





Philippine Poverty

Situation, Trends, Comparisons

Outline

-  I. FAQs about Income Poverty
-  II. The Philippines and the MDGs
-  III. The Way Forward

Outline

-  I. FAQ's about income-based poverty
 - A. How defined?
 - B. How measured?
 - C. Poverty Situation 2006
 - D. Who are the Poor?
 - E. Where are the Poor?
 - F. How Long Are They Poor?
 - G. How Has the War on Poverty Been Faring?

Outline



II. The Philippines and the Millennium Development Goals

A. The World's War on Poverty

B. The Philippines: A Mid-Term Progress Report

- National Level - Official “Scorecard”
- Regional Level
- Beyond National and Regional Averages
- International Comparisons

Outline



III. The Way Forward

- Summary
- MDGs and Economic Growth
- Impact of the Global Crisis
- The Way Forward: Self-evident
- CARP and CCT

The Numbers

A. Official	Poverty Threshold:	P 15,057
	Food Threshold:	P 10,025
B. Balisacan	Poverty Threshold:	P 14,210
	Food Threshold:	P 10,285
C. USPPP\$1	Poverty Threshold:	P 9,851

Income Gap

A. Official	P 4,439	P 122.6 B	2.0% of GDP
B. Balisacan	P 3,472	P 88.3 B	1.5% of GDP

Income-Based Poverty Estimates, Philippines, 2006

	Official ^a	CBC/FLOL ^b	PPU US \$ ^f	PPU US \$ ^g
Incidence (%)				
Poverty:				
Family	26.9 (4.68)	22.2 (3.86)	10.7 (1.86)	38.5 (6.70)
Population	32.9(27.62)	28.1 (23.59)	14.1 (11.84)	44.5 (37.35)
Food/Subsistence:				
Family	11.0 (1.91)	9.3 (1.6)		
Population	14.6 (12.26)	12.7 (10.68)		
Poverty Gap/Depth (%)				
Income Gap	9.7 36.1	7.4 33.3		
Severity of Poverty	4.1	2.8		

THE FACES

- Less Schooling: 2/3 of poor hh headed by those with at best primary education.
 - Education and Income, 2006
 - No education: P 90,326
 - Elem Undergrad P 128,645
 - Elem Grad P 153,695
 - HS Undergrad P 173,668
 - HS Grad P 213,322
 - College Undergrad P 296,322
 - College Grad P 525,823

THE FACES

Larger Families

Average Family Size	Non-Poor	4.5
Average Family Size	Poor	5.9
Average Family Size	Core Poor	6.4

Incidence of Poverty Increases with Family Size

3-Member Families	13%
9-Member Families	54%

THE FACES

- EMPLOYED:

- ✓Only 12.9% of the unemployed are poor

- SELF-EMPLOYED/OWN ACCOUNT:

- ✓56% of poor are self-employed

- WORK IN AGRICULTURE

- ✓62% of poor

- LIVE IN RURAL AREAS

- ✓70% of poor

THE PLACES

ISLAND GROUPS	% Population	% Poor
Luzon	56.6	44.2
Visayas	20	20.5
Mindanao	23.3	35.4

REGIONS	Poverty Incidence
MM	7%
ARMM	60%

THE PLACES

PROVINCES

POVERTY INCIDENCE

Rizal

6.4%

Tawi-Tawi

78.9%

MUNICIPALITIES

Binondo (MM)

1.14%

Siayan (Zambo Norte)

97.5%

URBAN

33.7%

RURAL

10.4%

THE REASONS

(behind geographical disparities)

- Climate Type
- Market Access
- Political Dynasties
- Social and Armed Conflict
- Concentration of Land Ownership

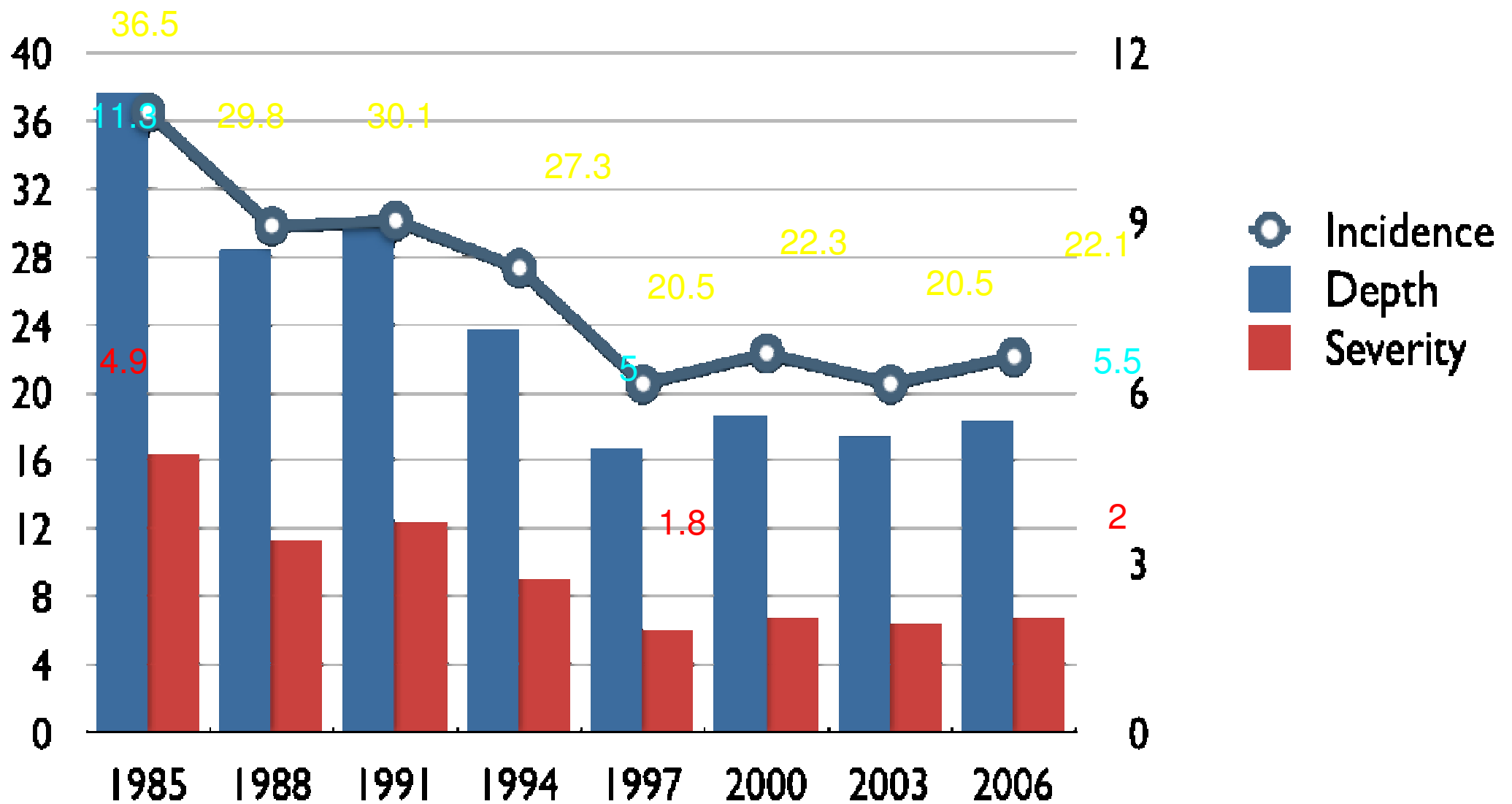
THE CHANCES

(of getting out of poverty increase with)

- Higher level of education
- Lower family size
- Occupations other than agriculture
- Non-agriculture sources of income

THE TRENDS

Poverty Trends (Balisacan Lines)

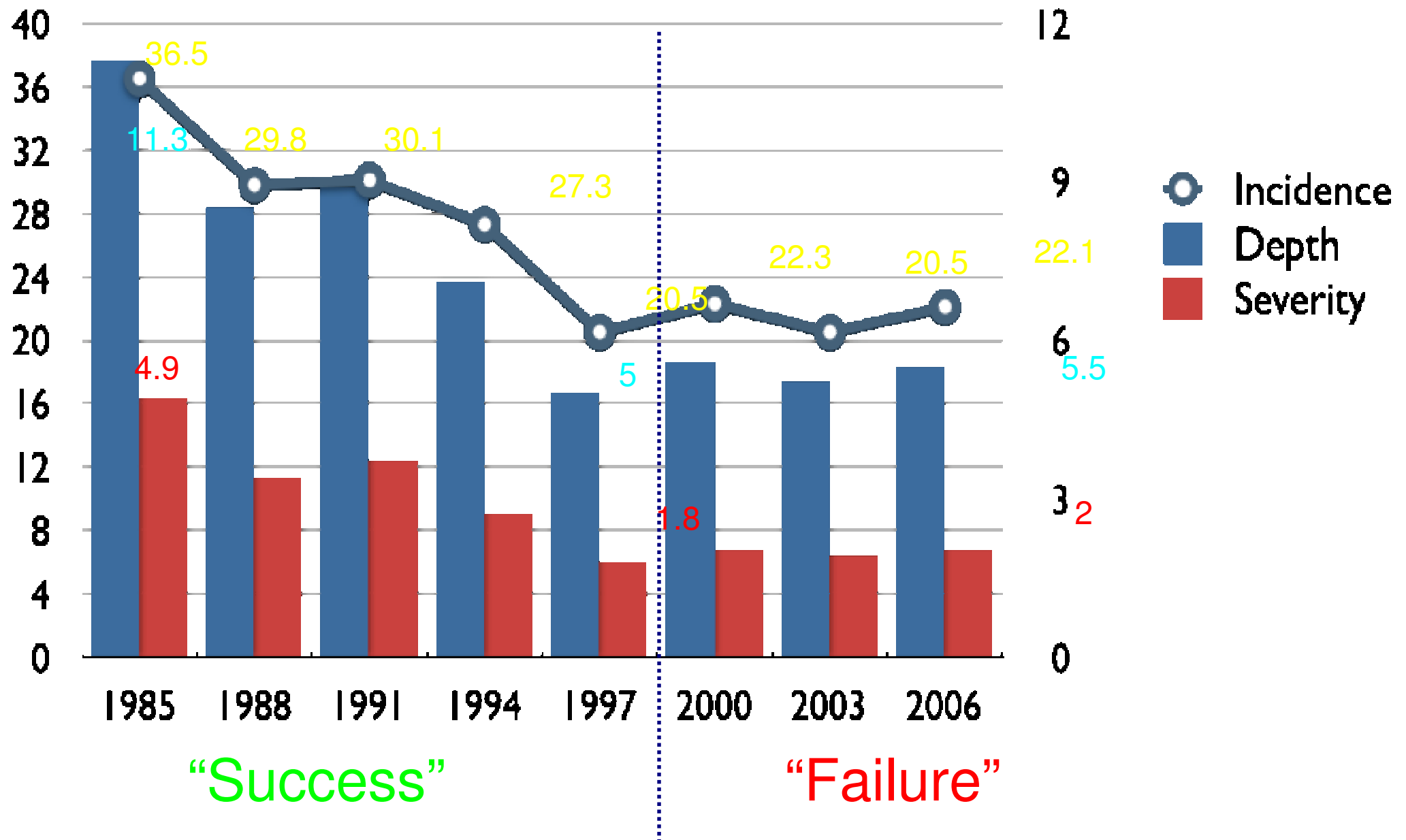


THE TRENDS

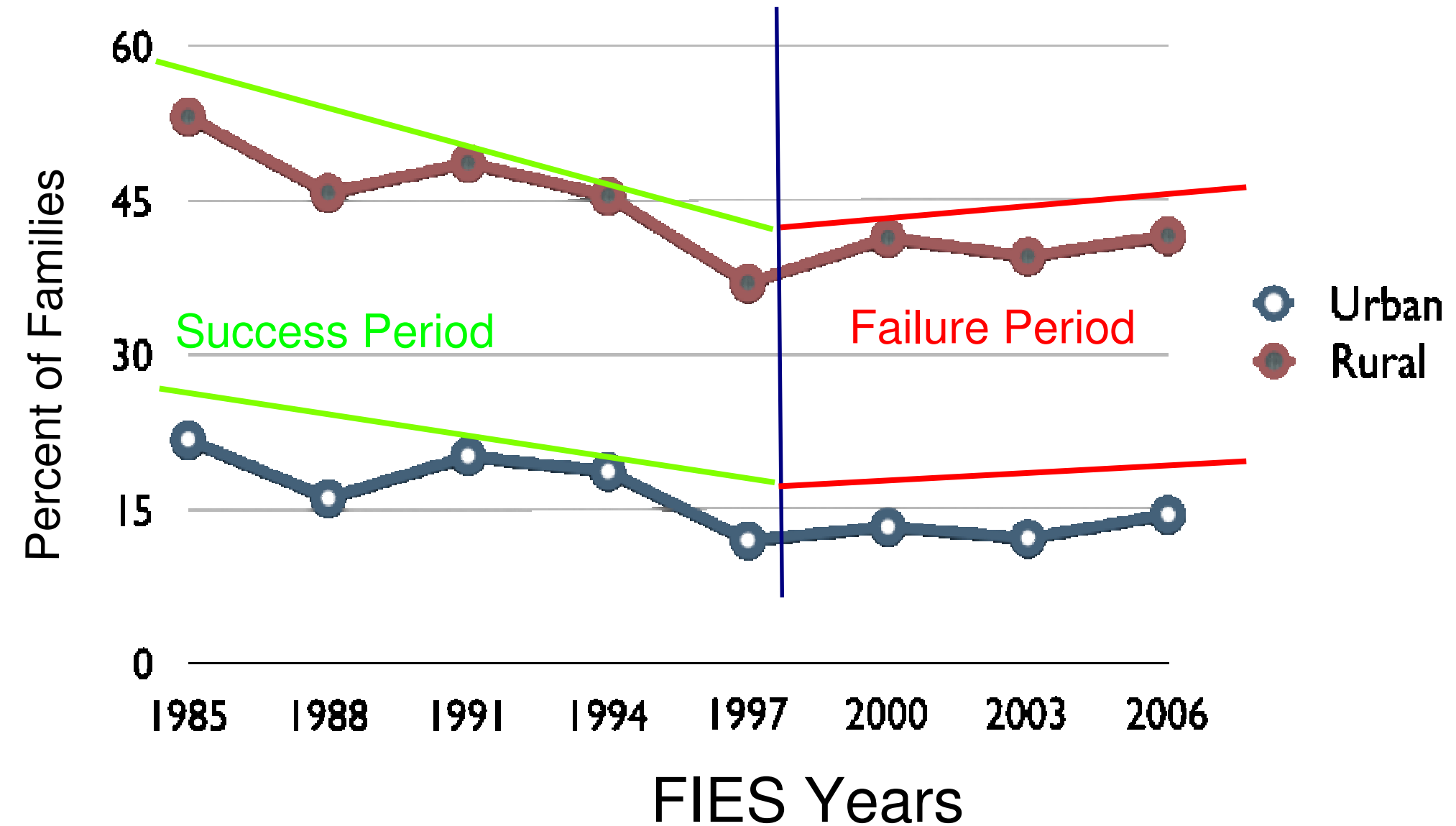
- Success Period (1985-1997)
- Failure Period (1997-2006)

NB: National Anti-Poverty Commission
Created in 1997

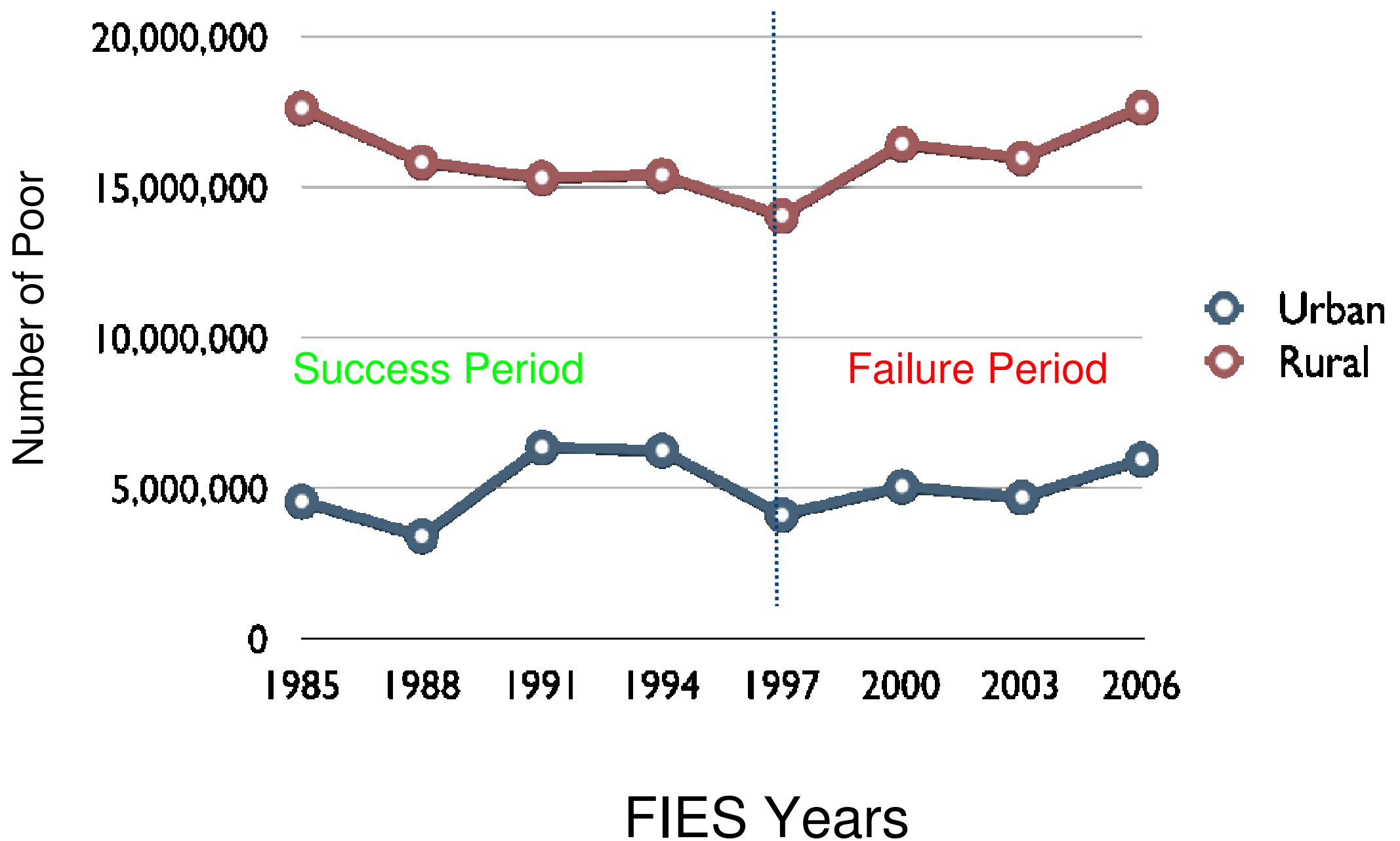
Poverty Trends (Balisacan Lines)



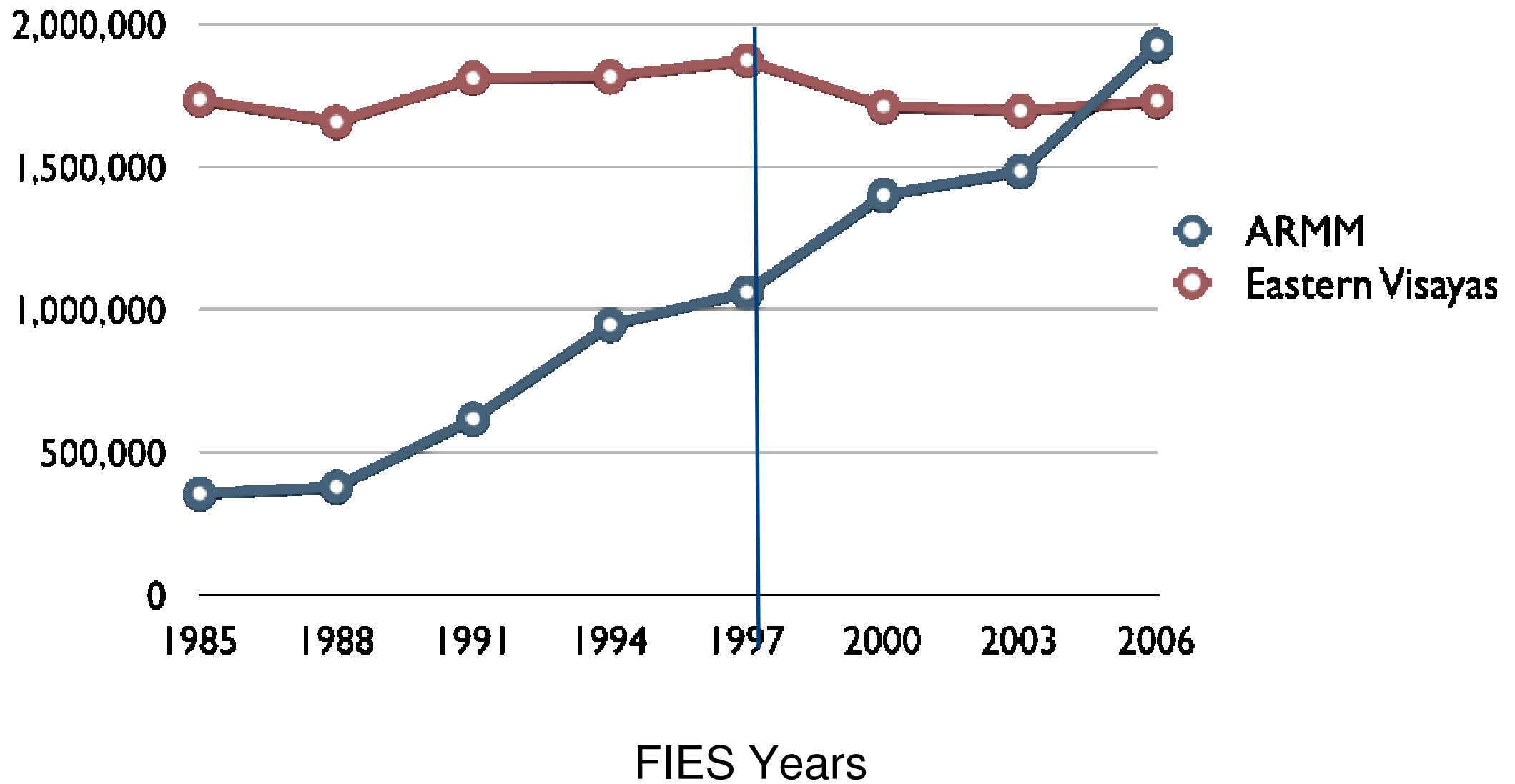
Poverty Incidence by Urbanity



Number of Urban Poor and Rural Poor



Bucking the Trends: ARMM and Eastern Visayas



CONUNDRUM

GROWTH RATES AND POVERTY INCIDENCE, 1985-2006, BY ADMINISTRATION

Administration	Ave GDP Growth Rates	Poverty Incidence (Closest FIES Years) 36.5 (1985)
Aquino ('86-92)	4.1	30. 0 (1991)
Ramos ('92-98)	4.2	20.5 (1997)
Estrada ('98-00)	3.5	22.3 (2000)
Arroyo ('01-06)	4.5	22.1 (2006)

Period	Change in Poverty	GDP GR%	AGRI GR%
85-88	-6.7	4.83	4.52
94-97	-6.8	5.22	2.59
03-06	+1.6	5.57	3.67



II. The Philippines and the Millennium Development Goals

MDGs

8 Goals

21 Targets

48 Indicators

THE STAKES (benefits)



For the World

- 500 million lifted out of extreme poverty; 300 million lifted out of hunger
- 30 million more children reach 5th birthday
- 2 million mothers' lives saved
- 350 million fewer people without drinking water
- 650 million fewer people without basic sanitation
- Hundreds of millions more women and girls will go to school, etc.

THE STAKES (benefits)

For the Philippines

- 10 million people lifted out of poverty
- >2 million people lifted out of hunger
- 240,000 more children will reach their 5th birthday
- 12,000 mothers' lives saved
- 6.7 million more people with access to safe water

THE COSTS

For the World:

- Zedillo Report: \$50 billion a year
- World Bank:
 - ◉ Goal 1: \$54b - \$62b per year
 - ◉ Other goals: \$35b - \$76b per year
- Millennium Project:
 - ◉ \$121b in 2006, rising to \$189b in 2015

THE COSTS

- 🇵🇭 For the Philippines (Manasan)
 - Goal 1: Total P1.3 trillion -- P121 billion in 2007 rising up to P177 billion in 2015
 - Goals for Education/Health/Water/Sanitation: P2.5Tr - P2.7 Tr
 - Financing Gap: P605b - P1Tr, depending on assumptions.

Probability of Attaining MDGs

Goal 1: Eradicating Extreme Poverty and Hunger

Proportion of:	Official Scorecard	Using UNSIAP Methodology
Families below subsistence threshold	High	High
Families below poverty threshold	High	Low
Population below subsistence threshold	High	High
Population below poverty threshold	High	Low
Underweight Children	High	Med
Undernourished Households	High	Med

Probability of Attaining MDGs

Goal 2: Achieve Universal Primary Education

	Official Scorecard	Using UNSIAP Methodology
Elementary Participation Rate	Low	Low
Elementary CSR	Low	Low
Elementary Completion Rate	Low	Low

Goal 4: Reduce Child Mortality

	Official Scorecard	Using UNSIAP Methodology
Under 5 Mortality Rate	High	High
Infant Mortality	High	High

Probability of Attaining MDGs

Goal 5: Improve Maternal Health

	Official Scorecard	Using UNSIAP Methodology
Maternal Morality	Low	Low
Access to reproductive	Low	Low

Goal 6: Combat Major Diseases

	Official Scorecard	Using UNSIAP Methodology
HIV Prevalance	High	High
Malaria Morbidity	High	Medium

Probability of Attaining MDGs

Goal 7: Ensure Environmental Sustainability

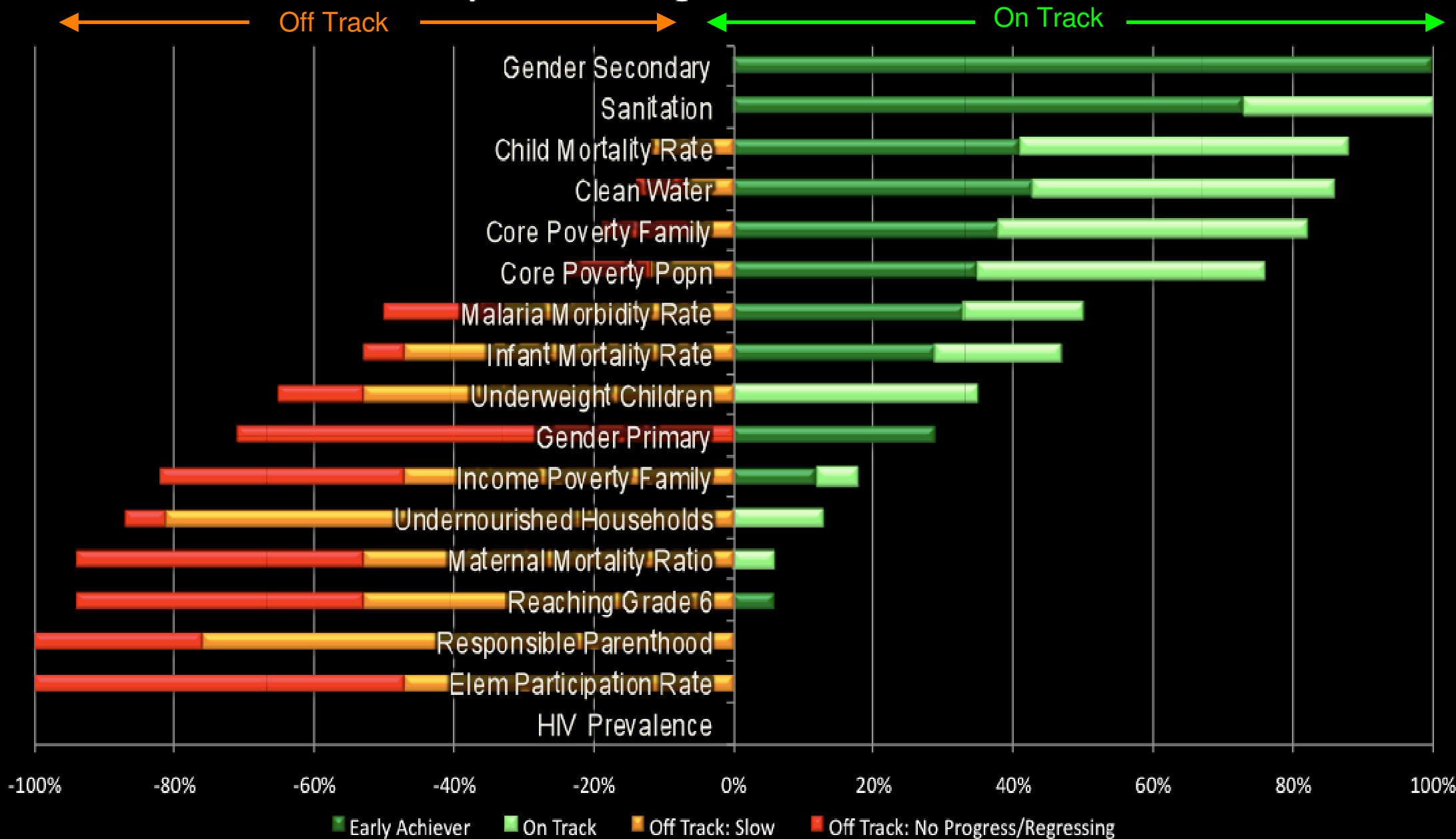
	Official Scorecard	Using UNSIAP Methodology
Access to Safe Water	High	Med/High
Access to Sanitation	High	High

Tracking the MDGs (Regional)

Regions On and Off Track

GOAL	REGION	LUZON								VISAYAS			MINDANAO					
		NCR	CAR	I. Ilocos	II. Cagayan	III. Central Luzon	IV-A. Southern Luzon	IV-B. Southern Luzon	V. Bicol	VI. Western Visayas	VII. Central Visayas	VIII. Eastern Visayas	IX. Western Mindanao	X. Northern Mindanao	XI. Southern Mindanao	XII. Central Mindanao	ARMM	CARAGA
1	Core Poverty Popn	●	●	▲	●	●	●	■	▲	▲	▲	▲	▼	▲	▲	●	■	▼
	Core Poverty Family	●	●	-	●	●	▲	▼	▲	▲	●	▲	■	▲	▲	●	▲	▼
	Income Poverty Family	▼	●	■	■	▼	▼	▼	■	■	■	■	▼	▲	●	■	▼	▼
	Underweight Children	▲	▼	■	▲	■	■	▼	▲	▲	■	■	■	■	▲	■	▼	▲
	Undernourished Household	■	■	■	■	■	■	▲	■	■	■	■	■	■	▲	■	▼	-
2	Elem Participation Rate	■	▼	▼	▼	▼	■	▼	▼	▼	▼	■	■	■	■	■	■	▼
	Reaching Grade 6	▼	▼	●	■	■	■	▼	■	■	■	■	■	▼	▼	▼	▼	■
3	Gender Primary	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	●	●	▼	●	●	●	▼
	Gender Secondary	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	*
4	Child Mortality Rate	●	■	●	●	●	●	▲	▲	●	■	▲	▲	●	▲	▲	▲	▲
	Infant Mortality Rate	●	▼	■	■	●	●	■	■	●	●	▲	■	■	■	▲	■	▲
5	Maternal Mortality Ratio	▼	▲	■	■	▼	■	▼	■	▼	■	■	▼	■	▼	■	■	▼
	Responsible Parenthood	▼	■	■	■	■	■	■	■	▼	■	■	■	▼	▼	■	■	■
6	HIV Prevalence	*	-	*	-	*	*	-	-	*	*		*	-	-	*	-	***
	Malaria Morbidity Rate	**	●	■	▼	*	*	*	●	-	-	-	*	-	■	-	-	▲
7	Clean Water	▼	■	●	●	●	●	▼	▲	▲	▲	●	▲	▲	▲	●	-	-
	Sanitation	●	●	●	●	●	●	▲	▲	●	●	▲	▲	●	●	●	-	-

Proportion of Regions On and Off Track



Beyond National and Regional Averages

Disparities:

1. Reduction of PPP\$1/day poverty is more rapid for households where the head had completed at least primary education
2. Under-five mortality rates in the lowest wealth quintile are 3.2 times higher than those in the highest quintile

Beyond National and Regional Averages

3. Under-5 mortality rates in rural areas are higher than in urban areas, and the disparity is getting larger;
4. Within rural areas, mortality rates in the poorest quintile are 1.9 times higher than those in the richest; within urban areas, mortality rates are almost three times those in richest quintile.
5. Access to safe water is higher in urban than in rural areas, but difference has decreased
6. Richest quintile access to improved sanitation is 4.7 times higher than that of poorest quintile

Tracking the MDGs (International Comparisons)

Comparison with South East
Asia.

Goal	Country/Region	SE Asia	Philippines	Indonesia	Malaysia	Thailand	Vietnam
1	\$1/day Poverty	●	■	●	●	●	-
	Underweight Children	■	■	●	●	-	●
2	Primary Enrollment	▼	▼	●	●	▲	▼
	Reaching Grade 5	■	▼	●	●	-	▲
	Primary Completion Rate	▲	●	●	■	-	▼
3	Gender Primary	●	●	●	●	●	■
	Gender Secondary	●	●	●	●	●	●
	Gender Tertiary	●	●	■	●	●	▼
4	Under-5 Mortality	▲	▲	▲	●	●	●
	Infant Mortality	▲	▲	▲	●	●	●
5	HIV Prevalence	●	▲	▲	▼	▲	▼
	TB Prevalence	●	●	●	●	●	●
	TB Death Rate	●	●	●	●	●	●
6	Forest Cover	▼	▼	▼	▼	▼	●
	Protected Area	●	●	●	●	●	●
	CO2 Emissions	▼	▼	▼	▼	▼	▼
	ODP CFC Consumption	●	●	●	●	●	●
7	Water Urban	▼	▼	▼	●	●	●
	Water Rural	▲	■	■	●	●	●
	Sanitation Urban	▲	▲	■	●	●	●
	Sanitation Rural	●	●	■	●	●	▲

International Comparisons: Other Indicators

- Poverty Gap Ratio: Philippines has largest (almost six times larger than Malaysia and Thailand; 3 times Indonesia)
- Share of Poorest 20% in Consumption: Increasing for Thailand, Indonesia, Vietnam; decreasing for Philippines and Malaysia
- Children Reaching Grade 5: less than others; moving in opposite direction.

Other Indicators

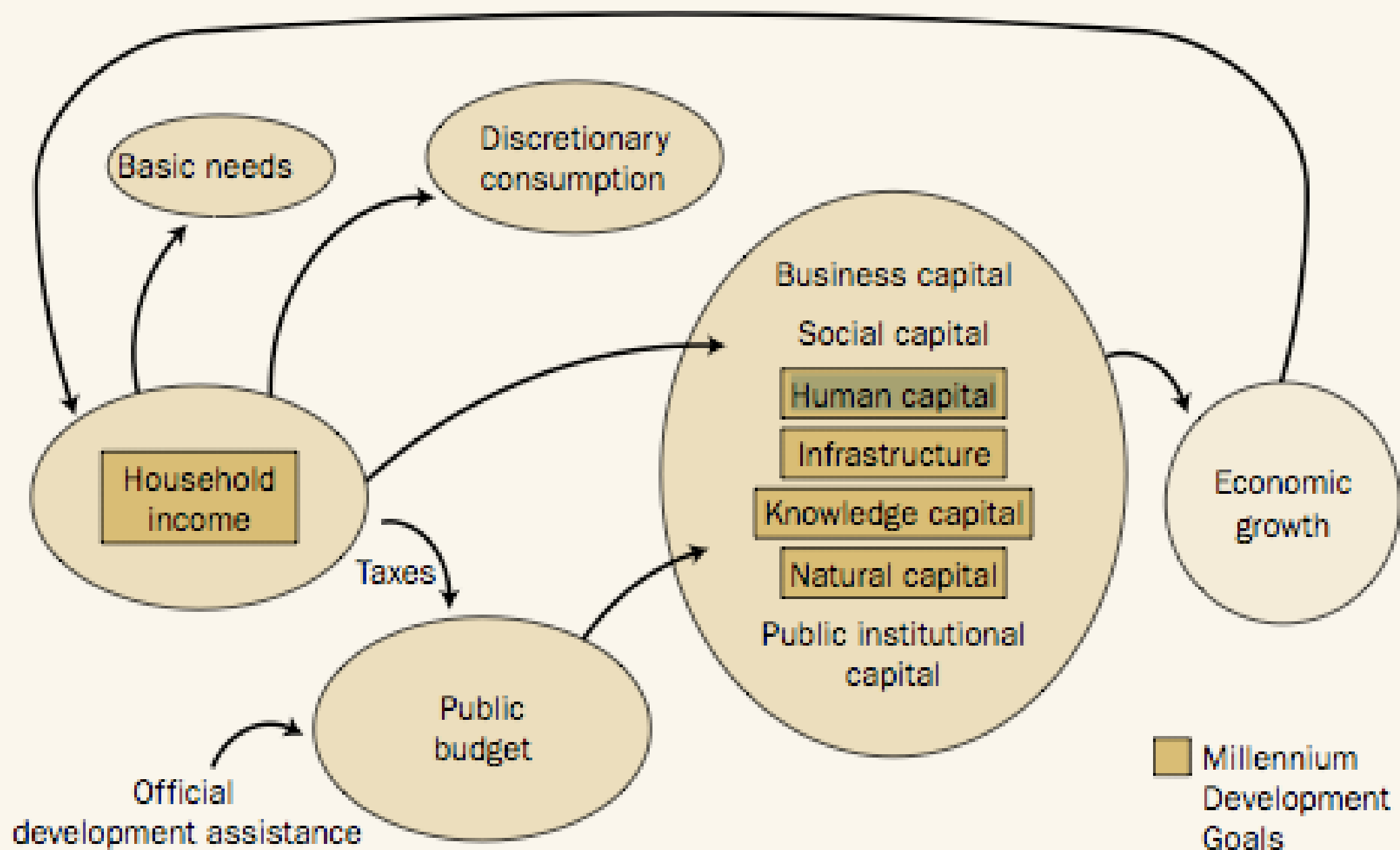
- Immunization against measles: P record deteriorated since 1990, others improved
- Births attended by skilled health personnel: substantially lower than I, M, T, V
- Energy Use: P lowest (about one-half of others)

Other Indicators

- Telephone lines and cellular subscribers: P's growth phenomenal (44 times what it was in 1990). V's growth 90-fold
- Personal computers: P's growth phenomenal (11-fold growth). T's 15-fold
- Internet users: P lagging behind (55 per 1000 people, vs I's 72, T's 131, V's 172, M's 438)

III. The Way Forward

- In Sum: Philippine record spotty at best
- Reminder of what is at stake: 10 million lifted out of poverty, 2 million out of hunger etc.
- Second Reminder: While MDGs are merit goods, they are also capital inputs



Impact of Global Crisis

- Triple Whammy
 - growth slowdown (or contraction) in developing countries hurts the poor most, increases the resource requirements for MDGs
 - at a time when more aid is needed, less may/will be forthcoming as developed countries fight their own battles
 - poor in developing countries perforce reduce expenditures on education, health, which have jeopardize longer-term development processes.

Impact of Global Crisis

- Philippine Case:
 - “Low Growth” Scenario for estimating MDG financing needs : 5.5% GDP growth per year.
 - 1998 GDP growth: 4.7%
 - 1999 GDP growth (projections): 2%-4% a year and decreasing

Impact of Global Crisis

- Opportunity Knocks: Fiscal Stimulus package presents an opportunity to finance MDG interventions that are “Quick Win” in nature.
- Characteristics of effective fiscal stimulus: “shovel-ready”, labor-intensive infrastructure projects; programs that transfer resources to those who will immediately spend.

Focus On

- CARP (ARCs)
- Conditional Cash Transfer Programs

WHY?

- Reprise of what we know about poverty in the Philippines:
agricultural, rural phenomenon;
associated with low education levels
and large family size; associated with
concentration of land ownership

Why?

- CARP:
 - “the higher the proportion of land distributed under the agrarian reform program relative to the potential land reform area, the lower the likelihood of (armed) conflict” HDR 2005
 - (a) possessing land, (b) being an agrarian reform beneficiary (ARB), (c) being located in an agrarian reform community (ARC) increases household income and family welfare, and results in more intensive inputs and higher investments of ARBs
 - 80% of ARBs positively indicated having better lives with the program despite its shortcomings

WHY?

- CCT: social contract between hh and government. Conditions of cash transfer: education and health activities. Deals with poverty both now and in the future.

The End