

**I**N 1994, POVERTY INCIDENCE IN THE Philippines stood at 35.5 percent of all families. Although this marked a relative improvement from the 44.2 percent incidence registered in 1985, the ranks of the poor still rose from 4.4 million to 4.5 million families over the same period. The distribution of the country's wealth also remained largely uneven, with the richest 20 percent of families getting more than half of total income while the poorest 20 percent receiving only 5 percent. The Ramos government's adoption of an anti-poverty program in the first half of its term was therefore both timely and critical.

### Poverty Situation

From 1985 to 1994, poverty incidence in the Philippines declined from 44.2 percent to 35.5 percent of families and from 49.3 percent to 40.6 percent of the population. The downward trend continued as it reached 32.1 percent in 1997. Similarly, the subsistence incidence in the country—otherwise known as *the core poor* or the proportion of families (or of individuals) unable to meet their basic food requirements—went down from 24.4 percent to 18.1 percent of families and from 28.5 percent to 21.8 percent of the total population. In 1997,

## Poverty Alleviation and Equity Promotion\*

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it was estimated to have stood at 16.5 percent of the population. Data, however, also show that the ranks of the poor actually expanded by 4.0 percent from 4,355,052 families in 1985 to 4,531,170 families in 1994 even as the number of families living below the subsistence threshold fell from 2,403,195 to 2,303,168.

Poverty reduction was higher in urban areas, specifically in Metro Manila, than in rural areas. This may be attributed to the long-held view of a strong policy bias for the national capital to the detriment of the outlying areas. Among the regions, substantial improvement was observed in Central and Eastern Visayas while poverty deepening was recorded in Ilocos and Central Mindanao as seen in Table 1.

### Income Distribution

Over the past decade, there was a marked deterioration in the distribution of the country's wealth (Table 2). During the 12-year period beginning 1985, the wealthiest quintile of families (fifth quintile) exhibited an increase in its income share while the other quintiles suffered income share reductions. The income share of the poorest or first quintile fell from 5.2 percent in 1985 to 4.9 percent in 1994 before reaching 4.4 percent in 1997. Likewise, the next poorest quintile saw its income share going down from 9.1 percent in 1985 to 8.8 percent in

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\*This is based on PIDS Discussion Paper No. 98-06 which is part of a bigger project of the Philippine Institute for Development Studies (PIDS) entitled "An Assessment of the Philippine Economy Under the Ramos Administration and an Agenda Beyond 2000."

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# Unifying Anti-Poverty Initiatives Under a Common Roof

**I**N LINE WITH THE NEW NATIONAL leadership's efforts to uplift the conditions of the poor in the country, an entity called the National Anti-Poverty Commission (NAPC), which had previously been created, has recently been operationalized. The NAPC is mandated to supervise and ensure the full implementation of all programs of the government pertaining to social reform and poverty alleviation.

The setting up of the commission was in line with Republic Act 8425 which institutionalized the social reform and poverty alleviation programs and which was passed into law during the last congress. The

NAPC will unify the secretariats of the following presidential commissions and councils:

- ❖ Presidential Commission to Fight Poverty (PCFP);
- ❖ Social Reform Council (SRC); and
- ❖ Presidential Commission for Countryside Development (PCCD).

Under the law, the NAPC is envisioned to carry out the following tasks:

- ❖ supervise the implementation of the National Anti-Poverty Action Agenda;
- ❖ coordinate with different

national and local government agencies and the private sector to ensure the full implementation of the program;

- ❖ oversee and monitor policy, budget and accomplishment of social reform and poverty alleviation programs and recommend measures to ensure conformity with the National Anti-Poverty Action Agenda;

- ❖ review, design and formulate income-generating projects and credit schemes for the poor;

- ❖ advocate for the mobilization of funds by the national and local government officials to finance social reform and poverty alleviation programs and capability-building activities of people's organizations;

## Laying the Groundwork for a Sectoral Assembly on Poverty Alleviation

**L**AST SEPTEMBER 14–15, 1998, the National Anti-Poverty Commission (NAPC) hosted a preparatory committee workshop entitled "Laying the Foundations for Basic Sector Participation in the War Against Pov-

erty" to help facilitate the organization of a sectoral assembly as stated in Rule V of the Implementing Rules and Regulations (IRR) of Republic Act 8425 also known as the *Social Reform and Poverty Alleviation Act*.

The objectives of the workshop were:

- ❖ to form 15 preparatory committees;
- ❖ to elect chairpersons for the individual sectoral assemblies;
- ❖ to review and refine the draft ground rules for basic sector representation in the NAPC;
- ❖ to refine the parameters for selecting the participating organizations to the sectoral assemblies;
- ❖ to identify/shortlist the participating organizations to the sectoral assemblies;

- ❖ coordinate with local government units in the formulation of social reform and poverty alleviation programs for their respective areas in conformity with the National Anti-Poverty Action Agenda;

- ❖ provide financial incentives to local government units with counterpart resources for the implementation of social reform and poverty alleviation programs; and

- ❖ administer the People's Development Fund, a fund for microfinance capability-building, in accordance with the purpose of the establishment of such fund, and create committees that would effectively manage said fund.

The NAPC is headed by Secretary-General Orlando J. Sacay who is known for his work as consultant on various poverty reduction and safety net programs in different countries under the World Bank, the Asian Development Bank, and the United Nations Development Programme. *BEM*



- ❖ to formulate action plans for organizing the sectoral representation in the NAPC;

- ❖ to initially validate the emerging sectoral agenda; and

- ❖ to elicit comments/inputs to enhance the draft social reform agenda.

MIMAP-Philippines Project Director and Research Fellow at the Philippine Institute for Development Studies, Dr. Celia Reyes, was invited as process observer. Represent-



**F**OR ITS SERIES OF POLICY WORKSHOPS for this phase, the first one held by the Micro Impacts of Macroeconomic Adjustment Policies-Philippines Project Management Office (MIMAP-Phils. PMO) focused on the project's findings on small area estimation of se-

(NAPC), National Economic and Development Authority (NEDA), National Statistics Office (NSO), Philippine Institute for Development Studies (PIDS), Policy and Development Foundation, Inc. (PDFI), Statistical Research and Training Center (SRTC), and University of

## Workshop on Small Area Estimation of Selected Socioeconomic Indicators

lected socioeconomic indicators.<sup>1</sup> With Dr. Erniel Barrios, Associate Professor at the University of the Philippines Statistical Center and MIMAP consultant in the project component featuring the generation of small area statistics, as guest

the Philippines at Los Baños (UPLB).

Among the major issues drawn from the discussion are:

- ❖ There is a need to sharpen the instruments being used in coming up with more accurate and useful statistics for policymaking.

**"There is a need to sharpen the instruments being used in coming up with more accurate and useful statistics for policymaking."**

speaker, the workshop had a lively interaction and exchange of ideas among the participants who represented various institutions like the Asian Development Bank (ADB), National Anti-Poverty Commission

- ❖ Given the urgency of coming up with reliable statistics, there is a need to identify the appropriate agency to do this.

- ❖ There is a simultaneous need to facilitate access of respective agencies to small area statistics and to continuously monitor conditions at the local level. *LEV*



<sup>1</sup>For more information on the results of this study, please refer to the March 1998 issue of the MIMAP Project Updates.

# RESEARCH RESULTS

## Poverty Alleviation...

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1994 before plummeting to 7.7 percent in 1997. It should be noted, though, that in-between this aforementioned period—from 1991 to 1994—there were improvements registered in terms of the income shares of the 3 poorest quintiles.

Conversely, the share of the wealthiest income group improved from 52.1 percent in 1985 to 55.8 percent in 1997 (although this fell twice—in 1988 and 1994—before rebounding in 1991 and 1997).

The deterioration in income distribution during the past decade represented some movement in the income distribution picture which had been relatively stable since 1961. From that time until the mid-1980s, there were very small movements in the income shares of the different income groups. During this period of relatively "stable inequality," the share of the richest income group remained substantially large while that of the poorest income group remained substantially small.

The gini ratio is a measure of income inequality. A value close to 1 indicates a high degree of inequality while a value close to zero indicates a high degree of equality. Since 1961, except for the years 1988–1991, the gini ratio has been on a slow but steady decline. From 1994 to 1997, however, the gini ratio worsened significantly from 0.451 to 0.496, the latter representing the highest registered figure in three-and-a-half decades (Table 3).

In 1985, the average income of a family belonging to the wealthiest decile was 18 times the income of a family belonging to the poorest

decile (Table 4). In 1997, this went up to 24. In terms of spatial income disparity, the same trend was observed as the ratio of the average family income in the wealthiest region to the average family income in the poorest region likewise increased from 3.2 in 1985 to 3.6 in 1997 (Table 5).

### Social Reform Agenda

The Ramos administration's main anti-poverty program was formally known as the Social Reform Agenda (SRA). The SRA is a package of government interventions aimed at integrating society's disad-

**TABLE 1: REGIONAL POVERTY STATISTICS AMONG FAMILIES IN THE PHILIPPINES, 1985-1997**

Region	Poverty Incidence (%)			Magnitude		
	1985	1994	1997 <sup>a</sup>	1985	1994	1997 <sup>a</sup>
<b>Philippines</b>	<b>44.2</b>	<b>35.5</b>	<b>32.1</b>	<b>4,355,052</b>	<b>4,531,170</b>	<b>4,553,387</b>
NCR	23.0	8.0	7.1	301,973	141,671	140,793
Areas Outside NCR	47.5	39.9	36.2	4,053,079	4,389,499	4,412,594
CAR	-	51.0	42.3	-	122,942	109,651
1- Ilocos Region	37.5	47.9	37.6	267,044	338,327	292,763
2- Cagayan Valley	37.8	35.5	31.6	174,844	185,708	185,767
3- Central Luzon	27.7	25.2	16.8	264,811	321,212	241,865
4- Southern Tagalog	40.3	29.7	25.7	524,839	514,527	498,536
5- Bicol Region	60.5	55.1	50.1	404,751	483,954	485,098
6- Western Visayas	59.9	43.0	41.6	528,098	487,794	520,199
7- Central Visayas	57.4	32.7	34.2	449,760	311,889	357,715
8- Eastern Visayas	59.0	37.9	40.7	334,751	262,859	305,747
9- Western Mindanao	54.3	44.7	39.8	268,872	227,259	221,330
10- Northern Mindanao	53.1	49.2	46.8	300,226	361,057	385,337
11- Southern Mindanao	43.9	40.3	37.9	309,532	357,615	379,344
12- Central Mindanao	51.7	54.7	49.1	225,551	216,275	220,526
ARMM	-	60.0	58.6	-	198,081	208,714

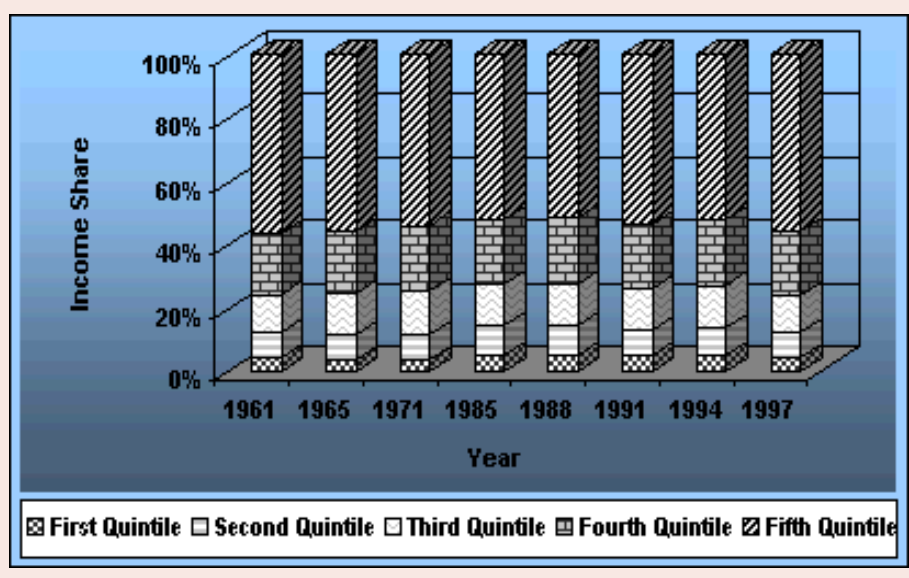
<sup>a</sup> – preliminary results of the 1997 Family Income and Expenditures Survey (FIES)  
Source of data: Tables from Reyes and Del Valle 1998

# RESEARCH RESULTS

**TABLE 2: PERCENTAGE DISTRIBUTION OF TOTAL FAMILY INCOME BY INCOME QUINTILE, 1961-1997**

Income Group	1961	1965	1971	1985	1988	1991	1994	1997
First quintile	4.2	3.5	3.6	5.2	5.2	4.7	4.9	4.4
Second quintile	7.9	8.1	8.1	9.1	9.1	8.5	8.8	7.7
Third quintile	12.1	12.8	13.3	13.3	13.3	12.7	13.4	12.0
Fourth quintile	19.3	20.1	21.0	20.3	20.7	20.2	20.9	20.0
Fifth quintile	56.5	55.5	54.0	52.1	51.8	53.9	51.9	55.8

Source of data: Tables from Reyes and Del Valle 1998.



vantaged groups into the political and economic mainstream. Elimination of poverty was, however, just one of its objectives. The goal was to reduce poverty incidence to 30 percent of all families by 1998. To achieve this target, 10 types of beneficiary groups and 6 types of beneficiary areas were identified for implementation of SRA projects. These beneficiary groups and areas exhibited characteristics generally associated with poverty (e.g., low incomes, lack of access to basic services, lack of security in the work-

place, and others). Initially, President Ramos identified 20 provinces marked by a high poverty incidence, armed conflict, isolation and special development needs as priority areas. Nine SRA flagship programs were implemented there, with each flagship program covering specific problems and receiving specific commitments from the government in terms of policies to be pursued, laws to be enacted and projects to be implemented. These flagship programs covered agricultural development, fisheries and aquatic resource

management, ancestral domain for indigenous peoples, socialized housing, workers' welfare, credit expansion, livelihood, institution-building, and comprehensive and integrated delivery of social services.

To attain the SRA's objectives, 3 special funds totaling P6.1 billion were made available to it. These funds were the 1996 Poverty Alleviation Fund or PAF-1 (P4 billion), the 1996 Local Government Empowerment Fund (P100 million) and the 1997 Poverty Alleviation Fund or PAF-2 (P2 billion). They were provided on top of the social sector allotments in the national budget.

The effectiveness of these funds, though, is disputable. In the first place, they are insufficient given the magnitude of the problem, program coverage and timetable, and the imposition of reserves even on these funds.

In terms of project and area coverage, PAF-1 had allotments for only 3 of the 9 flagship programs and accounted for only 43.9 percent of all poor municipalities. The funding schemes also suffered from targeting problems. PAF-1, for example, had an allotment for medical course scholarships when more than half of all poor household heads barely finished elementary schooling. Moreover, the criteria for availment of these scholarships were

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not clear. In terms of area-based targeting, and as a welcome step, the government did refine its mechanism from provincial targeting under PAF-1 to municipal targeting under PAF-2. Still, under the new scheme, situations arose wherein provinces with the same number of poor municipalities were getting highly disparate allotments per capita.

In addition, the actual utilization of the funds left much to be desired. Inspections of SRA beneficiary sites revealed, among others, overpriced plastic school desks shipped all the way from Manila when cheaper local materials were readily available, and school nurses and teachers hired for less than the period intended by the guidelines. More critically, local politicians influenced the kind of projects to be pursued (not necessarily what the people needed) and where they will be implemented (not necessarily in the poorest barangays).

Looking at the national budget, the share of social sector allotments to the total budget over the years did not support the government's anti-poverty pronouncements. From 1992-1997, on a real per capita basis, the share of education, irrigation and housing increased almost imperceptibly while those for health and overall social services even declined.

It is important to note that the SRA has taken an institutional ap-

**TABLE 3: INCOME INEQUALITY IN THE PHILIPPINES**

Year	Gini Ratio
1961	0.465
1965	0.465
1971	0.453
1985	0.446
1988	0.445
1991	0.468
1994	0.451
1997	0.496

Source of table: Reyes and Del Valle 1998

**TABLE 4. AVERAGE FAMILY INCOME DECILE, 1985-1997**

Decile	1985	1988	1991	1994	1997
Philippines	34,694.97	40,408.00	42,885.53	42,800.31	51,789.72
First decile	7,008.94	8,160.00	7,853.29	8,040.14	8,620.82
Second decile	11,131.84	12,886.00	12,617.76	13,001.54	13,800.59
Third decile	14,198.88	16,398.00	16,251.32	16,839.42	17,782.61
Fourth decile	17,311.73	20,179.00	20,032.89	20,911.48	22,186.87
Fifth decile	20,873.74	24,329.00	24,480.92	25,630.47	27,675.59
Sixth decile	25,193.30	29,460.00	30,107.89	31,477.61	34,751.25
Seventh decile	31,017.88	36,482.00	37,555.26	39,062.27	44,714.88
Eighth decile	39,454.75	46,774.00	48,832.24	50,557.90	59,148.83
Ninth decile	54,315.08	64,607.00	69,040.79	70,362.84	83,648.41
Tenth decile	126,426.82	144,805.00	162,080.92	152,106.02	205,542.64

Source of table: Reyes and Del Valle 1998

proach to the poverty problem. This means that the impact from the reforms would be for the long-term. To this end, 10 legislative bills were named as priority social legislation of the Ramos government. Of these, 8 have been enacted into law. These laws institutionalized the government's anti-poverty program and

provided regular funds therefor (the Anti-Poverty Law), recognized the rights of indigenous cultural communities (Indigenous Peoples' Rights Act), decriminalized squatting (Act Repealing Presidential Decree 772), allotted funds to modernize agriculture and the fisheries sector (Agriculture and Fisheries Mod-

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ernization Act), substantially increased funds for agrarian reform (Act Providing for Augmentation Funding for Agrarian Reform), adopted principles for the sound management of aquatic resources (Fisheries Code), reclassified and raised the penalty for rape (Anti-Rape Law), and provided for a system of adjudication for family and youth cases (the Family Courts Act). Only the first 6, however, appear to have a direct bearing on poverty and as of June 1998, not one of them has been implemented due to the delay in the issuance of the implementing rules.

## Recommendations

If poverty is to be eradicated by the year 2010, an effective poverty alleviation strategy should thus be an integral component of the program of government.

The strategy should be focused on broad-based economic growth to generate gainful employment and livelihood opportunities. This means that the rural areas should participate equally in the growth process, thereby calling for an improvement in agricultural productivity inasmuch as 40 percent of the Filipino work-

ers are employed in this sector.

Another important element of the strategy is the continued provision of basic social services that have been proven effective in alleviating poverty. Some of these programs are education, health, supplemental feeding and rural infrastructure. Programs that will increase access of the poor to quality education and primary health care will therefore be effective towards equalizing human capital.



TABLE 5. AVERAGE FAMILY INCOME, REGIONAL, 1985-1997

Region	Level (In constant 1988 Pesos)					As a Proportion of National Average					As a Proportion of the Lowest Regional Income				
	1985	1988	1991	1994	1997 <sup>a</sup>	1985	1988	1991	1994	1997	1985	1988	1991	1994	1997
Philippines	34,695	40,408	42,886	42,800	51,790	1.00	1.00	1.00	1.00	1.00	1.75	1.59	1.67	1.68	1.77
NCR	63,903	79,314	90,010	82,745	104,934	1.84	1.96	2.10	1.93	2.03	3.22	3.13	3.5	3.25	3.58
CAR		33,838	39,402	39,155	49,976		0.84	0.92	0.91	0.96		1.34	1.53	1.54	1.70
Region I	35,154	34,031	37,962	34,279	43,813	1.01	0.84	0.89	0.80	0.85	1.77	1.34	1.47	1.35	1.49
Region II	30,660	32,939	34,475	36,957	38,637	0.88	0.82	0.80	0.86	0.75	1.54	1.30	1.34	1.45	1.32
Region III	43,373	46,855	50,734	50,209	58,544	1.25	1.16	1.18	0.17	1.13	2.18	1.85	1.97	1.97	2.00
Region IV	33,503	37,978	45,013	45,998	55,998	0.97	0.94	1.05	1.07	1.08	1.69	1.50	1.75	1.81	1.91
Region V	22,593	26,570	25,742	28,080	32,084	0.65	0.66	0.60	0.66	0.62	1.14	1.05	1.00	1.10	1.09
Region VI	27,717	31,164	30,397	33,150	36,720	0.80	0.77	0.71	0.77	0.71	1.40	1.23	1.18	1.30	1.25
Region VII	23,191	27,972	27,611	28,294	34,742	0.67	0.69	0.64	0.66	0.67	1.17	1.10	1.07	1.11	1.19
Region VIII	19,851	25,345	25,892	26,339	29,318	0.57	0.63	0.60	0.62	0.57	1.00	1.00	1.01	1.03	1.00
Region IX	26,569	31,984	27,044	26,519	38,472	0.77	0.79	0.63	0.62	0.74	1.34	1.26	1.05	1.04	1.31
Region X	30,617	35,801	30,966	34,570	44,607	0.88	0.89	0.72	0.81	0.86	1.54	1.41	1.20	1.36	1.52
Region XI	31,533	37,132	37,480	41,968	44,807	0.91	0.92	0.87	0.98	0.87	1.59	1.47	1.46	1.65	1.53
Region XII	27,225	35,090	30,327	33,125	35,763	0.78	0.87	0.71	0.77	0.69	1.37	1.38	1.18	1.30	1.22
ARMM			26,746	25,461	29,328			0.62	0.59	0.57			1.04	1.00	1.00
CARAGA				29,765	33,167				0.70	0.64				1.17	1.13

<sup>a</sup>preliminary results of the 1997 FIES  
Source of table: Reyes and Del Valle 1998


## MIMAP PROJECT UPDATES

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### Poverty Alleviation...

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Safety nets should still be pursued to assist the poor during the transition period. However, these should be targeted programs, appropriately designed to minimize leakages. The ongoing improvement in poverty monitoring, particularly at the barangay level, will be useful in reducing administrative costs that are associated with the implementation of these targeted programs. The community-based monitoring system will be useful primarily in the identification of priority projects and eligible beneficiaries. 

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### Laying the Groundwork...

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representatives from the basic sectors such as nongovernmental organizations, cooperatives, youth and students, victims of disasters and calamities, persons with disabilities, children, senior citizens, women, workers in the informal sector, formal and migrant workers, indigenous people, urban poor, fisherfolk, and farmers participated in the workshop. *BEM*



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