

## I. Highlights of the latest official poverty statistics

### How many are poor in the country?

Latest statistics released by the NSCB last 6 June 2006 indicates that approximately **24 out of 100 Pinoy families did not earn enough in 2003 to satisfy their basic food and non-food requirements**. This was a slight improvement from the 2000 situation wherein 28 out of 100 families experienced income shortfall from the poverty threshold. The decrease by 3.1 percent in poverty incidence translated to a corresponding decrease by around 124,000 in the number of Pinoy families straining to make ends meet. Annual per capita poverty threshold for the Philippines in 2003 stood at P12,309.

In terms of population, **30 out of 100 Filipinos in 2003 had income short of the minimum cost of satisfying the basic requirements, an improvement from 2000 in which 33 out of 100 Filipinos had income below the poverty threshold**. This translated to a 1.6 million decrease in the magnitude of Filipinos living below the poverty line.

### Which provinces are the poorest in 2003?

The **poorest province in 2003 in terms of poverty incidence of families is Zamboanga del Norte (64.6%), followed by Maguindanao (60.4%) and Masbate (55.9%)**. Other provinces included in the ten poorest are the following: Surigao del Norte (54.5%), Agusan del Sur (52.8%), Surigao del Sur (48.6%), Misamis Occidental (48.1%), Mt. Province (46.7%), Biliran (46.5%), and Lanao del Norte (46.5%). The ten poorest were comprised of seven provinces in Mindanao, two in Luzon, and only one in the Visayas.

**In 2007, what is the minimum income needed by a 5-member family so as not to be considered poor?**

**For 2007, Filipino families consisting of five members should be earning a combined monthly income of PhP 6,195 in order to meet their most basic food and non-food needs for this year.** A sole breadwinner in a five-member family residing at

the National Capital Region (NCR) is expected to find a difficult task in bringing the entire family above the poverty line if he/she only earns at most PhP 265 per day.

## II. Basic Terms and Concepts

**Who are the poor?** Based on **Republic Act 8425**, otherwise known as the Social Reform and Poverty Alleviation Act, dated 11 December 1997, the **poor refers to individuals and families whose income fall below the poverty threshold as defined by the government and/or those that cannot afford in a sustained manner to provide their basic needs of food, health, education, housing and other amenities of life**.

**What is "poverty threshold"?** This refers to the minimum income/expenditure required for a family/individual to meet the basic food and non-food requirements.

**What is "poverty incidence"?** This refers to the proportion of families/individuals with per capita income/expenditure less than the per capita poverty threshold to the total number of families/individuals.

**What is "food threshold"?** This refers to the minimum income/expenditure required for a family/individual to meet the basic food needs, which satisfies the nutritional requirements for economically necessary and socially desirable physical activities.

**What is "subsistence incidence"?** This refers to the proportion of families/individuals with per capita income/expenditure less than the per capita food threshold to the total number of families/individuals.

## III. Official poverty estimation methodology

### How do we estimate the country's poor?

In accordance with **NSCB Resolution No. 1, Series of 2003, Approving the Proposed Methodology for Computation of Provincial Poverty Statistics**, estimation of poverty starts with the computation of the food threshold, which is determined by using regional menus priced at the provincial level. The one-day menus were determined by the Food and Nutrition Research Institute (FNRI) using low-cost, nutritionally adequate food items satisfying basic food

requirements of 2,000 calories, which are 100 percent adequate for the Recommended Energy and Nutrient Intake (RENI) for energy and protein and 80 percent adequate for the RENI for vitamins, minerals and other nutrients. These menus were used to estimate the per capita per day food cost. This 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.

After the computation of the food threshold, the estimation of the poverty threshold to include the additional income required for the sustenance of the minimum non-food basic needs follows. Non-food basic needs include the following: clothing and footwear; fuel, light and water; housing maintenance and other minor repairs; rental or occupied dwelling units; medical care; education; transportation and communications; non-durable furnishing; household operations; and personal care and effects. Hence, to compute for the poverty threshold, the food threshold is divided by the proportion of the food expenditures (FE) to total basic expenditures (TBE) derived from the latest FIES using the FE/TBE's of families within the +/- ten percentile of the food threshold. The resulting estimate is the annual per capita poverty threshold.

### Why are the latest available poverty incidences for 2003?

Official estimates of poverty incidence, which is the proportion of families/individuals with per capita income less than the per capita poverty threshold to the total number of families/individuals, are released every three years, providing us some understanding on how to identify as well as locate the poor and non-poor. This is due to the triennial conduct of the Family Income and Expenditure Survey (FIES) by the National Statistics Office (NSO), which is the primary source of income and expenditure data of households used for poverty estimation.

## IV. Where do we get information needed for the estimation of official poverty statistics?

**Official poverty estimates.** Per Executive Order No. 352, Designation of Statistical Activities that will Generate Critical Data for Decision-making of the

Government and Private Sector, the computation of the estimates is the responsibility of the **NSCB** using the official poverty estimation methodology approved by the NSCB Executive Board. Further, the NSCB also releases the degree of precision computed for each provincial estimate to guide users when using these statistics for their analysis.

**Official poverty estimation methodology.** Per Executive Order No. 352, the development of the poverty methodology was assigned to the **Technical Committee on Poverty Statistics** (then Technical Working Group on Income and Poverty Statistics). The TC PovStat has a multi-sectoral representation consisting of noted experts in the area of poverty statistics coming from the academe, producers and users of poverty statistics from both government and non-government organizations.

**Income and expenditure data.** Official poverty estimates are computed based on the final results of the **FIES**, which is the official source of income and expenditure data of families in the country. This is conducted every three years by the NSO, the latest of which was conducted in 2006.

**Prices.** The **National Statistics Office (NSO)** and the **Bureau of Agricultural Statistics (BAS)** generate price data on non-agricultural and agricultural commodities used in costing the menus.

**Low-cost, nutritionally adequate menus.** The low-cost, nutritionally adequate regional menus used in the estimation of the food thresholds were determined by the **FNRI**.

#### **V. What other poverty-related indicators are being generated by the Philippine Statistical System?**

The NSCB recognizes that the poverty incidence it generates is not meant to be used alone but together with other welfare indicators to show the other dimensions of poverty.

Other social indicators such as the human development index (HDI), infant mortality rate (IMR), child mortality rate (CMR), under 5 mortality rate (U5MR), indicators of the Minimum Basic Needs (MBN-NAPC), and the results of the Annual Poverty Indicators Survey (APIS) conducted by the NSO for

years when the FIES is not conducted are also indicators of poverty.

#### **VI. What are the current development efforts being undertaken by the NSCB for the improvement of the compilation of the country's official poverty statistics**

In line with the NSCB's efforts to respond to the need/demand for a more disaggregated level of poverty statistics, which is essential in coming up with more effective poverty alleviation programs and interventions, the NSCB undertook the following developmental activities to address these needs:

- i) provincial poverty maps for selected provinces being compiled by 9 out of 10 NSCB Regional Divisions (RDs);
- ii) 2000 city- and municipal- level poverty estimates (funded by the World Bank);
- iii) 2000 poverty statistics for the basic sectors (funded by the United Nations Development Programme (UNDP)); and
- iv) vulnerability to income poverty of individual households in the Philippines (funded by the UNDP).

Above-mentioned statistics/activities are continuously being updated by the NSCB, with the poverty maps regularly updated by the NSCB RDs every two years. Small area poverty estimates, on the other hand, are currently being generated for 2003, with funding support from the WB.

The TC PovStat has recently recommended the methodology for the estimation of poverty statistics for the basic sectors, to be regularly generated along with the other official poverty statistics. Latest computation done by the NSCB Technical Staff on the said statistics was for the year 2003.

For Inquiries:  
**National Statistical Coordination Board**  
**National Statistical Information Center**  
Ground Floor Midland Buendia Building  
403 Gil Puyat Avenue, Makati City  
Philippines  
Tel. No. +63(2) 8952767 Fax No. +63(2) 8908456  
Email address: [info@nscb.gov.ph](mailto:info@nscb.gov.ph)  
URL: [www.nscb.gov.ph](http://www.nscb.gov.ph)



## **FAQs on OFFICIAL POVERTY STATISTICS of the Philippines**



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