

# Filipino Report Card on Pro-Poor Services

## **Public services in the past did not bother with client feedback.**

Past research in the Philippines has focused on program inputs (e.g. expenditures) rather than on results on the ground and outcomes. The limited data on outcomes was often too broad, as in the case of literacy rates. Beyond the arithmetic, little was known about the **quality** of these services.

## **Users can provide useful feedback on programs meant to benefit them.**

While users cannot comment on technical matters, they are **experts** on whether public services meets their expectations. They can judge whether specific services are satisfactory or unsatisfactory. They can say whether the concerned agency is responsive, accountable, and reliable.

## **Governments now use feedback mechanisms to improve their performance.**

Today, in countries from Canada to Uzbekistan, surveys rate the performance of public agencies, giving ordinary citizens a voice in service delivery. They yield specific data on the quality of pro-poor services and how they can be improved. Service providers believe such information is important for them to become more responsive to their clients. Civil society

actors are turning collective dissatisfaction into data triggers for public pressure and pushing reforms in service delivery.

## **The Filipino Report Card gathers feedback from the poor.**

This World Bank piloted the report card to draw the views of ordinary citizens on public services in the Philippines. The Report Card is timely, as the administration of President Gloria Macapagal-Arroyo stresses feedback. Her Cabinet members were required to take a pledge ensuring “regular feedback from our citizen-customers, and subsequent uses of this feedback.” Filipinos will no longer be treated as beneficiaries but as clients.

## **The Report Card covers five key pro-poor services.**

The Filipino Report Card probes into health care, elementary education, water supply, housing, and the distribution of subsidized rice. The foundation of the Report Card is a client satisfaction survey done by the Bank through Social Weather Stations. SWS is recognized as a premier, independent, non-partisan and credible survey research organization. The national survey ran from March 26 to April 17, 2000. It covered the standard sample of 1,200 households divided into 4 main areas: Metro Manila, the rest of Luzon outside Metro Manila, (or Balance Luzon),

the Visayas, and Mindanao. Depending on their expenditures, the families were classified as rich, middle-income, or poor.

**Many helped prepare the survey agenda.** The World Bank used a highly participatory approach to prepare the Report Card. The process began with workshops of key stakeholders from government, the private sector, academe, and civil society. World Bank staff and SWS jointly drafted the questionnaire, which was shared with sector specialists, stakeholders and outside experts for their feedback.

### **The poor got to speak out on quality and affordability.**

Through the survey the poor revealed their awareness of and access to the programs. They graded their quality and adequacy, including the treatment they got from providers. They voiced out their satisfaction or dissatisfaction with the services. They rated fees as affordable or beyond their means. And they shared their experience in dealing with public officials. These are all vital inputs for policy formulation.

**The feedback on public services was appalling.** For example, the poor are extremely dissatisfied with their housing. Tuition fees in private schools are ten times those of public schools. A third of the population has to look for their own water. The poor who buy water from vendors consume just 15 liters per day, which is close to the survival minimum. The rice

subsidy benefits the non-poor more than the poor.

### **The Report Card is having a significant development impact.**

In the Philippines, the Report Card findings are already being used by the new Administration in, among others, the revision of the Philippines Medium Term Development Plan, crafting the new poverty alleviation strategy, and design of poverty programs. A number of “localized” Report Card initiatives are also underway. Also, there is considerable interest in a number of other countries, like Vietnam and Albania, to prepare report cards, based on the Philippines model, as a way to capture citizen feedback on public services.

### **The Filipino Report Card will empower ordinary citizens in allocating public resources.**

A one-shot report card will not do. The welfare and opinions of the poor must be monitored regularly, to assess whether public agencies are becoming more responsive to their clients. Fortunately, the Philippine Government is now piloting performance-based budgeting. The Department of Budget and Management (DBM) intends to track the performance of public agencies and use the information for allocating funds in the future. The DBM has agreed to use the report card as one way to assess the performance of public agencies. This would bring the aspirations and concerns of citizens directly into the budget allocation process.

# FILIPINO REPORT CARD ON PRO-POOR SERVICES

## SUMMARY FINDINGS

### HEALTH

#### **The non-poor use health facilities more than the poor.**

More than three-fourths of the respondents have utilized a health facility in 12 months preceding the survey. Urban residents visit the facilities more than rural residents. A larger proportion of the better-off visit health facilities, compared to the poor, although poor Filipinos are more likely to suffer from ill health. Those who did not go to health facilities gave absence of illness, self-medication and high cost of medical care as reasons.

**Public facilities are low cost, but inferior in quality.** Publicly provided health services are used mainly by those who cannot afford the widely preferred private services. Compared to government facilities, private facilities are ranked superior on all quality aspects (care, facilities, personnel, medicines, and convenience) by the clients. Low cost (of treatment, of medicines and supplies, and flexibility of payment) is the only advantage of government facilities over private facilities.

**Primary facilities are frequently bypassed.** Primary government facilities appropriately provide preventive health services and treatment for minor illnesses/accidents. However, a sizeable number of Filipinos bypass them, even when highly accessible, in favor of government hospitals and private clinics/hospitals. Thus, government hospitals end up providing the same

services as primary facilities. Only a third of their business consists of specialty services like care for major illnesses.

**Primary facilities are noted for low quality.** Those who bypass the primary health facilities are dissatisfied with their quality. In fact, satisfaction is lowest for frontline *barangay* health stations and rural health centers at the grassroots. Diagnosis is poor, resulting in repeat visits. Medicines and supplies are inferior and rarely available. Staff members are often absent, especially in rural areas, and are perceived to lack medical and people skills. Waiting time is long, schedules are very inconvenient, and facilities are rundown.

**Primary facilities are mostly used by the poor.** Private clinics/hospitals are more likely to be visited in Metro Manila and in other urban areas, and by the non-poor. On the other hand, residents of Mindanao and rural areas, and the poor, are more likely to visit government primary facilities and traditional healers.

**Improving primary facilities is pro-poor.** Since public primary facilities are mostly frequented by the poor, improving their quality, and stressing services needed by the poor, would make them more pro-poor. This would also reduce the inefficient use of public hospitals. The *Sentrong Sigla* program of the Department of Health, which provides

a seal of approval to facilities that meet quality standards, should be strengthened. Targeted assistance to upgrade quality of primary facilities should focus on poorer, isolated communities.

**Government hospitals require quality upgrading, too.** Poor and rural Filipinos tend to make slightly higher use of government hospitals than non-poor and urban Filipinos. While clients rate government hospitals higher than primary facilities, there remains a significant quality deficit compared to private facilities, especially in NCR. This is particularly disconcerting since a large share of the national government budget for health is spent on NCR hospitals. The priority is to improve service quality through financial autonomy and market pressure.

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***The prices of medicines are significantly higher in the Philippines than in the rest of ASEAN.***

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**The poor pay more, but get less.** Median annual household expenditure on health is PhP1,180 (about \$25), and, in absolute amounts, the rich spend ten times more on average than the poor on health care. This is largely due to patronage of cheaper, lower-quality government services by the poor. However, the modest health spending of the poor absorbs a larger share of their income, as compared to the rich.

**The poor especially need insurance coverage.** Insurance coverage could lighten the medical burden of all Filipinos, especially the poor. While

a third of the population is protected by health insurance, less than 1% of the poor are covered. Thus, payments for health care by the poor are almost entirely out of pocket, effectively limiting their use of care for catastrophic illnesses and quality (private) care.

**High prices of medicines are a burden.** Medicines and supplies account for the largest share of household medical expenses, at 49%. This is even bigger than the 33% share of hospital stay bills and the 10% share of consultation and treatment. It is urgent to cut the prices of medicines, which are significantly higher in the Philippines than in the rest of the ASEAN. Hence, the Government has initiated parallel importation of cheaper drugs from countries such as India. Competitive bidding procedures have also helped cut the price of some drugs by half.

**Implement the Health Sector Reform Agenda (HSRA).** The HSRA proposes to make the health system in the Philippines more pro-poor by: (i) expanding health insurance coverage for the poor; (ii) improving the quality and accessibility of health care for the poor in public primary facilities; (iii) reducing the cost of medicines and expenditures on hospital stays; and, (iv) improving quality in government hospitals by granting financial autonomy to them. If successfully implemented, the HSRA could respond to the aspirations and concerns of Filipinos.

## FILIPINO REPORT CARD ON PRO-POOR SERVICES

### SUMMARY FINDINGS ELEMENTARY EDUCATION

**Elementary school enrollment is almost universal, and mostly in public schools.** More than nine out of ten school-age children are enrolled in elementary schools, and 88% of them go to public schools. Access to public schools has improved over time.

**Drop outs are mostly from poor families.** About three-fourths of the drop-outs belong to poor households. They are more often located in rural areas. Two out of five Filipino children not in school are Mindanao residents. Boys tend to drop out more often than girls. Of those children who drop out of elementary school, 60% do so in grades 4 and 5.

**Children drop out for health and economic reasons.** Poor health (or disability) is the top reason for dropping out, followed by economic reasons, like the high cost of education, or the need for the child to work. A small proportion drop out due to poor grades.

To this end, Filipinos recommend the following programs for helping poor families: in-school health care, full exemption from miscellaneous fees, and more qualified, and better trained, teachers. Scholarships for poor families, specifically targeted at boy children in rural areas, are also recommended.

**Public schools are low in cost,**

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significant majority of private and public

school patrons agree that private schools are better than public schools on quality aspects. On the other hand, public schools are rated higher by clients on costs and convenience of location. Those who can afford to pay, send their children to private schools.

**Tuition fees of private schools are ten times those of public schools.** Because they are out of the reach of the poor and most middle-income households, private schools are mainly patronized by the rich, urban households, and residents of Metro Manila. Unsurprisingly, these schools are more often located where the better-off live.

**On the other hand, public elementary education is far from free.** Public education is supposed to be free. In fact, families spend about 2% of total household expenditures on each child enrolled in a public elementary school.

A fifth of this amount goes to miscellaneous fees and donations for the school's upkeep. These fees are particularly high in the Visayas. Transportation accounts for about half of education expenses, and uniforms for about a quarter.

**Class size, textbooks, and facilities are rated poorly in public schools.**

Public school

perhaps a result of the successful

implementation of the long-standing “one barangay, one school” policy of the government.

However, they are least satisfied with class size, availability of textbooks and school facilities. Average class size in the Philippines (45) is much higher than the average teacher to student ratio (35), largely due to poor deployment of teachers. Five students, sometimes more, share a textbook. And, the conditions of most school buildings are very poor.

### **There is a sharp drop in client satisfaction with private schools.**

The fall is related to tuition fee increases, slipping teachers' performance, and deteriorating school facilities. The lower rating for teachers' performance should be of particular concern to private schools, as this has been their main source of comparative advantage over public schools.

Unless private schools are able to arrest this decline, they are likely to lose more students. This is bad news for public schools, too, as it puts additional pressure on already strained resources.

### **Parent-Teacher Associations (PTAs) are widespread.**

PTAs are found in 98% of public schools, and two-thirds of the parents are PTA members. Participation of the poor is higher than the national average -- three-fourths of poor households are PTA members -- and has improved over time. Four of five private schools have PTAs, and their numbers have risen over time.

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### ***Five students, sometimes more, share a single textbook.***

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### **PTAs are a potent force for reform.**

Almost all of the poor say they are well represented in PTAs. Public school PTAs are equally concerned with education and fund raising, and members feel they have considerable influence on the teaching programs.

Private school PTAs are mostly concerned with education activities, and members feel they have considerable influence on the teaching programs, too. Thus, PTAs represent valuable social capital which could help enhance responsiveness, accountability, and results-orientation in elementary schools.

## FILIPINO REPORT CARD ON PRO-POOR SERVICES

### SUMMARY FINDINGS

#### WATER SUPPLY

**The government provides water through three formal levels.** There are three levels of water supply services. Level I is a point source (without any piped distribution), like a spring or protected well. It serves around fifteen households within 250 meters. Level II is a piped system with community faucets, serving four to six households within 25 meters. Level III is a full waterworks system with individual house connections. Water that is not piped transfers the responsibility of improving quality to the consumer. Level I and II water has to be stored for a longer time, risking contamination.

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***The poor pay more,  
but get less.***

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**Two out of five Filipinos do not get water from formal sources.** Only 64% of Filipinos get water from the Level I, Level II, or Level III systems. A third rely on self-provisioning while 3% get water from vendors. This means 37% of the consumers devise their own ways to get water. Self-provisioning is the last resort of poor households. They are forced to collect water from contaminated sources. They store it in containers (such as clay pots, plastic cans or tins) not regularly cleaned, and drink it without treatment.

**The poor are excluded from Level III water service.** Only a fourth of the poor get water piped to their homes. The access of the poor to home-piped water is less than half that of the rich. The poor are three times more likely than the rich to access water from wells, springs, and communal faucets. Of the poor with no house connections, more than two-thirds want such access.

#### **Rural communities and Mindanao are under-served.**

Urban households are four times more likely to be served by Level III systems than rural households. More than four in five households in NCR enjoy access to Level III services. Level III service is least available in Mindanao. A majority there get water from communal faucets (Level II) and point sources (Level I), and a third rely on self-provisioning.

**Level III service is unable to meet consumer demand.** Hence, consumers are forced to get water from other sources. Among those without access to home-piped water, two-thirds want to get it, but 95% have not applied for such service. The main reason cited is absence of the service in their area. This calls for the provision of water services based on what the clients want and are willing to pay for.

**Households with Level III service consume more water than others.**

Median water consumption for Level III households is more than the combined consumption for those with Level I and Level II access. Higher consumption levels and convenience are indicators of greater welfare, and the survey confirms that Level III systems are preferred. Even the poor consume more water from Level III systems, compared to any other source.

**Water consumption by the poor is unacceptably low.**

Half of all poor and rural households consume less than 30 liters per capita per day, which barely meets human water requirements. Among the poor who buy water from vendors, median consumption is just 15 liters, a level dangerously close to the survival minimum. Scant access leaves the poor and rural households more vulnerable to diseases induced by scarce, contaminated water, like malaria, gastroenteritis, dengue fever and typhoid.

**Water supplied by all sources is considered unsafe for drinking.**

All households incur additional expenditure on water treatment and bottled water, which is often substantially higher than that paid to the water utility. The quality of water provided in the rural areas appears worse than that in the urban, as seen in the higher treatment costs in the former.

**Low water quality especially hurts the poor.** Rural residents spend more than twice their utility bills on treating water. Urban households spend almost an equal amount on bottled water; a

source in need of improved regulation. The poor scrimp water treatment due to resource constraints and the lack of hygiene education.

**The poor pay more, but get less.** Outlays on water varies from 2% to 9% of total household expenditure. Self-provisioning and vended water show the highest shares. On average, poor households allocate proportionally more of their monthly expenditure on water, compared to the rich. The poor can afford only limited amounts of (low quality) water, and have very little money to treat it. They should be given priority in new service provision.

**The poor spend the most on low quality vended water.**

Clients give the lowest quality and service ratings to vended water. Almost a tenth of Metro Manila residents, many of whom are poor, get their water from vendors. The Filipino poor who rely on vended water as their main source devote 9% of their household expenditure to buy water. This is the highest share among all categories and sources. They should be top priority for targeted interventions.

**The rich are subsidized more than the poor.** Level III systems, which often got the largest State investments and subsidies (in capital and operational costs), serve mainly the urban non-poor. Therefore, these groups benefit more from government subsidies.

# FILIPINO REPORT CARD ON PRO-POOR SERVICES

## SUMMARY FINDINGS

### HOUSING

#### **The poor are extremely dissatisfied with their housing.**

Half of the respondents rate their housing as inadequate. Another one-third consider their housing as borderline-inadequate. In Mindanao and Visayas where poverty is more widespread than Luzon, nearly two out of three households regard their housing as inadequate. Dissatisfaction with housing is higher in rural communities, where more poor Filipinos live, than in urban areas. However, the urban poor are extremely dissatisfied compared to their wealthier urban counterparts.

#### **Location is linked to satisfaction.**

Urban residents, especially the poor, are more satisfied than rural Filipinos with the location of their house relative to their place of work, public facilities and public services. Because the urban poor value access, distant, out-of-city relocation is ill-advised. There is also a need to bring jobs, public facilities and public services closer to rural communities, who give low grades on access. Community upgrading and provision of basic services, like water and sanitation, will improve their quality of life.

#### **Land tenure is vital to housing satisfaction.**

In the Philippines, house ownership (at 78%) is more common than residential land ownership (at 58%). Among the expenditure groups, the poor have the lowest proportion of households owning residential land. They are also the

least satisfied with their housing. As such, programs which focus on security of land tenure, like the Community Mortgage Program, are in high demand and should be strengthened.

#### **The poor are capable of building their own shelter.**

The Report Card finds that although residential land ownership is lowest among the poor, house ownership is highest, compared to middle-income and rich households. This reflects the capacity of the poor to build their own shelter. To improve housing for the poor, government's priority should be security of land tenure and the provision of essential services, leaving people to build their own houses.

#### **Access to housing programs is very limited.**

Out of the five basic services included in the survey, housing assistance offers the lowest access. Only a tenth of the respondents have ever applied for housing assistance. Of this number, a third had to do so because of government relocation drives. The three main reasons for not applying for housing assistance are: lack of awareness on housing programs, and ways to access these (50%), lack of need (20%), and high transaction costs (7%). As a first step, service providers should inform the public, particularly non-NCR, rural, and poor households, about the programs. They should streamline application procedures, set reasonable waiting times and establish responsive complaint mechanisms.

**The private sector hardly participates.** Three-fourths of those who get housing assistance obtain it from the government. A majority of the rest get it from informal sources like relatives, money lenders, religious institutions, cooperatives and NGOs. The private sector is a minor player in housing assistance. An option to raise the flow of private funds into housing is to develop a secondary market for mortgage-backed securities. These will need legal, regulatory, supervisory and tax reforms.

**Government housing assistance benefits mostly those who need it least.** About 95% of the beneficiaries of government housing assistance have been urban households (majority in NCR). Most of the assistance has been captured by rich and middle-income households, with only 21% of the beneficiaries coming from the poor. Ironically, a larger proportion of NCR, urban and non-poor households confirmed that they did not require assistance. Government should give more attention to rural and poor households.

**The poor are excluded from housing associations.** SSS, GSIS, and *PAG-IBIG* require contributions for at least two years before borrowers qualify for assistance. These requirements discriminate against the poor and those employed in the rural and informal sectors. As only 3% of poor households are members, more applications come from the non-poor. Even the poor who are members are often unable to access assistance because of unrealistic payment requirements and corruption among lending officials. A separate and transparent housing assistance window,

with more favorable terms, targeted at the poor is recommended.

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***Most of the government housing assistance has been captured by the non-poor.***

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**Client rejection of housing assistance is high.** Applicants reject more than half the assistance offered to them by housing agencies. It seems that the assistance comes too late, as respondents complain of long waiting time. Rural Filipinos display a higher rejection rate than urban Filipinos. This may be due to the additional transaction costs of traveling far to urban centers to make monthly payments. Reforms would require the decentralization of housing services and strengthening the capacity of local governments.

**Low cost rental housing will benefit the poor.** The Philippine Constitution calls for adequate shelter for all, not home ownership for all. Affordability is a major issue, so alternatives to ownership are necessary. Rental housing can improve housing quality and security of tenure, without conferring ownership. The Rent Control Law should be overhauled to make the rental housing market work for the poor. The destitute homeless may require special hostels offering beds and toilet facilities.



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## FILIPINO REPORT CARD ON PRO-POOR SERVICES

### SUMMARY FINDINGS

#### *SUBSIDIZED RICE DISTRIBUTION*

**Rice is important for the welfare of the poor.** The Report Card reconfirmed the importance of rice as a staple food, particularly in rural and poor communities. It also showed that 84% of Filipinos buy rice in the market, while only 13% produce rice they consume. Even in the rural areas, approximately 71% of the respondents buy rice. To this end, if the Government is serious about addressing the needs of the poor, it should ensure that affordable rice is available and accessible to the poor.

**Availability of NFA rice is limited.** Government, through the National Food Authority (NFA), has been subsidizing rice, not necessarily to tackle food poverty, but to ensure price and supply stabilization. The survey found that the majority of respondents are aware that the NFA sells subsidized rice. Yet, only 15% of the respondents buy NFA rice, which is consistent with the NFA participation in the market.

**The poor self-target NFA rice.** Despite the NFA's limited participation in the market, it appears to have disproportionately reached the poor, with 27% of the poor buying NFA rice, compared with 16% among the middle-income group and 6% among the rich. However, this does not appear to result from any deliberate Government targeting, since anyone can purchase as much NFA rice as stocks allow.

**NFA rice is low cost, but inferior in quality.** Purchasing decisions are based largely on price and quality. Given the poor quality of NFA rice, those who can afford to pay a higher price, buy better quality non-NFA rice; while the poor, who do not have adequate income, resort to lower priced NFA rice. The non-poor buy NFA rice mostly for domestic helpers and pets.

***Mindanao has the highest proportion of households to whom no NFA rice is available.***

**The non-poor benefit more from rice subsidy.** While proportionately more poor people buy NFA rice, the absolute number of the non-poor who buy NFA rice is not much different from the absolute number of the poor who do so. Because the middle-income and rich households purchase more NFA rice than the poor, the non-poor enjoy a bigger subsidy. This appears to be a misallocation of scarce resources of a Government concerned with improving basic services for the poor. To this end, the government should consider targeting rice support to the poor, rather than providing a general rice subsidy for all.

**Filipinos recommend geographical targeting to the poor.** Targeting rice subsidies to the poor has been on the Government agenda for the past few years, which is validated by the survey results. A majority of respondents recommend geographic targeting, by locating special stores selling NFA rice in poor areas, as the most effective targeting mechanism. There is less support for provision of identification (ID) cards and food stamps due to concerns relating to potential corruption, high costs of administration, and implied limits.

**The non-poor patronize ERAP stores more.** Client feedback on the ERAP stores, which are supposed to be located in areas where the poor live, is not encouraging. The survey found that the middle-income and the rich are more aware of ERAP stores, intended to provide the poor with access to basic commodities at subsidized prices. Moreover, the survey showed that more middle-income and rich households patronize the ERAP stores, than the poor.

**Mindanao is excluded.** Among all the regions, Mindanao has the highest proportion of households to whom no NFA rice is available. It also has the least ERAP stores in the country. As a first step, more ERAP (GMA) stores should be located in disadvantaged areas, especially Mindanao, to enable the poor to avail of the low-priced basic commodities, including NFA rice.

**Government tests geographical targeting plus ID passbooks.** Government is proposing a *Targeted Low-Priced Rice Distribution Pilot Program* to make available low-priced, and good quality, NFA rice to poor

families. This is expected to pave the way for discontinuing the general rice subsidy available to all. The pilot program uses geographic targeting but further limits beneficiaries and purchase of rice through the use of passbooks, a form of ID cards. Combining geographic targeting plus IDs may reduce leakage more significantly than the application of either one alone.

**Review the subsidy level.** The NFA pilot program offers rice at the same price as the generally available NFA rice. However, a key survey finding is that the amount of NFA rice subsidy is modest and makes marginal difference for the poor. Therefore, NFA may wish to consider adjusting upwards the price for generally accessible stocks. The savings obtained from adjusting the price of generally accessible stocks could then be redirected to increase coverage and amount of subsidy to the poor in the pilot program.

**Differentiate price and quality.** According to the survey, respondents were dissatisfied with the quality, smell, taste, and color of NFA rice. In relation to the targeted program, NFA should take steps to differentiate prices between different quality of rice sold, improving consistency of stock and eliminating the need to mix stocks of various qualities.

**Reconsider the entitlement level.** The pilot program limits entitlement of rice allocation per person. However, respondents are least supportive of food stamps to buy subsidized rice, due to the implied limits to buy rice. To this end, NFA may wish to review the entitlement level, following the pilot phase.

# FILIPINO REPORT CARD ON PRO-POOR SERVICES

## SUMMARY FINDINGS

### LINGAP PARA SA MAHIHIRAP PROGRAM

#### Lingap Program aims to benefit the 100 poorest families.

The *Lingap Para sa Mahihirap* (Caring for the Poor) was launched as the flagship poverty reduction program of the *Estrada* Administration.

It aimed to reduce the number of poor Filipinos from 24 million in 1997 to 17 million by 2004. Initially, 16,100 poor families were identified to receive assistance; these were selected as the 100 poorest families in each of the 78 provinces and 83 cities.

Support to poor families was channeled in the form of a package of assistance on (i) food, nutrition, and medical assistance, (ii) price support for rice and corn, (iii) protective services for children and youth, (iv) rural waterworks, (v) socialized housing, and (vi) livelihood development.

#### The poor and rural residents are less aware of the Lingap Program.

About two-thirds of the respondents have heard of the *Lingap* Program. This is impressive, given its short history. However, rural residents are much less informed about the Program, compared to their urban counterparts. Awareness is lowest among the poor, at 57%, compared with 63% for the middle-income group and 69% for the rich.

#### Purse strings are controlled by legislators.

About two-thirds of the *Lingap* funds are to be disbursed with the approval of members of the Senate and House of Representatives. Further, the legislators are represented in the Program Advisory Boards in each of the implementing agencies. This subjects the Program to the pressures of political patronage. That is why the Report Card looks into poverty targeting.

#### The non-poor barangays benefit more.

The proportion of households responding that their *barangay* is listed for coverage under the *Lingap* is almost the same for the poor, middle-income and rich groups. In fact, the number of poor households who indicated that their *barangay* is included for coverage is less than half of that of the non-poor.

#### The non-poor households benefit more.

While 16% of the poor count themselves as eligible to receive benefits from the *Lingap* Program, so do 16% of the middle-income group and 11% of the rich. This reveals ineffective targeting. Worse, the non-poor listed as eligible to receive benefits outnumber the poor by a ratio of almost two-to-one.

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***The bulk of the benefits of the Lingap Program are going to the non-poor.***

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**The poor are less connected to legislators.**

A fourth of the respondents say that they know a Congressman or a Senator who will recommend their household to be included in the *Lingap* Program. The proportion of poor households having such connections is lowest (19%), as compared with the middle-income group (23%) and the rich (27%). This puts the poor at a disadvantage.

**Lingap Program should be overhauled or terminated.**

At its inception, a majority of Filipinos believed that the *Lingap* Program would have no impact on poverty reduction. After the first year of implementation, the bulk of the benefits of the *Lingap* Program are going to the non-poor. The mechanisms for beneficiary selection seem to facilitate this leakage. To this end, the Program requires a major overhaul, or termination.

**Lessons from the Lingap program.**

**Sequence and limit the activities** to a few, say, four or six that are of the highest priority to the poor and distinct from ongoing programs of national agencies. These activities should be amenable to narrow targeting.

Involvement of the political establishment in selecting beneficiaries and in controlling funds may compound the problem of leakages. However, legislators' support for poverty reduction plans are intertwined with their control over program resources. The challenge is to **reduce legislators' intervention without losing their support.**

Rule-based targeting criteria with little room for discretion may lessen major leakages. However, at present, national government agencies have weak capability to implement such targeting. In the mean time, **geographic targeting** may be a viable option.

**Decentralize and localize the identification of beneficiaries,** involving LGUs, *barangay* captains, and civil society organizations. Grassroots organizations are better at tailoring program components to the needs of the poor groups. Decentralization may also enhance transparency.

**Monitoring should be an integral part of program implementation.** It is important to obtain feedback of the poor on suitability of the interventions, access, use, satisfaction, leakages and complaints.

**Periodic auditing of the results** of the program should be undertaken by independent agencies such as the Commission on Audit (COA) and credible NGOs. The audit findings should be made public.