

## INCITEGov Policy Note

# Rethinking *ayuda* for sustainable development

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## Introduction

*Ayuda*, “help” or “assistance” in Filipino (derived from Spanish), is a collective term for the Philippine government’s financial assistance programs. They play a crucial role in social protection, particularly for vulnerable sectors. These programs range from conditional cash transfers (CCTs) like the Pantawid Pamilyang Pilipino Program (4Ps) to unconditional transfers such as the Social Amelioration Program (SAP) implemented during the COVID-19 pandemic. While *ayuda* is necessary for addressing immediate needs and economic shocks, its exponential growth—especially during the pandemic and in the lead-up to the 2025 elections—raises concerns about its sustainability, efficiency, and long-term economic impact. This policy note examines the key issues with *ayuda* and proposes smarter approaches to its implementation.

## The exponential rise of *ayuda* in recent years

In recent years, *ayuda* programs have experienced an unprecedented surge in budget allocations, with funding levels significantly increasing beyond historical norms. The COVID-19 pandemic prompted a massive expansion in social assistance, as emergency relief programs like SAP and AKAP were rapidly deployed to support affected households. However, instead of tapering down post-pandemic, *ayuda* expenditures have continued to climb.

Between 2022–2024, *ayuda* programs lodged in the budgets of the Department of Social Welfare and Development (DSWD), Department of Labor and Employment (DOLE), and the Department of Health (DOH) amounted to a total of PHP 300 billion. This amount comprises the budget allocations for the Assistance for Indigents in Conflict Situations (AICS), *Ayuda sa Kapos ang Kita* Program (AKAP), *Tulong Panghanapbuhay sa Ating Displaced/Disadvantaged Workers* (TUPAD) and Medical Assistance to Indigent and Financially Incapacitated Patients (MAIP). It also excludes the annual allocations for DSWD’s 4Ps. For AICS and AKAP, the total allocations from 2022–2024 amounted to PHP 111 billion while for TUPAD and MAIP, the total

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allocations for the same period amounted to PHP 76 billion and PHP 112 billion respectively. Tables 1–3 below show the annual allocations for these programs.

**Table 1:**

<b>DSWD</b>				
<b><i>Protective Program for Individuals and Families in Especially Difficult Circumstances (formerly AICS)</i></b>				
<b>in Billion PHP</b>	<b>NEP</b>	<b>GAA</b>	<b>Variance</b>	<b>% Change</b>
FY2022	18,241,207,000	40,082,457,000	21,841,250,000	119.74%
FY2023	19,903,655,000	36,830,255,000	16,926,600,000	85.04%
FY2024	19,929,237,000	34,276,771,000	14,347,534,000	71.99%
<b>TOTAL</b>	<b>58,074,099,000</b>	<b>111,189,483,000</b>	<b>53,115,384,000</b>	<b>91.46%</b>
<b>Average Increase Per Year by Congress</b>			<b>17,705,128,000</b>	

**Table 2:**

<b>DOLE</b>				
<b><i>Tulong Panghanapbuhay sa Ating Disadvantaged or Displaced Workers Program (TUPAD)</i></b>				
<b>in Billion PHP</b>	<b>NEP</b>	<b>GAA</b>	<b>Variance</b>	<b>% Change</b>
FY2022	21,036,241,000	26,509,741,000	5,473,500,000	26.02%
FY2023	15,592,595,000	20,134,195,000	4,541,600,000	29.13%
FY2024	13,727,188,000	29,575,088,000	15,847,900,000	115.45%
<b>TOTAL</b>	<b>50,356,024,000</b>	<b>76,219,024,000</b>	<b>25,863,000,000</b>	<b>51.36%</b>
<b>Average Increase Per Year by Congress</b>			<b>8,621,000,000</b>	

**Table 3:**

<b>DOH</b>				
<b>Medical Assistance to Indigent and Financially-Incapacitated Patients (MAIP)</b>				
<b>in Billion PHP</b>	<b>NEP</b>	<b>GAA</b>	<b>Variance</b>	<b>% Change</b>
FY2022	16,997,624,000	21,361,029,000	4,363,405,000	25.67%
FY2023	22,394,949,000	32,630,649,000	10,235,700,000	45.71%
FY2024	22,263,949,000	58,093,566,000	35,829,617,000	160.93%
<b>TOTAL</b>	<b>61,656,522,000</b>	<b>112,085,244,000</b>	<b>50,428,722,000</b>	<b>81.79%</b>
<b>Average Increase Per Year by Congress</b>			<b>16,809,574,000</b>	

On top of these sums, the 2025 national budget allocates over PHP 64 billion for 4Ps, PHP 44.7 billion for AICS, PHP 41.16 billion for MAIP, PHP 26.15 billion for AKAP, and PHP 18 billion for TUPAD. These figures represent substantial increases compared to pre-pandemic levels. The rise is particularly notable in discretionary programs under DSWD, which have expanded significantly in the run-up to the 2025 midterm elections.

Tables 1–3 also show that there is also a trend of higher allocations for these *ayuda* programs in the enacted version of the national budget or the General Appropriations Act (GAA) compared to their proposed levels in the National Expenditure Program (NEP). On average, *ayuda* programs of the DSWD increased by 92 per cent while those of the DOLE and DOH increased by 51 per cent and 82 per cent respectively. These increases were made by the Bicameral Conference Committee during budget legislation.

A critical concern is that a growing portion of these funds is directed toward unconditional cash transfers, which, while useful for immediate relief, do not necessarily contribute to long-term poverty alleviation. The lack of an exit strategy for these temporary programs raises questions about fiscal sustainability, particularly as *ayuda* becomes a permanent fixture in the national budget rather than a responsive mechanism for economic shocks.

## Key problems with *ayuda*

**Lack of evidence-based allocation.** Programs like 4Ps, which have been empirically shown to improve education and health outcomes, are often sidelined in favor of less targeted, short-term cash transfers. Research by the Philippine Institute for Development Studies (PIDS) highlights how conditional programs effectively support long-term poverty alleviation, yet current budget allocations do not reflect these findings. Instead, new, less rigorously studied initiatives receive significant funding, making policy decisions highly discretionary rather than data-driven.

**Perpetuation of poverty and dependency.** Short-term cash transfers alone cannot break the poverty cycle. Without substantial investments in education, healthcare, and job creation, *ayuda* becomes a temporary solution rather than a transformative policy. While unconditional transfers provide immediate relief, they lack incentives for long-term economic mobility. Overly generous aid programs may also contribute to dependency, discouraging workforce participation in certain demographics. A balanced approach is needed to combine short-term relief with sustainable pathways out of poverty.

**Flawed targeting mechanisms.** The shift from Listahanan, which used a proxy means test to identify the poorest households, to the Community-Based Monitoring System (CBMS) has led to significant targeting inefficiencies. Unlike Listahanan, which was centrally administered, CBMS relies heavily on LGU-driven data collection. This decentralization has opened opportunities for leakages, favoritism, and patronage, with reports of local officials prioritizing friends and relatives. These flaws undermine the effectiveness of *ayuda*, leading to misallocated resources and eroding public trust in the system.

**Program duplication and inefficiencies.** Multiple agencies run overlapping *ayuda* programs with unclear objectives, leading to wasteful spending and administrative burdens. For instance, the DOLE implements the TUPAD program, while the Department of Public Works and Highways (DPWH) previously ran a similar emergency employment scheme, creating redundancy. Without a central coordinating mechanism, resources are inefficiently allocated, and beneficiaries may receive fragmented assistance that does not address their core needs.

**Political patronage.** The sharp increase in *ayuda* allocation ahead of elections suggests its use for political business cycles and legalized vote-buying. In 2024, the government significantly expanded the AICS program, which is widely distributed through political figures. The Commission on Elections (COMELEC) has even exempted *ayuda* programs from election-related restrictions, allowing continued distribution under 28 different initiatives. This pattern reflects how cash transfers can be strategically used to influence voter behavior, undermining democratic integrity.

## Toward smarter *ayuda*

**Prioritize conditional cash transfers (CCTs).** Programs like 4Ps should be protected and properly funded annually, as they offer long-term benefits by investing in human capital. CCTs should be expanded rather than deprioritized, ensuring that funds go to initiatives with proven developmental impacts.

**Promote financial inclusion.** Beyond cash transfers, the government should support microfinance initiatives tied to business ventures or education, enabling recipients to transition out of poverty. Microfinance loans, when designed effectively, can empower households to build sustainable livelihoods rather than relying on government handouts indefinitely.

**Tackle inflation and economic pressures.** If *ayuda* is justified due to high inflation, the government should address the root causes by stabilizing food prices, particularly rice. AKAP, for instance, was introduced to mitigate inflationary pressures, but addressing food security directly through better agricultural policies would be more sustainable in the long run.

**Ensure evidence-based targeting.** Reintroduce and improve Listahanan (or develop a National ID-based targeting system) to eliminate arbitrary, LGU-driven beneficiary selection and minimize leakages. The government must also invest in transparent, real-time monitoring systems to prevent favoritism and ensure *ayuda* reaches the neediest individuals.

**Depoliticize *ayuda* distribution.** Introduce binding constraints on *ayuda*-related budget allocations before elections, and strengthen COMELEC regulations on cash transfers at least one year before polls. This could include stricter scrutiny on new programs introduced in election years and enhanced oversight to ensure these funds serve developmental rather than political objectives.

**Strengthen institutional oversight.** An independent body should monitor *ayuda* programs, ensuring accountability in fund allocation and distribution. Regular impact assessments should be conducted to evaluate effectiveness, and findings should be publicly disclosed to enhance transparency and policy learning.

## Conclusion

*Ayuda*, when properly implemented, is a vital tool for social protection and economic resilience. However, to ensure long-term poverty reduction and sustainable development, the Philippine government must adopt a more strategic, evidence-based, and depoliticized approach to distributing financial assistance. This requires prioritizing conditional transfers, improving targeting mechanisms, reducing inefficiencies, and ensuring that cash aid does not become a tool for electoral gain. Without such reforms, the current *ayuda* framework risks becoming a short-term palliative rather than a meaningful driver of economic empowerment.

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