Conditional Cash Transfers (CCTs) in the Philippines

Very poor families receive cash to send their children to school and access healthcare in an effort to end the cycle of poverty.

Carmen, Bohol, Philippines – The family of fifth-grader Era Marie Vargas used to be so poor that her parents had difficulty buying her school supplies. They could not even afford the glasses she needed for reading. She struggled to cope with her schoolwork.

But now her family receives regular cash transfers for their daily needs, enabling her mother to finally buy her a pair of glasses. It has changed Era Marie’s life for the better.

"Because of the glasses, I can now read well, and can participate in all school activities," says Era. "Now I’m a third honor student."

Era lives amid the poverty hidden from tourists who visit the luxury hotels and resorts that surround the white-sand beaches nearby and the Chocolate Hills, famed in the province of Bohol. Her life has changed due to an innovative cash-transfer program. The program provides cash grants to targeted poor Filipino families based on sustained, verified compliance with certain health and education conditions. Such conditions include sending children to school, ensuring they receive regular checkups, and participating in family planning and nutrition. The Government of the Philippines uses the program to address poverty traps at their very core.

Social initiatives such as this are a key component of ADB’s work. Without them, poverty can become cyclical, passing from one generation to the next. This project interrupts the cycle of poverty by providing families with cash, given that they meet certain conditions intended to raise their families out of poverty.
Cash with positive conditions

The conditional cash transfers are a direct intervention by the national Pantawid Pamilyang Pilipino Program (Pantawid Pamilya), by the Department of Social Welfare and Development (DSWD). It is supported by an ADB-approved $400 million loan in 2010 to the Social Protection Support Project, along with three grant-based technical assistance projects totaling $2.5 million. All four projects complement each other and are closely coordinated with support from the World Bank and the Australian Agency for International Development (AusAID), among other development partners.

In Bohol, 28,000 households benefit from the cash transfers. By December, that will increase to 45,000 households as the DSWD speeds its efforts to expand coverage. Nationwide, 5.8 million children are healthier and better educated courtesy of the program.

"Our interaction with beneficiaries has given us the opportunity to directly hear about the impact of the project on their lives," says ADB Executive Director Gaudencio Hernandez Jr., who recently joined ADB representatives on a tour of the province. "We are happy to note that the conditional cash transfers have benefited the children and their parents - the beneficiaries - in their education and health."

Christopher Spohr is an ADB senior education specialist, and team leader for ADB's support to the government-led program. He says, "Best practices in other countries show that conditional cash transfers are a powerful instrument to alleviate poverty in the short term by providing a safety net against financial shocks and destitution through a modest but stable income, and long term, by breaking the vicious cycle of poverty through human capital accumulation."

This is particularly relevant in the Philippines, where, according to official estimates, despite average GDP growth of 4.8% during 2003-2009, the number of those living in poverty rose to 26.5% from 24.9%.

Education, health dividends

The cash transfers are contingent upon families meeting education and health requirements. For example, poor households with children 6 to 14 years old can receive P300 ($7) per child per month for 10 months in a year, for up to three children. In exchange, the children are required to maintain a monthly class attendance rate of at least 85%.

Pregnant women and poor families with children up to 14 years old are given P500 ($11.50) per household every month. At health centers, infants must undergo periodic weight monitoring and mothers must take nutrition counseling. Children have to be immunized, and pregnant women must undergo pre- and post-natal care, along with delivery by a skilled health professional. School-age children are dewormed, and parents are required to attend family development sessions at least once a month to learn about responsible parenting, education, health, and nutrition.

According to District Supervisor Renato Calamba, prior to the cash transfers, there were only 508 pupils enrolled in Barangay Katipunan Elementary School in 2007-2008. Since then, enrollment has been steadily increasing, reaching 686 in 2011-2012. Academic performance has also improved. Based on the National Achievement Test (NAT) for Grade 6 pupils, the school only had a 56.9% pass-rate in 2008. But in 2011, the school's pass-rate reached 78.9%, a 22% improvement. Grade repetition also registered a modest drop, as children of beneficiary families attended more regularly - and on full bellies.

Health conditions have also improved. Barangay midwife Lucia Maligmat says that before the cash transfers, children were not vaccinated. Pregnant women only had prenatal checkups on their last trimester.

"But now, children are more willing to be immunized, and pregnant women come for prenatal checkups as soon as they learn about their pregnancies," she says. "They also visit the health center more frequently".

A little goes a long way

For 10-year-old Lendah Jay Mar, who lives with only her grandmother and another sibling, life before the cash transfers was especially difficult. Her parents are separated and have made new families. Her mother lives nearby but her father's whereabouts are unknown.

"Before Pantawid Pamilya, I had always wanted to go to school. But my grandmother couldn't afford it," she says. "I'm very thankful to Pantawid Pamilya because we can now eat good food, drink milk, take vitamins, and buy school supplies."

Neri Satina, another beneficiary, learned about family planning through the program. Satina says that he wishes the program had
come to his community much earlier because he might have thought twice about having nine children. Three to four children are what he now suggests if they are all to attend school.

“Before the program, we experienced difficulties,” he says. “There were times when my children could not go to school because we had no money. Sometimes, we had to borrow money from our neighbors so that my kids could go to school. Because of our poverty, my wife went to work in Manila. I’m very thankful the program came, because now we can buy clothes and nutritious food for our kids - and pay for school fees.”

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