

TECHNICAL NOTES

Poverty Statistics Among Basic Sectors

I. Introduction

I.1. Background

The estimation of the poverty statistics among the basic sectors was spearheaded by the former National Statistical Coordination Board (NSCB), now a part of the Philippine Statistics Authority (PSA), through a project with funding assistance from the United Nations Development Programme (UNDP) and in collaboration with the National Anti-Poverty Commission (NAPC) in 2004-2005. This initiative was in response to the demands to generate lower level and sectoral poverty statistics.

Estimates disaggregated at the national and regional levels were generated based on the approved methodology per PSA Board Resolution No. 1, Series of 2017-132 (formerly known as NSCB Resolution No. 11, Series of 2007), otherwise known as *Approving of the Methodology for the Generation of Poverty Statistics for the Basic Sectors*.

Per Republic Act No. 8425 or the *Social Reform and Poverty Alleviation Act*, “poor” refers to the individuals and families whose income fall below the poverty threshold 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 as defined by the National Economic and Development Authority (NEDA).

Furthermore, RA No. 8425 also defines basic sectors as the disadvantaged or marginalized sectors of the Philippine society. These are the following:

1. Farmer-peasant;
2. Artisanal fisherfolk;
3. Workers in the formal sector and migrant workers;
4. Workers in the informal sector;
5. Indigenous peoples and cultural communities;
6. Women;
7. Differently-abled persons;
8. Senior citizens;
9. Victims of calamities and disasters;
10. Youth and students;
11. Children;
12. Urban poor;
13. Cooperatives; and
14. Non-government organization.

I.2. Objectives

This publication aims to provide poverty statistics, such as poverty and subsistence incidences and magnitude of poor and food poor, among the different marginalized or basic sectors at the national and regional levels, which are deemed to be useful in evidence-based planning and policy making.

I.3. Scope and Coverage

Nine (9) out of the 14 basic sectors as indicated in RA No. 8425 have sectoral and income data from the merged file of the Family Income and Expenditure Survey (FIES) and January round of the Labor Force Survey (LFS), which are the data sources for the computation of poverty statistics among the basic sectors. The nine basic sectors covered by the poverty statistics are: 1) women, 2) youth, 3) children, 4) senior citizens, 5) individuals residing in urban areas, 6) migrant and formal sector workers, 7) farmers, 8) fisherfolks, and 9) persons with disability. Poverty estimates are also generated, for two other sectors, namely: 1) individuals residing in rural areas, and the 2) self-employed and unpaid family workers, which is used as a proxy indicator for workers in the informal sector.

Poverty Statistics for persons with disability were generated for the first time in 2018, given the adoption of larger sample size from the 2013 Master Sample and the inclusion of the disability identifiers using the Washington Group Short Set on Functioning (WG-SS) based from WG website in the January round of the LFS.

II. Data Source

For the estimation of poverty and subsistence incidence, the FIES was utilized for classifying families as poor or non-poor and food poor or non-food poor, respectively, while the LFS was used to classify family members into basic sectors with disaggregation at the national and regional levels. Both FIES and LFS follow the Integrated Survey of Households (ISH) sampling scheme where the sample families in the FIES are generally the same sample families in the LFS.

The food and poverty thresholds used to identify, whether the families are poor or not, were taken from the Full Year Official Poverty Statistics released by PSA.

III. Methodology

III.1 Estimation Procedure

III.1.A. Assumption of the estimation procedure

In the estimation of poverty and subsistence incidence among the basic sectors, the following assumptions are made:

- a) Poverty is a characteristic of the family. Thus, if a family is classified as poor, then all members of the family will be counted as poor. In other words, a family cannot have poor and non-poor members. Either all members are poor or all members are non-poor.
- b) Total family income divided by the family size is used to generate annual per capita income, which is then compared with the annual per capita poverty threshold to determine the poverty status of the family and not the individual income.

- c) Basic sectors are not mutually exclusive, i.e., there are overlaps among the sectors, which means an individual can belong to two or more sectors (e.g., women and children, women and senior citizens, youth and individuals residing in urban areas, etc.).
- d) Individual weights from the LFS were used in the estimation of the poverty statistics among the basic sectors
- e) Estimated total population of the sector is based on the estimated weighted totals generated from the FIES and LFS.

III.1.B. Estimation of poverty and subsistence incidence

a) Subsistence Incidence

First, for each of the sample in the merged FIES-LFS, total family income is divided by the family size to get the per capita income. The per capita income is then compared with annual per capita food threshold of the province, urban-rural. If per capita income is less than the annual per capita food threshold, the family is tagged as food poor.

The Subsistence Incidence for each of the basic sector is then computed as follows:

$$\text{Subsistence Incidence in region } d \text{ for sector } X = \frac{\sum_{hijkl} W_{hijkl} * I_{hijk} * X_{hijkl}}{\sum_{hijkl} W_{hijkl} * X_{hijkl}}$$

Where, for example, on farmers,

W_{hijkl} = weight of l^{th} individual in the k^{th} family in the j^{th} EA in the i^{th} sample barangay in stratum h in region d

I_{hijk} = Identifies the individual belonging to food poor and non-food poor families

$$= \begin{cases} 1, & \text{if the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample} \\ & \text{barangay in stratum } h \text{ is food poor} \\ & \text{Food poor if total family income divided by the family size is less} \\ & \text{than the annual per capita food threshold} \\ 0, & \text{if the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample} \\ & \text{barangay in stratum } h \text{ is not food poor} \end{cases}$$

X_{hijkl} = Identifies the sector where the individual belongs

$$= \begin{cases} 1, & \text{if the } l^{\text{th}} \text{ individual in the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample} \\ & \text{barangay in stratum } h \text{ in region } d \text{ is a farmer} \end{cases}$$

0, if the l^{th} individual k^{th} family in the j^{th} EA in the i^{th} sample barangay in stratum h in region d is not a farmer

b) Poverty Incidence

Similar with the subsistence incidence, Poverty Incidence is computed by first, for each of the sample in the merged FIES-LFS, total family income is divided by the family size to get the per capita income. The per capita income is then compared with annual per capita poverty threshold of the province, urban-rural. If per capita income is less than the annual per capita poverty threshold, the family is tagged as poor.

The Poverty Incidence for each of the basic sector is then computed as follows:

$$\text{Poverty Incidence in region } d \text{ for sector } X = \frac{\sum_{hijkl} W_{hijkl} * I_{hijk} * X_{hijkl}}{\sum_{hijkl} W_{hijkl} * X_{hijkl}}$$

W_{hijkl} = weight of l^{th} individual in the k^{th} family in the j^{th} EA in the i^{th} sample barangay in stratum h in region d

I_{hijk} = Identifies the individual belonging to poor and non-poor families

$$= \begin{cases} 1, & \text{if the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample barangay in stratum } h \text{ is poor} \\ \text{Poor if total family income divided by the family size is less than the annual per capita poverty threshold} \\ 0, & \text{if the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample barangay in stratum } h \text{ is not poor} \end{cases}$$

X_{hijkl} = Identifies the sector where the individual belongs

$$= \begin{cases} 1, & \text{if the } l^{\text{th}} \text{ individual in the } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample barangay in stratum } h \text{ in region } d \text{ is a farmer} \\ 0, & \text{if the } l^{\text{th}} \text{ individual } k^{\text{th}} \text{ family in the } j^{\text{th}} \text{ EA in the } i^{\text{th}} \text{ sample barangay in stratum } h \text{ in region } d \text{ is not a farmer} \end{cases}$$

IV. Concepts and Definitions of Terms

The scope and definitions of the sectors were adopted from RA 8425, whenever possible. Furthermore, in response to the data needs of the Sustainable Development Goals (SDGs), particularly in eradicating poverty across all dimensions and reducing inequalities, poverty statistics among individuals residing in rural areas was added.

Below are the operational definitions of each sector that were considered:

Sector	Operational Definition
Women	An individual whose declared sex is female.
Children	Individuals below 18 years old
Youth	Individuals 15 to 30 years old
Senior Citizens	Individuals 60 years old and above
Urban Poor	An individual residing in an urban area who belongs to a poor family or whose per capita income falls below the official poverty threshold. Urban classification used in the estimates for 2015 and 2018 is based on the 2015 Census of Population.
Rural Poor	An individual residing in a rural area who belongs to a family categorized as poor or with per capita income falling below the official poverty threshold.
Migrant and Formal Sector Workers	Migrant workers are individuals who are overseas contract workers (OCWs). or Formal sector workers are employed persons working for private establishments and government organizations and corporations.
Farmers	Employed individuals 15 years old and over whose primary occupation is farming and plant growing or animal production. In the 2012 Philippine Standard Occupational Classification (PSOC), which was also adopted in the January 2019 LFS, the following occupations were considered: a) Under Major Occupation 6 – Skilled Agricultural, Forestry and Fishery Works i) Market gardeners and crop growers; ii) Animal producers; iii) Mixed crop and animal producers; iii) Subsistence crop farmers; iv) Subsistence livestock farmers; and v) Subsistence mixed crop and livestock farmers. (Note: These are minor occupation groups.) b) Under Major Occupation 9 – Elementary Occupations

	<ul style="list-style-type: none"> i) Crop farm laborers; ii) Livestock farm laborers; iii) Mixed crop and livestock farm laborers; and iv) Garden and horticultural laborers. <p>(Note: These are unit occupation groups.)</p>
Fisherfolks	<p>Employed individuals 15 years old and over whose primary occupation is fishing.</p> <p>In the 2012 Philippine Standard Occupational Classification (PSOC), which the January 2019 LFS adopted, the following occupations were considered:</p> <ul style="list-style-type: none"> a) Under Major Occupation 6 – Skilled Agricultural, Forestry and Fishery Works <ul style="list-style-type: none"> i) Fishery workers; and ii) Subsistence fishers <p>(Note: These are minor occupation groups.)</p> b) Under Major Occupation 9 – Elementary Occupations <ul style="list-style-type: none"> i) Fishery and aquaculture laborers <p>(Note: This is a unit occupation group.)</p>
Self-employed and Unpaid Family Workers	Employed individuals 15 years old and over who are either self-employed or worked without pay on family-owned business.
Persons with Disability	<p>Persons with disability are those who experienced a lot of difficulty or who cannot do at all any of the following:</p> <ul style="list-style-type: none"> a) Seeing even if wearing eye-glasses; b) Hearing even if using hearing aid; c) Walking or climbing steps; d) Remembering or concentrating; e) Self-care; and f) Communicating. <p>The Washington Group on Disability Statistics recommended this cut-off for disability.</p>

V. Dissemination of Results and Revisions

V.1. Schedule of Release

The Poverty Statistics Among Basic Sectors is released every two years, following the conduct of the Family Income and Expenditure Survey and release of the Full Year Official Poverty Statistics.

V.2. Forms of Dissemination

The Poverty Statistics Among Basic Sectors press release and statistical report are publicly available at the PSA website (psa.gov.ph/poverty-press-releases).

VI. Citation

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