirm a direct link between illegal trade and excise tax increases. It is recommended to conduct future studies to directly observe cigarette consumption and investigate other factors influencing illegal trade. **MPT**



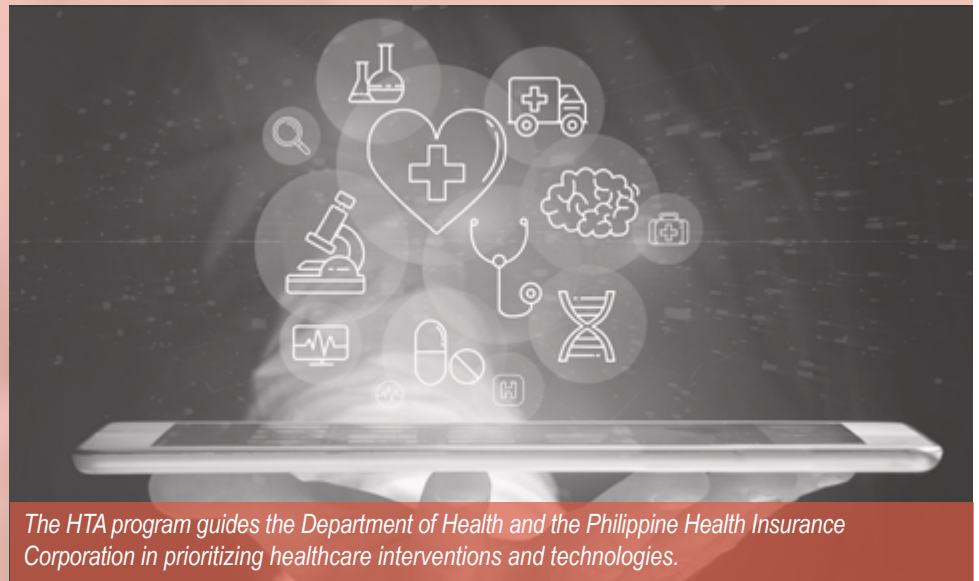
The study noted that dark-colored packaging and larger pictures on graphic health warnings (GHWs) have a statistically significant influence on reducing cigarette demand by 5 percent. Likewise, GHWs would result in a 750,000 reduction in smokers. (Photo from WHO website)

Address lack of local data, workforce to enhance HTA process—PIDS study

THE PHILIPPINES STILL has significant work ahead to enhance the Health Technology Assessment (HTA) program and strengthen healthcare decisionmaking.

This was according to the Philippine Institute for Development Studies (PIDS) study titled “An outcome evaluation of the Philippine Health Technology Assessment program” by John Wong, Stephanie Anne Co, Cheyenne Ariana Erika Modina, Krizelle Cleo Fowler, Mary Gil Tarroc, Eunice Mallari, Abigail Tan, and Carlo Yao.

With the passage of the Universal Health Care (UHC) Act in 2019, the establishment of the HTA program was mandated as “a fair and transparent priority-setting mechanism” to guide the Department of Health and the Philippine Health Insurance Corporation in prioritizing healthcare interventions and technologies. The law further created the HTA Council (HTAC) to undertake technology appraisals and determine the clinical and economic values of various healthcare interventions and technologies within the Philippine healthcare system. The HTAC has subcommittees on (1) drugs, (2) vaccines, (3) clinical equipment and devices, (4) medical and surgical procedures, (5) preventive and promotive interventions, (6) traditional medicine, and (7) other health technologies.



The HTA program guides the Department of Health and the Philippine Health Insurance Corporation in prioritizing healthcare interventions and technologies.

However, the program’s inception coincided with the onset of the pandemic, leading to a shift in HTA priorities toward COVID-related tests, vaccines, and technologies in 2020 and 2021. To gain insights from this experience and further improve the HTA process, the PIDS study evaluated the utilization of HTA in policy decisions on technology procurement during the pandemic.

A notable challenge was the scarcity of local and economic costing data, forcing the government to rely on existing systematic reviews conducted by the World Health Organization and other HTA agencies. While this approach helped address urgent needs, the Philippines should seek more viable solutions to

overcome the dearth of local data. Conducting landscape analyses of studies, data inventories, and data source mapping can aid in identifying the specific types of data required for HTA, such as disease burden, serological profile, and costs. The authors also emphasized the importance of knowledge-sharing initiatives and establishing formal collaborations among public and private hospitals, medical societies, academe, and medicine and device manufacturers.

The lack of trained personnel is also a challenge, greatly affecting the HTA process, timeline, and priorities. Thus, the authors proposed increasing funding for human resources and training. They also cited best international practices

that the Philippines could adopt, such as in Thailand, where education and information programs are conducted annually, and in developed countries, where collaboration with HTA and academic institutes is pursued.

Aside from improving data and human resources, enhancing communication with industries, local governments, the public, and relevant stakeholders is crucial. In the interviews with end users, concerns were raised about the lack of awareness among the public, including doctors and patients, regarding the role of HTA in the healthcare system. Thus, the authors urge the government to involve stakeholders by conducting more public consultations and creating a communication team capable of disseminating HTA reports and concepts to different audiences.

Despite these gaps, results from the interview with end users showed high regard for the impact and relevance of HTA, given its influence on health technology access, treatment, and overall policymaking. The respondents also gave high ratings for the scientific rigor, value, credibility, and acceptability of HTA recommendations. They expressed that HTA was critical in policy drafting and agenda setting, particularly in decisions on the cost-effectiveness of technology and medications.

Improved health outcomes in poor areas linked to doctors in barrios

Meanwhile, the study titled *“Impact evaluation of the Human Resource for Health Deployment Program”* by

PIDS researchers Michael Abrigo, Gina Opiniano, and Zhandra Tam assessed the impact of the Doctors-to-the-Barrios (DTTB) program on access to health services, health outcomes, and local health systems.

Results of this PIDS study showed that deploying DTTB in low-income municipalities increased modern contraceptive prevalence by 54-percentage points. Meanwhile, underweight prevalence among children below 5 years old decreased by 19-percentage points.

According to the authors, these impacts are both clinically and economically significant. Specifically, life expectancy at birth among underweight children is expected to increase by 3.5 years. Considering the entire population, this translates to a net present value increase of PHP 717 per capita lifetime labor income, using a 7 percent discount rate. In terms of cost-effectiveness, the benefit-cost ratio is estimated at 10, compared to the per capita cost of the HRH deployment program of PHP 71. Additionally, the implied rate of return from the DTTB program, through averted mortality, is calculated to be 15.9 percent, surpassing the Philippine government’s adopted social discount rate of 10 percent.

Meanwhile, the impact of DTTB deployment on contraceptive use and underweight prevalence among children is also noteworthy. In the poorest household quintile, modern contraceptive use prevalence among married women

is only 43.8 percent. In comparison, underweight prevalence among children below 5 years old in the poorest rural household quintile is 29.3 percent. Comparing these reference rates, the results of this study indicate that DTTB deployment doubles modern contraceptives-use propensity and decreases child underweight prevalence by two-thirds in poor municipalities.

The DOH introduced the DTTB program in 1993 to augment the supply of rural health physicians in underserved areas. The department recruits physicians and deploys them in low-income municipalities, prioritizing fifth and sixth class municipalities with no doctors for at least two years. It also pays for the physicians’ monthly salaries and social security contributions, while the host local government provides board, lodging, and other allowances.

Physicians under the DTTB program function as municipal health officers or rural health practitioners in their host municipalities. They take charge of local health offices, supervise their personnel, and formulate and implement public health programs.

The authors used regression continuity design and employed data from (1) the 2017 National Demographic and Health Survey, which contains individual-level information on health utilization and outcomes; and (2) the 2012–2018 Local Government Unit (LGU) Health Scorecard, which contains LGU-level aggregated information on health sector outputs and outcomes. **WMA**

RESEARCH DIGESTS

PIDS Book 2023-02

#CloseTheGap: Accelerate Post-pandemic Recovery through Social Justice (Proceedings of the Eighth Annual Public Policy Conference 2022)

by *Philippine Institute for Development Studies*

Socioeconomic disparities in the Philippines have persisted and even worsened in the wake of the COVID-19 pandemic. To break longstanding inequities, remove deep-seated structural and systems challenges, and ensure that no one is left behind, social justice should be the front and center of policymaking and program implementation as the country recovers from the socioeconomic crisis brought by the pandemic. In 2022, the Institute dedicated the Eighth Annual Public Policy Conference (APPC) to discuss possible policy actions in reducing and removing structural inequities in the post-pandemic era. Through a four-part webinar series, renowned international and local experts and policy analysts from various fields and representatives from the government, academe, private sector, and civil society shared insights on social justice and how it may be effectively applied to the design and delivery of education and health services, social protection programs, and interventions to promote environmental resilience and tackle climate change. This volume, which compiles the presentations and discussions during the four-part APPC webinar series, is a practical resource for the public and policymakers alike in making informed decisions regarding the post-pandemic future of the Philippines. Download the book at <https://pidswebs.pids.gov.ph/CDN/document/pidsbk2023-appc2022proceedings.pdf>.

PIDS Book 2023-03

Critical Issues in the Philippine Digital Economy

Edited by *Connie G. Bayudan-Dacuycuy and Ramonette B. Serafica*

The Philippines has experienced significant growth in its digital economy,

driven by the rise of information and communications technologies (ICTs) and accelerated by the COVID-19 pandemic. This transformation has resulted in the emergence of new business models, innovative products and services, and alternative ways of conducting business. The effective utilization of digital technologies can contribute to the country's economic performance and promote inclusive and sustainable development. However, to fully benefit from these opportunities, it is crucial to bridge the digital divide and address policy issues. The Philippine Institute for Development Studies (PIDS) has compiled research on various aspects of the digital economy, including e-commerce, financial technology, online work, smart cities, digital connectivity, and gender, to provide insights and guidance for achieving inclusive socioeconomic development and positioning the Philippines as a leader in the digital economy. Download the full publication at <https://pidswebs.pids.gov.ph/CDN/document/pidsbk2023-DigitalEconomy.pdf>.

DP 2023-10

Effects of the COVID-19 Pandemic on Employment and Wages in the Philippines

by *Margarita Debuque-Gonzales, Ma. Christina F. Epetia, and John Paul P. Corpus*

This study investigates the impact of the COVID-19 pandemic on the labor market in the Philippines, focusing on employment and real wages across different sectors and worker characteristics. The findings reveal that the pandemic had a more significant immediate effect on employment than on real wages, which contrasts with previous crises. Contact-intensive sectors, especially male workers with less education and in middle-skill jobs, experienced the worst impact in terms of wage declines and employment losses. After a year of the pandemic, the recovery was uneven, with less favorable real

wage trends for women, especially young females and those in middle-skill and high-skill jobs. However, male workers experienced a recovery in real daily wages, largely driven by improvements in the rural sector, particularly in agriculture. The study recommends implementing active labor market policies, such as reskilling and training programs and social protection measures for vulnerable workers. It also emphasizes the importance of a targeted fiscal response to address the differential impacts on sectors and worker subgroups. Download the full study at <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2310.pdf>.

PN 2023-13

Starting Strong: Why Early Childhood Care and Development Matters in the Philippines

by *Valerie Gilbert T. Ulep, Lyle Daryll D. Casas, and Suzy M. Tapanan*

Written for the Second Congressional Commission on Education and based on existing research, this *Policy Note* investigates the connection between health and nutrition, early childhood education, and the underlying factors that hinder progress in early childhood care and development. It reveals low enrollment in kindergarten schooling and an uneven distribution of early childhood schools across the country. To enhance access to early education, the authors urge the government to (1) sustain investments in capital and human resources, (2) explore innovative approaches to delivering early education, and (3) address demand-side challenges related to parental behavior in early education. The study also underscores the persistent issues of stunting and wasting among under-five Filipino children, adversely impacting their cognitive, physical, and social development. Consequently, it recommends implementing comprehensive, convergent, and continuous health and nutrition services. Download the full study at <https://pidswebs.pids.gov.ph/CDN/document/pidspn2313.pdf>.

Child Immunization in the Philippines: Unpacking the Unmet Target and How to Address It

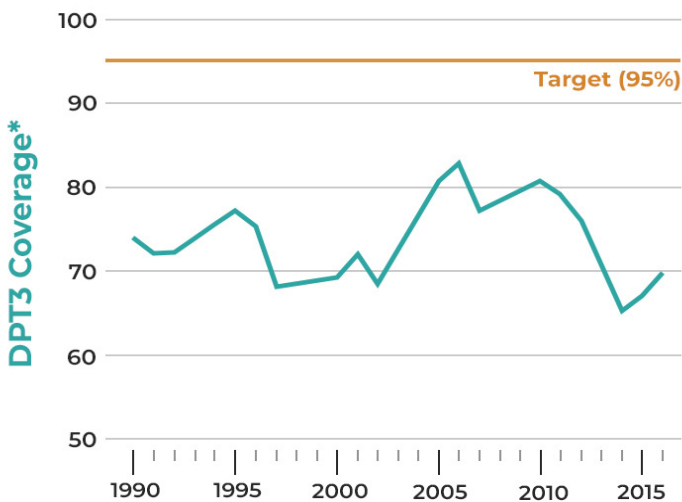
The Department of Health, through its Expanded Program on Immunization (EPI), aims to immunize 95 percent of Filipino children against a set of 11 serious but preventable diseases. However, this target has not been reached in the last 30 years. The highest basic vaccination coverage so far was 80 percent in 2016. Without a sufficiently high proportion of children vaccinated, herd immunity for the population cannot be reached,

and outbreaks of diseases like measles and polio may easily spread among Filipino children and the population.

This infographic sheds light on the EPI's performance and issues that affect the delivery of vaccines to Filipino children. It also offers recommendations to address challenges in implementing the national immunization program. **JCS**

Performance

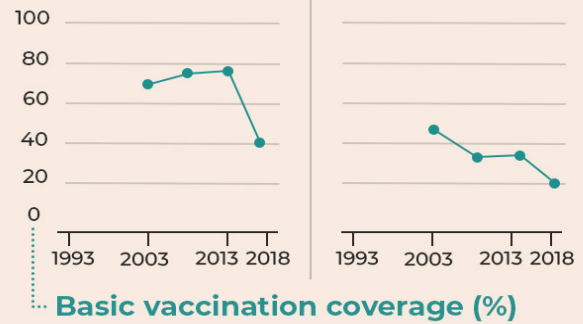
Vaccine coverage among children ages 12 to 24 months has been unstable for years.



Among the regions,

SOCCKSARGEN (Region XII) has the steepest decline in vaccination coverage.

Only BARMM has not yet achieved basic vaccination coverage above 50 percent.



Source: NDHS (various years)

*DPT3 = third dose of diphtheria, pertussis, and tetanus vaccine; coverage is among children ages 12 to 24 months
Source: National Demographic and Health Surveys (various years)

Timeliness and equitable access to childhood vaccines

In 2017, only 10.6% of immunized children had all their basic vaccines and corresponding doses administered on time.



Basic vaccines:
BCG, 3 doses polio,
3 doses DPT,
1 dose measles

Source: NDHS (various years)



1 out of 3 children missed the required second vaccination dose against measles.

Source: PSA and ICF (2017)

Children of mothers without formal education and with limited access to maternal healthcare services are more likely to miss succeeding vaccination doses.



Ways Forward

SHORT TERM (1-2 YEARS)

MEDIUM TERM (3-5 YEARS)



Prevent stockouts.

Diversify ways of getting data and understanding immunization needs to effectively plan for vaccine supply.

Consider multiyear planning.

Solve causes of delays in procurement steps. Enhancements may be needed in technology, expertise, or finances.

Decide what will be the stable source of vaccine supply. Explore local capacity to manufacture vaccine.



Improve timeliness and coverage of vaccination.

Add more EPI staff and develop their technical know-how on immunization operations.

Invest significantly in storage, logistics, and health promotion.

Consider the DOH as primary procurement entity of vaccines. This must be complemented with a robust supply chain.

Tap the private sector to do some parts, such as distribution and conduct of routine vaccination, to expand service delivery.



Improve the monitoring and evaluation system for better targeting.

Calibrations to the EPI must ensure that the poor population and low-coverage areas are not left behind.

Consider timeliness of vaccination as a performance metric. Maximize information and communications technology for inventory management.

Leverage the national ID system to establish and use an electronic immunization registry to help quicken operations.

This infographic is based on PIDS Research Paper Series titled "An Assessment on the Expanded Program on Immunization (EPI) in the Philippines: Supply-side Challenges and Ways Forward", written by PIDS Senior Research Fellow Valerie Gilbert T. Ulep and PIDS Supervising Research Specialist Jhanna Uy. The full version of this infographic can be downloaded from <https://www.pids.gov.ph/details/resource/infographics-policy-issue/policy-issue-at-a-glance-child-immunization-in-the-philippines-unpacking-the-unmet-target-and-how>, while the full study may be accessed at <https://pidswebs.pids.gov.ph/CDN/document/pidsrp2204.pdf>.

**POLICY
ISSUE AT
A GLANCE**

Editor's Notes (continued from page 2)

To enhance nutrition financing, the government is urged to align the delivery of nutrition services with recent reforms introduced in the Universal Health Care (UHC) Act, strategically integrate nutrition as a vital component of the primary care system, and include it in interventions from pregnancy to the first 1,000 days of life and early childhood care and development.

Effective public transfer programs aimed at redistributing resources and providing social protection to needy and vulnerable groups are likewise critical for human capital development. A PIDS study featured in this issue confirmed that it is a worthy investment with sustainable returns. Meanwhile, two other studies look at the repatriation of overseas Filipino workers (OFWs) during the pandemic and their access to health and social protection. Putting in place mechanisms to protect OFWs from similar shocks, such as augmenting the government's repatriation fund or setting up another type of fund for addressing various needs, including post-repatriation and reintegration, is crucial to ensure the well-being of migrant workers and their families. The government is also encouraged to establish greater access and portability of its health and social security systems to ensure optimal protection for OFWs.

Accessible and quality infrastructure is also essential in developing human capital. A separate article in this issue discusses a PIDS study showing that the proximity and quality of schools and health centers influence the school attendance and vaccination rates among beneficiaries of the *Pantawid Pamilyang Pilipino* Program. The study finds that children who live far from schools have lower attendance rates and have difficulty accessing age-appropriate vaccines. It thus recommends addressing these supply-side issues, including high student-classroom and student-teacher ratios.

Meanwhile, another article stresses the financial burden of noncommunicable diseases (NCDs), which globally have surpassed infectious diseases in terms of mortality rate. NCDs hurt a population's economic and social well-being and are particularly burdensome for poor households as out-of-pocket spending remains the major source of health financing in the Philippines. The authors thus recommend supplemental or increased insurance coverage for NCDs and improving the reach and quality of primary healthcare services.

Policy reforms must also include refining the utilization of sin tax revenues. A PIDS study recommends using an allocation framework anchored on equity to ensure that healthcare programs funded by the Sin Tax Reform Act benefit everyone, especially impoverished and vulnerable populations. For instance, while indigent members of the National Health Insurance Program account for most of the STRA funds, the study finds a weak association between poverty incidence and indigent and sponsored membership, raising questions on whether allocated funds from sin tax revenues indeed benefit the poor.

Another PIDS study also notes the need to enhance the Health Technology Assessment (HTA) program established as part of the UHC Act as a mechanism to guide the Department of Health and the Philippine Health Insurance Corporation in prioritizing healthcare interventions and strategies. The study finds that the lack of local and economic costing data and trained personnel constrained the HTA process, timeline, and priorities.

Completing this issue are summaries of our new publications and an infographic story that looks at the unmet child immunization target of the Philippines and how this may be addressed. **SVS**

About DRN

Development Research News is a quarterly publication of the Philippine Institute for Development Studies (PIDS). It highlights the findings and recommendations of PIDS research projects and important policy issues discussed during PIDS seminars. PIDS is a nonstock, nonprofit government research institution engaged in long-term, policy-oriented research.

This publication is part of the Institute's program to disseminate information to promote the use of research findings. The views and opinions expressed here are those of the authors and do not necessarily reflect those of the Institute.

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