＜論文（経済政策）＞

Social Protection in the Philippines

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Summary

Industrialization or structural transformation of the economy affects people's lives in many ways. In addition, globalization intensifies competition among companies and accelerates upgrading of the industrial structures which entails with frequent replacement of jobs as a consequence. There in-lies necessity for building social protection mechanism more than ever. The Philippines is no exception. The Philippines is rapidly growing and therefore the need for building social protection is pressing.

The Philippines is equipped with all the social protection schemes other than unemployment insurance to tackle poverty. However, the state of poverty in the Philippines look as disappointing as other peer countries. This paper digs into why the Philippines has failed to alleviate the poverty. The paper is divided into three sections. First, the paper evaluates the Filipino pension system based on regression analysis and compares with peers which are in the similar stage of development. Then, the paper will discuss the health insurance with particular attentions to the size of coverage of the insurance. Lastly conditional cash transfer system of the Philippines will be evaluated.

Key Words

social protection, pension system, health Insurance, conditional cash

transfer, ageing,

Introduction

Industrialization leads to structural transformation of the economy, which affects people's lives in many ways. The negative side of this by-products such as losing jobs used to be mitigated by the community or family. However, shrinking agricultural sector and urbanization triggered by industrialization has brought about collapsing of traditional and informal family-based supporting mechanism. In addition, globalization intensifies competition among companies and accelerates upgrading of the industrial structures which entails with frequent replacement of jobs as a consequence. There in-lies necessity for building social protection mechanism more than ever. The Philippines is no exception. The Philippines is rapidly growing and therefore the need for building social protection is pressing. Social protection not only redistributes incomes among people but also promotes consumption and entrepreneurship by reducing future uncertainty and helps the economy grow.

Moreover, thanks to medical and pharmaceutical improvement and development in hygiene institutions, life expectancy is lengthening not only in industrial countries but also in developing countries. As a result, developing countries are rapidly ageing. The process of ageing was slow in industrial countries so that the country was able to prepare against ageing in tandem with gradually rising incomes. On the other hand, ageing in current developing countries is much faster than industrial countries ever experienced. The Philippines is no exception. The Philippines is not as aged yet as neighboring Southeast Asian countries but is ageing very fast. The

Philippines has pension system to tackle with old age poverty. However, it was established more than a half century ago and no longer reflects expected near future demographic changes. Building social protection for old age income supports is as immediate a concern in the Philippines as any other developing countries.

Lastly but not least, in view of how the poverty has improved last decade, the state of poverty in the Philippines look as disappointing as other peer countries. The poverty headcount living at $2 a day as percentage of population in the Philippines is 41.5% (2009), not necessarily low while the corresponding figures are 43.3% for Indonesia, 38.3% (2010) for middle income countries and 56.3% for lower middle income counties. However, policy efforts in the area of poverty as evidenced by the improvement in these indicators are not very satisfactory in comparison with other peer countries. The annual average improvement of the poverty headcount living at $2 a day as percentage of population is -0.8% for the Philippines for last decade, much lower than -3.0% for Indonesia, -3.3% for middle income countries and -2.2% for lower middle income countries.

One of the reasons for this poorer improvement has to be attributed to relatively weak economic growth performance of the Philippines for the last decade. The GDP growth rate from 2002 to 2012 is 4.1% for the Philippines, lower than the corresponding figures, 5.5% for Indonesia, 6.3% for lower middle income countries and 6.3% for middle income countries. Weak performance of GDP does not explain everything. What went wrong in terms of social protection policies? This is the question to answer in this section.

This paper will review social protection in the Philippines and analyze if it is working and how effective and efficient it is. The social protection discussed in this paper is public pension system, public health insurance, minimum income supports[1].

1. Pension System

One of the major items in government's social spending is pension, which accounts for half of the social expenditure. A significant attention is currently being paid to pension, particularly in those industrial and developing countries facing a rapid ageing. This is not only because ageing affect financial sustainability of the pension system and therefore fiscal burden but also because the pension reform has a significant ramification on the elderly as well as labor markets.

There are three types of pension system in the Philippines, i.e., Government Service Insurance System (GSIS), Social Security System (SSS) and small vocational pensions including the Armed Force of the Philippine Retirement and Separation Benefits System (AFP-RSBS) for military personnel. These three types of pension institutions work not only as pension systems but also as public bodies for providing comprehensive social security services in the Philippines such as sickness and disability benefit, employment accidents and maternity benefits. They are all contribution based defined benefit systems. The system statutory covers more than 80% of total labor force in the Philippines. This paper will briefly review SSS and GSIS and analyze them in details.

1.1 GSIS

GSIS covers all civil servants including workers in state owned enterprises. It provides retirement benefits, life insurance, disability benefits for work-related contingencies and death benefits to government employees. GSIS is financed out of contribution, 9% by employee and 12% by the government up to monthly salaries 10,000 Peso (P10, 000, hereafter) and 2% and 12% for salaries beyond P10, 000. A member 60 years of age or older with at least 15 years of contribution is eligible.

Basic Monthly Pension (BMP) is computed as 37.5% of Average Monthly Compensation (AMC) plus P700 for those whose contribution service is 15 years. Additional 2.5% multiplied by the number of years beyond 15 years is added to 37.5% if pensioners' service record is longer than 15 years. AMC is based on average salaries during last three years of work service.

Upon the retirement, pensioners have two choices of receiving benefits. One is to receive lump-sum of 60 months of BMP and start receiving basic pension after five years. Another one is lump-sum of 18 months of BMP and start receiving BMP monthly immediately upon the retirement. The latter case is applied to those who have a work record longer than 15 years but retire or leave the work before 60 years old of age. In case of contribution record less than 15 years but longer than 3 years, 100% of AMC multiplied by the number of years of work service is provided upon the retirement or departure from the work

GSIS also provides unemployment benefits, i.e., 50% of average monthly compensation for 2 to 6 months to a member who has a contribution record

at least 12 months but less than 15 years.

1.2 SSS[2]

SSS covers all private sector individuals[3] including self-employed and Overseas Filipino Workers (OFW)[4]. A member of SSS has an access to the public social services other than pension, including medical insurance provided by other government bodies. The SSS pension is financed by contributions, 3.63% of Monthly Salary Credit (MSC)[5] by employees and 7.37% by employers[6]. The eligibility is a member who is 60 years of age separated from employment or ceased to be self-employed, and has paid at least 120 monthly contribution before or who is 65 years old whether employed or not and has at least 120 monthly contribution record. The amount of monthly pension will be the highest of the following three.

i) The sum of P300 plus 20 percent of the Average Monthly Salary Credit (AMSC) plus 2 per cent of AMSC credit for each accredited year of service (CYS) in excess of ten years.
ii) 40 per cent of the AMSC.
iii) P1,200 provided that the credited years of service (CYS) is at least 10 or more but less than 20 or P2,000, if the CYS is 20 or more.

AMSC is computed based on MSC during last three years of work service or MSC during full membership period. A retiree has the option to receive the first 18 month pensions in lump sum[7] in addition to receiving basic pension monthly.

SSS as comprehensive social security service provider also gives loans

on such occasions as housing, maternity or funeral to members at interest rates lower than the market rates.

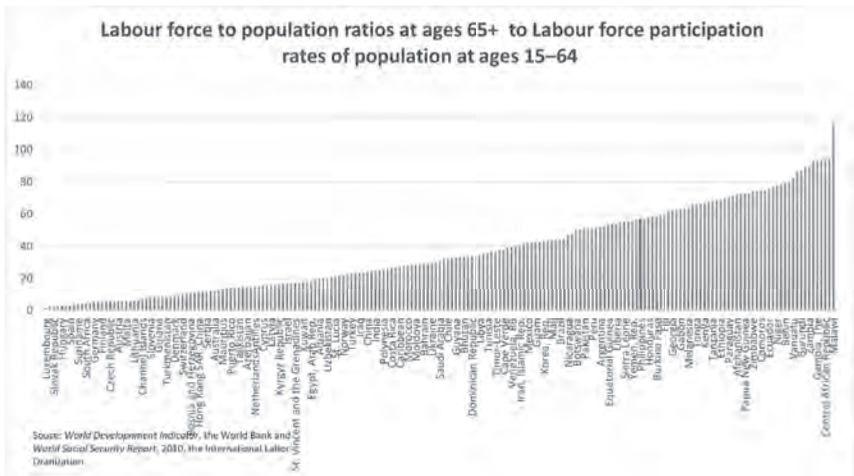
1.3 Analysis

The first question is whether or not the Philippine pension system meets the objective, i.e., income supports for the elderly. If the pension system effectively functions, labor participation for population cohort over 65 years old should be substantially lower than that for working age population at 15-64 year old of age. The chart below compares the labor participation for 65 years old and above divided by the corresponding figures for age 15-64 in % and shows the calculation outcomes. The Philippine figure is 57%, very high considering that the Philippine pension system was established in 1957 and is already mature as a system. A large number of the people still work in their old age after 65 years old in the Philippines, implying that the Philippines pension system is not very effective as a social protection mechanism for old age income supports.

One of the reasons for high labor participation ratio for population of age 65 or above is attributed to a low effective coverage of the pension system. The SSS by definition covers around 80% of the total labor force if all the people who are qualified for the SSS join the SSS. This statutory coverage is different from effective coverage, i.e., how many people actually are members of the SSS out of total labor force. The effective coverage for retirees is only 16.9% (2007)[8], much lower than neighboring Southeast Asian countries, Indonesia, 22.9% (2003) and Thailand, 20.3% (2007). On the other hand, the effective coverage of the SSS for working age population is 54.7% (2003), relatively higher than peers, Thailand, 21.3% (2006) and

Indonesia, 14.1% (2003) but still lower than the statutory coverage.

One of the reasons for low effective coverage is due to the large size of OFW, i.e., more than 2 million, which certainly affects effective coverage in the Philippines. Out of 2 million, only a third are active contributors. This is mainly because many of OFW is not qualified for the SSS due to their absence in the Philippines[9]. For this reasons, expanding pension coverage to OFW is essential. In fact, the SSS suffering from pension balance aggravating is trying to expand the pension membership to OFW not only for the sake of OFW's welfare but also for financial sustainability of the pension system.



Another reason for lower effective coverage is the large size of informal sector and agricultural sector. In fact, wage and salaries workers account for 56.6% (2012) in the Philippines while the corresponding figure for average OECD countries is 83.9% (2011). Registration at the SSS is one of the requirements for establishing business in the Philippines. However, many of those informal business establishments are not registered at the

SSS, which indicates a small size of wage and salary workers in the total labor force. In addition, the Philippines has a relatively large agricultural sector, 11.8% of GDP (2012) like other developing countries. Workers in the agricultural sector often have a logistical difficulty in access to public institutions such as the SSS, which partly explains lower effective coverage.

Is the coverage high enough or low for the Philippines? Cross-country regression analysis on variables discussed above is conducted and estimated coverage are shown in the table below. All the variables discussed above such as labor participation rate at 65 and above to labor participation rate for 15-64 and shares of agriculture in GDP are statistically significant. The signs are all the same as expected. The variables listed above are all fairly robust since they are statistically significant with many other different combinations of the variables. The Akaike information criterion figures are all in the same range. All the seven models explain around 80%[10] of the coverage and therefore are permissible to use to estimate coverage of the Philippines.

Estimated coverage ratio ranges from 13.4% the lowest to 47.6%, the highest. However, outcomes from all the seven models imply that the actual coverage figure, 54.3%, of the Philippines is much better than the models suggest incorporating their level of income, size of informal workers and the degree of labor participation[11].

However, from the view-point policy effort by the government, in considering that wage and salaries workers account for 56.6% (2012) of the total labor force, the effective pension coverage figure, 54.7% (2003)

indicates that the pension system only covers formal sector workers who are already better positioned in the society. Those workers who are engaged in urban informal sector, self-employed and the agricultural sector, namely, those who are in need, are not covered by the pension system. With this respect, the pension coverage still need to expand and include more worker in the informal economy or agricultural sector.

Another issue in the Philippine pension system lies in its financial sustainability. In comparison with the rate of contribution, 11%, the replacement rate, 80.9%, is very high, which would pose concerns about financial sustainability in future. However, the share of government expenditures on old age income supports to GDP is around 1.4%, relatively low compared with aged industrial countries where the pension expense sometimes accounts for more than 10% of GDP. This imbalance of high replacement rate and low level of government expenditure on old age income supports could be explained by a relatively low old dependency ratio of the Philippines, i.e., less need for spending on the elderly with more contributors and low effective coverage of the pension system, i.e., small size of deficit in the pension balance.

The Philippines is not as aged as other neighboring peer countries and therefore, the fiscal burden on the pension system is not as heavy as other countries. Moreover, the coverage is at a low level and that is why the size of deficit and therefore the size of government supports to the system are still not very significant yet.

Estimation of Effective Pension Coverages

Variables	1	2	3	4	5	6	7
C	−32.873	−34.869	−33.374	−44.440	−37.462	6.728	18.292
	−2.919	−3.223	−3.090	−4.603	−3.788	0.778	2.132
Labor Participation for 15-64	0.406	0.486	0.480	0.506	0.396	0.108	0.272
	3.155	3.835	3.819	3.875	3.086	0.870	2.285
GDP per capita (PPP US$)	0.0002	0.0003	0.0003	0.0003	0.0003	0.0003	0.0005
	3.621	4.369	5.151	4.592	3.968	4.943	6.367
Shares of Wage and Salaries Workers	0.522	0.563	0.636	0.723	0.611		
	4.570	5.591	7.630	14.887	6.429		
LP65OVER2LP[1]	−0.097	−0.146	−0.120			−0.271	−0.375
	−1.268	−1.813	−1.545			−4.182	−7.569
Urabnization	0.091	0.118				0.144	0.182
	1.268	1.742				2.091	2.827
Old Dependency Ratios	0.458				0.573	1.314	
	1.372				1.797	4.677	
Agricutural Share in GDP							−0.418
							−3.483
Estimated Coverage	23.4%	24.7%	25.1%	47.6%	25.1%	13.4%	18.5%
R-squared	0.848	0.841	0.837	0.832	0.844	0.798	0.816
Adjusted R-squared	0.838	0.833	0.829	0.826	0.837	0.789	0.807
Akaike info criterion	7.552	7.576	7.586	7.594	7.539	7.823	7.716
Sample No	97	97	97	97	97	97	97

Note: 1 Ratio of labor participation at age 65 and above to labor participatio for 15-64No of sample: 97

2. The number below the coefficient is t values.

Source: *World Social Security Report*, ILO and *World Development Indicator*, the World Bank.

Apart from policy reason, high replacement rate roots in how pension benefit is computed. Monthly pension is computed based on monthly salaries during last five years of work service in the SSS. It is last three years in case of GSIS. Therefore, the pension benefit tends to be high on the top of the custom that the salary level tends to jump up in last few years of the carrier in the Philippines.

High replacement rate indicates smoothing lifetime consumption better on one hand while it pose a risk to financial sustainability of the system in the long term. It also has to be noted that benefits of high replacement rate are currently enjoyed by only a half of labor force, who are already protected in the formal sector including the civil servant.

Another risk to the financial sustainability lies in the fact that the

SSS is a defined benefit (DB) system. Pension benefit is fixed in DB and therefore likely to be affected by the change in demographic structure. As a trend of pension reforms currently on-going, many of the pension systems in industrial countries are shifting to defined contribution (DC) or minimizing DB component while still maintaining DB. DB gives pensioners high degree of predictability for their future income stream. However, once the system becomes financially unsustainable, predictability will be lost since the parameters such as benefit level or retirement age as a result of reforms will be most likely revised to restore financial viability, which will significantly affect people's life plans in the post retirement. The adverse sides of very high replacement rates and DB have not been materialized yet but is expected to loom very soon as the demographic structure ages and effective coverage improves in the Philippines[12].

Another concern on the pension system is that once the pension benefit is determined based on the formula above, there is no mechanism to adjust over the time[13]. Inflation damages purchasing power of the pension benefit over the time, which has a significant implication to the countries which suffer from high inflation, i.e., the Philippines. The average rate of inflation in the Philippines for the 2002-2012 period is 4.4%. If this is applied to next ten years, the pension benefit this year will lose its purchasing power by 35% after ten years, which will aggravate income inequality between working age population and the pension receiving elderly population. High inflation particularly hit hard on the poor elderly population who are receiving minimum pension since their share of basic necessity in consumption is much higher than the high income population.

Other than those mentioned above, it is pointed out that administrative cost of running the SSS is high; administrative expenses to total contribution in the SSS is around 10% while the corresponding figure is 2% for Malaysia and 0.5% for Singapore [Holzman, 2000].

2. Health Insurance

2.1 Current Schemes

Another major instrument in social protection of the Philippine is health insurance. The medical care program in the Philippines started back in 1969. Initially, there were two medical care programs, one for the GSIS and the SSS member and their families and another for everyone not covered in the first program. However, the coverage for the second program did not expand as much as expected. On the background of slow expansion in the second program, two programs were consolidated and integrated into one universal medical care program managed and administered by the Philippines Health Insurance Corporation (PhilHealth) in 1998.

Medical insurance is applied when the patients are treated by the hospitals and medical facilities licensed by Philippine Medical Care Commission (MCC) and approved by the Department of Health (DOH). The expense is reimbursed after the treatment up to the amount of bill specified by DOH i.e., case-rate, depending on the degree of sickness and level of hospital.

For inpatients, the PhilHealth provides subsidy for room and board, drugs and medicines, laboratories, operating room and professional fees for confinements of not less than 24 hours. However, at present, for outpatient,

the coverage includes day surgeries, dialysis and cancer treatment procedures such as chemotheraphy and radiotheraphy in accredited hospitals and free-standing clinics.

It is often criticized that the coverage by the PhilHealth is mainly centered for inpatients and less coverage available for low income outpatients. For low income patients, insurance premium is free and No Balance Bill (NBB)[14] policy is applied on the condition that she or he is identified for sponsorship[15] by the local government units, private companies and individuals or those who are listed by Listahanan or the National Household Targeting System for Poverty Reduction (NHTS-PR)[16].

However, compared with the coverage for inpatients, the insurance coverage available for outpatients is limited and excludes those daily diseases such as flues, for which people often suffer and need health services and drugs. The scope of health care service is very difficult to define since what health cares are needed and affordable is country-specific. Social health care packages must be neither too extensive nor limited to a minimum, but need to ensure that certain essential preconditions are met. Even considering the country specific difficulty above, it is fair to say that there is much room for the Philippine insurance system to improve and reach to the low income households.

2.2 Analysis

Is the health insurance program effectively working in the Philippines? This section will make assessment of the health insurance comparing with neighboring peer countries. Firstly, infant mortality under 5 years

old (per 1,000 live births) in the Philippine is 29.8 (2012), which is slightly better than the corresponding Indonesian figure of 31 (2012) and much better than 52.9 (2012) for lower middle income countries average and 44.9 (2012) for middle income countries averate. On the other hand, average annual improvement in infant mortality from 2001 to 2011 period is -2.6% compared with -4.2% for Indonesia, -3.4% for lower middle income countries average and -3.8% for middle income countries average.

Turning to life expectancy in a number of years, the Philippines figure is 68.4 years (2011) much higher than 61.8 years for lower middle income countries average and in the same range as middle income countries average (69.4 years, 2011) and Indonesia (69.9 years, 2011). However, the average annual improvement in life expectancy of the Philippines from 2001 to 2011 is 0.21%, the 28th lowest out of 227 countries, while the corresponding figures are, 0.36% for middle income countries, 0.4% for lower middle income countries, 0.4% for Thailand and 0.41% for Indonesia.

Moreover, similar stories can be observed in many other health related indicators including the number of physicians, the number of hospital bed and others. In general, the performances of health related indicators by the Philippines observed above are in the same range as lower middle income countries, middle income countries and neighboring countries. However, in terms of improvement of the indicators, the Philippine performances are not very satisfactory in comparison with peer countries.

Why is the Philippines falling behind her peer countries in terms of improvement in health performances? For this purpose, let us analyze

the performance of the Philippines from the view-point of how they are spending on their health. The Filipino spend altogether 4.1% of GDP on health (2011). This is the 32nd lowest out of 192 countries, much lower than 5.4% for low income countries average and 5.6% for middle income countries average. This implies either that the Filipino do not go to see doctors or that the health services are not reached to the Filipino.

Turning to the composition of the expenditure, the Filipino spend 2.8% (2011) of GDP out of their pocket[17], the 81st highest out of 194 courtiers, much higher than 1.8% for Indonesia and 1.0% for Thailand and fairly comparable with 2.8% for lower middle income countries and for middle income countries. The Filipino households spend no less than others. On the other hand, in terms of the public expenditure ratios to GDP[18], the Philippines marks 1.4% (2011), the 12th lowest out of 194 countries, lower than 3.1% for Thailand, 2.2% for low income countries average and 3.0% for middle income countries average.

From the picture above, firstly, the Filipino including public and private spend less on health in general than other countries. Secondly, private Filipino, however, spends almost the same amount as other countries. Thirdly, on the other hand, the Filipino government spends less on health than many other peer countries.

What makes differences, private expenditure and public expenditure in terms of its impact on health? The private expenditure is mainly used to pay the bill while the public spending is used to strengthen the health service providing capability or to improve institutions surrounding health.

In other words, public expenditures on health are investment in health, which improve people's health. This could be one of the reasons why the Philippines falls behind peer countries in terms of improvement of the health related indicators.

3. Cash Transfer Program

Another major social protection scheme in the Philippines is a minimum income support program called the *Pantawid Pamilyang Pilipino* Program (4P) launched in 2008 to eradicate poverty to promote universal primary education and improve infant mortality. The 4P provides cash grants to the low income households identified by the PMT to ameliorate health and education[19] of children and mothers on the condition that they comply with set of requirement by the program.

Grant:

The grants are the followings:

i) Health Grant: P500 per month per household or a total of P6,000 per year.

ii) Education Grant: P300 per month for ten months or a total of P3,000 per an year for children 3-14 years old with a maximum of three children per household.

Each household beneficiary will receive the cash grants from P500 to P1,400 for five years as long as conditions are complied.

Conditionality is as below:

i) For education grant, children 6-14 years old be in schools and attend at least 85% of the time. Children 3-5 years old attend daycare/

preschool program at least 85% of the time.

ii) For health grant, children 0-5 years old get regular preventive health checkups and vaccines; pregnant women get pre-natal care, child birth is attended by skilled/health professional and mother get post-natal care in accordance with standard DOH protocol; children 6-14 years old be received de-worming pills twice a year.

iii) For Family Development Sessions, parent/guardians attend responsible parenting sessions, mothers' classes on health and nutrition, parent effectiveness service and other topics fit for their needs and interest at least once a month.

Since the program launched in 2008, the government has expanded the budget for the program over the time as a number of enrollments to the program has increased. Now, 4P is a major social protection scheme in the Philippine government. In fact, the 4P accounted for 78.6% of the budget of the Department of Social Development and 3.2% of the government total expenditures in 2013. This figure well compares with the size of the Mexican CCT program which accounts for approximately 2% of the government total expenditures. As a consequence, the coverage of the program has rapidly expanded and the program now covers approximately 3 million households, which is 71.4% of 4.2 million of the total households below US$ 5.9 per day, the national poverty line in 2012. The amount of grant, P1,400 per month per family or US$ 0.2 per person per day, is relatively generous compared with poverty line US$ 1.25 per day and grants in other CCT programs.

After six years from launching, while some poverty indicators such as

infant mortality and poverty incidents show gradual improvement, the direct effects of the program on poverty reduction is still inconclusive yet. However, thanks to the conditionality on school attendance and health related program including health checkups and vaccines, some positive impacts in the areas of education and health for children in municipality based data have been observed and the coverage of enrollment to the PhilHealth increased [Chaudhury, Friedman and Onishi,2013].

Compared with similar programs in other countries, the Filipino CCT still needs further elaboration, however[20]. For example, the Mexican CCT stagerially increases the amount of education grants as school grade of the beneficiary family's children advances in order to keep children in school in reaction to an increase of school drop-out as children grow close to working age. Another example is conditionality for vocational training. The vocational training is included as conditionality in the CCT in some other countries such as Panama and El-Salvador but not in the Filipinos CCT.

Lastly, the need for regular comprehensive evaluation is addressed in similar programs of other countries[21] and has to be addressed the 4P as well in order to modify and improve the effectiveness of the program. Currently, regular progressive reports are available. Some evaluation workshops have been held with attendance of the 4P management committee and regional directors of the Department of Social Development[22]. Continuing regular comprehensive evaluation to identify and measure the impact of the program will contribute to further elaboration of the program and improving the effectiveness of the program.

Conclusion

People living at $2 a day account still for 41.5% (2009) in the Philippines. The problem is that the situation surrounding poverty has not improved much yet in comparison with other peer countries. On this background, we have analyzed social protection in the Philippines.

First, this paper looked at the pension system. The labor participation for 65 years old and above is very high in the Philippine. This observation implies that the effect of pension system in the Philippines is not very significant. One of the reasons for ineffective pension system lies in OFW and another is the large size of informal sector. Then, the regression analysis was conducted. All the models suggest that the Philippine coverage is fairly high. However, in considering that the coverage is about the same size as the share of formal sector workers in total labor force, we could conclude that there is much room for the policy effort by the Philippine government to expand the coverage further to include the most needed, i.e., the informal economy workers, OFW and farmers.

The pension system in the Philippines is non-contributory with very high replacement ratio. While the Filipino demographic structure is still young, non-contributory system with high replacement ratio is safe and no problem. However, it is expected that as the population ages on the top of the rise in pension coverage in total labor force, the fiscal burden to pension system will increase, posing a risk to financial sustainability of the system. This sustainability risk will have to be avoided by reforming the pension system and gradual shift to contributory system.

Secondly, the health insurance was discussed. It was found that the health insurance focuses on treatment for inpatients and its coverage by the insurance for outpatients is limited. Moreover, another problem in health area is that many of the health related indicators have not improved over the past decade. We found that one of the reasons for slow improvement was a low level of public expenditure on health, which could strengthen the health service providing capability of the country and improve institutional framework surrounding health issues in the Philippines.

Thirdly, 4P, conditional cash transfer program, was reviewed. From statistical indictors on the poverty, significant improvement has not been observed yet since the program was launched in 2008 while some municipality-based data indicate some positive impacts of the program. In the Philippines, 4P is chiefly used as an instrument to incentivize the low income households to let children go to school and join the health insurance and other public program. For this reason, 4P has a crucial role to play further in these areas such as improving school enrollment ratio and coverage in the health insurance.

In general, the Philippines has an extensive set of social protection institutions and schemes from pension to minimum income supports except for unemployment insurance. However, after analyzing three main schemes of the social protection, we found that there was much room for improvement to make the social protection schemes more pro-poor. The Philippine government is realized about the need for improving social protection and therefore, the progress is on-going. In fact, currently, three quarters of the portfolio by the World Bank programs to the Philippines are in the

area of social protection. This shows how the government is committed to improving social protection.

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[1] While social protection usually includes labor market program apart from old age supports and health insurance, this paper excludes labor market program such as unemployment benefits.

[2] This section is based on SSS web site (https://www.sss.gov.ph/sss).

[3] SSS was established in 1957 and initially compulsory for all the workers in the formal sector establishments which had 50 employees or more. Since then, its coverage has been gradually expanded in terms of the size of establishment and vocation.

[4] The SSS is not mandatory but voluntary for OFW.

[5] Monthly salary credit (MSC) is the compensation base classified by 15 category according to total monthly earnings of a member.

[6] For OFW, the premium contribution is 11% of monthly incomes.

[7] This is discounted at a preferential rate of interest set by the SSS.

[8] In the Philippines, due to confirmation purpose to eliminate “ghost” members, pensioner have to come to the payment centers in person, which make it difficult for pensioner in the country side.

[9] OFW is often not qualified for host country pension scheme either due to insufficient period of employment and residence and their irregular situation that many OFW work in the informal economy of the host countries with contracts not covering the pension contribution to the host countries. They are also very vulnerable to economic fluctuations since they work in such service sectors as hotels, restaurants, and construction. Considering their relatively high incomes and vulnerable situation in the host countries, they have an incentive for joining the SSS.

[10] Effective pension coverage data are taken from World Social Security Report, 2010, by ILO. The figures are taken from different years. In considering large noises in the data, 80% of the explanatory power is fairly high.

[11] The regression outcomes indicate correlation among variables but do not support

causality relation among the variables.

[12] For this reason, a mechanism that allows the system to restore automatically the financial equilibrium when and if the contribution declines and pension liabilities are greater than assets is recommendable though difficult.

[13] The level of benefit is adjusted on ad hoc based.

[14] NBB indicates that any costs for medical treatment and medicine beyond case-rate specified by DOH are exempted.

[15] Patients those who belong to the lowest 25% of the Philippine population and are identified by the PMT are financed by local government units, private companies and individuals.

[16] *Listahanan* is an information management system that identifies and assesses who and where the poor are. The Department of Social Welfare and Development (DSWD)conducted the first assessment in 2009 where 10.9 million households were assessed resulting in the identification of 5.25 million as poor using the Proxy Means Test (PMT), a statistical formula that estimates family income based on observable family characteristics. Beneficiaries of government programs such as *Pantawid Pamilya*, National Health Insurance Program (NHIP), Social Pension fund, among others, were taken from the database of *Listahanan*.

[17] Private health expenditure includes direct household (out-of-pocket) spending, private insurance, charitable donations, and direct service payments by private corporations, the data from *World Development Indicators* by the World Bank.

[18] Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds the data from *World Development Indicators* by the World Bank.

[19] The program particularly aims at children aged 0-14 years old.

[20] Recognizing the need to elaborate the program, the Philippine government has already test-launched the modified program for the street families, families with parents/children with disabilities and ones devastated by the manmade and natural disasters and the extended program for the households with 15-17 year old children in 2012.

[21] In the CCT program of Mexico, the evaluations have been conducted since the very beginning of program by the independent organizations under contract with the government of Mexico and have documented a number of beneficial effects. These evalutions have been used by designers and implementers of the programs to identify and measure the impact of the program [UNDP, 2011].

[22] The evaluation was conducted by the World Bank [Chaudhury, Friedman and Onishi, 2013].

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