

## Chapter 7

# GOVERNMENT POVERTY REDUCTION PROGRAMS

Promises to reduce poverty always feature prominently in Philippine presidential campaigns, and every administration since 1986 has prioritized poverty reduction in its development plans. Institutional reforms have taken place that significantly changed the scope and breadth of poverty policy making in the country. As the concept of poverty evolved in the literature, the treatment of poverty by various Philippine governments also saw dynamic changes. Some innovative program interventions were introduced in the process. Overall, however, the implementation of government poverty programs has been weak and politicized. As Chapter 3 illustrated, while overall income poverty incidence has fallen over the years, there were more poor people in 2000 than there were in 1985, and high levels of income inequality have not changed. This Chapter identifies some of the problems of past programs in order to draw lessons for future poverty initiatives.

## Major Poverty Programs, 1986–2004

The Government's MTPDP, prepared every 6 years to coincide with the term of the President, sets out that administration's development goals. The Plan also lays out the framework for poverty reduction efforts. The treatment of poverty in the plans since 1986 has evolved to become broader.

- *MTPDP 1986–1991, Aquino Administration:* Eradication of poverty and improved quality of life are the major development goals. The first serious attempt at making poverty a performance criterion of the Government is made with this Plan. Poverty incidence targets are set for the first time.
- *MTPDP 1992–1997, Ramos Administration:* Improved quality of life and international competitiveness are the development objectives of both the Plan and the midterm update in 1996. Poverty is treated in the human development and human resources chapter, which promotes the concept of minimum basic needs. Poverty incidence targets are again included.
- *MTPDP 1999–2004, Estrada Administration:* Sustainable development and growth with social equity are the vision of this Plan. For the first time an attempt is made to make the Plan revolve around a common theme of sustaining growth and reducing poverty, identifying priority areas necessary to achieve the Plan's objectives. Poverty continues to be treated as part of human development. Regional poverty targets are also included in the Plan.
- *MTPDP 2001–2004, Arroyo Administration:* The President clearly stated that the MTPDP would be her Government's poverty plan. The goal is to eliminate poverty in the next decade with four major strategies. The problem of poverty is treated broadly, recognizing the roles played by growth, governance, agriculture modernization, and human development. For the first time, the Plan recognizes the problem of vulnerable sectors (a chapter is dedicated to this theme). No poverty incidence targets are included, nor is there an indicator for poverty "elimination."
- *MTPDP 2004–2010, Arroyo Administration:* The basic task is "to fight poverty by building prosperity for the greatest number of the Filipino people." The five main parts of the plan cover (i) economic growth and job creation, (ii) energy, (iii) social justice and basic needs, (iv) education and youth opportunity, and (v) anticorruption and good governance. The specified target is to reduce the poverty incidence of families from 28.4% in 2000 to 17.9% by 2010.

Each president has had specific poverty reduction projects: The *Tulong sa Tao* Program of the Aquino Administration; the Social Reform Agenda (SRA) of the Ramos administration, the *Lingap Para sa Mahihirap* program of President Estrada, and the *Kapit-Bisig Laban sa Kahirapan* (KALAHAI) Program of the Arroyo Government. The main features of each program are described below and summarized in Table 36.

*Tulong sa Tao*. Launched in 1987 through Executive Order No. 158, the program aimed at reducing poverty through the creation of employment opportunities for “low income municipalities.” According to the project completion report, about 183,500 new jobs were created and living conditions of 111,000 beneficiaries improved while more than 1,500 NGOs were strengthened in the process (Balisacan, 2000).

*Social Reform Agenda (SRA)*. The SRA emphasized two key areas of development—poverty alleviation and countryside development. Beneficiaries were targeted with sectoral and geographical methods. The focus on “basic sectors” was not on sectors per se but rather on particularly disadvantaged economic and social groups: farmers, fisher folk, indigenous communities, the urban poor, workers especially in the informal sector, and other disadvantaged groups—women, persons with disabilities, youth, disadvantaged students, the elderly, and victims of disasters. The geographical targeting placed emphasis on the country’s 20 poorest provinces.

*Lingap Para sa Mahihirap*. This program identified the 100 poorest families in each LGU nationwide. The emphasis on the 100 poorest families as the basic targeting unit instead of the village or *barangay* was adopted when President Estrada declared that the family is at the center of Filipino society and must be the driver of progress. A P2.5 billion *Lingap Para sa Mahihirap* Fund (Poverty Alleviation Fund) was provided under the 1999 General Appropriations Act.

*Kapit-Bisig Laban sa Kahirapan* (KALAHAI) program. Launched in 2001 under the supervision of the National Anti-Poverty Commission (NAPC), there are five types of KALAHAI Special Projects which serve as the Government’s vehicle to reach out to the poor: (a) KALAHAI Rural Projects serve 90 priority rural barangays which will be provided with potable water systems, farm-to-market roads, multi-purpose or day-care centers and micro-enterprises and livelihood activities; (b) KALAHAI Urban Projects are located in 8 cities, offering human development services as well as housing and land for poor urban families; (c) KALAHAI Social Initiative Projects (i.e. animal dispersal, abaca plantation, water system installation, core shelter construction and farm-to-market roads), comprise 13 projects in 6 provinces, 7 municipalities, and 25 barangays costing P4 million for 2003; (d) KALAHAI Resettlement Areas serve 5,000 households in six underdeveloped resettlement sites in 3 regions; and

(e) KALAHI in Conflict Areas, implemented in 100 communities in conflict areas.

The SRA laid the groundwork for the passage of the Social Reform and Poverty Act of 1997 (RA 8425). This Act provided a new perspective in policy making for poverty reduction, creating the NAPC with the three-fold task of coordinating poverty reduction programs, institutionalizing participation of the “basic sectors” in social reform and poverty alleviation, and promoting micro-finance programs and institutions.

## Evaluating Government’s Poverty Reduction Programs

In evaluating poverty reduction programs, the issues and lessons can be grouped into three categories: policy issues, institutional issues, and resource or funding issues. These are discussed in turn here before focusing in more detail on the KALAHI program of the first Arroyo administration (2001–2004).

### Policy Issues

*Changing poverty framework.* Starting with the formulation of the SRA in the 1990s, there has been a tendency to prepare separate poverty frameworks from the MTPDP prepared by the Government. Since of the Social Reform Council was composed of civil society and NGOs, the process of generating the framework through a participatory was given as much importance as the substance of the document. However, more difficult than preparing separate poverty plans is the tendency of every administration to introduce new poverty programs, sometimes without regard to what has been started by previous administrations. This has resulted in a waste of energy and resources as even effective programs were discarded just because they were a part of the past presidents’ agendas.

*Different targeting mechanisms.* The different government programs have also followed different approaches in targeting the poor, as summarized in Table 37. For example, the SRA followed a geographic and sectoral approach while *Lingap sa Mahirap* targeted the 100 poorest families in every province and city, while the KALAHI targets barangays. A related problem is that none of the programs had built-in monitoring and evaluation components.

According to Balisacan (1995), *Tulong sa Tao* had a number of targeting problems. There were considerable leakages where unintended beneficiaries were also assisted. The credit needs of the poor could not be met since the target clientele was not clearly defined: the target beneficiaries were identified as the low-income groups in the rural areas. There was a lack of clear criteria

Table 36  
**Objectives and Components of Government Poverty Reduction Programs,  
 1986–2004**

	<b>Tulong sa Tao</b>	<b>Social Reform Agenda (SRA)</b>	<b>Lingap Para sa Mahihirap (Lingap)</b>	<b>Kapit-Bisig Laban sa Kahirapan (KALAHI)</b>
<b>Key Objectives</b>	<p>To increase employment and income of low-income groups</p> <p>To strengthen self-help groups</p> <p>To encourage savings mobilization among low-income groups</p> <p>To increase production of goods and services by members of the low-income groups</p> <p>To strengthen NGOs to service credit needs of low-income groups</p>	<p>Poverty alleviation</p> <p>Quality basic social services</p> <p>Institutional development</p>	<p>For government and private sector to converge efforts and resources for poverty alleviation</p>	<p>To address inequities in ownership, distribution, management, and control over productive resources</p> <p>To meet basic human needs</p> <p>To strengthen the capacities of marginalized groups to engage in productive enterprises and livelihood</p> <p>To eliminate all forms of discrimination</p> <p>To institutionalize and strengthen participation of basic sectors in all levels of governance</p>

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for the screening and inclusion/exclusion of prospective beneficiaries, resulting in elite capture by about two thirds of the beneficiaries. Finally, the definition of rural areas was also vague, generally construed to mean all areas outside Metro Manila.

In the case of *Lingap*, the target of 16,100 direct beneficiaries was too limited for a program that was meant to be national in scope and coverage. The targeting mechanism was not efficient at all. The implementers had to

Table 36 (continued)  
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	<b>Tulong sa Tao</b>	<b>Social Reform Agenda (SRA)</b>	<b>Lingap Para sa Mahihirap (Lingap)</b>	<b>Kapit-Bisig Laban sa Kahirapan (KALAHI)</b>
<b>Program Components</b>		Flagship programs: Agricultural development Fisheries and aquatic resources management Ancestral domains Socialized housing Workers' welfare and protection Livelihood Credit Institution building and effective participation in governance	Potable water Socialized housing Health care Protective services for children Livelihood/cooperative development Food subsidy	Asset Reform Human Development Services Employment and Livelihood Social Protection Participation of the poor in Governance
<b>Poverty Reduction Target</b>	Not explicit	Reduce poverty incidence to 30%	Reduce poverty incidence to 25–28 %	Win the war against poverty within the decade
<b>Coordinating Agency</b>	Department of Trade and Industry	Social Reform Council	National Anti-Poverty Commission	National Anti-Poverty Commission

seek out the 100 poorest families in an area. Often those families were far apart which resulted in high administrative costs for service delivery. The identification of the 100 poorest families in every province and city became highly politicized. The NAPC left 32% of the Lingap fund to the DILG and LGUs, whereas the other 68% was distributed to congressmen. LGUs have tended to use the Lingap to further their political agenda while the congressman used it as another source of “pork barrel” funds.

Table 37  
**Target Areas, Beneficiaries, and Delivery Mechanism of Government Anti-Poverty Programs**

	<b>Tulong sa Tao</b>	<b>Social Reform Agenda (SRA)</b>	<b>Lingap Para sa Mahihirap (Lingap)</b>	<b>Kapit-Bisig Laban sa Kahirapan (KALAH)</b>
<b>Target Area</b>	Low-income municipalities	Special priority areas: 20 poorest provinces 5 <sup>th</sup> and 6 <sup>th</sup> class municipalities Special Zones of Peace & Development (Mindanao & Palawan)	Nationwide	Poorest barangays in the KALAH convergence areas
<b>Target Beneficiaries</b>	Low income groups in rural areas	Poor and vulnerable groups	100 poorest families in every province and city	14 “basic sectors”: children, women, urban poor, persons with disabilities, farmers, fisherfolk, indigenous peoples, informal labor, formal labor and migrant workers, youth and students, senior citizens, victims of disasters and calamities, cooperatives, NGOs
<b>Delivery Mechanism</b>	National government agencies with NGOs as conduits	Flagship program agencies	National government agencies	National government agencies

*Weak implementation of “convergence policy”.* Convergence of services has been promoted since the SRA days, but making the policy operational has proven difficult. The difficulties lie partly in the different target areas of major social sector agencies. For instance, the DOH implemented the Health Plus strategy, targeting 65 provinces and cities for 2001–2004. These sites were

prioritized into five groups according to LGU interest or commitment, favorable local conditions, and active participation in various DOH and PhilHealth programs such as the Tuberculosis Direct Observed Treatment System, *Sentrong Sigla*, and the PhilHealth Sponsored Program for the poor. DepEd has the Strong Republic School Distance Learning Program aimed at providing the unserved or inadequately served barangays with access to quality basic education through the use of Distance Learning Technology. There are differences in the target areas identified by NAPC, DepEd, and DOH.

There is an attempt to coordinate poverty programs through the implementation of KALAH I programs in the regions. The needs of communities are first identified through Regional KALAH I Convergence Groups (RKCGs). These are referred to the appropriate government agencies that then make a commitment to address the needs of the area. In this way, the RKCG serves as the liaison between the targeted barangay and the national level agency.

## Institutional Issues

*Transition blues/fast staff turnover.* The appointment of new agency heads after every change of administration since 1998 has in nearly every case resulted in new staff being brought in up to the director level. Various agencies therefore only have a few staff members with the institutional memory of past policies. There is also a tendency to look with suspicion on those associated with the past administration. Security of tenure is not assured, which affects staff motivation.

*Highly politicized poverty programs.* Since the organization of NAPC in 1998, its operations have become highly politicized, possibly as a result of the proximity to the Office of the President (Chair of NAPC). From the choice of “basic sector” representatives and the target beneficiaries to the distribution of the budget and goods for poverty alleviation, political considerations often prevail. As a result, there are leakages in the flow of benefits to the poor. Similar politicization and misuse of funds occurred under the Lingap fund, as discussed above. Some steps have been taken to move away from politicization (for example, basic sectors are now able to select their own representatives) but there is still work to be done.

*Political appointment of agency heads.* Despite pronouncements that poverty is a priority problem of the country, the NAPC has not been spared from being used as an opportunity to pay political favors. One head of NAPC lasted only for 3 months, during which time almost all the NAPC directors tendered their resignation.

*“Basic sector” representation.* Since its organization, the NAPC has been confronted with administrative issues related to the appointment of

representatives from the basic sectors. During the time of President Estrada, NGO representatives demanded the same status and salary as their government counterparts. During President Arroyo's first term, NGO representatives appointed during former President Estrada's term refused to vacate their posts. This stalemate meant that NAPC was not convened by the administration for many months.

## **Budget Issues**

As a result of chronic budget deficit problems of the Government, a lack of funds has always been the perennial complaint of agencies. The unresolved issue around financing for poverty reduction relates to (i) whether a separate budget line for poverty related projects should be included; or (ii) whether agencies should be made responsible for requesting a budget for poverty projects. Until 1998, a Poverty Alleviation Fund was approved for poverty projects. Since then, no budget line item for poverty has been delineated in the national budget.

## **The KALAHI Program: Opportunities for Improvement**

There is very much a need to streamline agencies concerned with poverty. Through the years, institutional structures for setting social development policies (including poverty reduction) have become more and more complicated, both at the national and local levels with decentralization. At the national level, both the NAPC and the Social Development Committee (SDC) under the NEDA Board have legal mandates to tackle poverty-related issues. The SDC is mandated to be the highest policy-making body on social development issues, including poverty reduction. It formulates and recommends policies and reviews programs, projects and the legislative agenda. NAPC, on the other hand, is the focal agency for the antipoverty program, which includes policy-making, advocacy, and monitoring. Membership is almost the same for the two committees, and reviewing their functions might be warranted. Another related group that could be included in a review is the Presidential Commission on the Urban Poor (PCUP). It has similar responsibilities as the SDC and NAPC, except that it focuses specifically on the urban poor.

To oversee the implementation of KALAHI, National and Regional KALAHI Convergence Groups (NKCGs and RKCGs) were created under the NAPC. The apparent duplication of functions at the national level is replicated at the regional level. The RKCGs are similar to the SDC under the Regional Development Council (RDC) except for the designation of a Presidential

Assistant appointed by the President as Chair of the RKCG and NAPC sector representatives.

*Highly centralized poverty program.* While the target beneficiaries of the KALAHÍ programs are the barangays, the identification of target areas and beneficiaries as well as the approval of projects is still undertaken at the national level. The assignment of a Presidential Assistant to head the RKCG also reflects intent to control the program at the national level. In the context of decentralization, it may be better to involve the local chief executives in KALAHÍ, not only to elicit their cooperation but also to encourage them to share resources for poverty-related programs in their areas.

*Inadequate budget for KALAHÍ.* The budget for the different modules of KALAHÍ has been sourced mostly from the President's Social Fund. Compared to *Lingap's* P2.5 billion, the KALAHÍ has less than P200 million for its projects. A gap of P400 million between the commitments of the agencies and the identified needs of the target areas was identified. With the budget constraints of the national Government, agencies are using the Sectoral Effectiveness and Efficiency Review process to try to refocus their budgets to activities that will contribute most to poverty reduction. The exercise still needs to be complemented with information on the projected requirements of KALAHÍ-targeted areas. While refocusing is important, enlarging the resource envelope for poverty reduction should also be addressed through more innovative financing modes.