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**PHILIPPINE STATISTICS AUTHORITY**

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# **Understanding Official Poverty Statistics**

**Philippine Data Festival**

16 November 2018, The Peninsula Manila



# Outline of Presentation

- I. Introduction**
- II. Methodology**
- III. Some Results**
- IV. Next Steps**

## Did you know?



**1 in every 5 Filipinos are poor in 2015**

## Did you know?



**3 out of 10 children are living in poor families**

## Did you know?



**19.4% of the youth belongs to poor families**

## Republic Act 8425 of 1997 (Social Reform & Poverty Alleviation Act )

**Defines “Poor as individuals and families **whose income fall below the poverty threshold** as defined by the NEDA and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life.” (Section 3 of the RA 8425)**



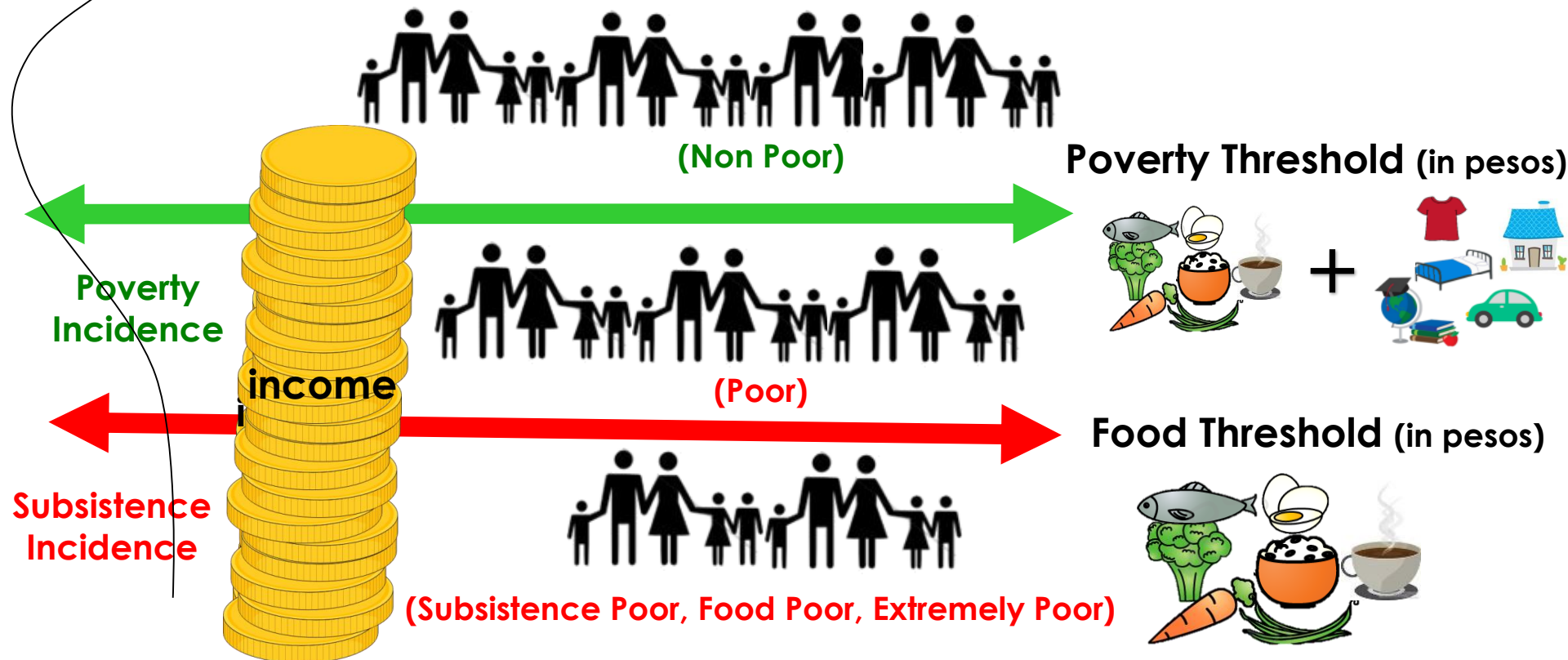
## Executive Order 352

**Designation of Statistical Activities that will Generate Critical Data for Decision-making of the Government and the Private Sector issued on July 1, 1996 (with regular updates from time to time)**

Statistical activity/product	Agency/Group Responsible
Development of the official poverty estimation <b>METHODOLOGY</b>	Technical Committee on Poverty Statistics (TC PovStat)  (Now referred to as IAC on Poverty Statistics)
Compilation and estimation of the official poverty <b>STATISTICS</b>	PSA Technical Staff

## II. Official Poverty Estimation Methodology

How does the PSA generate official poverty statistics?

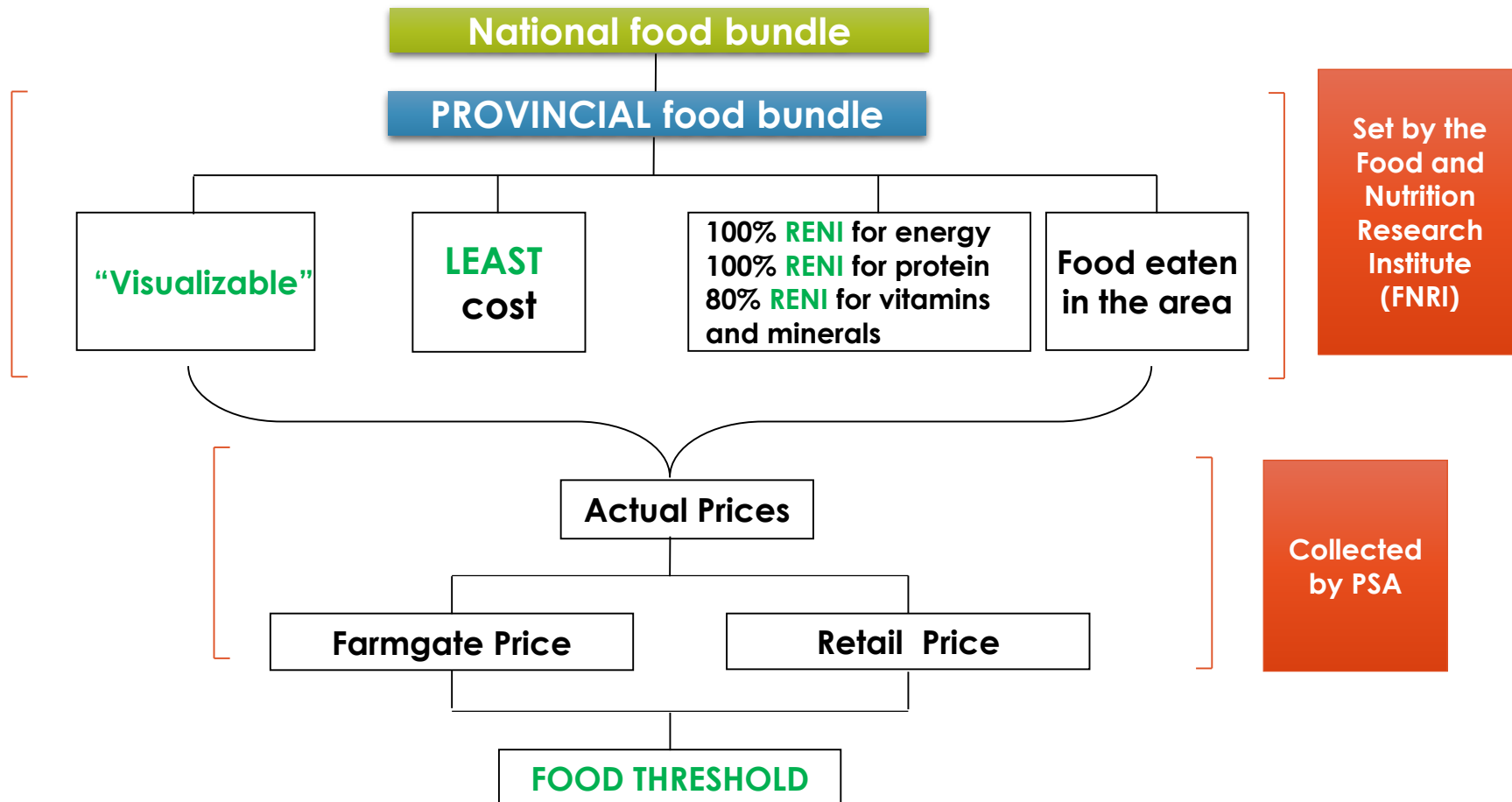




### What is Food Threshold?

- **Food Threshold** is the minimum income required for a family/ individual to meet the basic food needs, which satisfies the nutritional requirements for economically necessary and socially desirable physical activities.
- Also referred to as the **subsistence threshold** or the **food poverty line**.





\* RENI - Recommended Energy and Nutrient Intake

## II. Methodology

**National reference  
food bundle**



**Sample translation: NCR  
food bundle**

Meal Time	Viands
Breakfast	Scrambled egg
	Coffee with milk
	Boiled rice/rice-corn mix
Lunch	Boiled/ginataang monggo with malunggay and dried dilis
	Banana
	Boiled rice/corn mix
Dinner	Fried fish/boiled pork
	Vegetable dish
	Boiled rice/rice-corn mix
Snacks	Bread or boiled rootcrop

Meal Time	Viands
Breakfast	Scrambled egg
	Coffee with milk
	Boiled rice
Lunch	Boiled monggo with malunggay and dried dilis
	Banana, latundan
	Boiled rice
Dinner	Fried tulingan
	Boiled kangkong
	Boiled rice
Snacks	Pandesal

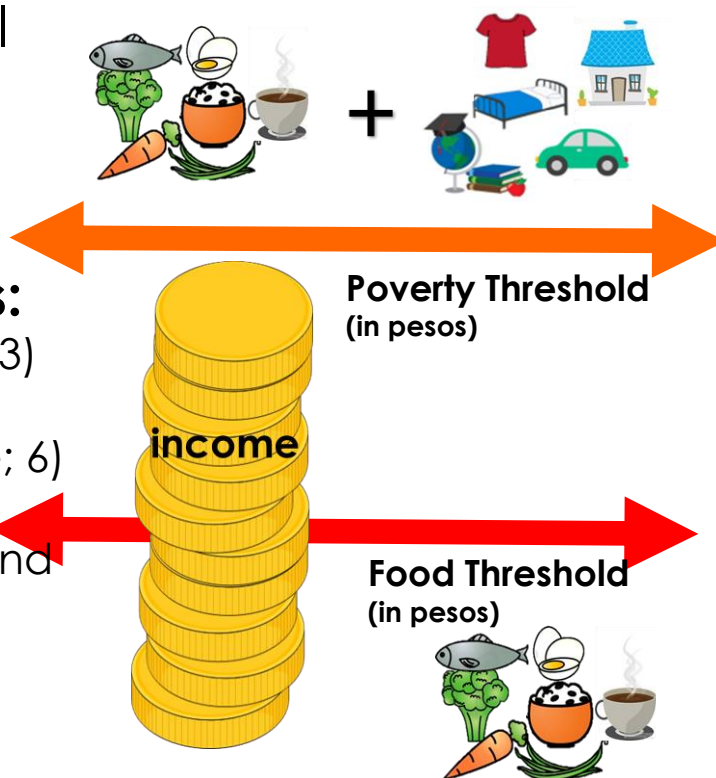
### Estimation of Food Threshold

- To estimate the food threshold, each of the ingredients in the food bundle are **priced using data collected by PSA.**

The per capita per day food cost are then computed based on this, which is then multiplied by **30.4 (approximate number of days per month)** to get the monthly food threshold or by 365 days (30.4 days/month x 12 months) to get the **annual per capita food threshold.**

### What is Poverty Threshold?

- **Poverty Threshold** is the **minimum income** required for a family/individual to meet the **basic food and non-food requirements**
- **Basic Non-Food Requirement includes:**
  - 1) clothing and footwear; 2) fuel, light and water; 3) housing maintenance and other minor repairs; 4) rental of occupied dwelling units; 5) medical care; 6) education; 7) transportation & communication; 8) non-durable furnishing; 9) household operations and 10) personal care and effects
- **Is equal to the cost of minimum basic needs:** food + non-food



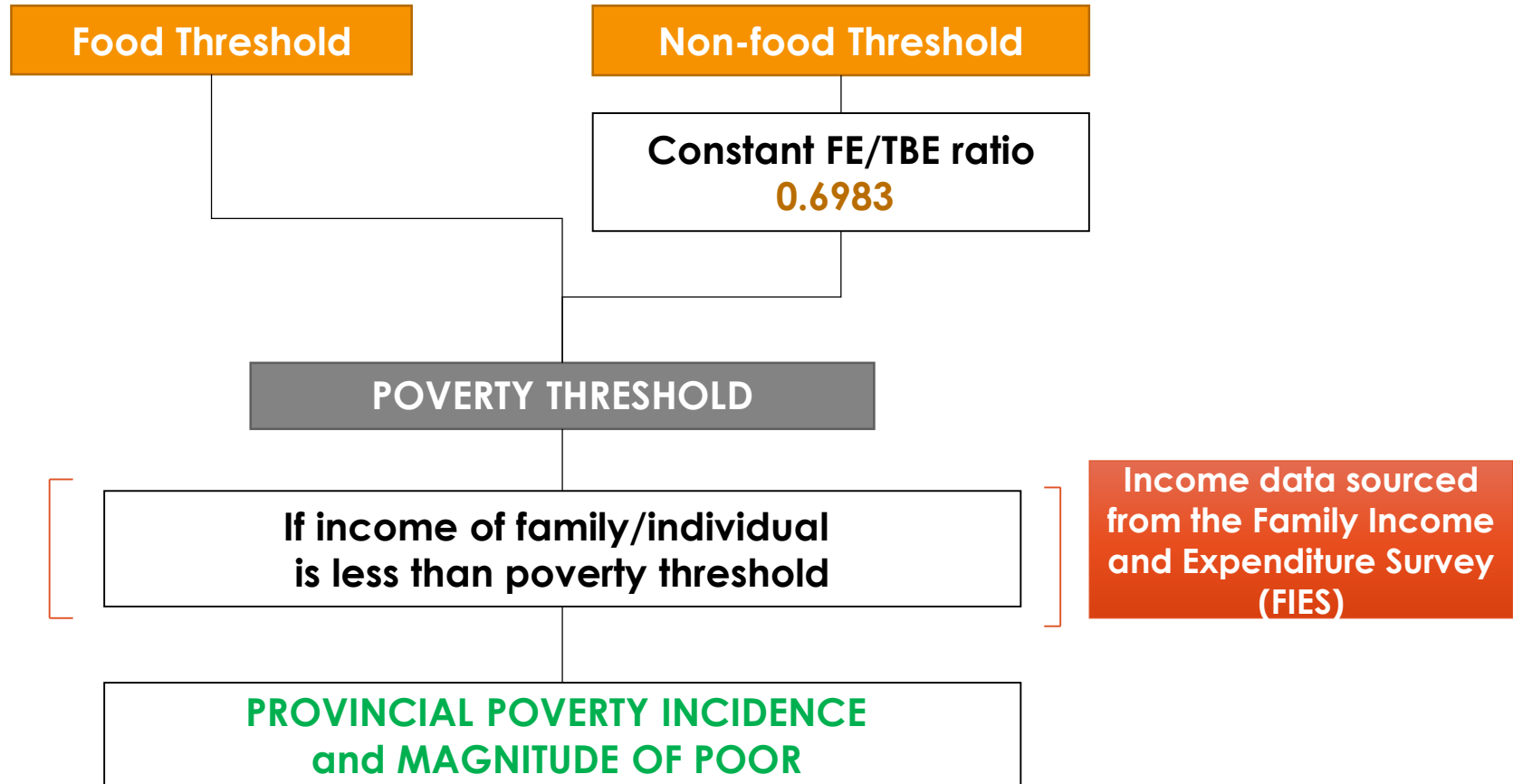
### Estimation of Poverty Threshold

- Is indirectly estimated using the Engel's Coefficient

Poverty Threshold =

$$\frac{\text{Food Threshold}}{\frac{\text{Food Expenditure of the} + \text{and} - 10\% \text{ of the Subsistence Incidence}}{\text{Total Basic Expenditure of the} + \text{and} - 10\% \text{ of the Subsistence Incidence}}}$$





**\* FE/TBE – Food Expenditure / Total Basic Expenditure**

## Subsistence Incidence and Poverty Incidence

### What is subsistence incidence?

- Refers to the **proportion** of families/individuals with **per capita income less than the per capita food threshold** to the total number of families/ individuals
- Is Equal to the proportion of the food poor

### What is poverty incidence?

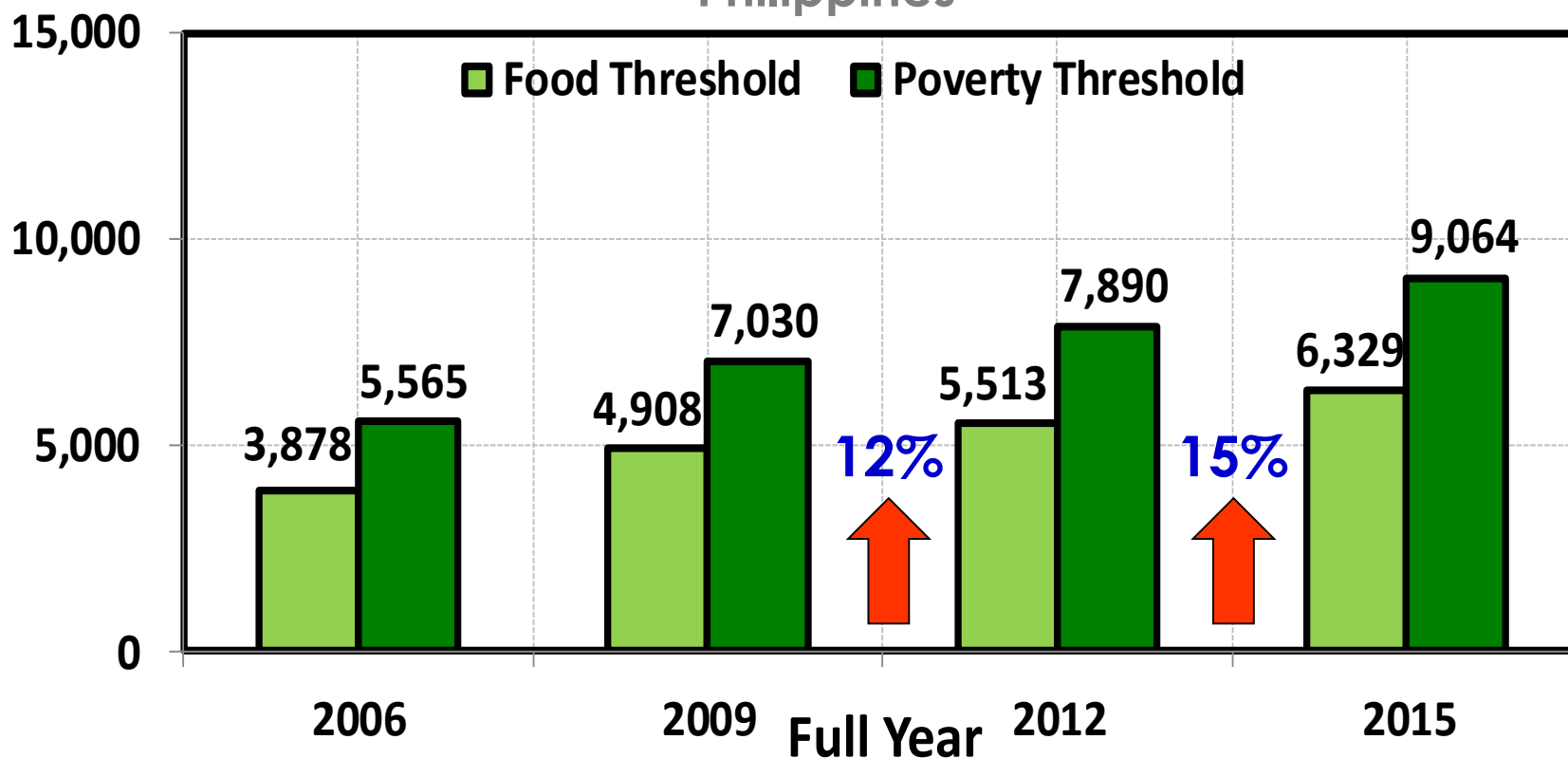
- Refers to the **proportion** of families/individuals with **per capita income less than the per capita poverty threshold** to the total number of families/individuals
- Is Equal to the proportion of the poor

Both subsistence incidence and poverty incidence can be expressed as **proportion of families** or **proportion of individuals**

## Latest Official Poverty Statistics available to date:

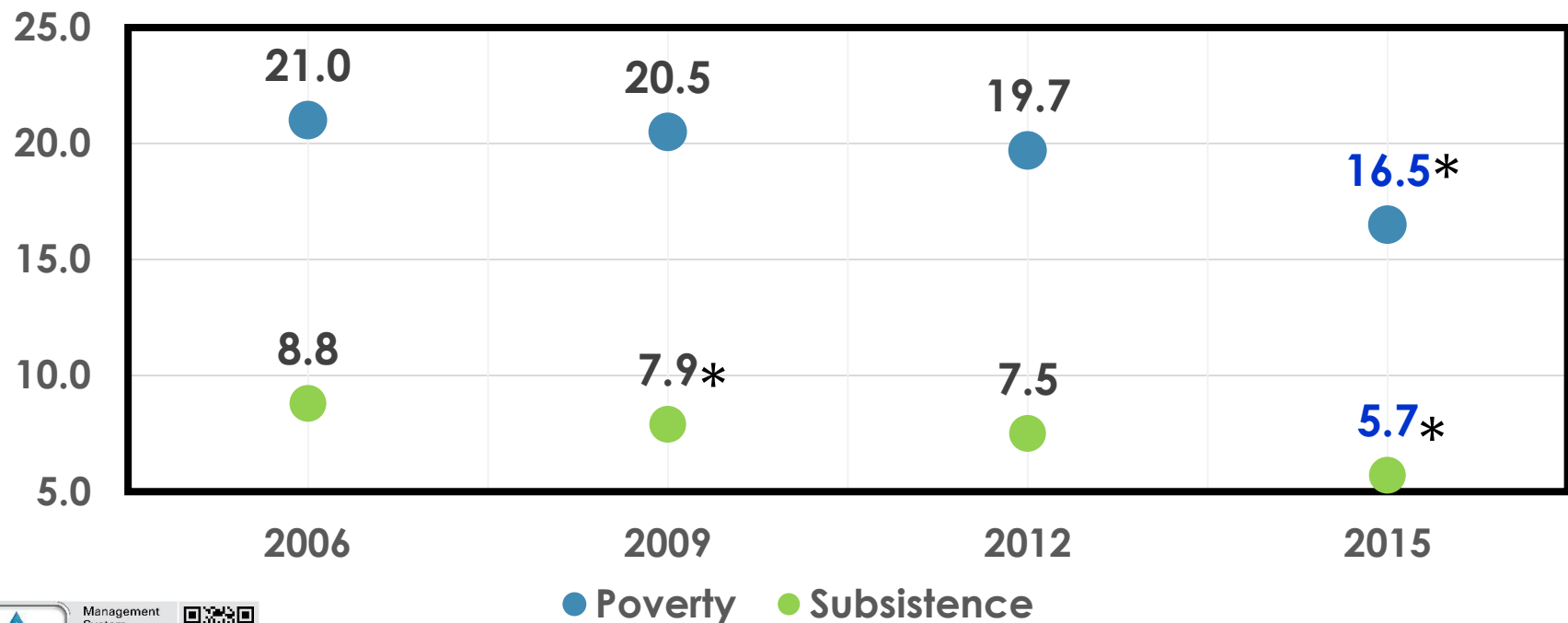
Poverty Statistics	Level of Disaggregation	Years Available
Full Year Poverty Statistics	National, regional, provincial (based on Family Income and Expenditure Survey (FIES))	1991, 2006, 2009 2012, and 2015
First Semester Poverty Statistics	National, regional, provincial (based on FIES)	2006, 2009, 2012 and 2015
Poverty Statistics for the Basic Sectors	National, regional (based on merged FIES-Labor Force Survey)	2006, 2009, 2012 and 2015

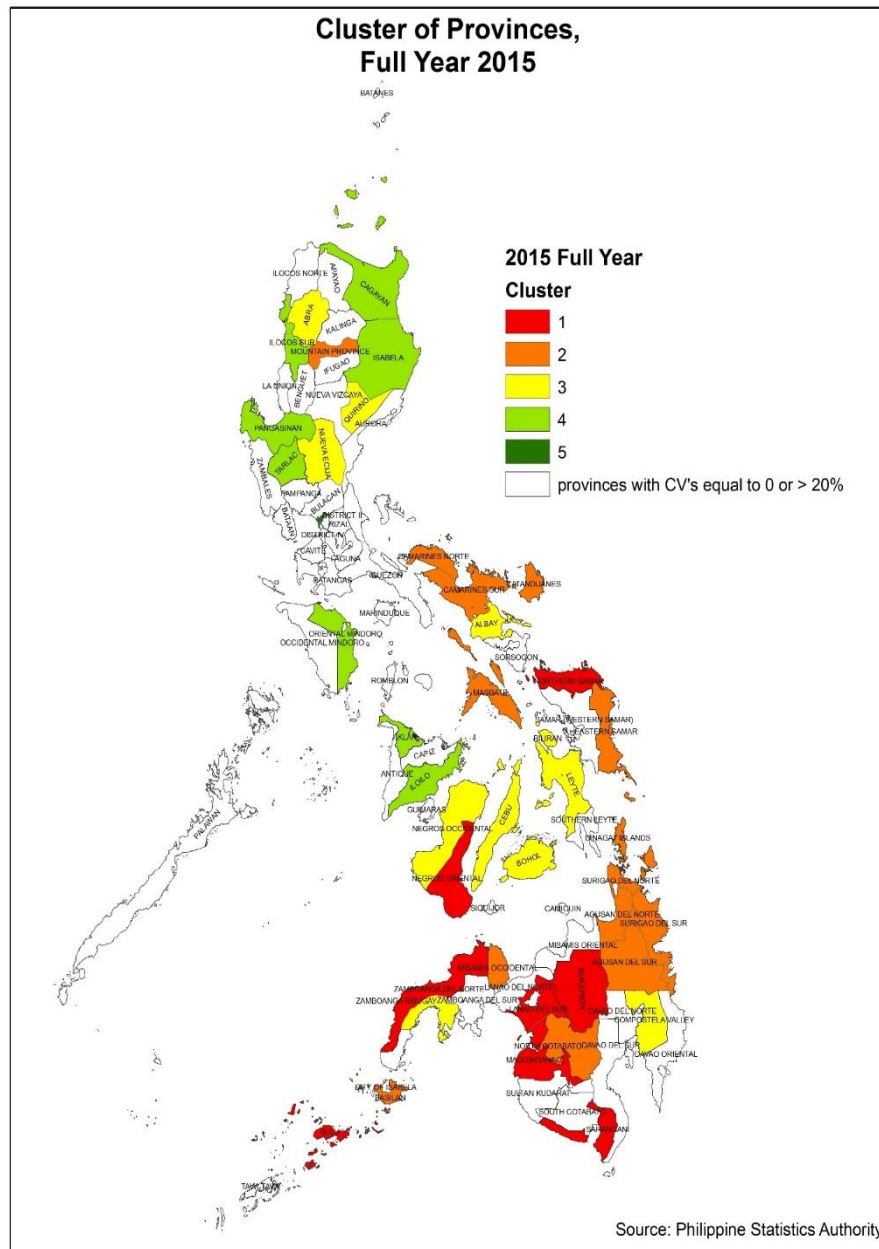
### Monthly Food and Poverty Threshold for a Family of Five, Based on Full Year of 2006, 2009, 2012 and 2015 (in PhP) Philippines



**In 2015, poverty incidence among families stood at 16.5% while subsistence incidence among families stood at 5.7%.**

Poverty Incidence and Subsistence among Families (%),  
2006, 2009, 2012 and 2015





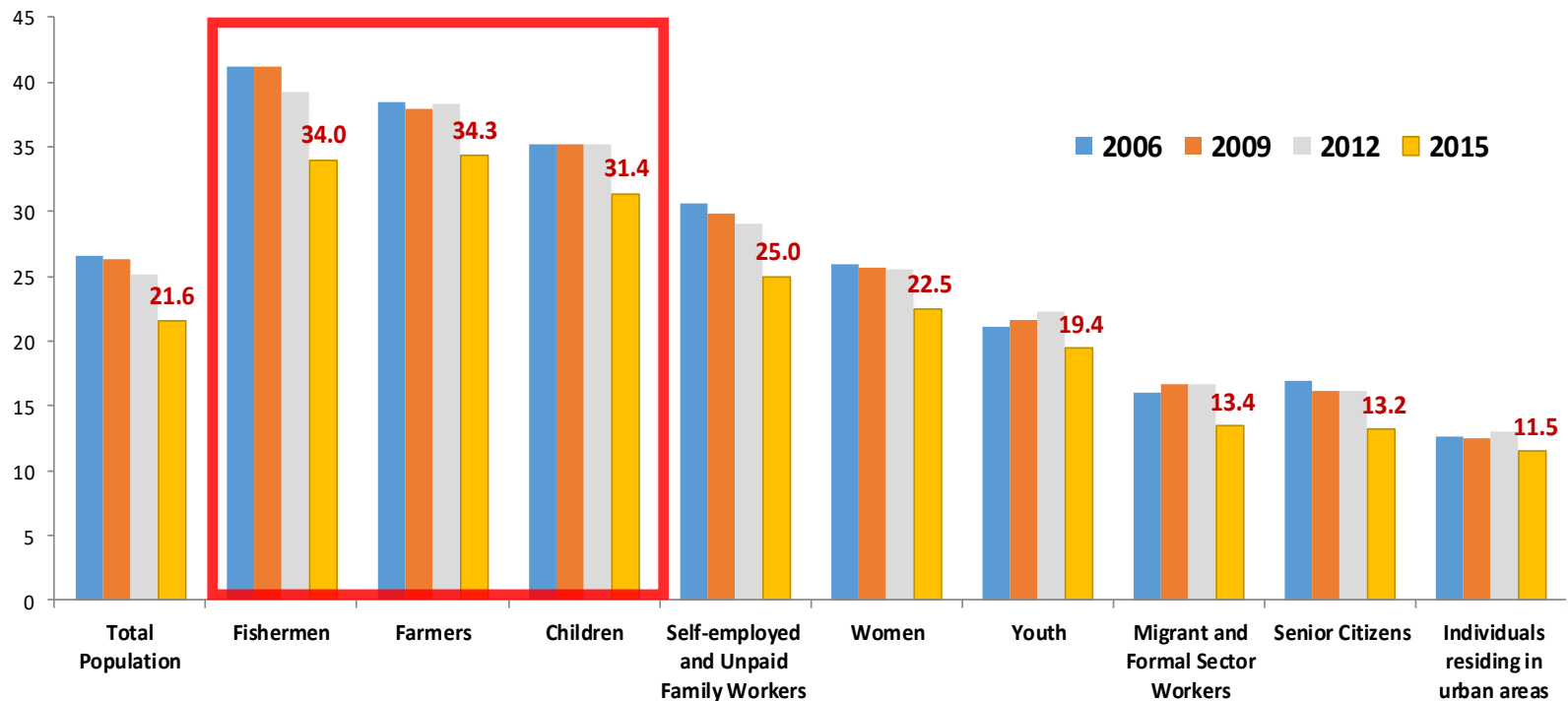


### Poverty Statistics among the Basic Sectors

- a. Farmers and landless workers
  - b. Fisherfolk
  - c. Children
  - d. Women
  - e. Youth and Students
  - f. Senior Citizens
  - g. Formal labor and Migrant Workers
  - h. Urban Poor
- In September 2007, per recommendation of the Technical Committee on Poverty Statistics (TC PovStat) the PSA Executive Board approved the *Methodology for the Generation of Poverty Statistics among the Basic Sectors*
  - Latest estimates are for 2015 at the national and regional levels

**Fishermen, farmers and children** remain the poorest sectors in terms of poverty incidence in 2006, 2009, 2012 and 2015.

Poverty Statistics for Basic Sectors: 2006, 2009, 2012 and 2015



- **Generation of poverty statistics based on the 2018 Family Income and Expenditure Survey, which now adopted the 2013 Master Sample with 180,000 sample families**
- **Release of 2015 City and Municipal Level Poverty Estimates**
- **Review of the official poverty estimation methodology**
- **Development of Multidimensional Poverty Index methodology**
- **Development of methodology for the estimation of poverty statistics among the other basic sectors**



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# Thank You!



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