

# **SOCIAL PROTECTION STRATEGIES IN RESPONSE TO CRISES: THE PHILIPPINE EXPERIENCE**

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*This article explains how the Philippine financial, economic, and environmental crises provided the impetus for the development and refinement of an operational framework on social protection for the country. It defines and identifies risks as well as the corresponding social protection responses to these risks. After discussing the official Philippine definition of social protection as well as its key components, it traces the evolution of the enhanced social protection operational framework, together with its main elements and implementing strategies. It focuses on the National Household Targeting System for Poverty Reduction (NHTS-PR) as a new and major element, and on convergence and building adaptive capacity as innovative and potentially transformative strategies in the era of climate change. It critiques the inadequate and disproportionate financing of social protection programs, as well as the conventional criteria for assessing them. Taking off from the human rights-based social protection floor advocated by the ILO and other UN agencies, it argues for transparent and participatory processes of monitoring and evaluation and recommends the broad perspective of sustainable human development to inform not only social protection but also broader poverty reduction strategies.*

## **1. Philippine Crises as Context**

The Philippines in recent years has experienced a compendium of crises: financial, economic, and environmental. These crises have wreaked havoc on the lives of many people, especially the poor and vulnerable who are most in need of

social security and protection. They aggravated a pre-existing employment crisis that is at the root of widespread poverty.

The poverty picture has not changed substantially over the years. Although official statistics show that poverty incidence declined from 21.1 percent to 20.9 percent from 2006-2009, the magnitude of poor population increased by 4.4 percent from 22.2 million to 23.1 million in the same period. The incidence of hunger also increased from 14 percent in 2005 to 19.2 percent in 2009,<sup>1</sup> due to the combined impact of the financial crisis and the disastrous floods which hit the country. Highlights of the 2009 poverty statistics showed that the number of poor families increased to 3.86 million, and the number of poor people to 23.1 million (a difference of 970,000 families) with the disaster-stricken areas showing higher incidence (NSCB). Self-rated poverty hovered at around 50 percent in the same period (Mangahas, 2011).

The financial crisis which hit the country in late 2008 quickly resulted in a downward trend in overall economic growth, especially in the export industries, which plunged by 21.9 percent from 2008 to 2009 (Aldaba & Hermoso, 2010, p.20). This worsened the employment crisis, manifested by a downward trend in labor force participation rate (69 percent in 2001 to 64 percent in 2010), high unemployment (hovering at around 7 to 8 percent in recent years), and underemployment (ranging from 15.6 percent to 26.1 percent in 2001 till 2009, and estimated at 19.1 percent in 2010). This employment crisis is the result of decades of industrial and agricultural stagnation, which in turn can be linked to the devastating effects of trends associated with unbridled globalization.

The lingering employment crisis was dramatized by the fact that there were around 2.8 million unemployed, 3.97 million unpaid family workers, 7.1 million underemployed who were working but still looking for work, and 12.65 million working at less than 40 hours a week in 2010. Reports from the Department of Labor and Employment estimate that 45 per cent of the total employed belong to the "informal economy". By the assessment of most unions, the percentages are also on the high side because many of the jobs in the so-called "formal sector"

are actually short-term, casual, insecure, unprotected, “informalized” ones. Per computation by the Employers Confederation of the Philippines (Philippine Employer, 2008), the number of informal workers in the Philippines comprised 25 million or 77 percent of the total employed population. In contrast, the ranks of formal workers, are progressively decreasing. (Pineda Ofreneo et al., 2010, pp. 3-4). Many informal workers are not covered by social security and have irregular health insurance, if at all. Social safety nets such as the conditional cash transfer; i.e., the Pantawid Pamilyang Pilipino Program or 4Ps, although fast expanding, cover mostly the chronic poor. They do not necessarily benefit the working, economically active or entrepreneurial poor and the transient poor, most of whom belong to the informal economy.<sup>2</sup>

Thus, many Filipinos today still do not enjoy any form of social security or protection outside of the traditional but shrinking extended family support. And for those who are enrolled in some social insurance schemes (mostly those in formal employment) the benefits are often not enough and do not cover difficult economic situations such as job displacement or serious ailment. This trend is likely to continue given the generally poor agro-industrial performance of the economy under globalization, and the disastrous impact of weather disturbances such as Typhoons Ondoy and Pepeng in 2009 (Pineda Ofreneo et al., 2010, p. 2) and Typhoon Pedring and Quiel in 2011, that the Philippines is experiencing with increasing frequency due to climate change. In 2011 alone, there were at least 33 weather-related and other natural disasters in the country. This underscores the need for social protection to address environmental and related risks. In 2012, the wide swath of destruction left by the southwest monsoon rains was reminiscent of Typhoon Ondoy, and is considered portentous of more calamities to come.

## **II. Defining and Identifying Risks as well as Corresponding Responses**

Risks have always been part of the human condition. Households in poverty and vulnerable groups are exposed to a range of risks on a day to day basis. Some of the most common risks faced by these households range from the more predictable “life cycle needs” to the more unpredictable risks such as illness

or injury, death of a family member, natural and man-made calamities and theft. Life cycle needs are the common expenditure requirements associated with events in a person's lifetime such as pregnancy, birth, education, marriage, livelihood, food, housing, retirement or old age, and the like.

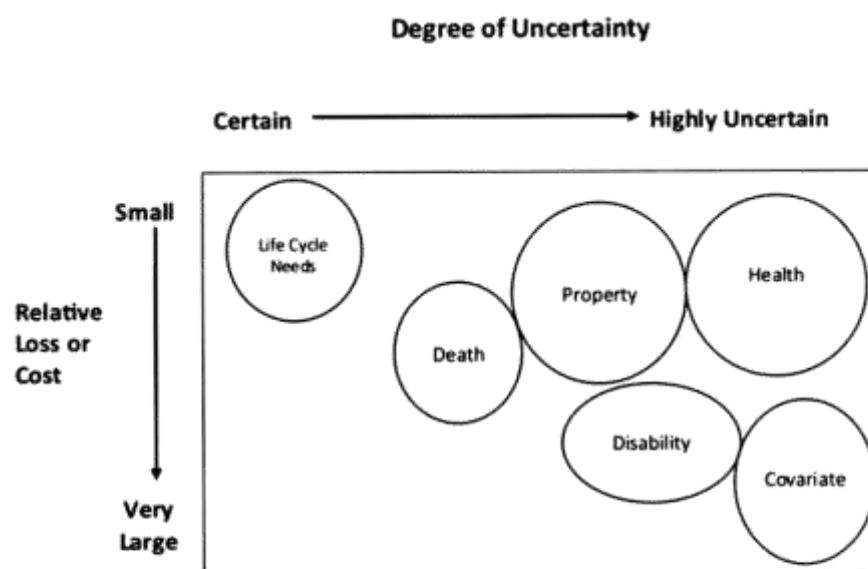
When these risks occur, the households incur corresponding financial losses for necessities such as rebuilding a shanty when fire occurs in slum area. These risks vary in degree or magnitude depending on the type of work engaged in, the location and setting of the household's residence or place of work, and the level of hazard attached to the work or the location of the household's residence.

The more unpredictable the risk is, the more potentially damaging the outcome will be for the poor household. Several studies have demonstrated that households exposed to greater risk-uncertainty are less likely to take advantage of growth opportunities, such as investing in new technologies or additional working capital, that would likely lead to increased wealth and reduced poverty. As a result, households exposed to a great deal of uncertainty, which tend to be the poorer households, are often unable or unwilling to use the traditional growth-focused products provided by most microfinance institutions (Brown & Churchill, 1999).

Brown and Churchill (1999) have defined "risk" as something that relates to the possible occurrence of a future event, usually an undesirable one, against which one must be protected. Sources of risk are diverse, and all populations are susceptible to adverse shocks resulting from natural, health, social, economic, political and environmental risks. Depending on the number of individuals or households that are simultaneously affected, risks are either idiosyncratic (individual) or covariate (aggregate). As the phrase implies, idiosyncratic risks are those that occur when only one or a few individuals or households in a community suffer losses, whereas covariate shocks affect a large number of households, entire communities, regions within a country or countries. Some of these risks may result from acts of nature, whereas others are caused by human activity. These risks are not evenly distributed among men and women, hence people are unequally exposed.

Brown and Churchill (1999) have developed a bubble diagram (Figure 1) to illustrate the degree of uncertainty and loss resulting from each major risk faced by low-income households and communities.

**Figure 1: Bubble Diagram of Risks vis-à-vis Attendant Cost and Certainty**



Source: Brown and Churchill (1999)

Examples of risks occurring at the individual or household levels include those associated with life cycle events, such as maternity, illness, disability, old age, or death. These risks are gender-specific, given the fact that only women give birth and they live longer than men. There are also social shocks such as crime, domestic violence, dropping out from school, etc. Aggregate risks affecting large populations can include environmental risks such as natural disasters (e.g. typhoon and tsunami), health epidemics (e.g. SARS and bird flu), environmental calamities (e.g. oil spill, nuclear meltdown), political (e.g. civil war) or economic (e.g. oil or financial crisis) risks. See also Table 1 (next page).

Certain individuals and groups are more vulnerable to risks than others because of socio-demographic characteristics, economic status, nature of work, physical or mental condition, gender, age, lifestyle and so forth. For example, a policeman is more exposed to risk of death compared to a food server; a 60-year old man is more prone to accident and illness compared to a 20-year old young man; a cigarette smoker is more prone to cancer than a non-smoker. Vulnerability is a state of high exposure to certain risks, combined with a reduced ability to protect or defend oneself against those risks and cope with their negative consequences.

**Table 1: Types of Risks**

Life cycle	Economic	Social	Environment
Illness	Economic crises & transition	Exclusion & marginalization	Natural disasters
Accidents & Injury	Loss of livelihood, unemployment & underemployment	School drop-out, lack of social investments	
Disability	High prices of basic goods	Large family size, lack of family care	
Old age		Land tenure & housing insecurity; homelessness	
Death		Man-made disasters, armed conflict, political instability, crime	
Hunger & malnutrition		Lack of participation in decision-making	

Source: Ortiz, 2007 as cited in Neri, 2009

A more comprehensive and evidence-based manner of classifying risks to which social protection interventions must respond to is that proposed in the enhanced social protection operational framework and strategy in the Philippines (Aldaba & Ang, 2012). Risks are categorized as individual life cycle,<sup>3</sup> economic, environmental and natural, and social/governance. Also important is the classification of responses which are not limited to those undertaken by government but also include those provided by households and other informal mechanisms as well as by the private sector and civil society organizations.

**Table 2: Types of Risks/Vulnerability and Responses**

Assessment	Responses		
Types of Risks/Vulnerability	Household or Informal Mechanisms	Government	Private and Civil Society Sector
<b>Individual Lifecycle</b>			
Hunger and malnutrition	Support from relatives, subsistence farming	Health and nutrition policy, programs and projects	Provision of nutrition services, soup kitchens, etc.
Illness, Injury, Disease (incl. HIV-AIDS)	Extended family, community support	Social security, health insurance and micro-insurance	Private insurance schemes
Disability	Hygiene, preventive health	Social security, social assistance, employees compensation	Private insurance and micro-insurance
Old Age	Asset/Savings reduction	Pension Plan	Old age annuities, private pension
Death	Debt	Social Security	Private life insurance
<b>Economic</b>			
End of source of livelihood	Diversified sources of livelihood	Sound macro and sector policies for job generation; emergency and guaranteed employment	Private sector investments that are job-generating
Unemployment	Private transfers, child labor	Regional and rural development policies, emergency and guaranteed employment	Private job search institutions
Low and irregular income	Depletion of assets/savings	Labor market policies, social assistance, conditional cash transfers	Banking services to the poor, microfinance
Price instability of basic commodities	Reduced consumption of basic goods	Price control inflation management	Sales discounts
Economic crisis	Migration	Social funds, subsidies, emergency employment	
<b>Environmental and Natural</b>			
Drought	Migration	Environmental policy, programs and projects	Environmental advocacy and prevention of man-made disasters
Rains and floods	Community Action	Infrastructure investments	Disaster mitigation and prevention measures
Earthquakes	Private transfers	Relief and rehabilitation	Relief and Rehabilitation programs
Volcano eruption and landslides	Extended family support Asset/savings depletion	Relocation-temporary and permanent Disaster prevention and mitigation measures Geo-hazard mapping Insurance against disasters	
<b>Social/Governance</b>			
Social exclusion	Community networks	Inclusive growth, good governance, transparency and accountability	Good corporate governance, corporate social responsibility
Corruption	Community pressure	Public information, transparency and accountability campaign; bottoms up budgeting	Strengthening participation of NGOs and CBOs
Crime and domestic violence	Women's groups and watchdogs	Providing security and equal access to justice	Peace and order promotion (e.g. anti-drug campaigns)
Political instability and armed conflict	Migration	Participation of citizens and civil society groups; peace negotiations	Advocacy for democracy and democratic transitions

Adopted mainly from the ADB Social Protection Strategy Paper, 2001 and Aklaba 2008 as cited in Aklaba & Ang, 2012 p. 7.

### **III. Social Protection in the Philippines: Definition, Components, and Operational Framework**

Different government agencies have developed different program instruments that address different risks or crises. These program instruments are generally located within the framework of social protection as defined by the Philippine government.

While there is no common or standard definition of social protection in the literature, there is however general agreement that it specifically seeks to:

- a. Reduce the vulnerability of low-income households with regard to basic consumption and services;
- b. Allow households to shift income efficiently over the life-cycle, thus financing consumption when needed; and,
- c. Enhance equity particularly with regard to exposure to and the effects of adverse shocks.

In the Philippines, social protection is defined as “policies and programs that seek to reduce poverty and vulnerability to risks and enhance the social status and rights of the marginalized by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people’s capacities to manage risks” (NEDA-SDC Resolution No.1, S. 2007).<sup>4</sup> This definition was the result of discussions initiated by the Department of Social Welfare and Development (DSWD) to rationalize social protection interventions in the Philippines through the Subgroup on Social Protection of the Working Group on the MDGs and Social Progress. The recommendations of the Subgroup were elevated to the Technical Committee of the Social Development Committee (SDC) and then to the SDC at cabinet level.

In response to the global financial crisis of 2008, Administrative Orders 232 and 232-A mandated the grouping of social welfare programs into a National Social Welfare Program Cluster. In 2009, a study of the Development Academy of



the Philippines (DAP) commissioned by the Cluster recommended the harmonization of national social protection and welfare programs to prevent duplication and improve identification of beneficiaries. An initial operational framework for harmonization was crafted and a Subcommittee on Social Protection<sup>5</sup> was created under the NEDA Social Development Committee in October 2009. The Subcommittee conducted several workshops in late 2011 and early 2012 to further clarify and refine the social protection definition and operational framework. Significant inputs from these workshops as well as from a separate roundtable discussion with the faculty of the College of Social Work and Community Development of the University of the Philippines contributed to the finalization of the framework (DSWD SP Framework Briefer).

Based on the enhanced social protection framework paper, the specific objectives of social protection programs are to:

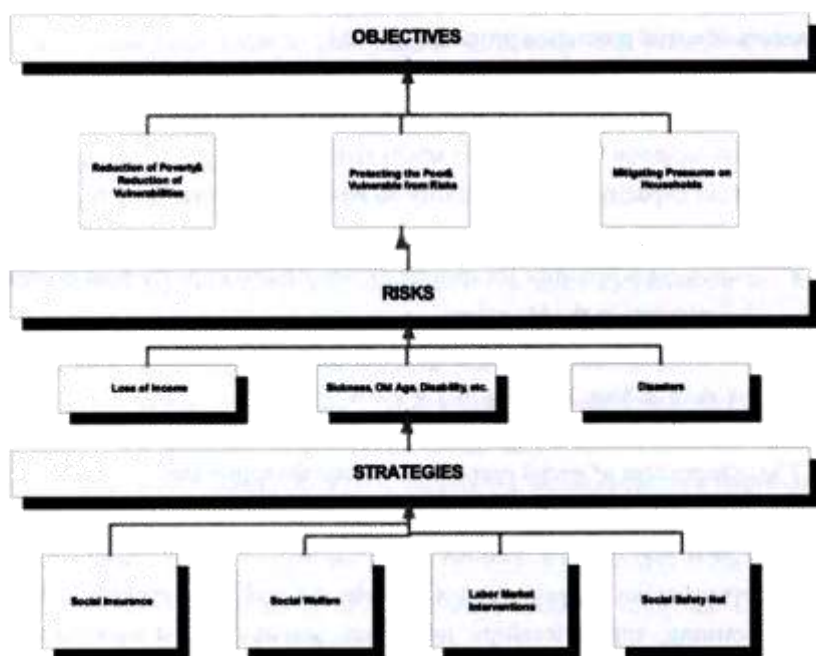
- protect and prevent people from falling from their current income/consumption levels due to various risk factors,
- build capacity and adaptability to ensure that better quality of life is maintained and sustained,
- expand opportunities for income expansion and improve human capital investments in the long term,
- sustain standard of living in spite of exposure to risks of different types. (Aldaba & Ang, 2012, pp. 6-7.)

The components of social protection include the following;

- a. **Labor market interventions**– Measures aimed at enhancing employment opportunities and protection of the rights and welfare of workers, including training, apprenticeships, job search assistance, and subsidized job placements.
- b. **Social insurance** – Contributory programs that seek to mitigate income risks by pooling of resources and spreading risks across time and workers, including those against sickness, disability, maternity, old age, death of the main provider, etc.

- c. **Social welfare** – Preventive and developmental interventions, usually in the form of direct assistance (cash or in-kind transfers) as well as social services that seek to support the minimum basic requirements of the poor, particularly the poorest of the poor, and reduce risks associated with unemployment, resettlement, marginalization, illness, disability, old age and loss of family care.
- d. **Social safety nets** – stop-gap measures or urgent responses that address effects of economic shocks, disasters and calamities on specific vulnerable groups.

**Figure 2: Philippine Social Protection Framework**



**NEDA-SDC Social Protection Framework**

The four components of social protection are used as multi-pronged strategies by the state to address the different risks facing the population as shown in the initial framework of the government in Figure 2.

The former chief of the National Economic Development Authority (NEDA), Romulo Neri (2009), however, noted that the social protection and poverty alleviation programs of the government are numerous but many have limited reach and are uncoordinated. They are inadequately funded and are short-lived. Social protection in the country also has a narrow base of beneficiaries. The poor and vulnerable sectors have limited access, bargaining power and influence on local officials and service providers.

In response to this critique, an enhanced social protection operational framework was developed in a participatory manner with the following elements and implementation strategies:

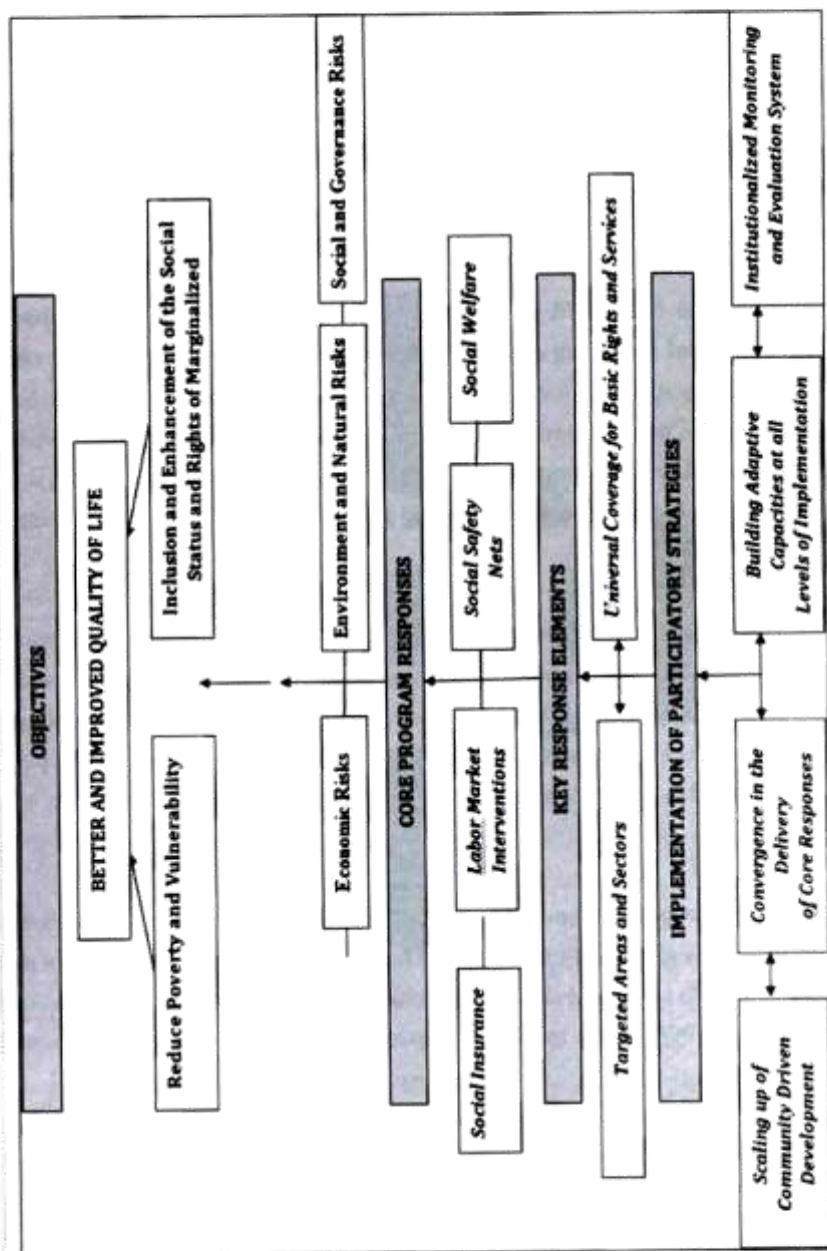
#### **A. ELEMENTS OF THE SP OPERATIONAL FRAMEWORK**

1. Identifying and Responding to Major Risks and Vulnerabilities -  
The responses can emanate from the households themselves, from government or from the private and civil society sectors. The Social Protection program responses to the different type of risks and vulnerabilities are clustered in accordance to the SP components.
2. Identifying and Responding to Priority Targets and Sectors -. In terms of targeting, the government has mandated all agencies to utilize the Department of Social Welfare and Development's (DSWD) National Household Targeting System for Poverty Reduction.
3. Universal Coverage for Basic Rights and Services -. This entails the country-wide provision of the full requirements of basic education, health and nutrition, shelter, water and sanitation.

## **B. IMPLEMENTATION STRATEGIES**

1. **Convergence in the Delivery of Social Protection** – DSWD internally started to orchestrate its social protection programs by initially harmonizing the implementation of KALAHI-CIDSS, Pantawid Pamilya and SEA-K in 57 municipalities. Also, the localization of convergence of poverty and SP programs by the Human Development and Poverty Reduction Cluster (HDPRC) thru the bottom-up budgeting in 609 municipalities.
2. **Scaling Up Community Driven Development (CDD)** - The leading CDD program is the Kapit Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) and the Makamasang Tugon.
3. **Building Adaptive Capacity** - Social protection can build adaptive capacity through protective and preventive strategies for coping, as well as through promotive and transformative measures.
4. **Institutionalized Monitoring and Evaluation System** - This will facilitate the rationalization of various social protection programs according to the various key components. A regular monitoring and evaluation system is also important to be able to adjust, refine or even terminate programs so that appropriate responses to the various risks are implemented and sustained. (Executive Brief on the Social Protection Operational Framework and Strategy, 2012, p. 2).

Figure 3. Social Protection Operational Framework



#### **IV. The National Household Targeting System for Poverty Reduction (NHTS-PR)**

The NHTS-PR is an information management system that identifies who are the poor households and where they are located (See Figure 3). It is considered to be a key element of the social protection operational framework, with all government agencies mandated to use it.

The NHTS-PR is a two-step targeting mechanism consisting of **geographical targeting** and **proxy means testing**. The geographical targeting involves the use of poverty statistics generated by the government's National Statistical Coordination Board (NSCB) to identify the poorest provinces, municipalities, and barangays or villages while the proxy means testing is largely based on statistical evidence regarding a household's inability to purchase goods and services.

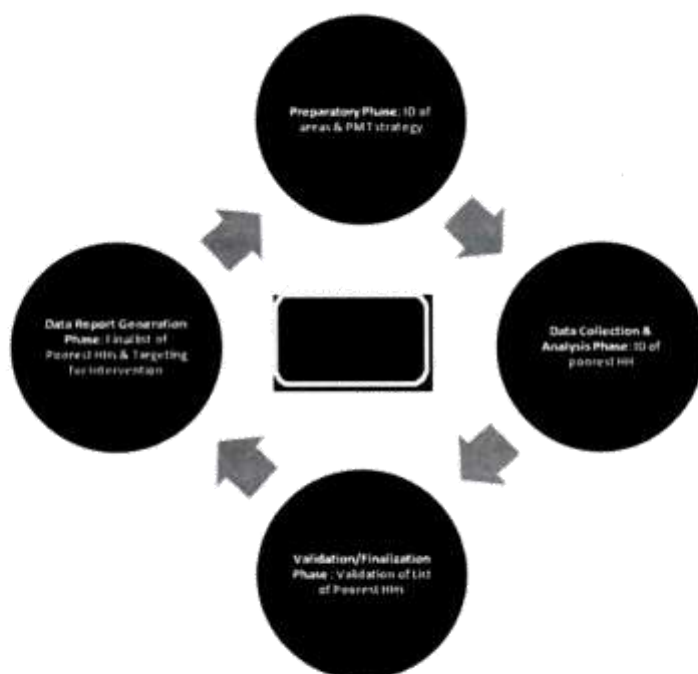
The poorest barangays are identified as follows: if the poverty incidence (PI) in a municipality is higher than 50 percent, all barangays are assessed; if the PI is lower than 50 percent, the poorest households are selected based on a set of socioeconomic indicators to identify the magnitude of "pockets of poverty" (POP) in these barangays. The POP basically refers to clusters of poor households.

The poorest households, on the other hand, are identified using the proxy means test (PMT) using a two-page questionnaire. The PMT is a poverty index used to score and rank all households in a poor barangay or in the pockets of poverty (POP) areas to classify households as either "poor or non-poor."

With this two-tracked system, a comprehensive list of the poorest households is generated per barangay nationwide. Before finalizing the list, this preliminary list is subjected to a validation process using what the Department of Social Welfare and Development (DSWD) calls the ODA—On Demand Application and Public Posting of the List (PPL).

The ODA is a process that gives opportunity to households who were not assessed but think they should qualify for the Conditional Cash Transfer (CCT) benefits while the PPL is part of a process whereby a local verification committee verifies the validity of the list.

**Figure 4: The National Household Targeting System for Poverty Reduction Cycle**



Source: DSWD Powerpoint 2011

In evaluating the success of the NHTS, the World Bank (2005) laid down the following criteria:

- 1) Maximizing coverage of the poor or, alternatively, minimizing errors of exclusion
- 2) Minimizing leakages to the non-poor

- 3) Cost efficiency and integrity of intake interviews: In the Philippine experience, the NHTS costs around USD2 per household.
- 4) Transparency in all aspects of operation to enhance credibility

Despite the NHTS-PR, reports regarding the implementation of the CCTs show a lot of inclusion and exclusion errors, as well as unwarranted intervention of local politicians in the selection process. The DSWD has periodically excluded thousands of beneficiaries from its list (the latest figure was 165,000 in January 2012) because of incorrect inclusion and/or compliance failure after a period of monitoring. In fact the Philippine Social Protection Note issued by the World Bank and Australian Aid in June 2012 had this to say:

**A major challenge of the targeting system is to keep it free from manipulation and/or misuse.** Breaking the tradition of selecting beneficiaries on the basis of patronage and other subjective considerations is never an easy process and there will be constant pressure on the NHTS-PR. The NHTS-PR has presented an alternative and objective manner of identifying the poor. While it helps reduce the politicization of development programs and manipulation of the electoral base, it understandably triggered a strong political interest especially when applied to major programs, as in the case of the CCT beneficiaries. Keeping it objective and transparent is a continuous task. (World Bank and Australian Aid, 2012, p. 14).

## **V. Implementation Strategies: Convergence and Building Adaptive Capacity**

The enhanced operational framework as presented on page 13 outlined the following implementing strategies: convergence in the delivery of social protection; scaling up Community-Driven Development (CDD); building adaptive capacity; and institutionalized monitoring and evaluation system.



In the Manual of Convergence on the DSWD Core Social Protection Programs, “convergence” is defined as “the act of directing complementary and/or synergetic intervention programs to specified targets such as poor households, families, individuals, and/or communities based on needs.” It “calls for the synchronization and coordination of all interventions of the government (national and local) and the private sector in one geographical area to ensure that reforms in terms of poverty alleviation and social protection, among others, are achieved.” What is noteworthy is that aside from considerations of efficiency, targeting, unity in goals, confluence of action, and complementation in the enumeration of guiding principles of convergence, there is equal emphasis on empowerment and the human-rights based approach. Empowerment is understood as the active involvement of people at every stage, and believing in their strengths and capacities to “analyze their situation and identify steps towards improving their well-being.” This is considered to be an indispensable element of the human rights-based approach which recognizes that “development is not only the economic, social, cultural, and political process of achieving the universal realization of human rights and freedoms, by expanding people’s choices and capabilities to live the lives they value, but above all as the empowerment of people to decide what this process of expansion should look like.” (Manual of Convergence of the DSWD Core Social Protection Programs, pp. 16-17).

Building adaptive capacity is important in the era of climate change. It is important to move beyond protective and preventive coping strategies and work towards promotive and transformative measures that build adaptive capacity.

There are important differences between coping strategies (and strategies which build adaptive capacity. While the former are short-term responses that relieve the burden of risk once it has occurred, the latter refers to “the actual ability of a system to adjust (or adapt) to climate change variability and extremes, moderating potential damage, taking advantage of opportunities, coping with consequences, as well as expanding its coping range under existing climate variability or future climate conditions.” Adaptive strategies also refers to “communities’ capacity to take advantage of the benefits and opportunities associated with a changing climate” (Jones, et al., 2010, p. 5, as cited in Pineda Ofreneo, 2011, p.23).

Adaptive strategies cover measures that protect and prevent an adverse event, as well as measures that promote wellbeing of people and transform structures to sustain positive changes:

1. Protective measures “provide relief from deprivation” and include “social assistance for the chronically poor” (or those with the least adaptive capacity) such as social services, food and cash transfers, pensions, fee waivers and public works.
2. Preventive measures are meant “to avert deprivation,” and include “social insurance for economically vulnerable groups,” unemployment benefits, social transfers and the like. They also include livelihood diversification and weather-indexed insurance which prevent “damaging coping strategies as a result of risks to weather-dependent livelihoods.”
3. “Promotive measures aim to enhance real incomes and capabilities of the poorest and most vulnerable populations,” thereby enhancing resilience through livelihood diversification and security to withstand climate-related shocks”. These include “social and asset transfers, microfinance, drought- and flood-resistant starter packs, access to common property resources, and public works.”
4. Transformative measures, which are more rights-based, “seek to address vulnerabilities arising from social inequity and exclusion of the poorest and most marginalized groups,” and could include “collective action for workers’ rights, protecting minority ethnic groups against discrimination or HIV and AIDS sensitisation campaigns” (Jones et al., 2010, 12-13, as cited in Pineda Ofreneo, 2012, p. 12.).

Protective, preventive, promotive, and transformative measures are not mutually exclusive but are actually mutually reinforcing, constituting various dimensions of an iterative process. The transformative potential of all social protection measures exists from the start of implementation and needs to be progressively realized across time and space (Pineda Ofreneo, 2012, p 13).

## **VI. Financing of Social Protection Programs**

Financing of social protection programs in the Philippine context is hounded by problems of inadequacy, inappropriateness, and wastage of resources. These problems are foregrounded in the light of the compounded crises besetting the country, which require a commensurate level of resources to address .

The Arroyo government's key response to the 2008 global financial crisis was the formulation of the Economic Resiliency Plan or ERP, with a total budget of Php330 billion (USD 7 billion) aimed to stimulate the economy through a mix of increased government spending, tax cuts and public-private sector investments in infrastructure projects that can prepare the country for the eventual global upturn. This budget earmarked Php160 billion for government budget interventions. Included here were quick-disbursing, labor-intensive, community level infrastructure, the expansion of some social protection programs like conditional cash transfers (the Pantawid Pamilyang Pilipino Program or 4Ps), the PhilHealth Sponsored Program, the scholarship program for technical vocational training, the rice price subsidy program under the National Food Authority (NFA), and the comprehensive livelihood and emergency employment program (CLEEP).<sup>6</sup> The remaining amount was divided into the following: Php 40 billion of tax cuts;Php 100 billion of off-budget interventions consisting mainly of large infrastructure projects to be funded by the Government Owned and Controlled Corporations (GOCC), Government Financial Institutions (GFIs), and the private sector; and Php 30 billion temporary additional benefits to members of the Government Service Insurance System (GSIS), Social Security System (SSS), and Philhealth.<sup>7</sup>

Financing of social protection programs has always been problematic in the Philippine case. Philippine social protection expenditure as percent of Gross Domestic Product (GDP) was just about 2 percent in 2008 (Philippine Report on the Implementation of IESCR). This is a dismal figure when one considers the average social security expenditure in other regions: in Europe, social security expenditure was nearly 25 percent of GDP; in North America, 16.6 percent, and Africa, 4.3 percent. (ILO website, Facts on Social Security).

In a 2008 Asian Development Bank study, the Philippines came out with a Social Protection Index (SPI) of 0.28, which was below the Asian average of 0.36. It was ranked 22nd out of 31 countries studied, and fared poorly because of low expenditures on social protection (80 percent went to social insurance compared to 0.1 percent which went to labor market programs), and low coverage of the poor (ADB, 2008).

As a well known social protection expert observed, "Although national government spending on social protection has increased in response to the global financial crisis, national government's spending on social welfare programs, social safety nets and active labor market programs compares unfavorably with that of other countries" (Manasan, 2009, iii). The spending on the latter was P17 billion or 0.3 percent of GDP in 2007, and P62 billion or 0.8 percent of GDP in 2008. These figures represent less than half of the mean spending and lower than the median spending on social safety nets by a group of 87 countries from 1996 to 2006 (1.9 percent and 1.4 percent of GDP respectively) (Weigand & Grosh, 2008 as cited in Manasan, 2009 p. 72).

Government spending (allotment) on social protection covers programs that respond to the following types of shocks and situations: price and income shocks (includes NFA rice price subsidy, Food for School Program, school-based feeding, 4Ps, Pantawid Kuryente, KALAHI-CIDSS, Tindahan Natin, SEA-K and livelihood assistance); natural disasters (disaster relief and rehabilitation), crisis situations (assistance to individuals and households); disability, old age and special vulnerabilities (assistance to disabled persons, senior citizens, and children in conflict with law, center-based community-based assistance, Tulong para kay Lolo at Lola); health shocks (PhilHealth – national and local government share); and labor market shocks (TESDA scholarship, DOLE programs on capability building, emergency employment, local employment facilitation, protection and reintegration of OFWs) (Manasan, in ADB proceedings, Table 14, p. 126).

Data obtained on government spending on social protection showed that almost 70 percent of total allotments went to rice price subsidy in 2008 which

was higher than the 29 percent in 2007. This went down to Php 4 billion 2009, then up to Php8 billion in 2010, and then trimmed down to Php2.5 billion in 2011. Leakage rate was estimated at 71 percent, at best covering only 16 percent of the rice requirements of food-poor/poor-households. (Senate Economic Planning Office Policy Brief, 2011, p. 13). The rice price subsidy program administered by the National Food Authority (NFA) was adjudged inefficient, and the government funds previously allotted to it were reallocated to make possible the expansion of the 4Ps.

Under the Aquino administration, the government adopted the zero-based budgeting (ZBB) approach, which would enable it to prioritize its key projects and ensure that every peso to be spent is justified and defended by the agencies concerned. As explained by President Aquino in his 2012 budget message, “We used the ZBB approach to make government spending more focused on what really matters to our people. ZBB has led us to further expanding the *Pantawid Pamilyang Pilipino Program* (4Ps)—our anchor-point in our poverty reduction agenda—to benefit 3 million households by January next year given the inroads accomplished this year in serving 2.3 million households.”

The relatively huge amount of resources being poured on the 4Ps or CCT Program has been heavily criticized, because there are other government programs which need financial support that are just as important in the context of social protection. The CCT expansion was deemed too soon and too fast. Starting with a Php50 million budget to cover 6,000 households in 2007, it has increased to Php298.5 million covering 20,000 households in 2008; Php5 billion covering 321,000 households in 2009; Php 10 billion covering one million households in 2010; and Php 21.2 billion covering 2.3 million households in 2011. Yet, leakages have been reported and the data on outcomes and impacts have not been comprehensive enough to show a clear and reliable picture. For example, a spot check on compliance rates conducted by the Social Weather Stations for the World Bank in 2010 already revealed problems which casted doubts on the 4Ps’ ability to achieve its targets in terms of nutrition, infant mortality, maternal mortality, and school completion rate (Senate Economic Planning Office Policy Brief, 2011, p. 10). Rapid appraisal done

by the National College of Public Administration and Governance of the University of the Philippines which focused on access to education, maternal and child health care, as well as participation in family development sessions showed no clear achievement of expected outcomes and impact in these areas. Furthermore, 45.2 percent of the cost of the CCT Program for 2011 to 2014 is being financed by a USD400 million loan from the Asian Development Bank, which the Filipino people will have to repay (Senate Economic Planning Office Policy Brief, 2011, pp. 8-11).

This highlights the problem of limited government resources. As explained by DSWD Undersecretary Alice Bala, "While the adverse impact of social risks on society is far-reaching, the resources to fund implementation of much needed social protection programs are limited. Limited resources underscores the need for better poverty targeting; better resource mobilization and coordination among government agencies, LGUs, NGOs, and other stakeholders; and enhanced capacities of LGUs to deliver social protection programs" (Bala, 2010).

## **VII. Capacity for Evaluating Effectiveness of Policy Action**

Aldaba's review of policies, programs, implementing structures, capacities, and resources showed three major weaknesses that need to be addressed: (1) the fragmented approach of social welfare and development (SWD) programs promoted by various government agencies; (2) lack of legislation that will facilitate synergy among government interventions, and of responsive policies; and (3) the need to allocate for SWD programs more resources that can be used for capability training of local government units (LGUs) in delivering social services (Aldaba, 2008 cited in Bala, 2009)

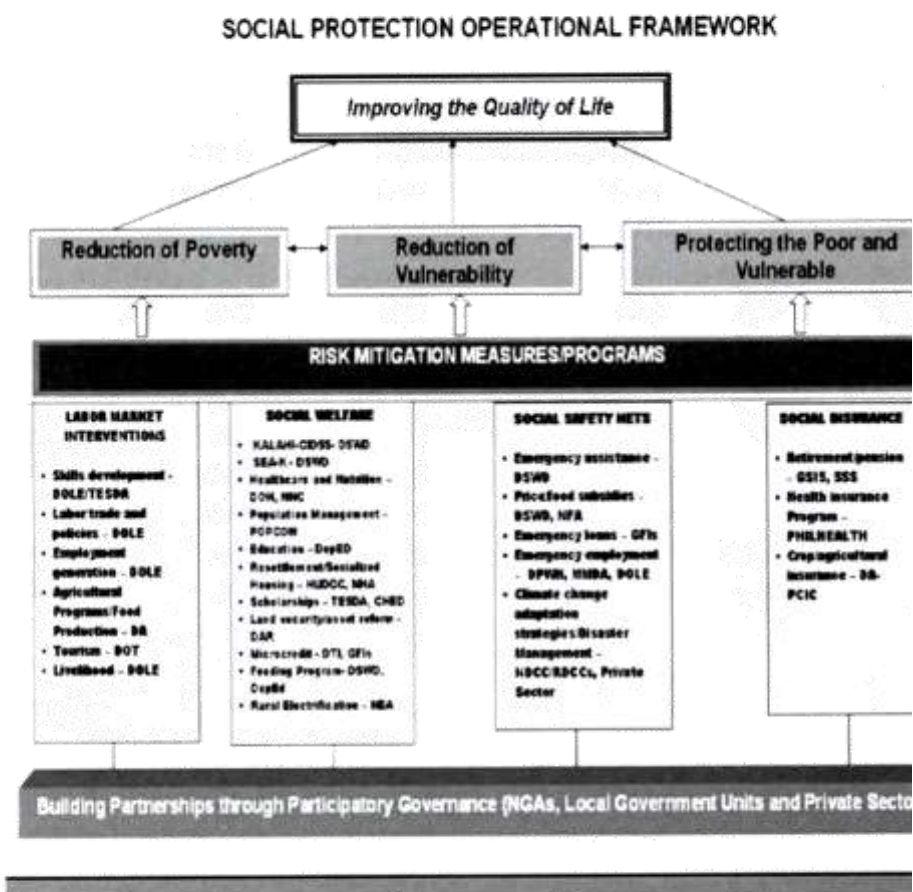
Low coverage and inadequate benefits as well as poor targeting and operational constraints due to lack of coordination among program implementers hindered the implementation of many of the social protection programs of the

government. Furthermore, because programs implementers have differing mandates, there are overlaps and redundancies in sectoral and geographical beneficiaries which cause additional strain on scarce resources (Manasan, 2009).

As earlier discussed in this paper, it was in the context of these realities that Administrative Order (AO) 232 and 232-A issued in July 2009 focused on clustering the social welfare and development programs of government to “rationalize, group and strengthen existing programs and services of government agencies dealing with social welfare and protection” (Aldaba & Hermoso, 2010 p. 46). In October 2009, the Social Protection Operational Framework and Strategy (please see next page), which shows particular agencies of government responsible for responding to particular risks, was adopted by the NEDA-Social Development Committee.<sup>8</sup> Thereafter, the NEDA-SDC Sub-Committee on Social Protection an inter-agency body to consolidate programs of various government agencies into a single national social welfare strategy, was created. The DSWD chairs this Sub-committee and thereby plays the lead role in this convergence strategy.

Based on the intent of the AO mentioned above, the National Social Welfare Cluster commissioned a study on the existing social protection programs which was conducted by the Development Academy of the Philippines. This study entitled *Review and Strengthening of the National Social Protection and Welfare Program* identified the most fundamental problems of the government’s social protection and welfare programs as follows: (1) social protection has a narrow base of beneficiaries; (2) poor and informal sectors have limited access to, bargaining power with, and influence on local officials and service providers; and (3) programs are numerous but have limited reach, are uncoordinated, are inadequately funded, and are short-lived (Bala, 2009). In terms of coverage, since there are interventions addressing the same risks or objectives that are implemented in the same geographical areas (i.e., 20 poorest or food poor provinces), there is high possibility of overlapping and double counting of beneficiaries (DAP, 2009).

Figure 4: Social Protection Operational Framework as of 2009



(DSWD, 2009)

### Criteria and Standards for Evaluation

Some of the criteria used by experts in evaluating social protection programs and policies are appropriateness, adequacy of coverage, and efficiency or cost-effectiveness (Manasan, ADB Proceedings, 2010, p. 107). A policy or program is considered appropriate if it responds to a particular need. To be considered adequate, programs “should provide full coverage and meaningful



benefits to whichever subset of the population they are meant to assist” (Grosh et al. cited in Manasan, ADB, 2010, p. 107). A cost-effective program is able to channel resources to the target beneficiaries, maximize as well as economize on administrative costs.

Beyond these conventional criteria which focus on state interests should be those that highlight the concerns for justice, equity, inclusiveness, and participation that are inherent in a human rights-based approach to social protection. The concern for enhancing the human rights of the marginalized is included in the official definition and has been highlighted in the enhanced social protection operational framework and strategy. This concern was articulated in the 2010 People’s Social Protection Agenda (PSPA) by home-based and other informal workers’ associations, in cooperation with other civil society organizations and academic institutions:

*The notion of realizing rights and entitlements, in social protection literature, is very related to various concepts of justice – economic justice which used to be understood within the broader context of social justice; gender justice and reproductive justice; and even environmental and climate justice. Each of these concepts is important because in human rights discourse, the claim holders (or the citizenry) can always assert various compendiums of rights to the duty bearers (mainly the state) within the ethical ambit of seeking justice, long denied, in any of its current forms.*

*These interweaving notions of justice are what distinguish this People’s Social Protection Agenda from similar efforts. Economic and social justice lie beneath the major concern for majority of the working people who are often invisible, vulnerable, and marginalized – the workers in the informal economy. Gender and reproductive justice impel the agenda which focus on the specific issues of women given their disadvantaged position vis-*

*à-vis men. Environmental and inter-generational justice are behind the overarching framework of green economy and development. Without these combined ethical directions, social protection will not come into full fruition. (PSPA, p.10)*

The PSPA calls for jobs, social security, health care, basic services, education, justice, and voice for all as part of the basic demand originally issued by the ILO on social protection for all. This demand has its ethical and legal basis in various human rights instruments, including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the UN Convention on the Elimination of Discrimination Against Women. The human rights-based approach is anchored on participation of all the stakeholders, which is a prerequisite to their empowerment.

A human rights-based approach to social security and protection presupposes the setting of minimum standards or a “social floor” below which no human being should fall. This minima should be the subject of global discussion and consultations, especially in Asia where economic and social conditions are so diverse. However, it should be noted that the issue of resources cannot be cited as an argument against setting such a minima, since there have been many studies showing that even poor countries in Africa can provide the key elements of a “social floor” with just four percent of their GDP. Nation states can generate resources through taxes, debt restructuring, and donor assistance, with the calculation that eventually, investing in social security and protection can redound to increased productivity and more rapid economic development (Pineda Ofreneo, 2011).

Such a minima can be flexible, allowing countries to progressively meet standards and increase coverage through time, but at the same time firm in the intent to show improvement and prevent backsliding.

Drafting the minima should consciously integrate the realities of women and informal workers, and address barriers to their participation, particularly because they comprise majority of the labor force and most of them are poor. In

this endeavor, there is no substitute for social mobilization and awareness raising starting with groups who feel their exclusion most, so that governments can truly take their interests to heart and provide the legal foundations without which achieving any kind of minima is impossible.

It is good to note that the current social protection operational framework and strategy declares “Universal Coverage for Basic Rights and Services” as one of three major elements, the first being identifying and responding to risks and vulnerabilities, and the second being identifying and responding to priority targets and sectors. Accordingly, such universal coverage “entails the country-wide provision of the full requirements of basic education, health and nutrition, shelter, water and sanitation.” Can targeting be reconciled with universal coverage? Perhaps, if targeted programs can somehow be gradually expanded and transformed into universal ones in a planned and systematic way.

#### **The Human Rights-Based Social Protection Floor as a Starting Point**

The global economic, financial, and environmental crises generated a lively debate in the global development community regarding what should be the appropriate response. ILO’s comprehensive response to the crisis is contained in the following elements of a Global Jobs Pact which it urges all countries to undertake:

- introducing cash transfer schemes for the poor to meet their immediate needs and to alleviate poverty;
- building adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor;
- extending the duration and coverage of unemployment benefits (alongside relevant measures to create adequate work incentives recognizing the current realities of national labour markets);

- ensuring that the long-term unemployed stay connected to the labour market through, for example, skills development for employability;
- providing minimum benefit guarantees in countries where pension or health funds may no longer be adequately funded to ensure workers are adequately protected and considering how to better protect workers' savings in future scheme design; and
- providing adequate coverage for temporary and non-regular workers (ILO, 2009 p. 4).

The ILO, together with the rest of the UN family through its Chief Executives Board (CEB), is part of a campaign for a Global Social Protection Floor, which would make possible the realization of basic human rights enshrined in existing treaties. The Global Social Protection Floor has two main elements:

1. **Essential Services:** ensuring the availability, continuity, and geographical and financial access to essential services, (such as water and sanitation, food and adequate nutrition, health, education, and family-focused social work support).
2. **Social Transfers:** a basic set of essential social transfers, in cash and in kind, paid to the poor and vulnerable to enhance food security and nutrition, provide a minimum income security and access to essential services, including education and health care (ILO and WHO, 2009 p. 2).

*The concept of a "social floor" is considered to be an urgent response to the "dramatic effects" of the crisis on employment, health, and education. It provides for transfer of incomes, social assistance, and social security benefits especially to the unemployed and most vulnerable groups. These measures are meant to arrest the spread of poverty by preventing the vulnerable from falling below the poverty line. They are also meant to maintain adequate demand for goods and services and thereby blunt the threat of further recession. Investing in these measures is considered to be*

an investment in both social justice and economic development. The investment can be very modest as in the case of Brazil and Mexico which allotted only 0.5 percent of the GDP to their expansive and highly successful conditional cash transfer programs. Another estimate puts the expected cost of a cash benefit for children and a small pension at only 4 percent of the GDP to have an impact of reducing the poverty headcount by 40 percent (ILO and WHO, 2009, p.5).

Does increased investment in social protection have a negative impact on economic growth? The answer is no. "On the contrary, well-designed unemployment schemes, social assistance and public works programmes effectively prevent long-term unemployment and help shorten economic recessions" (World Social Security Report 2010-2011, p. 3).

The concept of a "social floor" is a useful starting point in any discussion on the design and delivery of social protection systems, given the rather stark reminder that "still 75-80% of the global population do not enjoy a set of social guarantees that allow them to deal with life's risks". (ILO Global Extension of Social Security website). Yet, there is recognition that there is no 'one size fits all' solution for all countries. Each country has to elaborate its priorities according to its needs. In any case, "... social protection policies in times of crisis and beyond need to be part and parcel of a comprehensive set of labour market, economic, education policies and need to be an explicit part of wider social risk management strategies that are stabilizing households and communities" (ILO Global Extension of Social Security website). The concept of a "social floor" can also serve as a global standard for assessing the adequacy of national responses to crises, as exemplified by the Philippine case.

In June 2012, the International Labour Conference issued the Recommendation Concerning National Floors on Social Protection which provides guidance to Members to "(a) establish and maintain, as applicable, social protection floors as a fundamental element of their national social security systems; and (b) implement social protection floors within strategies for the extension of social security that progressively ensure higher levels of social security to as many

people as possible, guided by ILO social security standards” (International Labour Conference Provisional Records, 2012).

The Recommendation further elaborates on the basic social security guarantees that should comprise social protection floors:

- (a) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- (b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- (c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and,
- (d) basic income security, at least at a nationally defined minimum level, for older persons.

### **Summary and Conclusions**

The magnitude of the crises besetting the Filipino people requires an integrated and comprehensive response that should be spearheaded by the State. The State is the only force that can mobilize the required structures and resources to address and mitigate risks that the poor and vulnerable suffer on a chronic basis. These risks multiply and intensify during periods of shock – such as the financial crisis of 2008, the severe typhoons of 2009 and 2011, as well as the torrential southwest monsoon rains of 2012.

Based on the evidence, the State is not yet fully capable of meeting this challenge because of the following reasons:

- 1) Low coverage of the population, especially of the working poor



- 2) Inadequate funding
- 3) Poor coordination and multiple overlaps
- 4) Imperfect targeting systems still vulnerable to political manipulation
- 5) Lack of information, monitoring and evaluation systems based on set criteria which should ideally adhere to a human rights based approach.

In the light of worsening poverty and environmental conditions, the challenge of climate change, and the continuing employment crises, State should display more political will in allocating the resources to protect the poorest and most vulnerable groups. As it were, capacity building programs are yet to be put in place even in the agencies mandated to be at the forefront of ensuring social protection. Establishing safety nets and building resilient and economically sustainable communities should also be on the agenda.

Coordination and convergence of stakeholders to address social protection issues should be actualized to avoid overlaps, and maximize resources and impact of actions. This will require not only technical expertise but more importantly the involvement of various stakeholders including the intended beneficiaries, concerned national and local government agencies, the private sector and civil society organizations. There should be regular assessments and updating of the Social Protection Operational Framework and Strategy and the corresponding five-year Social Protection Plan. Participation of stakeholders is likewise critical not only to ensure smooth program or project implementation but also ensure transparency and accountability in the process. Finally, convergence as a strategy should go beyond addressing social protection but should also inform broader strategies for poverty reduction, disaster risk reduction and management, and climate change adaptation. It should be anchored on the principles of human rights, people's participation, gender-sensitivity, and sustainable human development.

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### **Endnotes**

<sup>1</sup>Hunger was at a record high of 23.8 percent or 4.8 million families in March, 2012, but this fell to 18.4 percent or 3.8 million families in late May, based on the report of the Social Weather Stations (SWS). According to the SWS, this was due to "improvements" in moderate hunger ("a situation where one experiences having nothing to eat 'only one' or 'a few times' in the last three months") as well as in severe hunger ("a condition where one experiences hunger 'often' or 'always'") ("SWS: Number of hungry Pinoy families now lower by 1M". GMA network.com, July 3, 2012).

<sup>2</sup> According to the Manual on Convergence of the DSWD Core Social Protection Programs, "**Poor**" refers to individuals and families whose incomes fall below the poverty threshold as defined by the government and/or those that cannot afford in a sustained manner to provide their basic needs of food, health, education, housing and other amenities of life. This definition is based on RA 8425 or the Social Reform and Poverty Alleviation Act, 11 December 1997. "**Chronic Poor**" refers to the section of the population which faces significant risks and vulnerabilities, has fewer buffers to protect their standards of living, and is commonly forced to adopt behavioral responses that keep them in poverty. "**Economically Active/Entrepreneurial Poor**" refers to the segment of the population categorized as poor but who are nonetheless able to participate in informal economic activities for purposes of generating either main or supplemental income for the household. "**Transient Poor**" refers to households who are poor in one year but have consumption levels above the poverty line in "normal" years (meaning non-poor before but poor now). Transient poor can move out of poverty once the exogenous shock has passed. Transient poverty might be related to seasonality, or to losing a job, or death of bread winner. These definitions of various kinds of poor were drawn from "Major Social Risks and Vulnerability in the Philippines: A Survey," by F. T. Aldaba, *Social Welfare and Development Journal*, Vol. 2, No. 2.

<sup>3</sup> A critique of the risks listed under individual/ life cycle is that they do not include gender-specific risks such as pregnancy and maternity, and they also do not consider risks associated with infancy, childhood, and adolescence.

<sup>4</sup> The NEDA Subcommittee on Social Protection defined “vulnerable” as referring to “households confronted by *ex-ante* risk that if currently non-poor, will fall below the poverty line, or if currently poor, will remain in poverty. It is also defined in terms of exposure to adverse shocks to welfare and not just in terms of exposure to poverty.” The Subcommittee defined “marginalized” as referring to “groups in society who, for reasons of poverty, geographical inaccessibility, culture, language, religion, age, gender, migrant status or other disadvantage, have not benefited from health, education, employment and other opportunities, and who are relegated to the sidelines of political persuasion, social negotiation, and economic bargaining”.

<sup>5</sup> This is an inter-agency body composed mostly of government agencies, with the addition of Social Watch representing NGOs and PATAMABA (the National Network of Informal Workers) representing people’s organizations.

<sup>6</sup> Government offices were directed to allocate at least 1.5 percent of their operating budgets for emergency job creation under CLEP. As of 8 May 2009, 99,967 person days were created, and 700,000 person-days were targeted for creation by the end of the year. Total cost was estimated at Php 1.374 billion. (Bonnet, Florence, Catherine Saget and Axel Weber, “Social protection and minimum wages responses to the 2008 financial and economic crisis: Findings from the ILO/World Bank Inventory. ILO Employment Working Paper No. 113, 2012).

<sup>7</sup> For details on the nature, objectives, accomplishments, and shortcomings of these programs, see “Impact of the Global Financial and Economic Crisis on the Philippines,” by J. T. Yap, C. M. Reyes, and J. S. Cuenca. PIDS Discussion Paper Series No. 2009-30, pp. 21-29.

<sup>8</sup> This was later developed and refined into the enhanced social protection operational framework, the diagram of which may be found on page 10.

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