

MDG 1: Eradicate Extreme Poverty and Hunger What's the Real Score?

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Goal 1: Eradicate Extreme Poverty and Hunger

Effective in 2003-07

- ⌘ **Target 1:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
- ⌘ **Target 2:** Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Since 2008

- ⌘ **Target 1A:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
- ⌘ **Target 1B:** Achieve full and productive employment and decent work for all, including women and young people
- ⌘ **Target 1C:** Halve, between 1990 and 2015, the proportion of people who suffer from hunger

What the Philippines reports

✚ Target 1A:

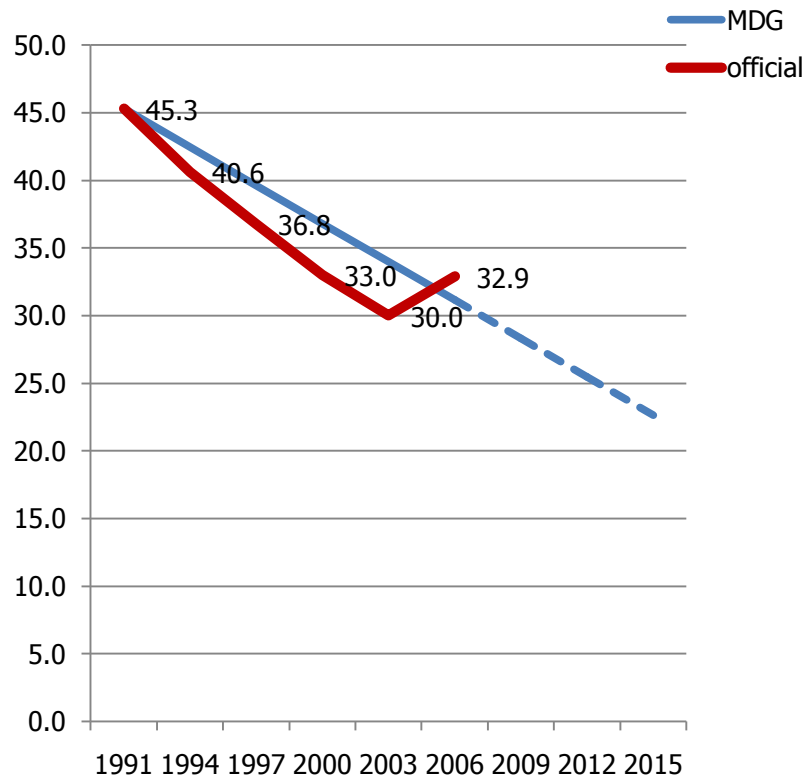
- Proportion of population below poverty threshold
- Proportion of population below food threshold

✚ Target 1C:

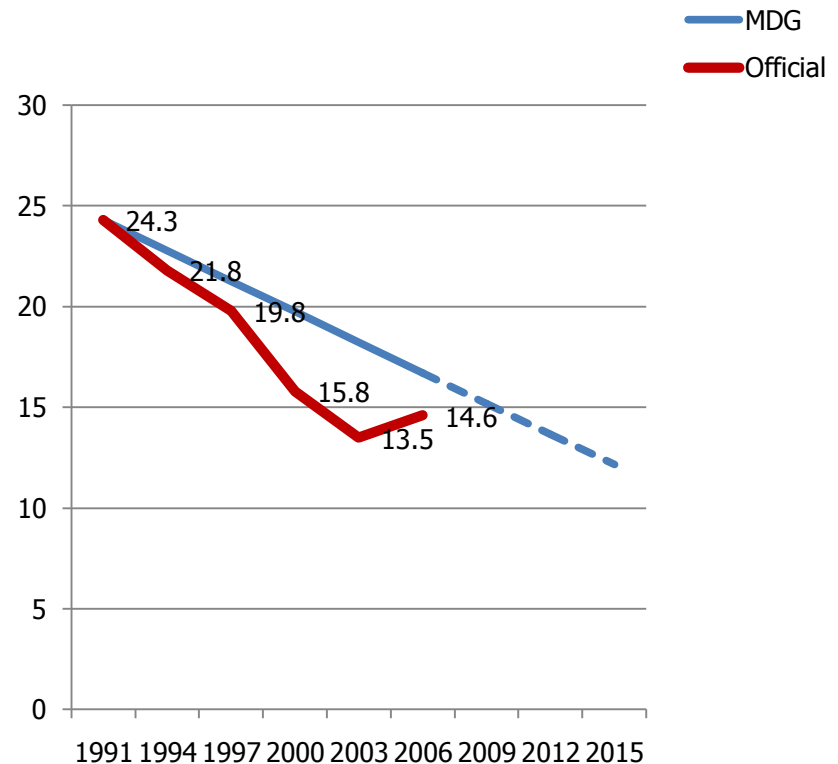
- Prevalence of underweight children under 5 years of age
- Proportion of households with per capita intake below 100% dietary energy requirement

The score as seen in official data

⊕ % below poverty threshold



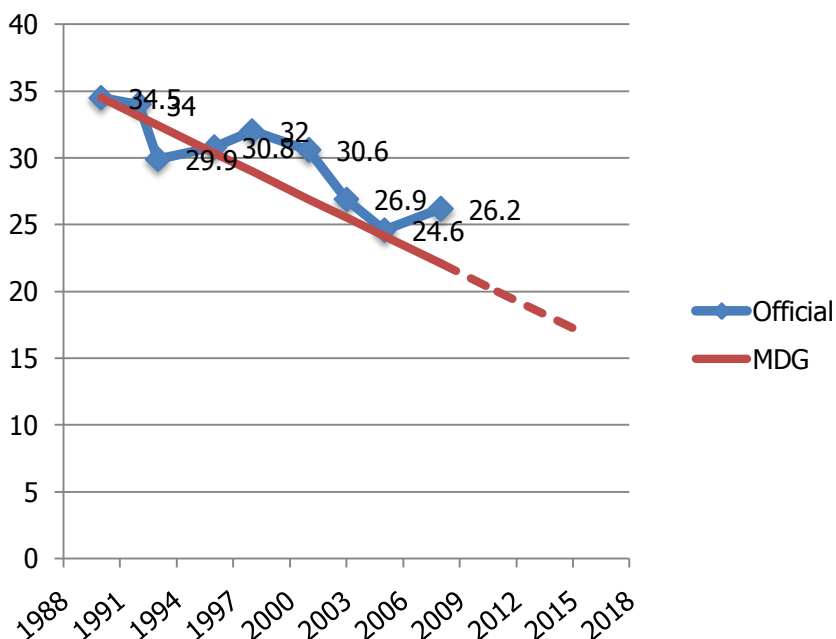
⊕ % below food threshold



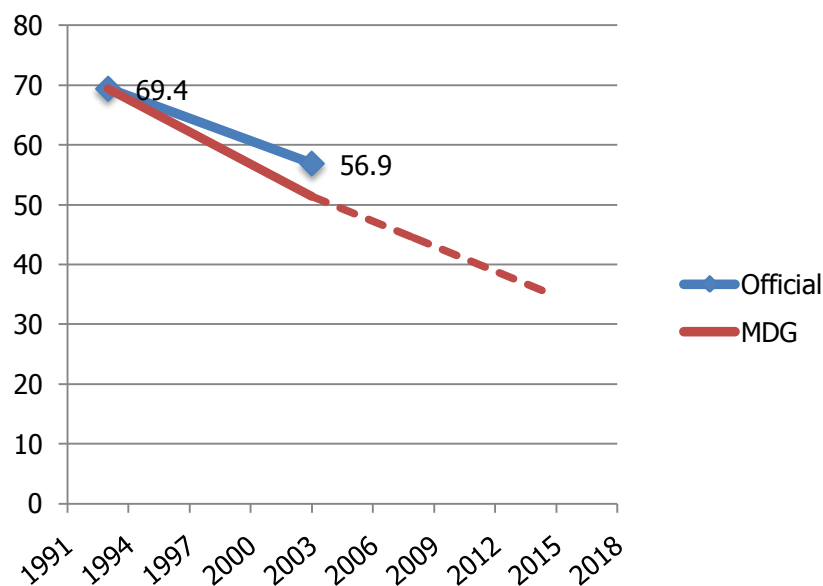
- Based on official poverty statistics, the Philippines was on its way to achieving poverty targets despite an uptick of poverty in 2006.

The score as seen in official data

✚ Proportion of underweight children 0-5 years old



✚ Proportion of households with per capita intake below 100% dietary requirement



Note: Latest survey data (for 2008) not yet available.

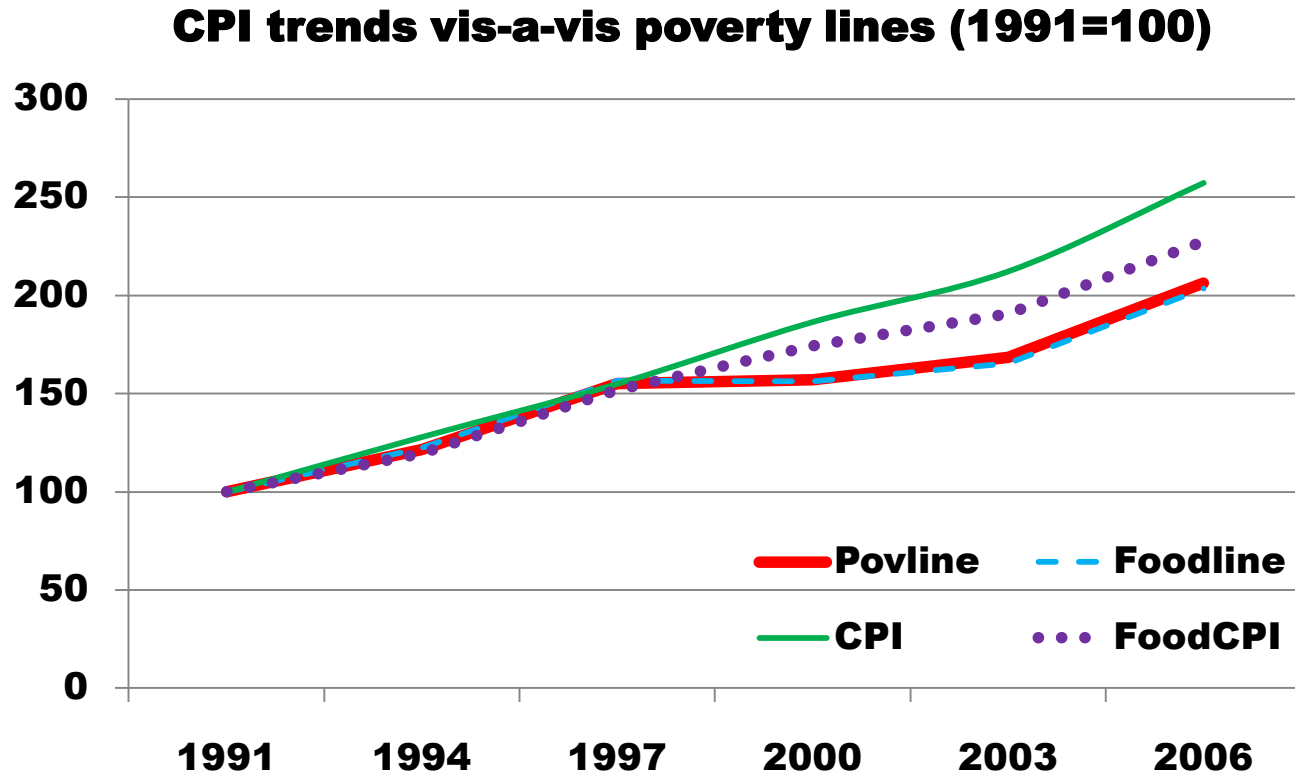
The score as seen in official data

	Current level	Pace of progress*	Chance of achieving target*
Target 1A. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day			
Proportion of population below poverty threshold	32.9 (2006)	0.88	MEDIUM
Proportion of population below food threshold	14.6 (2006)	1.28	HIGH
Target 1C. Halve, between 1990 and 2015, the proportion of people who suffer from hunger			
Prevalence of underweight children under-five years of age	26.2 (2008)	0.67	MEDIUM
Proportion of households with per capita intake below 100% dietary energy requirement	56.9 (2003)	0.79	MEDIUM

*Following UNSIAP methodology, pace of progress is ratio of actual annual growth rate to target growth rate. The chance of achieving target by 2015 is low, medium, and high if the ratio is <0.5, between 0.5 and 0.9, and >0.9, respectively.

Revisiting the official poverty data

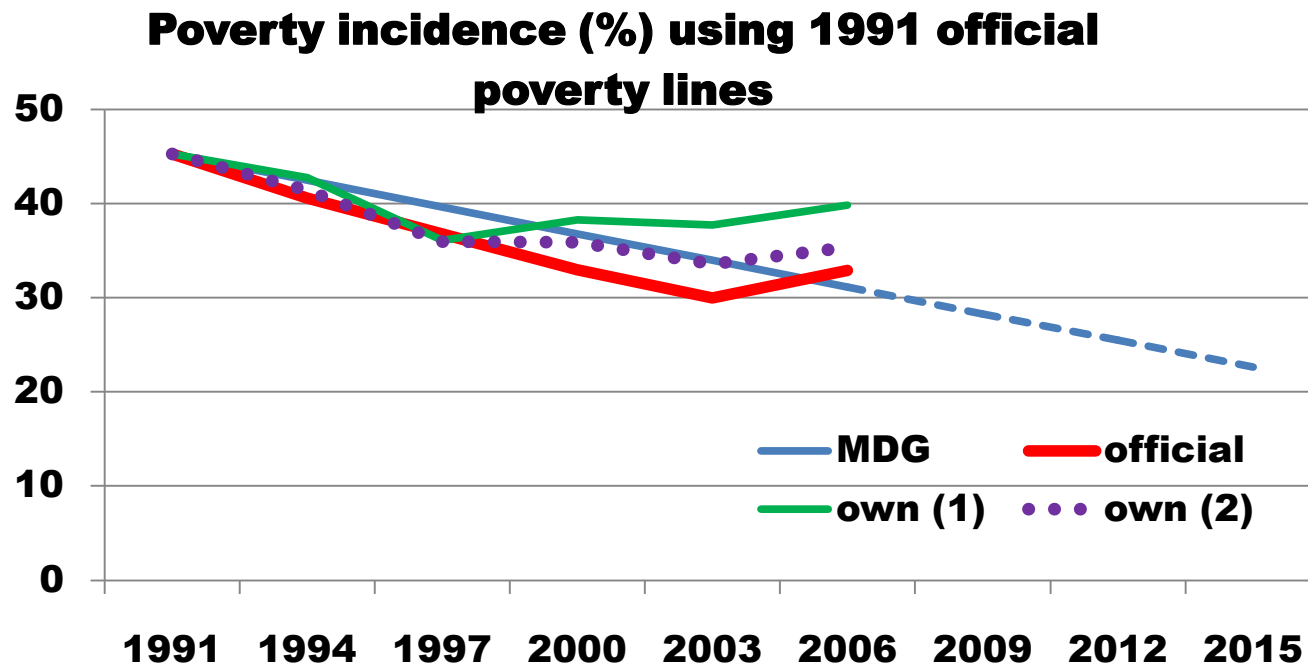
- ⊕ Not comparable series – changing standard (norm) of poverty over time.



- ⊕ Adjustment in the nominal values of poverty lines has tended to lag behind inflation. Hence, purchasing power of the poverty lines has tended to decrease over time!

Revisiting the official poverty data

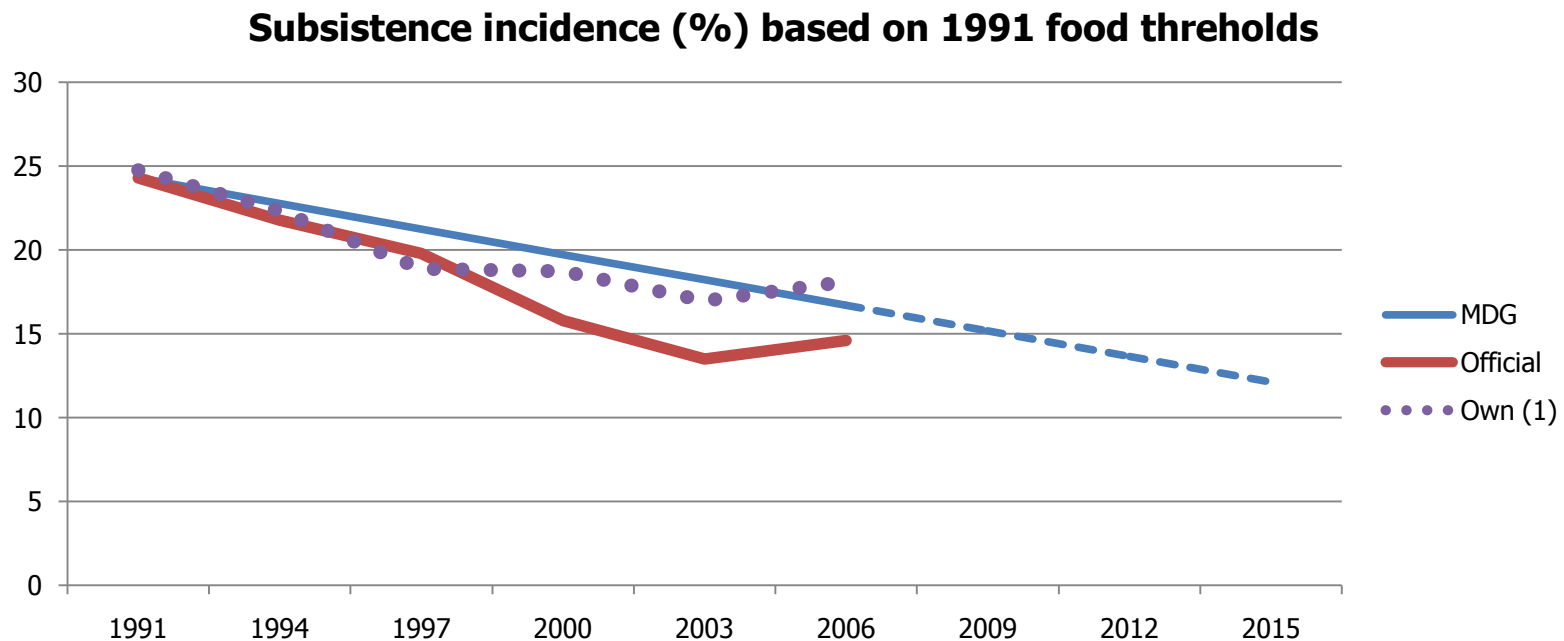
- ✚ Applying constant (in real terms) poverty thresholds yields SLOWER rate of poverty reduction.



- ✚ The probability of achieving the MDG target on poverty is **LOW to MEDIUM!**
- ✚ The number of poor people in 2006 was **2.0 to 5.8 million more** than officially reported.

Revisiting the official poverty data

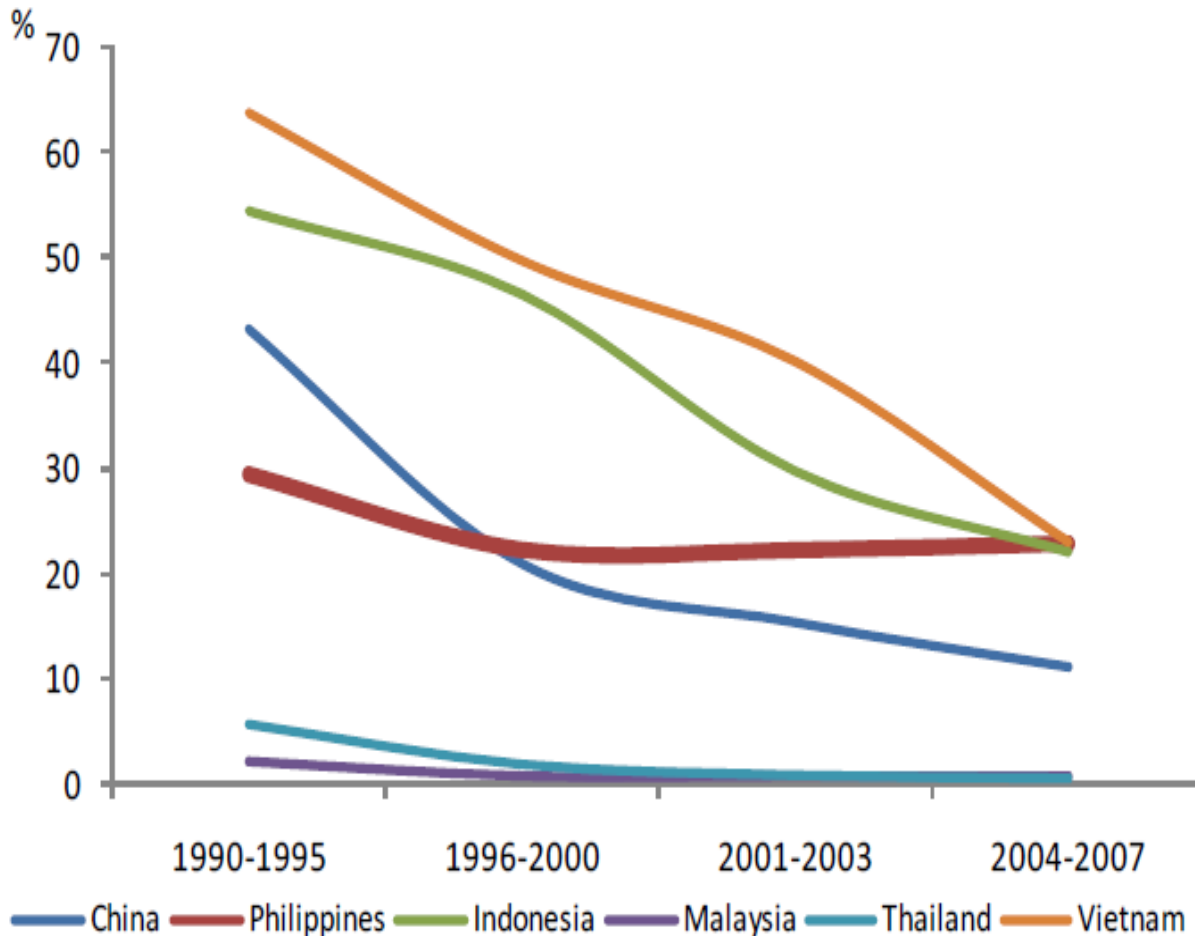
- ✚ Applying constant (in real terms) food threshold results in substantially SLOWER rate of extreme poverty reduction.



- ✚ The probability of achieving the MDG target on extreme poverty is **MEDIUM, not HIGH!**
- ✚ The number of subsistent poor in 2006 was about **3.0 million more** than officially reported.

International comparison

(based on poverty line of \$1.25 a day)



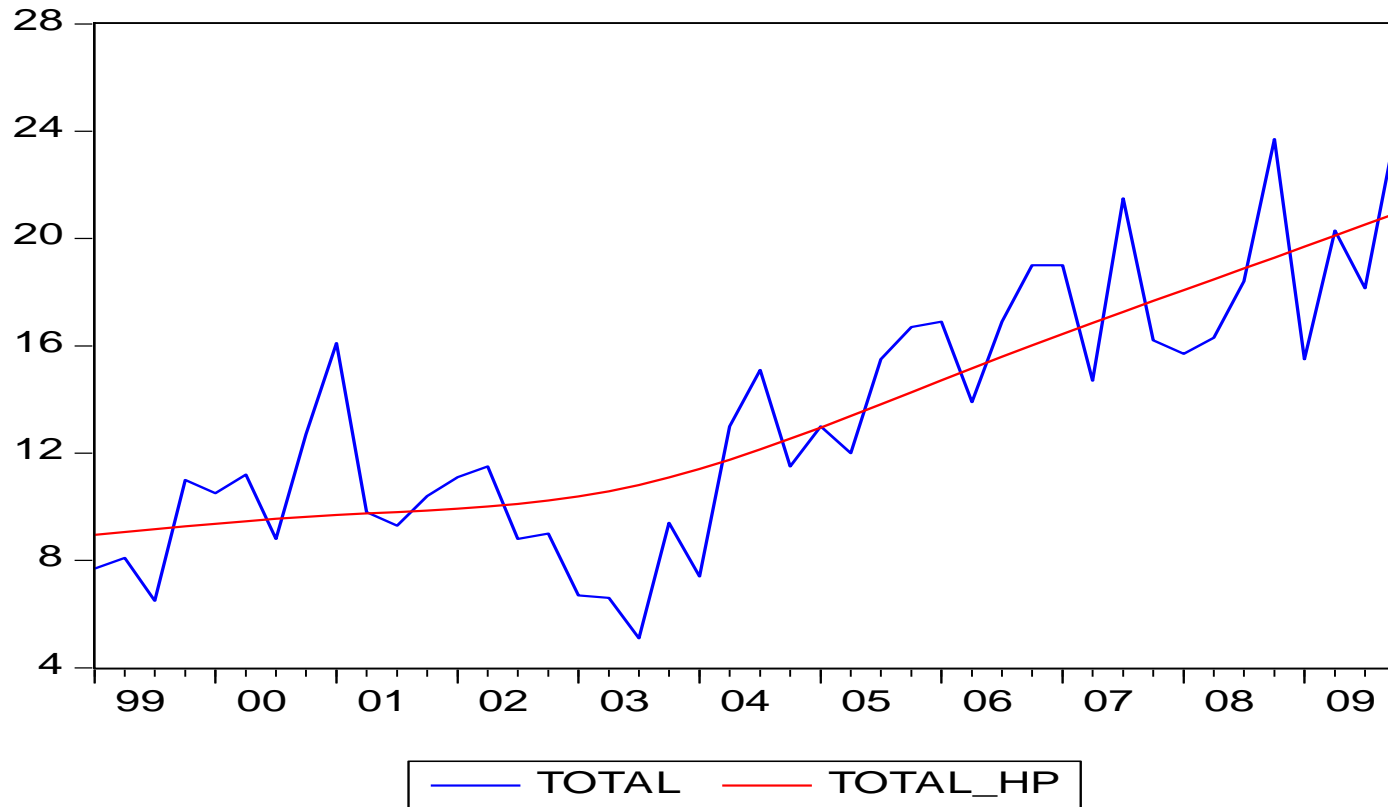
- The poverty trend for the Philippines is quite similar to our estimates.
- Poverty reduction has been quite fast in East Asia, but not so in the Philippines

Notes: Estimates refer to the proportion of population with income per capita below US\$1.25 a day (in PPP). Figures for Indonesia are approximation from urban/rural estimates.

Sources: PovcalNet – World Bank; Chen and Ravallion (2008) for China estimates; Badan Pusat Statistik for urban and rural population ratios.

Households experiencing hunger (SWS Data)

July 1998 – December 2009



The question asked to survey respondents is: "In the last three months, did it happen even once that your family experienced hunger and not have anything to eat?" The data series is available at the website of SWS (www.sws.org.ph/).

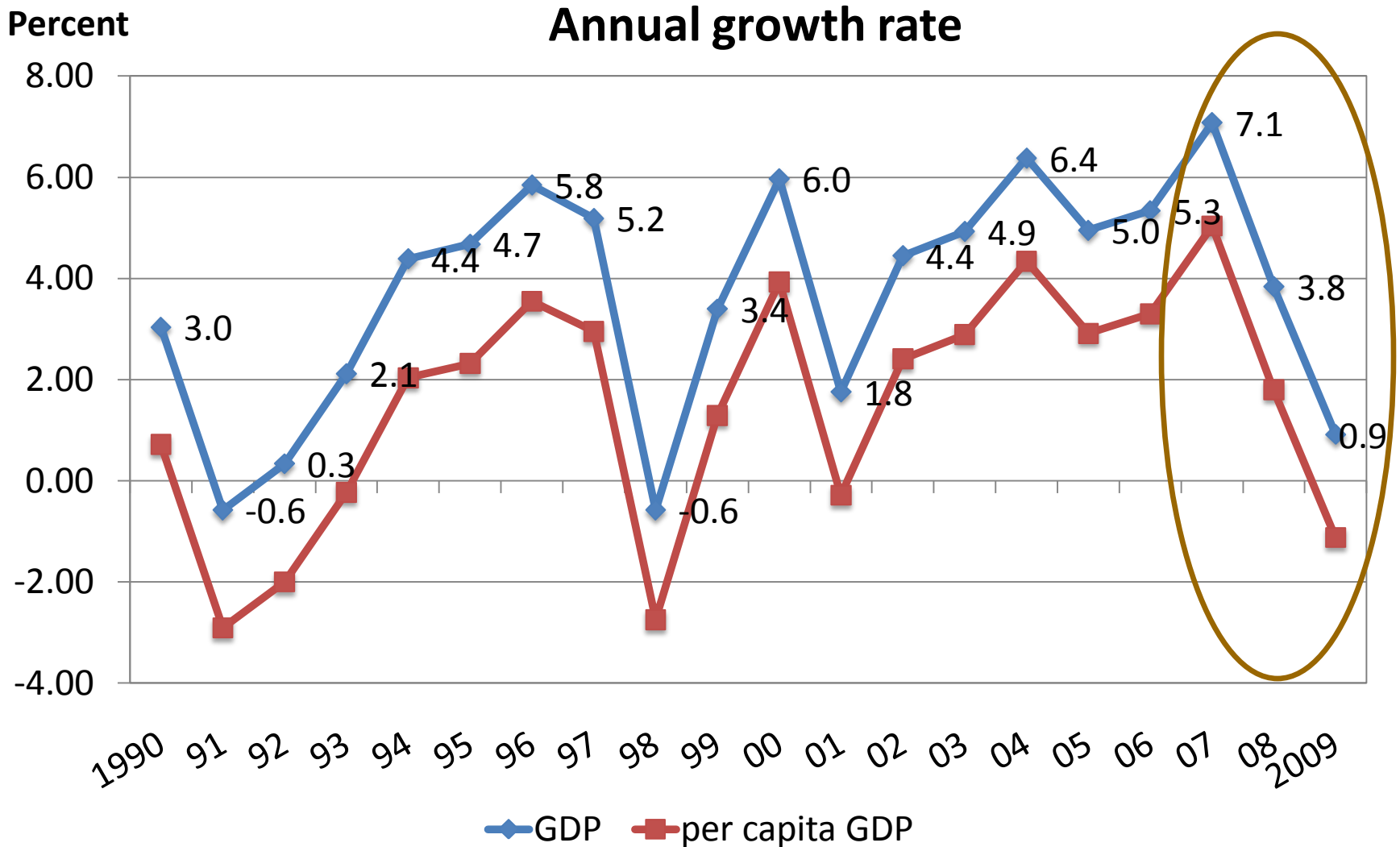
What has happened to income poverty since 2006?

3 shocks in a row in 2007-2009

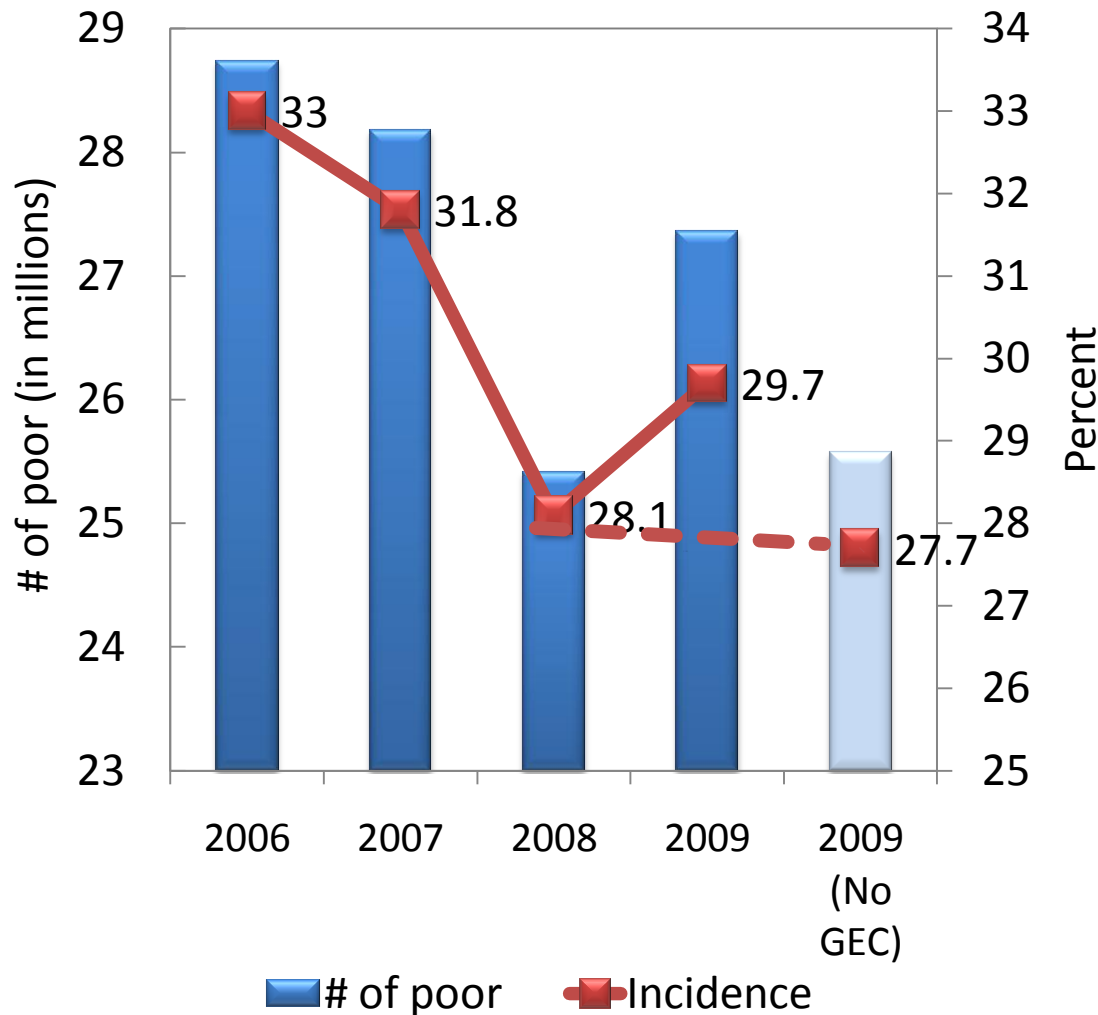
- ⊕ **Food (rice) crisis:** second half of 2007 to first half of 2008, but prices have not come down to pre-shock levels
- ⊕ **Global financial/economic crisis:** second half of 2008 to first half of 2009, but still a fragile recovery
- ⊕ **Typhoons (Ondoy, Pepeng, & Santi):** second half of 2009

Have these shocks changed the fundamental character of the country's poverty problem?

The economy in recent years



Indicative poverty since 2006

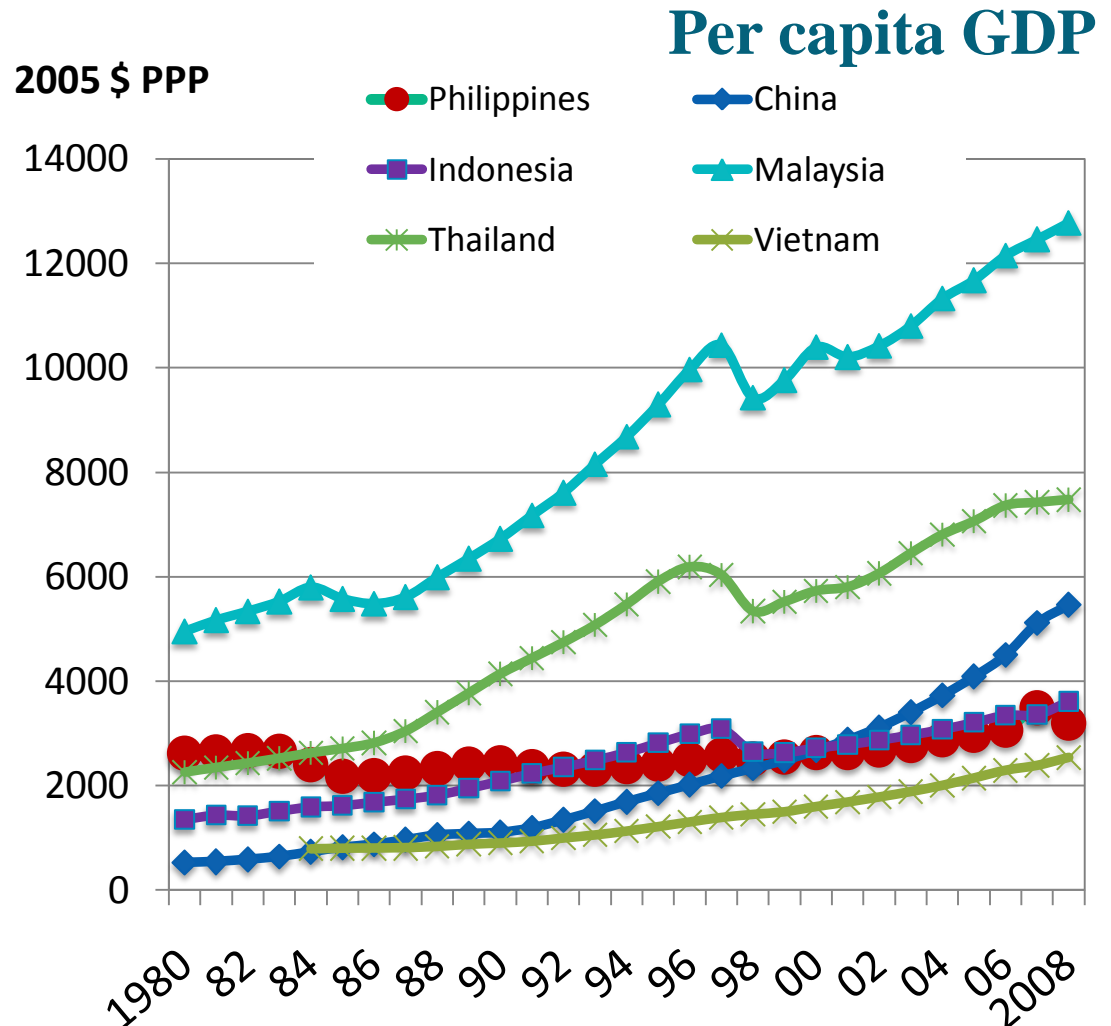


Source: Authors' estimates based on nationally representative household panel data. See Balisacan et al. (2010)

- Poverty tended to fall with the rise in per capita income up to 2008.
- With mean income dropping by 2.1% in 2009, poverty rose by 1.6 percentage points.
- Without global economic crisis, the number of poor people would have been less by nearly 2 million.

Challenges facing the P-Noy Administration

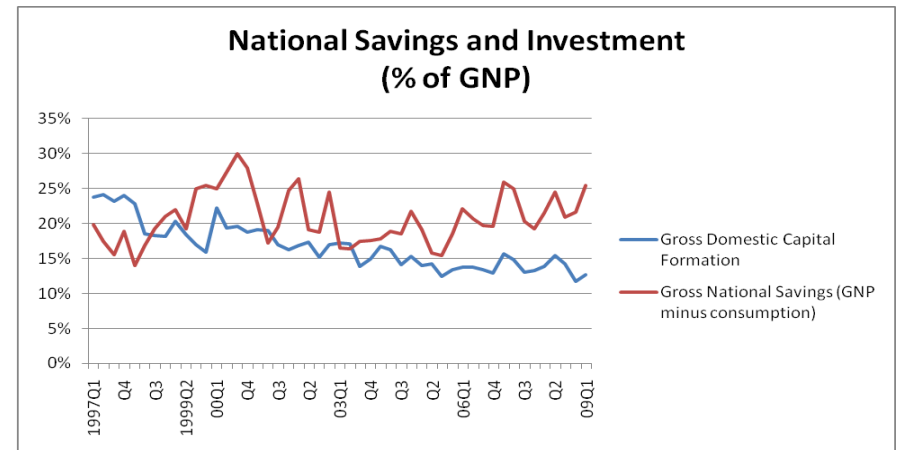
- ✚ Poverty reduction—a **huge policy challenge**
- ✚ Moving the country to a higher--but more inclusive & sustainable--growth path has to be high in the development agenda



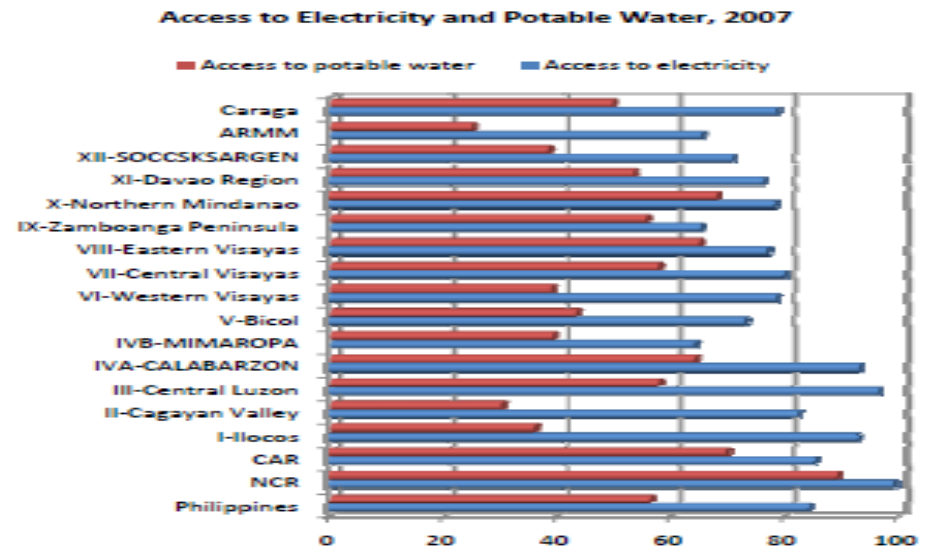
Challenges facing the P-Noy Administration

⊕ Addressing the critical constraints to private investment & growth

- Tight fiscal situation due largely to weak revenue generation
- Inadequate infrastructure, particularly transport and power
- Weak investor confidence owing to governance concerns, especially corruption

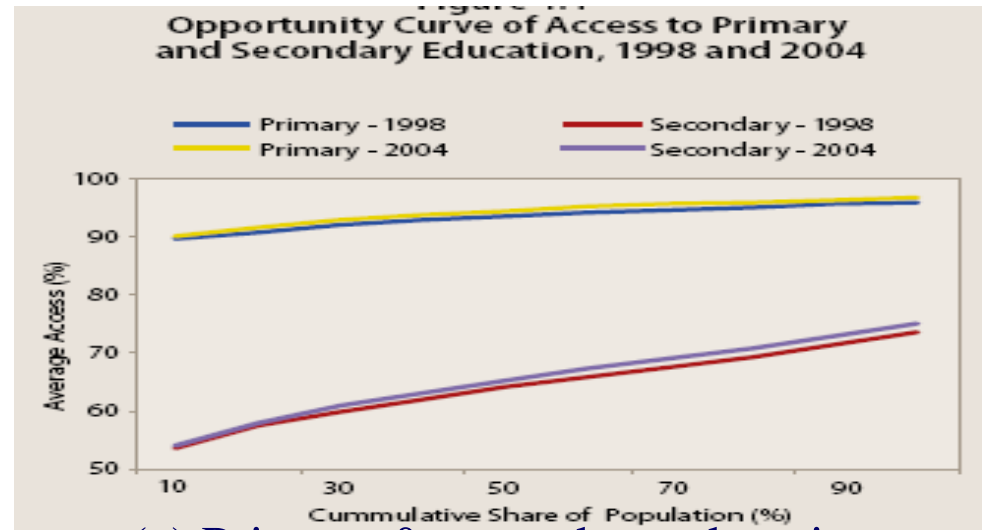


Source: Medalla (2009)

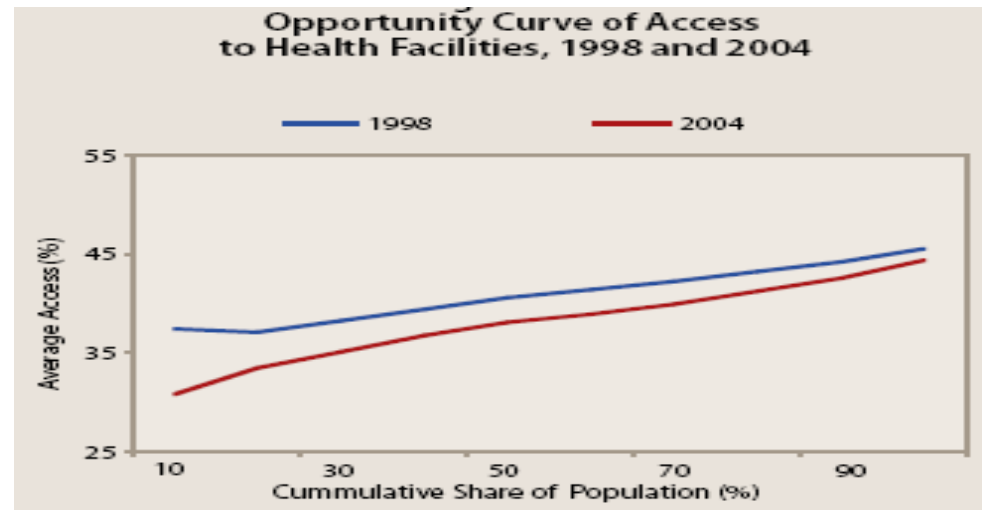


Challenges facing the P-Noy Administration

- ✦ Reducing the high inequity in access to opportunities
 - *High priority on education, health, incl. family planning services*
- ✦ Rebuilding institutions, incl civil service, & good governance in pursuit of inclusive growth



(a) Primary & secondary education



(b) Basic health facilities

Salamat!