

## *Pantawid Pamilyang Pilipino: Why “deepening” matters in achieving its human capital objectives*

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he *Pantawid Pamilyang Pilipino Program (4Ps)* is by far the largest poverty reduction and social development program the Philippine government has ever conceived. It is one of the most controversial government programs because it is new, its budget is huge, and it is mainly financed by loans. The 4Ps’ dual objectives are social assistance and social development. It provides cash assistance to poor families to alleviate their immediate needs and aims to “break the intergenerational poverty cycle through investments in human capital (DSWD 4Ps New Briefer).” This *Notes* aims to raise several issues in the program’s design and implementation which are critical to be addressed particularly in terms of achieving its social development objective. It draws heavily from the paper of Reyes et al. (2013). We argue that deepening the assistance

provided by the 4Ps to properly targeted beneficiaries may yield a greater impact than what the current setup would generate.

### **Which group of children to target?**

The 4Ps targets poor families with children up to 14 years of age using a specified proxy means test model. The program provides cash grants to its beneficiary households for health and educational expenses. The amount of the cash transfer depends on the number of children in this age category with three as the maximum. For instance, a poor family that has five children aged 0–14 can receive up to PHP 1,400 per month (PHP 500 for the health component and PHP 300 for the educational component for each of up to a maximum of three

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children). Once a child reaches 15 years of age, he or she no longer becomes eligible for the educational component and the family loses PHP 300 per month in grant.

The receipt of the grant is subject to certain conditionalities. These are:

- (1) children aged 3–5 must attend day-care or preschool classes at least 85 percent of the time;
- (2) children aged 6–14 must enroll in elementary or high school and attend at least 85 percent of the time;
- (3) pregnant women have to avail of the pre- and postnatal care and be attended during childbirth by a trained medical professional;
- (4) parents must attend family development seminars;
- (5) children aged 0–5 have to undergo regular preventive health checks and receive vaccines; and
- (6) children aged 6–14 must receive de-worming pills twice a year.

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targeted ones are those aged up to 14 years old. However, if one looks at the current condition of Filipino children in terms of education, the basis of the 4Ps in choosing this particular age range is somewhat ambiguous. The more pressing problem lies in the school participation of older children, not in the younger ones, as what Reyes et al. (2013) found in their study.

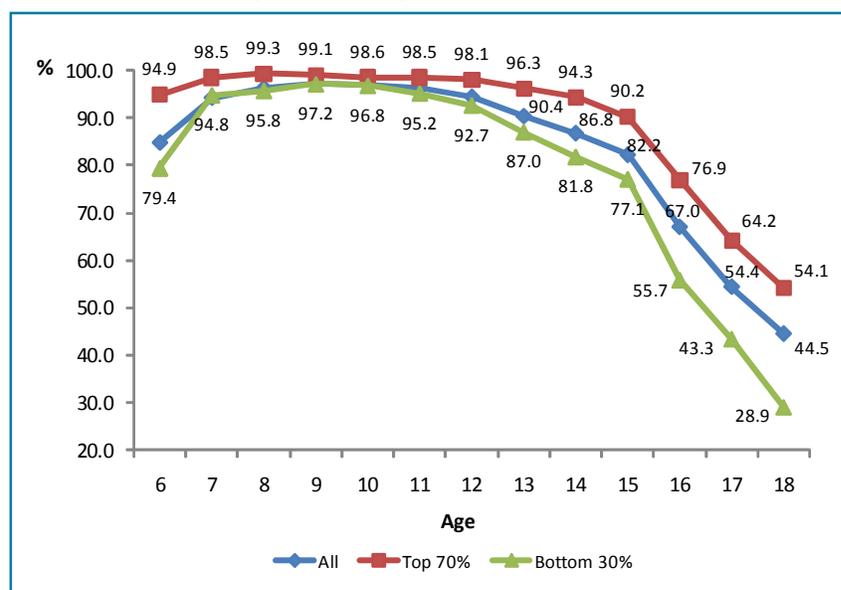
Using the Annual Poverty Indicators Survey (APIS), Reyes et al. (2013) showed that school attendance rate starts to slide at age 13–14. The school attendance rate for all children aged 7–12 is 96.4 percent. This means that 96 out of every 100 children aged 7–12 are attending school. The low school attendance rate of 84.8 percent among six-year-olds is mainly because parents think that the child is still too young to go to school. Previously, the Department of Education specified that the minimum age for enrolling in Grade 1 was seven years old. This was changed to six years old in 1995. At 13 years old, only 90 out of every 100 are in school. Only around 82 percent of the 15-year-olds are in school. Less than half, 44 percent, of 18-year-olds go to school. As can be gleaned from Figure 1, this predicament being an issue is the same even among the poor, represented here by the bottom 30 percent of the families. The school attendance rate between the total population and the bottom 30 percent is very small among children aged 7–12, averaging less than 1 percentage

point. The gap widens steadily such that the school attendance rate of 18-year-olds belonging to the bottom 30 percent is only 29 percent, compared to 44 percent for the total population, and 54 percent for those in the top 70 percent.

There are many factors that can explain this trend. The supply-side factors are more favorable to younger children than to older ones. There is far greater access to elementary schools than to secondary and tertiary ones. There is a public elementary school in almost all barangays, but this is not the case for public secondary schools.<sup>1</sup> Even without a grant, a poor family can send its children to elementary school because it is more accessible. However, resources are more limited when it comes to sending them to secondary schools, and it becomes even more difficult in the tertiary level as colleges and universities are usually located in the cities. More money is also needed to attend secondary and tertiary levels because of the more expensive requirements.

These supply-side factors go hand in hand with the fact that there is greater opportunity cost for older children to stay in school than for younger ones. It is understandable that older children especially in poor families do not go to

**Figure 1. Proportion of children attending school by income group and by single year of age**



Source: Reyes et al. (2013)

Source of basic data: Annual Poverty Indicators Survey (APIS) 2007, National Statistics Office (NSO)

school because they tend to seek employment to augment their family income. Based on the 2011 APIS, majority of teenagers (aged 15–18) do not go to school because of high education cost or they are either employed or looking for work (Reyes et al. 2013).

These issues suggest that it is relevant for the 4Ps to target not only children 6–14 years old but also those aged 15–18. The recommended 18-year-old cut-off reflects that the child is expected to complete the 12 years of primary and secondary schools by

<sup>1</sup> There are 38,351 public elementary schools servicing 42,000 barangays in the country while there are only 7,268 public high schools (a total of 12,950 secondary schools including the private ones) as of school year 2010–2011 according to Department of Education.

the time he/she reaches 18 years old based on the recently adopted K+12 program. If this happens, the program would not only become more relevant to the Philippine case but would also be much closer to the Latin American models of conditional cash transfer (CCT) programs which target extremely poor families with children aged up to 17 years (Reyes et al. 2013).

### So how long should the government provide assistance?

The 4Ps is designed to be implemented for a maximum of five years for each beneficiary family. For instance, a poor family with a three-year-old child can only be assisted up

until that child turns eight while one that has only a 12-year-old adolescent can only be assisted for a maximum of two years. This is a much shorter period of assistance than the Latin American version of the 4Ps where the maximum years of program participation can extend up to 10 years (for Mexico's *Oportunidades*) and the program specifically aims to see children finish senior high school (Table 1).

There is a solid basis as to why the program should aim for at least high school completion instead of mere elementary graduation. The returns on educational investment for various levels of

educational attainment are shown in Figure 2. One can clearly see that the average daily wage of someone who had finished elementary is roughly only 10 percent higher than what he/she would get had he/she been only an elementary undergraduate. As such, this indicates that the 4Ps is spending billions just so that the poor can increase their earning power by roughly 10 percent. Meanwhile, a person who has finished high school would get a wage that is about 40 percent higher on the average than the wage of someone who has completed some years in elementary.

Therefore, it clearly makes sense from a poverty reduction point of view to make that additional investment on the education of the child to ensure that

**Table 1. Selected characteristics of other 4Ps programs in terms of the education component**

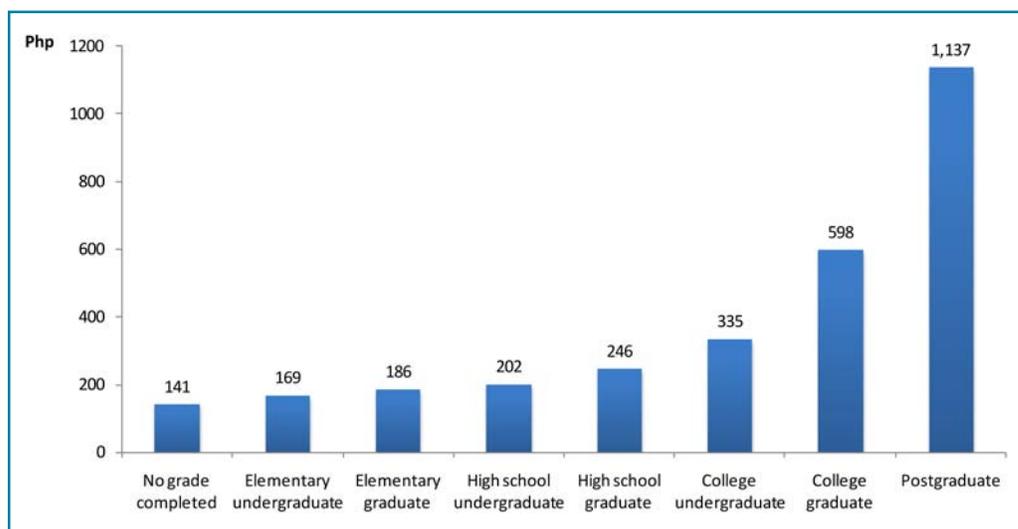
Program/Country	Age range/level	Amount of assistance (per month)
<i>Oportunidades</i> (formerly <i>Progresas</i> ), Mexico	Up to 22 years old/ between 3rd grade to senior year in high school (prior to 2001, the coverage was 3rd grade to ninth grade)	1. 60 to 225 Mexican Pesos depending on the educational level, with those in higher levels (and women) getting more ; 2. economic incentive for students who finish high school before the age of 22 3. Cash transfers to cover school supply
<i>Bolsa Familia</i> , <i>Bolsa Familia</i> , Brazil	Up to 17 years old	R\$32 per child aged 15 and below; R\$38 per adolescent 16 to 17 years old (youth benefit)
<i>Familias en Acción</i> , Colombia	Up to 17 years old	Subsidy amount for secondary school children is twice that of primary school children
<i>Pantawid Pamilyang Pilipino Program</i> , Philippines	Maximum of 5 years, for children aged up to 14 years only	Flat subsidy PhP300 per child regardless of age and sex

Source : Reyes et al. (2013)

Basic sources: Fernald et al. (2008); Soares (2012); Attanasio et al. (2005); Department of Social Welfare and Development

he/she finishes high school. A high school graduate will have more employment opportunities and higher pay. If the program aims only for graduation in the elementary level, and does not provide an effective exit strategy, the possible returns are very minimal to matter.

**Figure 2. Average daily wage of wage/salary workers by educational attainment, 2011**



Source: Reyes et al. 2013; Source of basic data: Labor Force Survey (LFS) [July 2011], NSO

### Should gender be taken into account in providing assistance?

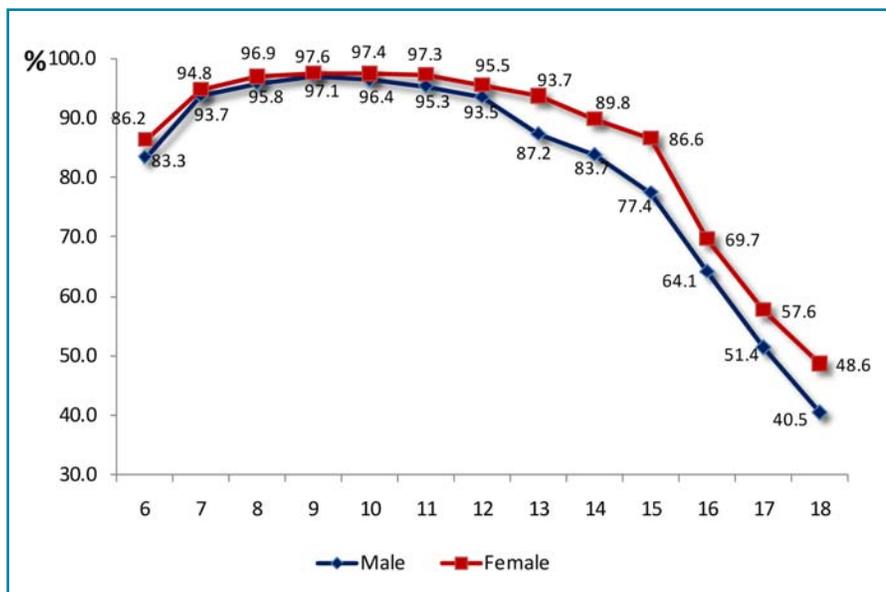
The educational support structure of Mexico's *Oportunidades* took into account the gender disparities in school attendance of older children. Because girls have had lower attendance rate than boys, the amount of grant is higher for girls than for boys at the same level of schooling. For instance, a male beneficiary in the third year of middle school got USD 37.67 while a girl received USD 43.22. This aspect was necessary as the program has targeted older children where the gap is wide. In the Philippine case, it is safe to assume that gender differences was not incorporated in the 4Ps design because the program limited the assistance to children up to age 14 only where gender gap is not as evident as that for older children.

However, if older children are to be included, the grant has to be larger for boys than girls

because there is lower participation rate among boys than girls. For instance, while about 90 percent of girls aged 14 were in school in 2007, only 84 percent of boys were. This gap is also visible among children 15–18 years old (Figure 3). The data shown are that for 2007, the pre-CCT period, if only to illustrate the conditions which the program is supposedly addressing if it were to consider the disparities between girls and boys.

So what is happening to children who are out of school? We have mapped out the proportion of children going to school against those who are not and are working, by sex, among children of 4Ps families. The results reveal that there are more boys (22%) than girls (8.3%) who tend to be out-of-school youth at age 15 in 2011. Also, six out of ten 18-year-old boys were working and not attending school while only three out of ten girls were (Reyes et al. 2013,

**Figure 3. Proportion of children attending school by gender and by single year of age, 2007**



Source: Reyes et al. (2013); Source of basic data: APIS 2007, NSO

Figure 4.16). Therefore, the opportunity cost of schooling among boys is larger than among girls. The 4Ps or any government scholarship program with the same purpose has to take this into consideration.

#### Evidence from recent data

To get an idea of what has been the impact of 4Ps on school attendance so far, Reyes et al. (2013) compared the proportion of 4Ps children going to school with those of non-CCT beneficiaries. To do this, a matched sample of the two groups of households (4Ps and non-4Ps) was determined from the APIS 2011 through Propensity Score Matching. This exercise aims to get only the

<sup>2</sup> Read through Reyes et al. (2013) for more details on the Propensity Score Matching technique that was utilized.

set of 4Ps families and non-4Ps ones that are comparable in stature such that comparison in terms of school attendance yields reliable results.<sup>2</sup>

The comparison of attendance rates was conducted by age category: 6–11, 12–14, and 15–18. This is important to determine the nuanced effect of 4Ps. The study showed that the 4Ps has led to an increase in the school attendance rate of children aged 6–14 by 3.5 percentage points. Based on matched samples of these two groups, 96.3 percent of children

of 4Ps families attend school while 92.8 percent of children of non-4Ps families (using matched samples) attend school (Reyes et al. 2013). It is important to note that even among the 4Ps families, not all of the children aged 6–14 are attending school.

The same study also showed that there was no significant difference in the school attendance rate of children aged 15–18 among 4Ps and non-4Ps families. This finding is consistent with that of Chaudhury and Nakamura (2012) which uses data from a survey of 900 households. The result suggests that the CCT does not induce the families to keep their older children in school more than what other families generally do. It therefore strengthens our

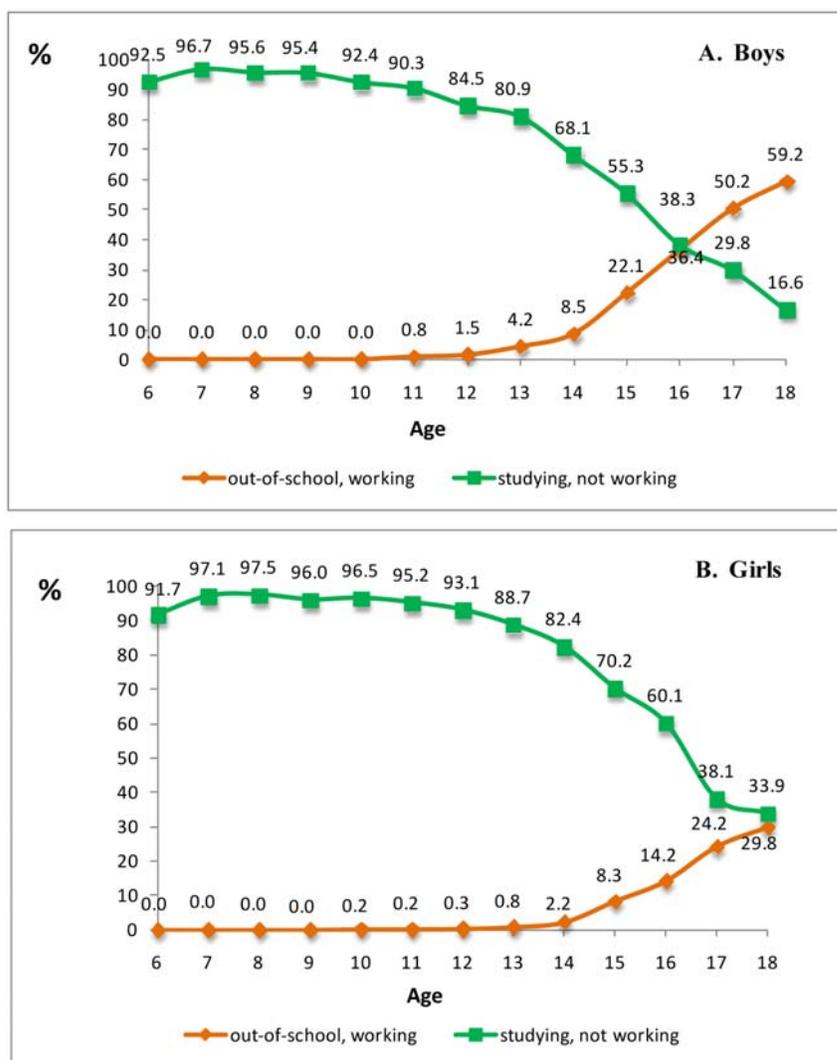
argument of the need to also target older children or to extend the prevailing design to allow children to finish up to at least high school.

Moreover, the proportion of 4Ps children going to school is already above 90 percent; hence, one would not expect a very significant impact of the program in terms of percentage points. But the potential of the program to create a huge impact rests on its ability to target older children whose attendance rate is below 60 percent.

### Concluding remarks and recommendations

In 2013, the first batch of program beneficiaries will be graduating. Although the 4Ps was initially rolled out to target extremely poor families, the current direction of the program is to target all poor families in the country. Hence, the government continues to expand the implementation, devising along the way several variants that it deems necessary to address the many facets of poverty. But how will such programs fit into the overall poverty reduction framework? What are its objectives? Is it to augment mere immediate needs or to achieve long-term human development? These are some of the questions that need to be answered.

**Figure 4. Proportion of children of 4Ps families who are attending school and/or working by gender and by single year of age, 2011**



Source: Reyes et al. 2013 Figure 4.16; Source of basic data: APIS 2011, NSO

**Table 2. Comparison of school attendance rates of children in matched 4Ps and non-4Ps families by age group, 2011**

Age group	4Ps	Non-4Ps	Difference	Significance ( $\alpha=0.05$ )
Aged 6-14	96.3	92.8	3.5	significant
Aged 6-11	97.8	95.0	2.8	significant
Aged 12-14	93.1	89.0	4.1	significant
Aged 15-18	57.1	54.3	2.8	not significant

Source: Reyes et al. 2013; based on matched samples from APIS 2011 and LFS July 2011

Given the same budget, we propose that deepening the program would yield better human development outcomes rather than expanding it to cover as many poor people as possible. Instead of increasing the number of beneficiary families, we recommend the expansion of the program by providing longer assistance to current beneficiaries to ensure that their children finish high school. This would mean extending coverage to up to 16 or 18 years of age (taking into account K+12) to enable the CCT children to finish high school and increasing the period of coverage from 5 to 10 years or even longer. Due to the financial burden of supporting till the child finishes high school, it is also worthwhile to consider starting the education support at a higher grade. While we want to ensure universal access to primary education, the program could also have a better impact if it were to target the five percent of the 7- to 12-year-olds who are not attending school. This would mean prioritizing children of indigenous people and other population

subgroups who live far from public schools and street children to ensure that they attend elementary school. Relatedly, if the program were to concentrate on older children, there is also a need to differentiate the assistance by gender, taking into account the fact that more boys than girls in the Philippines are out of school. 📖

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