Poverty Reduction Experience in the Philippines: Lessons Moving Forward

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Forward-looking and targeted poverty reduction for post-COVID recovery: latest policy experiences from Asia-Pacific

Third session of the ESCAP Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development

Wednesday, 20 October 2021 | 1:30 – 2:50PM (Manila time)

This presentation was lifted from Forthcoming PIDS Discussion Paper on Eradicating Poverty in the Philippines by 2030: An Elusive Goal?, by Dr. Celia M. Reyes (Former PIDS President)
According to NEDA’s report, the 2022 promise of lifting 6 million Filipinos out of poverty was achieved by 2018, four years ahead of the 2022 target.
Both economic growth and redistributive policies have contributed equally to reducing poverty during the period 2015-2018; redistribution in 2012-2015; growth in 2009-2012; redistribution in 2006-2009

### Decomposition of changes in poverty incidence into growth and redistribution components

<table>
<thead>
<tr>
<th></th>
<th>Change in poverty measure</th>
<th>Growth component</th>
<th>Redistribution component</th>
<th>Interaction component</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2009</td>
<td>-0.290</td>
<td>1.318</td>
<td>-1.910</td>
<td>0.301</td>
</tr>
<tr>
<td>2009-2012</td>
<td>-1.027</td>
<td>-1.578</td>
<td>0.340</td>
<td>0.211</td>
</tr>
<tr>
<td>2012-2015</td>
<td>-3.655</td>
<td>0.425</td>
<td>-4.081</td>
<td>0.001</td>
</tr>
</tbody>
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Note: This estimation uses household per capita income at 2015 prices.

Source: Authors’ estimates using FIES, PSA
Distribution of the poor by sector of employment of the household head (2018)

- **Agriculture, Fishing and Forestry**: 52.4%
- **No Job**: 14.3%
- **Construction**: 9.1%
- **Transportation and Storage**: 6.0%
- **Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles**: 5.9%

Source of basic data: 2018 FIES, PSA
Labor productivity is consistently lower in agriculture compared to industry and services. In 2020, labor productivity in agriculture was less than half of that in services, and about one-fourth of that in industry.

### Labor productivity (GVA per employed person), by major sectors

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry</strong></td>
<td>PHP501,422</td>
<td>PHP709,326</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>PHP287,746</td>
<td>PHP474,377</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>PHP104,509</td>
<td>PHP182,545</td>
</tr>
</tbody>
</table>

Source: Philippine Statistics Authority (PSA)
Movements in and out of Poverty

In 2003-2009, slightly less than half are chronic poor

- 2003: 76.9% NONPOOR, 23.1% POOR
- 2006: 67.9% NONPOOR, 9.2% POOR
- 2009: 62.3% NONPOOR, 11.1% POOR

Source: PIDS Discussion Paper Series No. 2011-31 “Dynamics of Poverty in the Philippines: Distinguishing the Chronic from the Transient Poor”
The Philippines until very recently has had a **boom-bust cycle of growth** – growing for a few years and then slowing down.

Source: Philippine Statistics Authority (PSA)
Lower inflation and more price stability in recent years

Inflation rates: Philippines, 1970-2020

Source: Philippine Statistics Authority; Bangko Sentral ng Pilipinas
Recommendations moving forward

**Promote economic growth**
Focus on sectors where the poor are – agriculture, construction, wholesale and retail trade, transport

**Expand risk management tools**
Help the vulnerable manage risks through crop insurance, health insurance, and other safety nets

**Generate data on chronic and transient poverty**
Redesign FIES to be able to generate panel data – understand the dynamics of poverty

**Increase opportunities for the poor and marginalized**
Educations is a pathway out of poverty – GASTPE and FAST programs provides financial assistance to the poor

**Improve social protection programs**
Enhance design and implementation - Cash vs In-kind, Lumpsum vs tranches, targeting vs universal access

**Ensure interoperability of different databases**
Improve database management among government agencies (e.g. Registry System for Basic Sectors in Agriculture)
Recommendations moving forward

- **Monitoring and evaluation**: Need to continually assess programs for better targeting and implementation – 4Ps, SLP.

- **Encourage increase competition**: Need to bring down prices for medicines, electricity, transport among others – e-commerce can potentially increase competition.

- **Access to reproductive health services**: Improve awareness, access to programs and resources.

- **Disaster preparedness**: Need to improve resilience from natural disasters.

- **Post disaster assessment**: Learn lessons and best practices.

- **Revisit policies providing free service**: Issue of financial sustainability – crop insurance, irrigation, tertiary education, etc.