

MEMORANDUM CIRCULAR
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**IMPLEMENTING GUIDELINES FOR THE
UNCONDITIONAL CASH TRANSFER PROGRAM**

I. RATIONALE

The government's comprehensive tax reform program as embodied in Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) Law, seeks to enhance the efficiency, simplicity, and equity of the tax system in order to promote investment, create jobs, and reduce poverty. It complements ongoing tax, customs administration, budget, and economic reforms to secure property rights, enhance competition, simplify regulations, and improve food security. The first of the five tax reform packages consists of the following key measures: [i] lowering of personal income tax, [ii] lowering of estate and donor taxes, [iii] expanding the value-added tax (VAT) base by removing around 80 lines of exemptions that have little basis or whose benefits can be provided through targeted measures, [iv] increasing the excise on oil products, [v] increasing excise on automobiles, and [vi] introducing a sugar-sweetened beverage tax.

To mitigate the effects of increase in prices, particularly due to the increase in the excise on oil products, TRAIN mandates the government to provide social mitigating measures to protect and improve the lives of the poor and vulnerable.

The Unconditional Cash Transfer Program (UCT) is the biggest tax reform mitigation program under the TRAIN Law. It seeks to provide cash grants to poor households and individuals who may not benefit from the lower income tax rates but may be adversely affected by rising prices.

With these premises in mind, these guidelines are issued.

II. LEGAL BASES

- RA 10963 or the TRAIN Law amended Section 288 of the National Internal Revenue Code to institutionalize a social welfare and benefits program that includes the UCT as one of its components.
- RA 10964, or the General Appropriations Act for the Fiscal Year 2018 (the 2018 GAA), particularly under the Special Provisions on the Land Bank of the Philippines (LBP), sets forth and describes the Tax Reform Cash Transfer Project (TRCT), thus:

2. *Subsidy for the Tax Reform Cash Transfer Project.* The amount of Twenty Four Billion Four Hundred Eighty Seven Million Eight Hundred Sixty

Seven Thousand Pesos (P24,487,867,000) appropriated herein as subsidy for the Tax Reform Cash Transfer Project shall be used by the LBP to grant cash transfer support, including the payment of bank service fees and management costs, to the bottom fifty percent (50%) poorest households identified by the DSWD based on the list of beneficiaries registered in the National Household Targeting System for Poverty Reduction (NHTS-PR) or Listahanan in order to mitigate the moderate and temporary increases in prices due to the enforcement of the comprehensive tax reform program.

Release of funds shall be subject to the submission of project mechanics and components, which shall include the selection criteria for beneficiaries and such other factors in the implementation of the Project endorsed by the Secretary of the DSWD or his duly authorized representative.

Implementation of this provision shall be subject to the guidelines to be issued by the DSWD in coordination with the LBP...

- Department of Finance, Department of Budget and Management and Department of Social Welfare and Development Joint Circular No. 2018-001, entitled *General Guidelines for the Unconditional Cash Transfer Program/Tax Reform Cash Transfer Project*, which provides:

I. General Principles

- 1.1 UCT/TRCT. The UCT and the TRCT shall be considered as one and the same program.
- 1.2 *Implementing Agency.* For the first year of the UCT/TRCT, funds therefor in the amount of PhP 24,487,867,000 have been lodged with the Land Bank of the Philippines (LBP). The LBP shall use such funds for the UCT/TRCT in accordance with the Operational Guidelines to be issued by the DSWD pursuant to this Circular.

For subsequent years of the UCT/TRCT, the DSWD shall implement the UCT/TRCT in accordance with said Operational Guidelines.

- RA 7432, the Senior Citizens Acts, as amended by RA 9257 and RA 9994, which established the Social Pension Program for Indigent Senior Citizens.

III. DESCRIPTION

These guidelines shall serve as reference for the implementation of the UCT, which provides qualified beneficiaries cash grants computed at Two Hundred Pesos (PhP 200.00) per month for the first year of implementation, and at Three Hundred Pesos (PhP 300.00) per month for each succeeding year of implementation.

IV. DEFINITION OF TERMS

For the purpose of this guideline, these terms are defined as follows:

- ***National Household Targeting System for Poverty Reduction (NHTS-PR)*** – the information management system under the Department of Social Welfare and Development (DSWD) that identifies who and where the poor are. This system makes available a socio-economic database of poor households as basis for identifying beneficiaries of social protection programs and services.

- ***Pantawid Pamilyang Pilipino Program (4Ps)*** – the social protection program that focuses on human capital development through the provision of cash grants to eligible poor households. It is one of the flagship social protection programs of the national government that seeks to enable poor households to meet certain human development goals, particularly along health and education outcomes, aimed at breaking the intergenerational cycle of poverty. The provision of cash grants is based on compliance by beneficiaries with the program conditionalities.
- ***Social Pension Program for Indigent Senior Citizens*** – the additional government assistance in the form of a monthly stipend, to augment the daily subsistence and other medical needs of indigent senior citizens.

V. SCOPE AND COVERAGE

The UCT shall be implemented nationwide.

The following shall qualify as UCT Beneficiaries:

- (a) Households in the Pantawid Pamilyang Pilipino Program (**4Ps Households**),
- (b) Beneficiaries of the Social Pension Program, pursuant to Republic Act No. 7432, otherwise known as the Senior Citizens Act, as amended by Republic Act Nos. 9257 and 9994 (**Social Pension Beneficiaries**), and
- (c) Other poor households in the database of the National Household Targeting System for Poverty Reduction (NHTS-PR), provided that they fall within the first to seventh deciles, ranked according to predicted income (**NHTS-PR Households**).

Provided, that –

1. The DSWD shall determine and identify beneficiaries at the start of the year. Once determined and identified, a beneficiary would become entitled to the UCT Cash Grant for the year despite supervening events (*e.g.*, death of a Social Pension Beneficiary before the payout date)
2. 4Ps Households shall include beneficiaries of the Modified Conditional Cash Transfer Program (MCCT), which is part of 4Ps.
3. 4Ps Households shall also include households which were formerly 4Ps beneficiaries but were delisted for reason of non-compliance with the conditionalities, and not for reason of fraud.
4. Such number of NHTS-PR Households would be determined and identified as beneficiaries as the budget for the UCT Cash Grants would allow, starting with the poorest of the poor; *Provided*, that only those households in the first to seventh deciles of the NHTS-PR database may be determined and identified as UCT Beneficiaries even if there are sufficient funds for households in the higher deciles.
5. A Social Pension Beneficiary shall be entitled to a separate UCT Cash Grant even if he/she belongs to a 4Ps Household or an NHTS-PR Household.

VI. PROCEDURES

A. Identification and Determination of Beneficiaries

- The 4Ps National Program Management Office (4Ps NPMO) shall prepare the list of 4Ps Households who shall be UCT Beneficiaries.
- The Protective Services Bureau (PSB) shall prepare the list of Social Pension Beneficiaries who shall be UCT Beneficiaries.
- The National Household Targeting Office (NHTO) shall prepare the list of NHTS Households who shall be UCT Beneficiaries. The NHTO shall validate the list of NHTS Households who shall be UCT Beneficiaries.
- Subsequent guidelines shall be issued on the manner of registration of the NHTO validated household beneficiaries.
- The 4Ps NPMO, PSB and NHTO shall submit their respective lists to the UCT NPMO, which shall then collate and compile these lists. For the first year of implementation of the UCT, this shall be done as soon as possible. For the second and subsequent years of implementation of the UCT, this shall be done not later than November 30 of the preceding year.

B. Transmittal of List of Beneficiaries

- Upon completion of the List of UCT Beneficiaries, the UCT NPMO shall transmit the same to the Land Bank of the Philippines (LBP).
- The UCT NPMO may submit to LBP Partial Lists of UCT Beneficiaries, until the list is completed.

C. Distribution and Payment of UCT Cash Grants

- Upon receiving from the DSWD the List of UCT Beneficiaries, the LBP shall be responsible for distributing and paying UCT Cash Grants to UCT Beneficiaries in accordance with the same.
- For the distribution and payment of UCT Cash Grants, the LBP may utilize any combination of the following Modes:
 1. LBP Cash Card
 2. Cash Card of other authorized banks
 2. LBP Over-the-counter (OTC)
 3. LBP Conduits such as:
 - 3.1. Countryside Financial Institutions (*e.g.*, rural banks, cooperative banks, and thrift banks)
 - 3.2. Cooperatives
 - 3.3. Telecommunication Companies (TELCOs)

- 3.4. Remittance Companies
- 3.5 LBP ATMs being managed by other Rural Banks
- 3.6 Other Conduits that the DSWD and LBP may agree upon

The LBP Cash Card shall be the preferred Mode and shall be utilized whenever possible. For the second and subsequent years of the UCT, LBP shall provide LBP Cash Cards to as many UCT Beneficiaries as possible. The DSWD shall bear the cost of such LBP Cash Cards.

- Considering that funds for the UCT have been appropriated to LBP for the first year of implementation, for such year, and for such subsequent years in which such funds are appropriated to LBP, LBP may charge reasonable fees for its services against the portion of the funds intended for such purpose. In years that funds for the UCT may be appropriated to the DSWD, the DSWD and LBP shall agree on the rate of these fees.
- The DSWD shall extend assistance to LBP in the implementation of the various Modes.
- The DSWD and LBP shall agree on and jointly issue Operating Procedures to govern each of the Modes.

D. Reports

- The LBP shall provide the DSWD quarterly reports of UCT Cash Grants distributed and paid to UCT Beneficiaries using the various Modes.
- The DSWD shall submit to oversight agencies reports on the implementation of the UCT as often as may be legally required.

E. Grievances

- All complaints relating to the implementation of the UCT shall be forwarded to the UCT NPMO, which shall resolve such complaints in accordance with the policies and procedures it shall formulate for the purpose.

VII. DISTRIBUTION AND PAYMENT SCHEDULE

The UCT Cash Grant shall be provided one-time per year to the identified beneficiaries.

For the first year of implementation of the UCT, the following shall be the target dates for the distribution and payment of UCT Cash Grants:

CLASS OF BENEFICIARIES	ESTIMATED NO. OF BENEFICIARIES	TARGET DISTRIBUTION AND PAYMENT PERIOD
4Ps Households with existing LBP Cash Cards	1,800,000	February to March 2018
4Ps Households without	2,600,000	March 2018

CLASS OF BENEFICIARIES	ESTIMATED NO. OF BENEFICIARIES	TARGET DISTRIBUTION AND PAYMENT PERIOD
existing LBP Cash Cards		
Social Pension Beneficiaries with existing LBP Cash Cards	400,000	March 2018
Social Pension Beneficiaries without existing LBP Cash Cards	2,600,000	July to August 2018
NHTS-PR Households	2,600,000	July to August 2018

For the second and third year of implementation of the UCT, the DSWD shall complete the List of Beneficiaries not later than January 31 of the receding year, and shall ensure that the distribution of UCT Cash Grants is completed within the first quarter of that year.

VIII. INSTITUTIONAL ARRANGEMENTS

- **UCT National Program Management Office (UCT NPMO).** The UCT NPMO shall be created to manage the day-to-day operations of the UCT. Its tasks shall include the following:
 1. Coordinate with 4Ps NPMO, the PSB and the NHTS to generate the List of UCT Beneficiaries.
 2. Manage the registration of the NHTS Households that are not 4Ps Beneficiaries.
 3. Coordinate with local social welfare and development offices (LSWDOs) to update the List of UCT Beneficiaries.
 4. Coordinate with LBP on matters related to issuance of Cash Cards and distribution and payment of UCT Cash Grants.
 5. Formulate policies and procedures for addressing grievances relating to the implementation of the UCT, and resolve grievances in accordance with the same.

UCT Regional Project Management Offices (UCT RPMOs) shall also be created to carry out the directives of the UCT NPMO in implementing the UCT.

Pending the creation of the UCT NPMO, the Task Force on UCT shall, as much as practicable, carry out the functions of the UCT NPMO.

- **4Ps National Program Management Office (4Ps NPMO).** The 4Ps NPMO shall prepare and update the list of 4Ps Households who shall be beneficiaries of the UCT, and submit the same to the UCT NPMO.
- **Protective Services Bureau (PSB).** The PSB shall prepare and update the list of Social Pension Beneficiaries who shall be beneficiaries of the UCT, and submit the same to the UCT NPMO.
- **National Household Targeting Office (NHTO).** The NHTO shall prepare and update the list of NHTS Households who shall be beneficiaries of the UCT, and submit the same to the UCT NPMO..

- **Information and Communications Technology Management Service (ICTMS).** The ICTMS shall develop the information system to assist the UCT NPMO collate and compile the official List of UCT Beneficiaries to be transmitted to LBP.
- **Social Marketing Service (SMS).** The SMS shall, through the DSWD Field Offices, shall [i] produce information, education and communication materials on the UCT program for dissemination to various project stakeholders (e.g., beneficiaries, non-beneficiaries, local government units, and media etc.); and [ii] prepare media releases on UCT program activities.
- **Policy Development and Planning Bureau (PDPB).** The PDPB shall assist the UCT NPMO develop a Monitoring and Evaluation (M&E) system for the UCT.
- **Land Bank of the Philippines (LBP).** LBP shall:
 - a. Receive the List of UCT Beneficiaries from the DSWD.
 - b. Distribute and pay UCT Cash Grants based on the List of UCT Beneficiaries.
 - c. Submit quarterly reports to oversight offices and provide the DSWD copies of liquidation documents.
 - d. Provide the DSWD with the list of UCT Beneficiaries with non-moving accounts.

IX. EFFECTIVITY

These guidelines shall take effect immediately upon issuance.

It shall be reviewed, amended or supplemented as necessary, in light of the provisions of current General Appropriations Act (GAA) and developments relative to procedures and protocols of the 4Ps and Social Pension Program.

28 February 2018, Quezon City, Philippines.



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