Building Governance and Anti-Corruption in CCT Program Design

The Case of the Philippines

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Outline

- Background: The Philippines’ CCT Program – “4Ps”
- The Challenges in Implementing 4Ps
- The Governance and Anti-Corruption in CCT Technical Assistance Program
  - CCT Program: Program Specific
  - Demand Side: 4Ps Beneficiaries and General Public
  - Supply Side: Improving agency GAC
- Lessons Learned
The Philippines’ CCT Program
Pantawid Pamilyang Pilipino Program (4Ps)

Coverage

• Launched in February 2008 with 6,000 household beneficiaries in 4 pilot municipalities and 2 cities in the Philippines
  – Our initial concept was to scale-up to 320,000 hh by 2011.
• Food and fuel crisis – prompted government to scale up program to cover 376,000 households by March 2009
• President then asked to expand to 700,000 by mid-2009
• Further expansion aimed to cover 1 million households by March 2010 (around 20% of total poor households in the Philippines)
The Philippines’ CCT Program
Pantawid Pamilyang Pilipino Program (4Ps)

**Eligibility**

**Health grant:**
- Households with children 0-14 years old and/or with pregnant women
- P500 per household per month for 12 months/year

**Education grant:**
- Households with children 6-14 years old
- P300 per child per month for 10 months/year (up to 3 children)
The Philippines’ CCT Program
Pantawid Pamilyang Pilipino Program (4Ps)

**Conditionalities**

**Health grant:**
- All children 0-5 years old and pregnant women to visit health centers and get the required services
- All children 6-14 years old undergo de-worming protocol at schools
- Household grantee to attend family development sessions at least once a month (for households with children 0-14 years old)

**Education grant:**
- Children receiving grants are enrolled in primary and secondary school and maintain a class attendance rate of 85 percent every month
The Challenges in Implementing 4Ps

*In addition to those inherent in CCT programs, 4Ps faces particular implementation challenges:*

- High-risk environment in terms of corruption (see figure)
- Government political intentions and legitimacy are regularly questioned with heavy politicization of public resources
- Program has high public profile now that it is largest national poverty/SP program.
- Rapid scale-up of program in the lead up to a national election, increased questions of program being a “dole-out”
- Need to navigate a change in administration (elections in May 2010)
- Limited capacity of DSWD as it implements other social protection programs

![Graph showing Control of Corruption Score and Corruption Perception Score for Singapore, Malaysia, Thailand, and Philippines.](Image)
Error is an unintentional violation of program or benefit rules that results in the wrong benefit amount being paid or in payment to an ineligible applicant.

Fraud occurs when a claimant deliberately makes a false statement or conceals or distorts relevant information regarding program eligibility or level of benefits.

Corruption commonly involves manipulation of beneficiary rosters, for example, registering ineligible beneficiaries to garner political support, staff accepting illegal payments from eligible or ineligible beneficiaries, or diversion of funds to ghost beneficiaries or other illegal channels.

Source: Grosh, del Ninno, Tesliuc, and Ouergi (2008)
The Challenges in Implementing 4Ps

**Targeting:**
- Inclusion error and exclusion error
- Households providing false information to be eligible for grants (fraud)
- Implementation in areas that did not satisfy poverty criteria to gain political support or financial gain (corruption)

**Registration:**
- Politicians to register supporters or exclude opponents
- Status of households not reported to keep eligibility for grants

**Compliance monitoring:**
- Schools and health centers do not report non-compliance
- Fraud in filling up of compliance form
- MIS inadequate to handle compliance data resulting to intentional or unintentional error
- Compliance monitoring to overburden schools and health centers resulting in error
The Challenges in Implementing 4Ps

**Payment systems:**
- Land Bank officials could charge an illegal fee to beneficiaries to access over-the-counter payments.

**Procurement of service contracts:**
- Inappropriate or inadequate specifications and terms of reference for procurement open up window for corruption; delays in procurement may result to errors (in encoding, processing forms, etc.)

**Supply side challenges:**
- Limited capacity of DSWD relative to program requirements may weaken controls and accountability mechanisms of the agency
- Inadequate supply of teachers, education materials, qualified health personnel, equipment and medications may result in non-compliance

**Demand side challenges:**
- Lack of knowledge about the program rules and lack of public support for the program can encourage fraud and corruption
The GAC Technical Assistance Program

❖ Objectives:
  ▪ To pilot integration of anti-corruption measures in designing the 4Ps
  ▪ To anticipate and mitigate risks of EFC in rolling out the 4Ps
  ▪ To enhance efforts in supporting governance reforms and anti-corruption safeguards

❖ Funding:
  ▪ AusAID financing with World Bank execution. (EFO Arrangement).

❖ Working arrangement:
  ▪ Activities were undertaken by multi-sectoral World Bank team. Bank team included HD team; PREM and CMU Governance Advisors; SD Social Specialist; Consultants.
  ▪ In close collaboration with AusAID whose technical staff were part of the team. AusAID also provided resident TA at DSWD.
  ▪ High-level ownership and participation of DSWD -- Executive Committee and technical staff.
The GAC Technical Assistance Program

Activities Undertaken

**Supply Side** (DSWD)
Improving governance and anti-corruption capacity of DSWD through:
- Integrity Development Review:
  - Corruption Resistance Review
  - Corruption Vulnerability Assessment

**CCT Program** (4Ps)
Putting in place control and accountability mechanisms in 4Ps program design:
- Proxy-Means Test based targeting method
- Management Information System
- Monitoring and Spot-Checks
- Process Risk Mapping

**Demand Side** (4Ps beneficiaries and general public)
Enhancing beneficiary capacity to ensure and oversee 4Ps implementation through:
- Strategic Communications
- Grievance Redress System
CCT Program: 4Ps

❖ PMT-based targeting system

PMT methodology – objectively selects the 4Ps beneficiaries by running the PMT model, which estimates household income based on relevant variables

➢ To minimize inclusion and exclusion errors, prevent targeting system from being manipulated, clarify rules and institutional responsibilities in targeting

• TA supported development of PMT which combines geographic targeting (using official poverty incidence ranking from FIES and SAE)
  – TA assisted in setting up National Household Targeting System, refining assessment questionnaire, software application, institutional arrangements, roll-out strategy, development of OM (guidelines for enumerators, supervisors, encoders).

• TA supporting continuous technical review/monitoring of PMT model and roll-out.
  – PMT (enumeration and algorithm) monitored by cross-checking generated municipal poverty incidence with Small Area Estimates)
CCT Program: 4Ps

- **PMT-based targeting system**
  - TA supports ongoing assistance to develop and manage the national database of poor households.
    - TA to improve data entry application
    - Designing/instituting running of validation routines to control quality to minimize error.
    - Technical training (regional directors, technical staff, IT staff)
  - All implementation details, including institutional arrangements, are outlined in the Operations Manual for technical guidance
  - Targeting system has been institutionalized (National Household Targeting System for Poverty Reduction) and will be used to select beneficiaries of other social protection programs in the Philippines
    - Bank team supporting advocacy for NHTS-PR to be used across GOP programs.
    - TA supported development of inter-agency data-sharing protocol.
CCT Program: 4Ps

Management Information System (MIS)

MIS stores the 4Ps database and all the data processing requirements of the 4Ps. It has the following modules: household information, registration, updates, compliance verification system (CVS), payments, and grievance redress system (GRS).

- To protect the 4Ps operations and processes from errors (intentional and unintentional) and keep information secured

  - Designed the 4Ps information flows for updates, CVS, and GRS
  - Reviewed technical specifications of MIS to ensure data security and quality (e.g. “red flags” for monitoring information flows).
  - Prepared the respective modules for updates, CVS, and GRS for pilot-testing
  - Designed and pilot-tested the forms for verifying compliance, updates, and grievance redress system in schools, health centers, and municipal links; workshop on lessons learned. Next step: full roll-out.
  - Hired MIS expert on CCT programs to improve 4Ps MIS (merging database, creation of unified library for schools and health centers, make necessary adjustments to the design of CVS and updates modules)
CCT Program: 4Ps

- **Monitoring and Spot Checks**

  Spot checks – rapid 3rd-party ex-post reviews of key aspects of program design and implementation

  - To enhance the governance, transparency, and accountability of 4Ps as they validate the range of players involved in the program delivery.

  - Developed a methodology for spot checks for 4Ps – includes survey questionnaires, training manual, other instruments for monitoring

  - Currently pilot-testing methodology – 750 household beneficiaries, about 90 schools, 40 health clinics in 3 municipalities in Northern Samar

  - Pilot-test – to assess targeting, registration process, process of verification of compliance with conditionalities, payments, social marketing, training, process of updates, and GRS

  - Will serve as the basis for future spot checks to be conducted by DSWD in monitoring the implementation of 4Ps
CCT Program: 4Ps

◆ Process Risk Mapping (PRM)

PRM – mapping out decision-making points step-by-step that can expose the program to risks

➢ To identify and highlight decision-points with high degree of discretion, unguided by project procedures that could open up the potential for fraud or corruption

• Conducted PRM on key 4Ps processes: geographic selection, household targeting, registration, compliance monitoring, and payment

• Mapped out different steps as described in the draft Operations Manual, verified the process maps with Central Office 4Ps staff, and cross-checked findings through field visits to 4Ps pilot sites

• The first systematic documentation of weaknesses in 4Ps implementation

• Findings were incorporated into the Operations Manual, GRS and Strategic Communications Plan
Demand Side: Beneficiaries, general public

- **Strategic Communications Plan**
  - Build public awareness and support for the program
  - Address GAC risks amenable to mitigation through information
    - Supported development of a communications framework and work plan
    - Conducted communications needs assessment – identify key issues, define stakeholders and their desired behaviors, communication messages and channels, and indicators of success. Linked communications and operations staff
    - Formulated strategic communications activities for each stakeholder (4Ps beneficiaries, NGOs, civil society, religious groups, legislators, local government officials, etc.)
    - Very successful in turning around public opinion
    - Weak implementation in terms of operational informational needs
      - Consequences include mayors adding new conditions, parent leaders/Municipal Links/mayors “taxing” beneficiaries
Demand Side: Beneficiaries, general public

**Grievance Redress System (GRS)**

GRS – captures, resolves, and analyzes grievances about the 4Ps such as targeting errors, payment irregularities, fraud, and corruption

- To facilitate resolution of complaints and, through the database, analysis of systemic vulnerabilities in program design and implementation

- Developed a typology of expected grievances (program and supply-side related) and analyzed pathways for the submission and resolution of complaints
  - Use existing mechanisms, though alternative avenues of redress are important
  - Can report through Parent Leaders, Municipal Links, Village Heads, NGOs, government officials, email, fax and SMS hotline
  - Grievance Redress Unit at national level and Committees at each level

- Designed and field-tested grievance forms

- Drafted 4Ps Grievance Redress Manual (jointly with 4Ps staff)

- At present, grievances are being submitted and resolved, but GRS forms are not in wide use and the MIS database not yet operational
  - Likely to lead to significant under-reporting
Supply Side: DSWD

**Integrity Development Review (IDR) of DSWD**

- IDR – systematic assessment of an agency’s corruption vulnerabilities and resistance mechanisms

- To help mitigate potential governance risks with a view to strengthening its department-wide control and accountability mechanisms

- Mostly due to 4Ps, the DSWD budget has trebled in three years
  - Strained integrity systems
  - Attracts rent-seekers

- IDR has three tools
  - Integrity Development Assessment (IDA) – criteria-based rating against key institutional functions: HR Management, FM, Internal Audit, Risk Management, Code of Conduct, etc
  - Survey of Employees – test awareness and attitudes towards corruption resistance mechanisms
  - Corruption Vulnerability Assessment – more in-depth assessment of key functions

- GAC TA supported major improvement in the IDR methodology
  - Now adopted by the Ombudsman as standard approach in the Philippines
Supply Side: DSWD

Integrity Development Review (IDR) of DSWD

- Overall the IDR results were positive for DSWD, though a number of vulnerabilities were identified requiring management action
  - Highest ratings – internal audit, human resource, financial, and procurement management
  - Needs improvement – code of conduct, risk management and partnerships
  - Weaknesses in some regional offices

- IDR results were presented to the DSWD ExeCom in February 2010. The final remaining step is development of a concrete Action Plan to build on strengths and address weaknesses.
  - Actions could include: completion of HR database; tightening of conflict of interest guidelines; revision of Code of Conduct; strengthening of public complaints systems with respect to procurement; strengthening Internal Audit; develop agency-wide approach to risk management.
Lessons Learned

• Essential to embed GAC considerations throughout the design and preparation of the project
  • Mainstreamed, not an add on or last minute consideration

• Working closely with DSWD was key to integrating risk-mitigating mechanisms in the technical design of 4Ps

• Targeted communication has been integral in winning public support for the program

• DSWD’s commitment to integrity enables the agency to face the implementation challenges of 4Ps

• Having long-term, resident technical expertise on the ground is critical in undertaking the TA
Thank You!