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STATISTICAL CHALLENGES ON POVERTY REDUCTION IN THE PHILIPPINES[1]

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1. INTRODUCTION

The globalization of trade, the emergence of new development paradigms, the rapid technological advances in information management and the increasing sophistication of data users have added to the growing challenges in the operations of statistical offices worldwide. At the very least, statistical offices are now faced with growing demands for innovative approaches to data production and dissemination as well as for enhancing their relevance to the needs of a wide spectrum of users. In this respect, the sharing of experiences and viewpoints on best practices in the provision of official statistics in fora where both data users and producers actively participate contributes towards the improvement of services of statistical offices and should therefore be supported by donor institutions.

Based on official statistics, poverty in the Philippines has been reduced but not as fast as in other countries of the region. From 44.2%[3] in 1985, poverty incidence gradually fell to 40.2% in 1988, 39.9% in 1991, 35.5% in 1994 and 31.8% in 1997, but went up to 33.7% in 2000. These modest gains in poverty reduction came about as the country's Gross Domestic Product (GDP) in constant 1985 prices posted an average annual growth rate of 2.1% between 1985 and 2000 while inflation rate averaged 9.1% during the same period with double digit inflation experienced from 1988 to 1991. Unemployment rate on the other hand, averaged close to 10% , hitting double digits in 1985-87[4], 1991, 1998 and 2000. It may be recalled that during the period between 1988 and 1991 which saw a minimal reduction in poverty incidence, the country experienced several coup attempts and the start of severe power outages that hit the country in 1992. The post-EDSA I period was also adversely affected by the gulf crisis in 1991 and the East Asian crisis in 1997, although the latter did not have the same impact on the Philippine economy as it did on the other countries in the region.

In the interest of poverty monitoring, the issue is whether the interventions that have been made to reduce poverty in the Philippines have produced the desired effects and whether the impact of the interventions is adequately captured by the poverty statistics generated in the country.

This paper presents in Section 1 a discussion of the structure of the Philippine Statistical System (PSS) and the various mechanisms that have been put in place towards the improved delivery of statistical products and services. For a better appreciation by the users that the quality of statistics is their responsibility as well, a

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[3] Expressed as percentage of poor families

[4] The reference period was then the past quarter. Starting 1987, the reference period was the past week.

section on the various dimensions of quality is included. And as the methodology for the official poverty statistics in the Philippines has been endlessly and passionately discussed and criticized, it is deemed necessary to include a section that will allow the readers, especially the official statisticians, to decide whether such criticisms are valid in the environment under which official statistics are generated. Thus, the methodology and the various criticisms raised are presented, together with the other efforts to generate poverty statistics and the views that have been presented in international fora of official statisticians on poverty statistics. Hopefully these views by the international community of official statisticians will give the users, especially those involved in poverty research but are not official statisticians, a better perspective on the state of official poverty statistics.

In Section 2, some challenges to users of poverty statistics are raised and in Section 3, corresponding challenges for statistical agencies are presented. Section 4 deals with the challenges to the international community and the last section poses some questions for the workshop participants.

This paper argues that compared to other similarly-situated countries, the Philippines has a wealth of poverty statistics which, even if they do not perfectly measure poverty should be reasonably sufficient for the formulation of poverty reduction strategies; that conceptually-correct measures are not necessarily more statistically-reliable; and that the inordinate attention given to improving official poverty assessment methodologies divert attention and resources away from the design and implementation of a truly effective poverty alleviation program.

1.1 The Philippine Statistical System (PSS)

The Philippines is one of many countries with a decentralized statistical system. The reorganization of the PSS in 1987 recognized the need to maintain a decentralized statistical system characterized by independence, objectivity and integrity to make it more responsive to the requirements of national development.

The PSS consists of statistical organizations at all administrative levels, the personnel therein, and the national statistical program. Specifically, the organizations comprising the system include a policy-making and coordinating body—the National Statistical Coordination Board (NSCB); a single general-purpose statistical agency—the National Statistics Office (NSO); a statistical research and training center; and units of government engaged in statistical activities either as their primary function or as part of their administrative or regulatory functions.

The major statistical agencies and all other producers of data are situated in various administrative hierarchies of the country with each unit collecting and aggregating data. The said administrative areas include the national, regional, provincial, city, municipal, and barangay levels. There are 307 government agencies which may have central and/or local offices located in 17 regions, 79 provinces, 114 cities, 1,496 municipalities, and 41,945 barangays[5] in the country. In addition, the local government units in each province, city, municipality or barangay are rich sources of data. The Local Government Code of 1991 devolved some basic powers and facilities to these local government units which necessarily included data generation.

[5] As of June 30, 2002.

The highly decentralized administrative structure of the country therefore raises complex demands on the statistical system which are difficult to respond to especially under severe resource constraints. Nonetheless, the PSS must exert best efforts to meet the challenge of providing quality statistics for development.

1.2 DIMENSIONS OF QUALITY OF STATISTICS

Stakeholders of official statistics do not always have the same interpretation of high quality data. Data users including intergovernmental organizations are influenced by their own data requirements and want data producers to publish data in accordance with these requirements. Data producers, on the other hand, are constrained by their limited resources and capacity. In addition, the quality of their output depends on the inputs from data providers thru surveys, censuses or administrative data systems. Towards better statistical services, it is important that users and producers have a common definition of data quality. This is essential as the demand for information has become more complex, the use of information has become multi-faceted and the quality of information has become multidimensional.

The quality of official information may be measured in terms of five dimensions (Virola 1997), namely: (1) accuracy/reliability/consistency/validity; (2) timeliness/accessibility/cost; (3) adequacy/ relevance; (4) integrity/ objectivity/independence; and (5) comparability. In addition to recognizing the various dimensions[6] of quality, it is necessary to address the question "Who is responsible for the quality of data?" Many think the quality of official statistics is the sole responsibility of the statistical offices that produce them. What users should appreciate is that the production of statistics involves many players—the data producers, data users, data providers and government and international or intergovernmental organizations and each one has a role to play in improving the quality of statistics as shown in the self-explanatory table below.

It is noted that the data producers and government have the biggest responsibility in raising and maintaining standards of quality. This explains why they usually get blamed for any questionable quality of official statistics. It is therefore important that official statisticians maintain and uphold their professional integrity, independence and objectivity in the performance of their duties.

Responsibility Matrix for the Quality of Information

Dimension/ Stakeholders	Accuracy	Adequacy	Timeliness	Integrity	Comparability
Producers	YES	YES	YES	YES	YES
Users	NO	YES	NO	YES	YES
Providers	YES	NO	YES	NO	NO
Government	YES	YES	YES	YES	YES

[6] Several lists of the various dimensions of quality of statistics have been produced. The International Monetary Fund has recently come up with the Data Quality Assessment Framework (DQAF) which is now being used by the PARIS 21 as a framework for statistical capacity building. Relevant to this, the author participated in the Seminar on Statistical Capacity Building Indicators at the IMF Headquarters in Washington, D.C. on 29-30 April 2002.

1.3 MEASURES TOWARDS QUALITY IMPROVEMENT IN THE PSS

As we, statisticians, address the challenges of improving the delivery of statistical products and services, we should strike an appropriate balance among the various dimensions of the quality of statistics; we should be proactive in addressing the data needs of our users and we should be prominently user-oriented.

In the Philippines, a number of initiatives are being exerted to enhance the quality of statistical services and to promote public accountability of the statistical offices. This discussion will briefly touch on two major areas: (1) statistical coordination and (2) data dissemination.

STATISTICAL COORDINATION

In the decentralized PSS, the NSCB plays out the fundamental principle on coordination[7]. The NSCB acts as an oversight body and sees to it that the mission of the PSS which underscores the timeliness, accuracy and usefulness of statistics, is well-served by its components. Within the context of statistical policy setting, the NSCB, through its Executive Board, issues resolutions to achieve an environment conducive to the delivery of high quality statistics. Since its organization in October 1987 until July 2002, the NSCB has issued a total of 142 policy resolutions, the implementation of which is monitored regularly by the NSCB Technical Staff – 25 on the creation of inter-agency bodies to integrate and rationalize data collection as well as to assess and evaluate existing statistics in terms of quality, usefulness and timeliness and determine areas of duplication, discrepancies and gaps, 32 on strengthening agency statistical capabilities thru technical and funding assistance, statistical budget review and advocacy, 35 on prescription of standard concepts and classification systems and mechanisms for coordinating data quality and 50 on improvement of methodology and generation of new/updated data series/indicators.

In addition to policy issuance, the following coordinative mechanisms are in place:

1. THE PHILIPPINE STATISTICAL DEVELOPMENT PROGRAM (PSDP) - the blueprint of development in the national statistical system to be undertaken during the medium-term, prepared every five years thru interagency collaboration[8] as an articulation of the data requirements of the Medium Term Philippine Development Plan (MTPDP). Thus, it provides a prioritization of the statistical activities to be undertaken in the medium term. A companion document is the Statistical Calendar which lists all the statistical activities proposed to be undertaken by the government during the plan period.

2. THE SYSTEM OF DESIGNATED STATISTICS (SDS) - a mechanism for the identification and generation of the most critical and essential statistics for administrators, planners and policy-makers in the government and private sectors that specifies for each statistic/statistical activity, the agency responsible, frequency of conduct, geographic disaggregation, and schedule

[7] The Fundamental Principles of Official Statistics, adopted by the United Nations Statistical Commission in April 1994.
[8] The current PSDP covers the plan period 1999-2004.

of data dissemination.[9] The statistics included under the SDS form the core of official statistics that constitute a set of public goods that the designated data producers must be accountable for. As a result, these designated statistics receive priority attention in the preparation of the national budget and duplication of statistical efforts is minimized if not eliminated.

3. THE TECHNICAL AND SUBJECT-MATTER INTERAGENCY BODIES - committees created (1) to assess and evaluate the quality, usefulness and timeliness of sectoral data and determine areas of duplication, discrepancies and gaps; (2) to review the concepts, techniques and methodologies used in the collection, processing and reporting of data; and (3) to recommend an efficient and workable scheme for the allocation of agency responsibilities in the production of statistics.[10] Thru these committees, weaknesses in sectoral statistics including those affecting data quality can be addressed.

4. THE STATISTICAL SURVEY REVIEW AND CLEARANCE SYSTEM – a system under which all surveys/censuses to be conducted by or for the government are reviewed to ensure sound design for data collection, minimize response burden and eliminate unnecessary duplication of statistical data collection This is thus, another coordination mechanism that promotes data quality. It also promotes the generation of measures of data quality by the data producers. One important output of this system is a publication[11] (NSCB, 2000) which provides useful information such as conducting agency, frequency of conduct, reference period, cost, sampling design, estimation and imputation procedures, etc. for each survey.

5. THE STANDARD CLASSIFICATION SYSTEMS – instruments for promoting the comparability and consistency of statistics generated by data producers.[12]

6. REGIONAL STATISTICAL COORDINATION COMMITTEES (RSCC) - coordination mechanisms to improve data generation, dissemination and accessibility of statistics at the subnational level.[13]

7. THE NATIONAL STATISTICS MONTH/THE NATIONAL CONVENTION ON STATISTICS – celebrations aimed at promoting the importance of statistics in society.

8. THE PERFORMANCE MEASUREMENT SCHEME FOR STATISTICAL AGENCIES – a monitoring system to enhance the transparency in the operations of statistical offices, to enhance their efficiency and effectiveness

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[9] Currently, there are 60 statistical activities that fall under the SDS. The NSCB is currently in the process of implementing the SDS at the lower geographic levels.

[10] Poverty statistics are addressed by the Technical Working Group on Income and Poverty Statistics under the Interagency Committee on Labor, Income and Productivity Statistics.

[11] In October 2000, the NSCB released the maiden issue of the **Profile of Censuses and Surveys Conducted by the Philippine Statistical System.**

[12] The standard classification systems prescribed include the Philippine Standard Geographic Code, Philippine Standard Commodity Classification, Philippine Commodity Classification by Broad Economic Categories, Philippine Standard Industrial Classification, Philippine Standard Occupational Classification, and Philippine Standard Classification of Education. Inclusion of definitions and concepts in statistical publications is being observed. In addition, to promote the use of standard concepts and definitions, the **Glossary of Terms in Agriculture, Fishery and Forestry Statistics** and the **Glossary of Terms on Violence Against Women and Children** were published.

[13] The NSCB created the Regional Statistical Coordination Committee (RSCC) in each of the 16 regions of the country in 1992 (1) to provide direction and guidance to statistical development activities; and (2) to analyze, evaluate and recommend improvements on the statistics needed in the preparation of regional and local development plans and program implementation and monitoring reports.

and to promote the public accountability of the PSS.[14] Through the scorecard that will be maintained for each agency, the public will be made aware of the success of the agency in accounting for its commitments to the public.

The performance scheme is also seen as an approach in measuring the quality of products and services of the PSS. Several criteria were formulated based on the various dimensions of data quality (Virola & De leon, 2002 and Virola, et. al 2001) and indicators were identified to assess the statistical offices.

9. STATISTICAL ADVISORY COUNCIL

The creation of the council was recently envisioned to include a group of eminent and key personalities from various sectors in the country. The council will advise the PSS on the necessary improvements to address identified weaknesses and suggest statistical activities that will address the data requirements of emerging development concerns. Considering some constraints in the system that have limited its capacity to undertake improvements, the council will also serve as a high-level lobby group for advocating the cause of the PSS as regards resources and the use of official statistics.

DATA DISSEMINATION

It is definitely desirable to put in place mechanisms for dialogues between data producers and users with the objective of knowing user needs and informing them of existing outputs and developments in the statistical system. These mechanisms enhance the credibility and sincerity of the statistical system in responding to its users. A number of these mechanisms have been implemented to foster better relations between users and producers of official statistics and to improve information dissemination in the country.

1. NATIONAL STATISTICAL INFORMATION CENTER (NSIC) - One-Stop Shop for Statistical Information and Services

Now on its tenth year of operation, the NSIC is a one-stop shop with the goal of providing the public with maximum access to statistical information and services in the country. It provides library, bookshop, data inquiry and technical services. In addition, it conducts fora for sharing knowledge, expertise, technology and resources in information management and dissemination.[15]

In a decentralized statistical system like the Philippines where different agencies of government located in various places produce different types of statistics, the NSIC facility is very much appreciated by the public. As a result, the achievements of the NSIC in promoting wider and easier access to data by various stakeholders and its adoption of IT have gained recognition from some award giving bodies in the country. The NSIC was awarded as an Outstanding

[14] Initially, the NSCB, the NSO, the Bureau of Agricultural Statistics under the Department of Agriculture, the Bureau of Labor and Employment Statistics under the Department of Labor and Employment and the Statistical Research and Training Center will be covered and then later, the Bangko Sentral ng Pilipinas(Central Bank), the Department of Trade and Industry, the Department of Education, Culture and Sports, and the Department of Health will be added.

[15] These include the Forum on Best Practices in Information Management and Dissemination and Seminars on Statistics for Business Planning.

Government Information Project in 1994. In addition, the NSCB website at www.nscb.gov.ph was voted as the Most Outstanding Website for Government in 1998 and 1999 and was cited as an Outstanding Information Tool in 1999 and 2000. It was also cited as a probable candidate for good practice in information dissemination by McLennan (2000)

2. USERS' FORA

The NSCB regularly conducts users' fora to serve as a venue for making the public aware of compilation systems, their uses and limitations and eliciting suggestions for further improvements in statistical methodologies and dissemination practices. Likewise, fora are held to bring together the compilers and data providers to discuss issues and enhance the interests of the data providers. The participants in these fora come from government agencies, private companies, media, academe, research institutions, and non-government organizations.

Before the official methodology for provincial poverty estimation was adopted by the NSCB, a series of users' fora was conducted in the three major island groups in the country to enable concerned and interested parties to comment on the methodology.

The conduct of users' fora has been institutionalized within the PSS. While many agencies still need to strengthen their appreciation of the importance of these fora in maximizing the utilization of statistics, the major statistical agencies have been conducting them with greater regularity.

3. GOVERNMENT STATISTICS ACCESSIBILITY PROGRAM

This program was implemented in 1998 to make statistical information and services in the country highly accessible to users nationwide and worldwide. The components of the program include the organization of an inter-agency consortium, issuance of an executive measure providing for the program as a flagship project of the government, investments on technology upgrading, systems and human resource development, adoption of common policies and standards, and alliance with the private sector.

Two important features of the program which promote the accountability and transparency of the PSS are the General Standards for Statistical Information Dissemination (GSSID) and the Advance Release Calendar (ARC). The GSSID was designed as a mechanism of the government in setting appropriate and acceptable standards of reliability, integrity, timeliness, transparency, and accessibility of government statistics. The GSSID was inspired by the Special Data Dissemination Standards (SDDS) prescribed by the International Monetary Fund and to which the Philippines has subscribed, with the NSCB as coordinator. The ARC on the other hand promotes the advance dissemination to the public of the schedule of data releases The specific standards prescribed under the program are tabulated in (Virola & De Leon 2002), which among other things includes the provision of metadata. Thus, poverty statistics are disseminated freely both in hard and soft copies to the public when they become available and methodologies are openly shared with the public.

Under the program, dissemination and pricing policies are formulated including the identification of statistical information that should be provided as a public good. However, at this point, the NSCB has not come up with a definitive policy on what should be provided to the public for free by the PSS.

4. PUBLIC-USE-FILES (PUF)

The major statistical agencies in the Philippines, notably the NSO, offer PUFs[16] to users to promote maximum use of data collected through surveys and censuses. These PUFs contain raw data which have been anonymized to maintain confidentiality of data and which can be used by researchers for further studies and analysis.

5. DECENTRALIZED DISSEMINATION (GEOGRAPHIC)

The devolution of governance and public service delivery to the different local government units (LGU) has necessitated the need to make available data with subnational and even national levels of disaggregation. The major statistical agencies have moved towards a decentralized system of disseminating information which includes the release of preliminary data on selected statistical series such as on prices and production by the regional/provincial offices of BAS and on building permits, commodity flow and vital statistics by the regional/provincial offices of the NSO. Meanwhile, the use of IT in data dissemination and the creation of regional and other subnational branches of the one-stop shop NSIC have also improved the accessibility and dissemination of data at the local levels[17]. The information sheets prepared by the NSCB Regional Units and the press releases in local papers have further enhanced the use of local level data.

To-date, most of the existing local government statistics are up to the provincial level only and are largely still generated by the statistical agencies and line departments. While it has not been difficult to assess the quality of local government statistics, continuous discussions in the RSCC and some local statistical coordination committees are undertaken to develop new approaches, improve existing systems, and formulate policy recommendations to address issues on the quality of local statistics. Basically, the same policies, systems and standards for data production as in the national level are being adopted and promoted at the local levels.

While a mechanism for the review of the quality of local statistics is now in place under Executive Order No. 135, the emerging priority issue is the lack of a viable system of data generation and reporting in the LGUs. Institutional capacity building on statistics at the subnational level will therefore hasten the statistical development of the LGUs to serve its needs for development planning.

[16] Among the surveys/censuses that have been put on PUFs are the Census of Population and Housing, the Family Income and Expenditures Survey and the Annual Poverty Indicators Survey.

[17] For example, the Regional Divisions of the NSCB have their own websites and disseminate data through electronic means as well as thru Factsheets and the Statwatch while some provincial offices of NSO disseminate data thru the NSO Quick Stat and Factsheets in some regions.

1.4 POVERTY STATISTICS IN THE PHILIPPINES

As envisioned in the MTPDP 1999-2004, the main goal of our development planning efforts is to achieve sustainable development and growth with social equity. The attainment of this vision and how it translates into an improved quality of life for the Filipinos will be largely measured by a reduction in poverty especially in the rural areas and an improvement in the distribution of income (NEDA 1999).

The Philippines is not one of the PRSP countries and the monitoring of the MDGs has not been institutionalized in the PSS. But the PSS has been generating poverty and other related statistics in order to help development planners and program implementors monitor progress on poverty reduction and on the attainment of various development goals including some of the MDGs.

As a component of the PSS' contribution towards the poverty reduction goal of the country, the NSCB undertakes continuing efforts to improve its compilation of official poverty statistics in the country.

OBJECTIVES OF POVERTY MEASUREMENT

As the ultimate objective of our development efforts is the improvement of the well-being of the Filipino, it is important to undertake poverty assessment and policy evaluation to know how the country is performing towards improving the lives of its citizens. For poverty measurement to be an effective tool in decision-making, it should therefore aim to

1) Monitor progress in poverty reduction and to serve as basis for determining the appropriate types of program and policy intervention;
2) Raise awareness on the extent of poverty; and
3) Provide a basis for the allocation of scarce resources.

APPROACHES TO POVERTY MEASUREMENT

A variety of methodologies for poverty measurement is available in the literature and different countries follow different approaches primarily because no one methodology has been declared to be superior over the others.

The different approaches to poverty measurement may be dichotomized in various ways (Virola, et al 2000) such as Objective Versus Subjective Measurement; Well-Being (*Ends Indicators*) *Versus* Standards of Living (*Means Indicators*); Relative Versus Absolute Measure; and Income-based Versus Expenditure-based. The challenge to statistical offices and users of poverty statistics is how to integrate these approaches in order to produce poverty indicators that are truly useful in poverty alleviation programs.

THE PHILIPPINE OFFICIAL APPROACH TO POVERTY MEASUREMENT

THE METHODOLOGY

The first set of official poverty statistics in the Philippines was released in 1987 by the NSCB (then Statistical Coordination Office of the NEDA) through its inter-agency Technical Working Group (TWG) on Income Statistics. Poverty incidence for 1985 was computed and released to the public using a methodology developed by the TWG. Under Executive Order No. 352, signed on

July 1, 1996 and entitled "Designation of Statistical Activities That Will Generate Critical Data for Decision –Making of the Government and Private Sectors", the NSCB releases the official poverty statistics in the Philippines.

In line with the NSCB efforts to improve its products and services, the TWG undertook several poverty incidence estimation exercises. In addition, a comparative study of the Philippine and Indonesian methodologies was funded by the Asian Development Bank to trace the unexpected substantial difference between the poverty incidence estimates of the two countries (Asra and Virola 1992, Virola and David 1995 and Asra et. al. 1997). As a result of all these efforts, the NSCB Executive Board approved a revised methodology on December 8, 1992. Based on the revised methodology, the NSCB recalculated and released the 1985, 1988, and 1991 official poverty statistics. This methodology was used in generating a poverty incidence series at the regional level covering 1985, 1988, 1991, 1994 and 1997.

With the overarching global concern for poverty reduction, the demand for poverty statistics became more intense. In response to the clamor for poverty incidence data at lower levels of disaggregation, on February 22, 2002, the NSCB approved a methodology that allows the compilation of poverty statistics at the provincial level. Under this methodology, estimates for 1997 and 2000 are being compiled for release in October, 2002. The new methodology is not inconsistent with RA 8425, otherwise known as the Social Reform and Poverty Alleviation Act, signed on December 11, 1997. This law defines the poor as those individuals and families whose incomes fall below the poverty threshold, and/or those who cannot afford in a sustained manner to provide their minimum basic needs of survival, security and enabling.

The official Philippine methodology[18] measures poverty in the absolute sense with focus on the headcount index as an indicator and is income-based. In recognition of the shortcoming of the headcount index in capturing the depth and severity of poverty, poverty incidence, poverty and income gaps and the more general, distribution-sensitive Foster-Greer-Thorbecke measures, as well as Gini coefficients are now going to be computed at the national and provincial levels with urban - rural disaggregation and released to the public every three years using household income from the triennial Family Income and Expenditures Survey. The poverty gap measures the average income shortfall over the whole population. On the other hand, income gap measures the average income shortfall of the poor. In addition, food and poverty thresholds will be computed annually instead of every three years.

Aside from the provincial disaggregation of the poverty statistics, however, there are no official poverty statistics with sectoral disaggregation as has been requested by many users.

In terms of timeliness, the release to the public of official poverty statistics depends on the processing time of the FIES. The 1997 and 2000 regional estimates were released more than one year after the reference years. The 2000 provincial estimates are expected to be released this month, but future releases are expected to take much faster.

[18] The NSCB efforts on this benefited from the UNDP's program support entitled "Strengthening Institutional Mechanisms for the Convergence of Poverty Alleviation Efforts".

The official methodology starts with the computation of the *food threshold,* which refers to the cost of basic food requirements. Basic food requirements are defined by the Food and Nutrition Research Institute of the Philippines (FNRI) to satisfy 100 percent adequacy for the Recommended Dietary Allowances (RDA) for energy and protein and 80 percent adequacy for the RDA for vitamins, minerals and other nutrients. The methodology computes the per capita basic food requirements by using the 1989 edition of the RDAs for Filipinos prepared by FNRI, and the Philippine population structure based on the 1995 Census of Population This resulted in the average nutritional requirement of 2,000 kcal for energy and protein.

The expenditure pattern of households within the 10 percentile band around the food threshold is then used to derive the non-food basic requirement. The cost of the basic nonfood requirement plus the food threshold equals the poverty threshold.

The basic nonfood requirements include clothing and footwear; housing (including fuel, light and water); maintenance and minor repairs; and rental of owner-occupied dwelling units; medical care; education; transportation and communication; non-durable furnishings; household operations; and personal care and effects. Excluded are alcoholic beverages, tobacco, recreation, durable furniture and equipment; and miscellaneous expenditures.

The *core poor* refers to those families/individuals whose income is below the food threshold. They are also called the subsistence families/individuals. The poor refers to those families/individuals whose income is below the poverty threshold.

The *subsistence incidence* or food poverty incidence refers to the proportion of the core poor to the total population. The *poverty incidence* refers to the proportion of the poor to the total population. Both the subsistence and the poverty incidences may be expressed in terms of proportions of individuals or families.

METHODOLOGICAL ISSUES

A. Level of disaggregation

With the implementation of the 1991 Local Government Code and the requirement for the LGUs to develop their respective poverty alleviation plans, the demand for more disaggregated poverty (geographic and sectoral) data has heightened. While provincial level estimates are now going to be regularly generated, there is also a need for the number of the poor to be disaggregated by basic sectors. Unfortunately, the existing resources of the PSS do not allow the regular compilation of poverty statistics by basic sectors. Research-based efforts have been initiated in this direction in the Philippines. They certainly will contribute to the database of useful poverty statistics. However, Trewin[19] (1999) thinks that an important principle in the dissemination of model-based small area statistics is that the estimates need to be branded differently from other official statistics.

[19] Dennis Trewin is now the Chief Statistician of the Australian Bureau of Statistics.

B. Frequency of Monitoring

Official poverty incidence estimates are available only every three years as they are based on the triennial FIES. With the government's expressed commitment to poverty alleviation, various sectors have expressed their need for more regular and frequent poverty monitoring, e.g., annual poverty statistics. A question arises, however, if it is necessary to do annual monitoring of poverty incidence when other indicators are also available to monitor poverty in-between FIES years. Certainly, part of the reason why the official methodology for computing poverty incidence produces only triennial estimates is lack of resources. But one can also ask whether for a poor country such as the Philippines, resources should be committed to an annual rather than a triennial assessment of poverty incidence. Does the poverty situation in a poor country change fast enough, or are program implementors completely dependent on an annual poverty monitoring scheme, that notwithstanding the limited resources of the country, poverty incidence should be computed every year?

C. Income-Based versus Expenditure-Based Poverty Measures

The official methodology uses income data from the FIES. The FIES has more than 1100 data cells for expenditure but less than 220 data cells for income. Thus, expenditure takes longer to collect and has more sources of errors including the contribution of having to recall several details on expenditures incurred during a six-month period. Thus, the doubtful reliability of the poverty estimates using expenditures can totally erase any conceptual advantage it has over income. However, in recognition of the possibility that expenditure might be a better approach not only conceptually but also in terms of statistical considerations, the NSCB has been doing exercises using both approaches.

D. The use of low cost menus versus nutritionally adequate menus

One of the observations made of the Philippine methodology is that it possibly overestimates poverty incidence because of the stringent nutritional requirements. The Philippine methodology requires 100% adequacy for protein and energy and 80% adequacy for other nutrients while other countries require only 100% adequacy for protein and energy. The question therefore is, for purposes of poverty monitoring, is it appropriate to use a low cost menu even if it satisfies only the protein and energy requirements and may contain less than the minimum requirements for the other nutrients? Or is it necessary that the menu satisfy minimum requirements not only for protein and energy but for other nutrients as well?

In the work being done by the NSCB to estimate provincial poverty incidence, one observation made that possibly contributes to the overestimation of poverty incidence in the Philippines is the possibility that in constructing the menus, the cheapest available sources of nutrients may have not been chosen because of consideration for the commonly eaten sources of nutrients.

E. The indirect estimation of the nonfood requirements

In determining the nonfood component of the poverty threshold, several approaches have been cited in the literature, not one of which has been

definitely proclaimed as superior over the others, specially with respect to poverty statistics officially generated by national statistics offices, although individual researchers/academicians may have strong preferences for some of these approaches. For example, it has been suggested that the nonfood requirements should be directly estimated. Past methodologies considered this approach (Asra & Virola 1992) but it is definitely not clear that they are superior.

In the case of the Philippine methodology as adopted by the NSCB, the guiding principles are that the nonfood components are considered as basic requirements and that expenditures on these basic nonfood requirements reflect the consumption patterns of those close to the poverty threshold. Thus, the expenditure pattern of households whose per capita income falls within a ten percent band around the food threshold is utilized to derive the poverty threshold.

What seems to be a valid criticism, though, is that using different expenditure patterns that produce different ratios of food expenditure to total expenditure over time loses comparability. This has been addressed in the latest methodology which adopts a ratio of food to total expenditures that will be used over time.

F. Comparability Across Space: The Use of a National Menu

One criticism that has been made about the official methodology is that comparability across space is lost when different menus are constructed for the different provinces of the region. Critics say that a national menu should be used instead so that only one standard is used to determine if a family is poor.

In the use of the nutritional approach in poverty estimation, the NSCB is guided by the use of a nutritional standard to ensure that all the provincial menus conform to a yardstick formulated by the FNRI that will make the comparison across provinces possible. The nutritional yardstick expressed in terms of calories, vitamins and other nutrient requirements applies to everybody regardless of which province he/she lives, be it in a “poor” or “rich” region. These nutritional requirements are translated into food items that are commonly available and cheap in a province. When the NSCB revised the methodology in 1992, one of the commonly asked questions during the dissemination fora was whether the menu constructed for each region took into consideration the food commonly eaten by the population in the region. To enhance the acceptability of the methodology, therefore, the standard nutritional requirement was translated into provincial baskets instead of into one national basket. The differences in the provincial menus arise only because of the translation of the standard 2,000 kcal into the food commonly eaten and relatively cheap in the area and are definitely not the result of imposing different standards. This ensures the acceptability of the menu in the various provinces of the country. It also captures the substitution process that definitely applies to the poor when certain commodities that are expensive are replaced by cheaper ones. Thus, if poverty incidence is overestimated, this cannot be the source of such overestimation.

In using a national menu instead of provincial menus, the implication is that there should be a fixed basket of sources of nutritional requirements ignoring the fact that in some provinces there are alternative and cheaper

sources of nutritional requirements. In other words, the use of one menu bars the poor from substituting cheaper but equally nutritious food items for the more expensive sources of food nutrients.

G. The use of a menu versus the use of a food basket

Another criticism is the use of a one-day menu to determine the cost of the food requirement. The point is that an average menu will not be able to capture the total requirements for the whole year. Critics suggest that the use of a food basket is better. In this approach, the cost of one calorie is estimated and the cost of the total requirements is derived by multiplying the cost per calorie by the calorie requirement.

What the critics do not seem to realize is that using the cost per calorie approach is also an averaging process that will have limitations similar if not worse than the use of an average menu!

H. The Need to Monitor Other Poverty Indicators

It is recognized that the use of income-based poverty measures may not adequately capture the different dimensions of poverty. The NSCB subscribes to the fact that poverty is indeed multi-dimensional and that the poverty incidence alone may not be sufficient to provide the necessary basis for program planners and implementors. However, it must also be realized that it may not be necessary to monitor all or many poverty-related indicators due to a high correlation among them.

As mentioned earlier, NSCB has started producing the poverty and income gaps as supplement to the poverty incidence and other institutions are also producing other poverty-related indicators.

I. The Timing of Introducing Changes in the Methodology

When the NSCB revised the methodology in 1992, the NSCB received criticisms from various sectors claiming that the government has succeeded in reducing poverty by redefining the poor and that the government does not allow the poor to drink alcohol or to smoke. While the NSCB was guided purely by professional considerations in trying to improve poverty assessment in the Philippines, and while it sponsored a number of fora to have public discussion on the proposed improvements, the political nature of poverty statistics requires a lot more effort in educating the public about changes in the methodology. Ideally, any proposed revision should be implemented at the beginning of an administration and revisions of past years estimates should be done to set the benchmark against which the performance of the poverty alleviation program of the administration can be measured.

OTHER ACTIVITIES GENERATING POVERTY RELATED STATISTICS

In addition to the official poverty statistics, efforts to produce poverty indicators were and continue to be undertaken by academicians, private researchers and other institutions. These efforts such as those done by Abrera, Tan and Holazo and the World Bank in the past (Asra and Virola, 1992) and more recently, by Balisacan (2000) and the HDN & UNDP (2002) necessarily produced different poverty incidence estimates for the various years.

Income-based statistics have often been criticized for its inability to adequately show the poverty profiles as well as the non-income based indicators of household welfare. 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. But compared to other countries, the Philippines is already producing a set of poverty statistics that should be sufficient for the formulation of poverty reduction strategies.

Other activities that generate non-income based poverty related statistics include the following.

A. Minimum Basic Needs (MBN)

A component of the Social Reform Agenda, the MBN approach to improve the quality of life is a strategy of prioritizing requirements to ensure that the basic needs of survival, security from physical harm, and enabling needs of the individual, family and community are attended to (UNDP & NEDA)

Based on consultations with national and local government agencies, NGO's and people's organizations nationwide, some 33 indicators for 3 major concerns (survival, security and empowerment), were developed. **Table 1** in the Appendix shows the indicators.

If a family is unable to meet these basic needs, it is considered to be in a state of poverty. Those who have "higher" levels of deprivation are recommended for poverty assistance.

The MBN approach is used by the Department of Social Welfare and Development (DSWD) in the implementation of its Comprehensive and Integrated Delivery of Social Services (CIDSS) programs in selected barangays of the 5th and 6th class municipalities of the country.

Related to the MBN is the Community-Based Poverty Indicator and Monitoring System (CBPIMS)[20], a barangay-based information system for gathering, analyzing and utilizing the MBN of local residents. The CBPIMS can assist the local government units in identifying who and where the poor are, how many are poor and what the poor needs in terms of the MBN.

Community-volunteer monitors and supervisors[21] play important roles in the implementation of the MBN-CBPIMS. The entire process of collecting MBN-CBPIMS data takes from 3-5 months for each municipality. Data are updated every year and are disseminated to local planners. The CBPIMS thus gives the most geographically disaggregated data on poverty correlates, although it is not present in all municipalities.

B. Annual Poverty Indicators Survey (APIS)

Envisioned to be undertaken in the years when the FIES is not conducted, the APIS aims to supplement current poverty statistics through the use of non-

[20] The CBPIMS took off from the MBN-Community Based Information System adopted by the government in 1995 the data from which could not be aggregated up to the provincial level.
[21] There is 1 CVM for every 50 households and 1 supervisor for every 5 CVMs.

income indicators. This survey provides information on the socio-economic profile of families and other characteristics relating to their living conditions. More specifically, this survey gathers information for all the provinces and all cities and municipalities of Metro Manila on the demographic and economic characteristics; health status and education of the family members; awareness and use family planning methods; housing; water and sanitation condition of the families; availment of credit to finance the family business or enterprise; and income and expenditures of the family.

With funding support from the UNDP and the World Bank, the NSO undertook the first round of the APIS in April 1998. Statistics generated cover the three main areas of concern of the MBN framework – survival, security and enabling needs. The pilot APIS was conducted in 1998 in 5 selected provinces. It gathered information on the effects of the 1997 Asian economic crisis on families and the steps they have taken in response to these problems. It was conducted again in 1999 but not in 2000 since it was an FIES year. Fund constraints did not allow its conduct in 2001 but it is again being conducted in 2002.

The 1999 results provided a ranking of the provinces based on the unweighted ranks of the provinces in meeting 15 minimum basic needs. This ranking does not in general agree with the ranking based on the 2000 poverty incidence computed by the NSCB. Results are disseminated to the public thru press releases, printed handouts and electronic forms as well as thru the NSO website at www.census.gov.ph.

Unfortunately, while both the APIS and the FIES are conducted by the NSO using the Integrated Survey of Households they are not comparable for a number of reasons:[22]

1. The FIES adopts the shuttle type of data collection with the interviews conducted during the July and January rounds of the quarterly Labor Force Survey (LFS) while the APIS data are gathered in just one round: October in 1998 and 1999 and July in 2002. More insights on this and the survey design of the LFS can be gathered from Maligalig (2002) and David and Maligalig (2001).
2. Unemployment is captured by the APIS but not by the FIES.
3. The income concept is operationalized differently for the APIS and the FIES. The FIES measures annual income, the APIS measures income for the six-month period covered by the reference period. Thus, the poverty incidence computed using APIS income is not comparable to that computed using FIES income.
4. Expenditure items are captured by FIES at finer levels of classification than by the APIS.
5. The reference periods also differ. For example, for expenditure items, the reference period is past six months for the APIS but these six months refer to different calendar months depending on the timing of the survey. For the FIES, expenditures are collected for the whole year.

[22] This issue was appropriately raised by the anonymous reviewer of this paper.

Thus, unless appropriate adjustments are made for these differences, the results of the two surveys should not be directly compared/combined even if the information gathered can be complementary to one another.

It may also be important to note that the APIS was conceptualized not to do what the FIES was doing but to provide poverty indicators when the FIES indicators are not available. There seems to be nothing wrong keeping it that way.

C. The Social Weather Station (SWS) Surveys

The SWS, a private research organization undertakes its own surveys to determine the magnitude of the poor and the poverty line at the national level. Respondents are asked their assessment of their own levels of welfare. The SWS has been monitoring self-rated poverty since 1983 through national surveys. Design-based estimates allow the generation of indicators for the National Capital Region and the urban and rural areas of the rest of Luzon, Visayas and Mindanao. The SWS methodology allows for more frequent monitoring of poverty than what the NSCB provides at present and as may be expected, provides higher estimates of poverty incidence.

Data are disseminated to the public thru various media such as hard and soft copies, press releases, etc.

D. Human Development Index (HDI)/Gender-Related Human Development Index (GDI)

The concept of human development index was introduced in 1990 by the UNDP. The HDI was conceived to serve as a measure of how well a country has performed, not only in terms of real income growth, but also in terms of social indicators of: a) people's ability to lead a long and healthy life; b) to acquire knowledge and skills; and c) to have access to the resources needed to afford a decent standard of living.

In cooperation with the Human Development Network (HDN),[23] the NSCB has institutionalized the computation of HDI starting with the 1997 series. In addition to the HDI, the HDN computes and publishes the Gender-Related Human Development Index by adjusting the average achievement in the three components of the HDI in accordance with the degree of disparity of achievement between women and men. The 2000 HDI estimates were released by the NSCB recently, although the HDN made its own new set of HDI computations for 1997 and 2000 and released them earlier.

E. Project- and Research-Based Efforts

a. The Micro Impact of Macroeconomic Adjustment Policies (MIMAP) Project Indicators

[23] The HDN has prepared four editions of the Philippine Human Development Report – for 1994, 1997, 2000 and 2002. In a Memorandum of Understanding signed in 1997, the NSCB and the HDN agreed on the institutionalization of the HDI in the PSS.

The MIMAP project started in 1991 to monitor vulnerable groups most affected by the implementation of adjustment policies adopted to correct macroeconomic imbalance.

The project developed a monitoring system that includes a minimum set of indicators that best reflect welfare conditions and potentials of the poor. The indicators are very similar to the MBN but these indicators are monitored only in project sites.

b. Development of the Statistical and Operational Framework for the Integrated Poverty Monitoring and Indicators System

A conceptual framework for the Integrated Poverty Monitoring and Indicators System was developed by NEDA. The framework serves as a basis for the measurement, monitoring and reporting of poverty measures in the country. More specifically, this is an integrated system by which different ways of measuring, generating, reporting and monitoring poverty related indicators which are not income/expenditure -based may be interfaced. Using this conceptual framework, a study was commissioned to identify the appropriate indicators for the framework. A set of 18 key indicators covering three areas of concern were identified, many of which are similar to the MBN indicators.

c. Other efforts

A study undertaken under the UNDP-Strengthening Institutional Mechanisms for the Convergence of Poverty Alleviation Efforts project looked into identifying a set of key minimum non-income based poverty correlates that can be used to reliably measure poverty. The top variables on the list are family composition; marital status of the household head; employment profile of the family; educational attainment of the household head as well as the household members; ownership by household of durable goods; barangay characteristics; and dwelling characteristics.

In addition, several poverty studies conducted by university-based researchers (Balisacan 2000) have produced a wide collection of poverty estimates that sometimes complement and sometimes conflict with each other.

F. Efforts By The International Statistical Community

The global concern for the eradication of poverty is certainly appreciated by the international community of official statisticians and several fora have been devoted to discussions on how national statistics offices can effectively address the need for poverty statistics. But while much progress has been achieved in other areas of concerns for the international comparability of statistics, in the area of poverty statistics, little practical and practicable guidance is available for official statisticians.

Nonetheless, it is informative and useful in the public debate on how official statistics on poverty should be generated to cite a number of these efforts and the ideas that have come about as a result of these efforts. An Expert Group on Poverty Statistics called the Rio Group was established by the United Nations Statistical Commission and its activities had been influenced by the following basic considerations:

a) Poverty being a multidimensional social phenomenon, indicators should be developed and used on the premises that their meaning and value would be conditioned to a particular social and political phenomenon. Hence, attempts to give a world-wide meaning to poverty indicators are unlikely to succeed;

b) In the area of poverty, as in many other areas, statistics serve at least two different objectives - to meet the demands of the political system for synthetic indicators, and often for one synthetic indicator; and to satisfy the information needs of planners and policy-makers, for comprehensive data on the different socio-economic groups affected by poverty;

c) Given the current inchoate stage in the development of poverty statistics, it would be more practical to identify and adopt best practices than to indulge in prolonged discussions aimed at deriving one or more standards related to poverty indicators. It would also be perfectly possible to define different indicators of poverty and to use them in a complementary fashion instead of starting arguments about the supremacy of any one of them.

In the ESCAP region, a Seminar on Poverty Statistics was held in Bangkok on 21-23 June 1999, where the following information/points were raised (ESCAP, 1999a):

a) Governments that had adopted an official measurement of poverty or were working towards that goal normally had an objective closely related to policy and poverty estimates needed to be viewed from an empirical approach and not on the basis of any theoretical background.

b) Measurement of poverty needs to be expanded to provide not only reliable estimates of poverty incidence, but also comprehensive data on the causes and correlates of poverty.

c) On the question of national versus international requirements of poverty estimates and measures, the first priority in the collection and processing of data is to meet the demands of national planners and policy-makers for reliable information and measures on the incidence, causes and consequences of poverty at the national and sub-national levels. However, it is necessary to develop an objective basis and mechanism to comply with unavoidable international needs for inter-country comparisons towards mobilizing donor support.

d) Most national statistical systems would find it expensive to carry out annual poverty measurements, especially in times of severe economic crisis when, ironically, rapid assessments would be most needed. Updating of poverty data and indicators for smaller areas within countries could be undertaken at longer intervals of five or more years, and depending on individual country situations, monitoring in between quinquennial large-scale synchronized surveys should be carried out at least once in respect of larger sub-national areas and for the country as a whole. Statistical systems should stand ready to undertake ad hoc studies, with the help of truncated surveys, panel data, modeling and other methods to provide policy makers with the required information.

e) There is a need for more concerted, well-thought out and better design methods for inter-country comparison of poverty estimates. The existing

methods such as those using the World Bank-sponsored $1 a day poverty line needs to be viewed with skepticism and should be employed with caution.

f) The burden of poverty measurement cannot be carried out by statisticians alone and requires the active collaboration not only of economists, development planners and policy makers, but also of those engaged in related disciplines such as anthropologists and sociologists, as well as the NGOs active in the field of poverty alleviation. Statisticians and researchers should consult these diverse groups actively and involve them as appropriate in the various stages of poverty measurement and of the monitoring and evaluation of poverty alleviation programmes.

The Committee on Statistics of the ESCAP has also included Poverty Statistics among the agenda items during its regular sessions. During the eleventh session of the Committee on Statistics Working Group of Statistical Experts held in Bangkok on 23-26 November, 1999, the following points were raised (ESCAP, 1999b):

a) There is remarkable homogeneity in the ESCAP region in the conceptualization of poverty as a state of deprivation. But while there is general agreement on the conceptual definition, there is less agreement on the statistical measurement of poverty.

b) The Working Group concurred with the Rio Group recommendation that while efforts should be made to choose indicators on a broadly comparable basis, countries should make the choice that best suits their national needs. In discussing the issue of whether a standard methodology for poverty measurement needed to be developed for purposes of international comparability, the general consensus was that the present early stage of methodological development was not conducive to the formulation of standard methodologies.

During the 58th session of the ESCAP Commission, a resolution was adopted introducing a new conference structure that put the Committee on Statistics as a subcommittee under the Committee on Poverty Reduction. This definitely points to an increased emphasis on the generation of poverty statistics by official statisticians.[24]

GENERAL ISSUES ON POVERTY ASSESSMENT

"Poverty experts" have different "solutions" to the problem of poverty assessment which have been published in the literature on poverty studies. Various methodologies of poverty assessment necessarily result in different estimates of the extent of poverty. In this regard, and against the backdrop of Philippine and international efforts towards a systematic and improved generation of poverty indicators, the following points are raised:

1. There is no universally-accepted or acknowledged "best" methodology to measure poverty. There is not even universal agreement on what constitutes either minimum food or minimum non-food requirements.

[24] The author considers this move regressive as it fails to recognize the cross-sectoral nature of statistics that feed into the decision-making process of a wide range of areas other than poverty reduction.

2. Academicians and other poverty statistics practitioners on one hand, and official statisticians on the other hand, tend to have different approaches on poverty assessment. While several papers have been written about the cost of basic nonfood requirements, however, no convincing proof has been shown as to whether a direct estimation approach is better or inferior to indirect estimation based on, for example, the cost of food requirements.
3. Appreciation of official poverty statistics is enhanced if they are clearly understood.
4. The multidimensional nature of poverty means that poverty statistics should not be analysed in isolation. The problems caused by imperfections in one measure should not be exaggerated as to lose track of the collective picture indicated by the various indicators.
5. Poverty lines will always retain some element of subjectivity and the inordinate amount of public debate spent on the appropriate poverty line is better spent to identifying and implementing poverty alleviation programs that work.
6. Due to the problems associated with poverty assessment, analyzing trends is more useful than analyzing levels.
7. While poverty measurement and monitoring are or can be within the technical expertise of official statisticians, there is also a felt need for statisticians to enhance their expertise in poverty analysis. Such enhanced expertise will contribute to the improvement of poverty statistics generated by the statistical offices. Corollarily, there is a need for planners involved in the formulation of poverty alleviation programs to strengthen their appreciation of how poverty measures are generated. Such greater appreciation will allow them to integrate these measures and translate them into better-designed programs.

In addition, some unresolved issues remain, which unfortunately have taken much time and energy in terms of improving poverty statistics. These issues, such as, how to set the food poverty line, whether to set different poverty lines for different types of households or whether to use income or expenditure will remain for as long as there are economists and statisticians in our midst:

1.1. The poverty alleviation program of the Philippines

Reducing poverty has been among the first priorities of past administrations. During the Aquino administration from 1986-1992, the focus was on rural development thru the Comprehensive Agrarian Reform Program (CARP). The 1992-1998 Ramos administration focused on economic growth and formulated a Social Reform Agenda (SRA) that included a list of flagship programs for the 20 poorest provinces of the country. During the aborted Estrada administration from 1998-2001, the pro-poor agenda revolved around the Lingap Para sa Mahihirap which sought to identify the 100 poorest families in each province and city and provide them with a package of assistance thru a newly-created agency, the National Anti-Poverty Commission (Balisacan 2002). Under the current Macapagal-Arroyo administration, the national agenda to win the war against poverty revolves around four components[25]: an economic philosophy of free enterprise appropriate to the 21st century; a modernized agricultural sector founded on social equity; a social bias toward the disadvantaged to balance the economic development plan; and to raise the moral standards of government and

[25] State of the Nation Address of President Gloria Macapagal-Arroyo, July 23, 2001, Congress of the Philippines.

society. The MTPDP (NEDA 2001) articulates these concerns thru a well-documented set of measurable targets and strategies. The various agencies of government translate the strategies into specific programs designed to meet the targets of the development plan.

In the area of poverty alleviation, the National Anti-Poverty Commission has formulated the Kapit Bisig Laban sa Kahirapan or KALAHI (NAPC 2001) which aims to raise incomes of as many Filipinos as possible and increase the poor's share in the country's resources and their access to public services by focused targetting on five major strategies asset reform, human development services, employment and livelihood opportunities, participation in governance of basic sectors and social protection and security against violence.

While the overarching concern of past and present administrations is always the reduction of poverty, the strategies and programs of different administrations may be different. Monitoring the achievement of the targets is therefore a challenge to the statistical system. For this purpose, the NSCB developed the Economic and Social Impact Analysis Indicator System and publishes the "Economic and Social Indicators" (ESI) the twelfth and latest issue of which covers more than a hundred indicators to monitor the achievement of the economic and social development goals set for 1999-2000. But given the changing priorities of changing administrations, the monitoring system has to be modified accordingly.

Unfortunately, the ESI comes out rather late and has not been useful in the preparation of the annual report card submitted by the President thru the State of the Nation Address (SONA). The statistics used in the SONA instead come from the different agencies of government including the implementing agencies themselves.

2. CHALLENGES TO USERS OF POVERTY STATISTICS: POVERTY STATISTICS OVERLOAD

Statistical agencies both at the national and local levels produce poverty related statistics. Current poverty statistics produced by the statistical agencies at the national level include the income based poverty statistics and non-income based poverty indicators. The local government units, on the other hand, produce the minimum basic need indicators.

As many of these initiatives are independently undertaken and many of them are pursued outside of the realm of the official statistical system, there is little coordination, if at all, in the conduct of these activities. Even the donor institutions have been lacking in coordinating their assistance so that they will complement each other and optimize the use of their resources.

Compared to other countries, there is definitely a lot of poverty statistics generated in the Philippines, whether in government or in the private sector. Many of the indicators understandably overlap. Given the abundance of poverty-related statistics in the country, it is a big challenge to users of poverty statistics to choose which ones best measure progress in poverty reduction and which ones are useful in the identification of appropriate interventions.

At present, except for the MBN approach, there does not seem to be a systematic approach to using poverty statistics in the design of poverty alleviation programs. It is not clear for instance, how the official statistics on poverty incidence

are used by the planners in fighting poverty, even as targets are set in terms of reduction in poverty incidence. A plausible explanation is that there is lack of appreciation among poverty reduction program implementers of the kind of insights these poverty statistics provide.

A very important question therefore, is how should poverty reduction be measured? In the case of the Philippines, is it to be measured mainly by reduction in poverty incidence? Or, recognizing the multidimensional nature of poverty, should reduction in poverty incidence be complemented by improvement in other indicators? Which ones? Which are the most important ones? What program approaches deliver the fastest contribution to poverty reduction? Should the focus of intervention programs be improvement in indicators at the national or at the subnational level? How should the MBN indicators be dealt with? How should the intervention programs be influenced by the different directions shown by the different MBN indicators? What does one do if the desired indicators/statistics are not available? In this regard, Baker (2000) says, " although existing data may not contain all of the information one would ideally collect for purposes of evaluation, innovative evaluation techniques can often compensate for missing data".

Given the availability of many indicators, it is therefore important that planners know how to use the wide array of available indicators. For one, the most appropriate set of indicators should be carefully chosen. In the area of employment and livelihood opportunities, for example, the target of the government is the generation of 1 million new jobs in the countryside, through agricultural modernization. Is this an optimal strategy? Marquez & Virola (1995) showed that the employment rate of heads of poor households is higher than that of nonpoor households. The reason for this is partly, how employment is measured officially, based on an ILO recommendation that does not capture the quality of employment or the seasonality of certain types of employment. Thus, employment is not a sufficient indicator of sufficiency of income that will move an individual beyond the poverty line. But there are other indicators available such as underemployment rate and total hours worked which are probably more relevant in monitoring poverty but which do not find their way in the targets set by program implementors.

Likewise, it is important that the programs suit the targets set. This is not clearly manifested if one looks at the anti-poverty program of government. Part of the reason is that planners do not have a thorough understanding of how the indicators used to monitor the targets, are measured. If the major concern is to reduce poverty incidence in the short term, an appreciation of the methodology for estimating this indicator will tell that the poverty alleviation program should focus on helping families and individuals with income that is already close to the poverty line and ensuring that those whose income is barely above the poverty line do not fall below. Relatedly, two major components of the food requirements of the official methodology used for estimating poverty incidence are rice and fish. The share of rice for instance, to the total food requirements is at least 20% in more than half of the provinces, and is more than 30% in some provinces. For fish, the share ranges from 10% to 30% in three-fourths of the provinces. This suggests that particular attention should be given to keeping the prices of rice and fish as low as possible. Between 1997 and 2000, when a slight reduction in poverty incidence was gained, and when there was an overall increase in the CPI by 22.1 %, the price of rice rose only by 8.9% but this was negated by the large increase of 26.1% in the price of fish.

Due to the different and changing methodologies used in the measurement of poverty incidence, the poverty reduction targets in the MTPDP[26] may be better expressed in terms of degrees of reduction rather than levels of reduction. Thus, a target may be put as: reduce poverty incidence by half at the end of the plan period; instead of reduce poverty incidence to say, 20% at the end of the plan period.

At the subnational level, the MBN approach has been implemented in many poor municipalities of the country. The DSWD is the key agency that uses the MBN in its anti-poverty program. Using the MBN statistics, an interagency committee at the municipal level identifies three barangay beneficiaries that will receive assistance based on a project proposal formulated by the barangay itself. Thus, the MBN indicators seem to be of practical use in the identification of programs to help the poor in the municipalities covered. But the impact of the MBN-based antipoverty programs towards reduced poverty incidence is not clearly established. In fact, the NAPC does not have a database that captures the interventions that have been made so far using the MBN approach.

On the other hand, if the main concern is to reduce the depth and severity of poverty, then at least equally as important would be programs that target the poorest of the poor. Their location must be known and interventions should cater primarily to beneficiaries found in these locations. The CIDSS addresses this partly by going to the lowest class municipalities, but sectors like the fisherfolk, the farmers, etc. do not receive the same attention.

The desirability for oversight agencies like the NAPC to develop its own database of relevant poverty indicators that answer the who, the where and the why of poverty as well as the what and when of antipoverty programs cannot be overemphasized. Because the staff of these agencies are generally not trained in statistics, it is also important that such agencies collaborate and coordinate closely with, rather than depending solely on statistical agencies for the sustained development of an information database on poverty.

Lastly, an important but often neglected aspect in the formulation of an information strategy for effective poverty reduction strategies (Khandker 2001) is the role of the national statistical system. And in playing this role, the statistical system would need resources. The users of poverty statistics can therefore help the statistical system play its role effectively if they will serve as partners and strong advocates for the provision of resources by both government and the private sector for statistical activities. Unfortunately, some, if not many users, including those in government, only know how to demand data from the statistical agencies. Many policy-makers and decision makers seem to think that the high-quality statistics they need are outputs that statistical offices can churn out at the flick of their fingers. Thus, while policy-makers are not willing to provide the necessary priority attention to the budgetary requirements of statistical offices, they demand statistics that are beyond the capacity of the statistical offices to produce.

3. CHALLENGES TO STATISTICAL OFFICES AND OTHER PRODUCERS OF POVERTY STATISTICS

As already mentioned, the PSS produces official as well as unofficial poverty statistics in the Philippines. Some of these statistics suffer in varying degrees of

[26] The MTPDP under the Estrada administration specifically cited as target the reduction of poverty incidence from 32% in 1997 to 25-28 % by 2004. The Arroyo administration version of the MTPDP is silent on the poverty incidence reduction target.

quality – timeliness, adequacy, validity, etc. But considering the resources made available by government for statistical activities and the extent of generation of poverty statistics in countries at the same level of development as the Philippines, it cannot be said that the PSS is not responding sufficiently to the data requirements of the antipoverty program of government.

The PSS continues to rely on donor funds for statistical development that addresses data gaps including those on the monitoring of poverty alleviation programs. In this regard, the donor community has significantly contributed in enriching the statistical system. And in order not to waste limited donor resources, the NSCB has taken the view that it will involve itself only in statistical developmental projects that will be institutionalized by the NSCB, except those in which technical assistance from the NSCB is needed by the implementing agency of the project. On poverty monitoring, the latest example of this is the assistance given to the NSCB by the UNDP for the generation of provincial level statistics, as a result of which, starting this year, the level of disaggregation of official poverty statistics in the Philippines will go down from regional to provincial.

For anti-poverty programs to be effective, the poor must be identified. Thus, instead of merely counting the poor and measuring how poor they are, it is important that the names and addresses of the poor be put in a database. While this is presently done in some areas, particularly thru efforts of the DSWD and the various mechanisms associated with the MBN approach, there is no systematic and sustained program of identifying and monitoring the progress of the poor[27].

There is definitely a need to improve poverty assessment in the Philippines. The NSCB efforts to produce statistics on the poverty gap and the income gap as well provincial level poverty statistics and more frequent updates of the poverty threshold are deemed to be important steps in that direction. But other indicators that capture the multidimensional aspect of poverty need to be regularly generated. Poverty profiles that put a human face to poverty will certainly contribute to the formulation of effective poverty alleviation programmes.

However, given the limited resources of our country, and given that poverty is a condition that is not transcended overnight, we do not consider it desirable to spend valuable resources for generating poverty incidence more frequently than the present triennial basis. Other poverty indicators which are less expensive to generate should be considered, however.

It is also believed that the successful eradication of poverty will depend more on the formulation and implementation of effective poverty alleviation strategies. Such strategies can be formulated and implemented without the benefit of a very rigorous, exact or academically-appealing poverty indicator monitoring system.

As mentioned earlier, the monitoring of the MDGs has not been institutionalized in the PSS. This is a challenge that must be immediately addressed by the NSCB as the policy-making and coordinating body on statistical matters and by the other PSS agencies as data producers.

4. **CHALLENGES TO THE INTERNATIONAL COMMUNITY**

The international community has been instrumental in the development of statistics in the Philippines, including poverty statistics, through the provision of

[27] The NSCB is currently involved in poverty mapping projects that are geared towards this purpose.

technical and financial assistance. Unfortunately, there are at least two probably unintended outcomes of such assistance. One is that the recipient statistical office or its government does not always have the initiative to ensure the continuation of the efforts started by the technical assistance. This results in waste of resources for both the donor institution and the statistical office. The other occurs when donor-driven initiatives are undertaken by statistical offices for the generation of statistics that will be used by the donor institution to monitor its own programs, rather than to address statistical data gaps identified as priorities of and by the recipient country. This leads to what the Friends of the Chair of the UN Statistical Commission[28] refer to as statistical capacity diversion instead of statistical capacity building, because resources of statistical agencies are diverted from its priority activities to those that cater to the required outputs of the donor organizations.

Aside from contributing to statistical capacity diversion, international/donor organizations also contribute to statistical capacity debilitation (Virola & De Leon 2002) In the Philippines, many of its trained manpower are being lost to the very agencies that have contributed resources to their professional training as well as to statistical systems of developed countries thru permanent or long-term employment. In addition, PSS personnel are being asked to provide consultancy services in statistical development projects outside of the country. But while all these divert and debilitate the statistical energy of the PSS, they are not necessarily unwelcome, unfortunately. In many cases, they offer opportunities for professional growth and the huge monetary returns almost always successfully seduce the poor official statisticians of the country.

To mitigate the ill effects of such statistical capacity diversion and debilitation, it is suggested that each donor institution create a statistical fellowship fund (SFF). Thru the SFF, the donor institution can provide additional remuneration for a predetermined period of time to donor-selected official statisticians from developing countries who will do work for the donor institution while remaining in their country posts. Conceptually, this is similar to the professorial chairs funded by donors for faculty members of institutions of higher learning. The SFF will thus help satisfy three needs: the professional growth and financial reward for the official statistician of a developing country, the statistical services and outputs for the donor institution and the continuing services of the official statisticians to their agencies.

5. **Statistical Issues for Feedback by User Participants in the Workshop**

Given the constraints and challenges faced by the statistical agencies, we in the statistical system will find it useful to get answers and/or commitments to the following questions/issues:

- Shouldn't the users be more aggressive in advocating for the provision of more resources to statistical agencies ? If so, how can users be more helpful?
- How could the statistical agencies mobilize more effectively the support of the major stakeholders for the improvement of the various dimensions of quality of statistics?
- How much and how frequently are poverty statistics really needed for effective poverty reduction programs, especially in the light of very tight budgetary constraints for statistics? What is a reasonable/desirable

[28] Report of the Friends of the Chair of the Statistical Commission on an assessment of the statistical indicators derived from the United Nations summit meetings.

frequency of changing methodologies in the compilation of the politically-sensitive poverty statistics?

- In order to be self-sufficient, should statistical agencies collect fees for products and services beyond the basic statistics considered as public good? Are the users willing to pay?
- Could the donor community assist in statistical capacity building without contributing to statistical capacity diversion and debilitation?

ACRONYMS:

APIS Annual Poverty Indicator Survey
ARC Advance Release Calendar
CARP Comprehensive Agrarian Reform Program
CBPIMS Community-Based Poverty Indicator Monitoring System
CIDSS Comprehensive and Integrated Delivery of Social Services
DSWD Department of Social Welfare and Development
ESCAP Economic and Social Commission for Asia and the Pacific
ESI Economic and Social Indicators
FIES Family Income and Expenditures Survey
FNRI Food and Nutrition Research Institute
GDP Gross Domestic Product
GSSID General Standards for Statistical Information Dissemination
HDI Human Development Index
HDN Human Development Network
ILO International Labour Organization
LGU Local Government Unit
MBN Minimum Basic Needs
MDG Millennium Development Goals
MTPDP Medium Term Philippine Development Plan
NAPC National Anti-Poverty Commission
NEDA National Economic and Development Authority
NGO Non-Government Organization
NSCB National Statistical Coordination Board
NSIC National Statistical Information Center
NSO National Statistics Office
PRSP Poverty Reduction Strategy Paper
PSS Philippine Statistical System
PUF Public Use File
RDA Recommended Dietary Allowance
RSCC Regional Statistical Coordination Committee
SDDS Special Data Dissemination Standards
SDS System of Designated Statistics
SFF Statistical Fellowship Fund
SRA Social Reform Agenda
SONA State of the Nation Address
SWS Social Weather Station
TWG Technical Working Group
UNDP United Nations Development Programme

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APPENDIX

Table 1. Minimum Basic Needs Indicators

Survival	
Food and Nutrition	• Newborns with birthweight of at least 2.5 kgs. (5.5 lbs.)
	• No severely and moderately underweight children under 5 years old
	• Pregnant and lactating mother provided with: a) iron supplements; b) iodine supplements
	• Infants exclusively breastfeed for at least the final 4 months
	• Deliveries attended by trained personnel • 0 - 1 year old infants fully immunized
	• Pregnant women given at least two (2) doses of tetanus toxoid
	• Not more than one (1) diarrheal case per child below 5 years old
	• No deaths in the family due to preventable causes
	• Couples with access to family planning services
	• Couples practicing family planning
	• Solo parent availing of health care services
Water and Sanitation	• Family with access to safe drinking water within 250m. (or ten minutes walk from their homes)
	• Family with sanitary toilets
Clothing	• Family members with basic clothing (at least three (3) sets of external clothing)
Security	
Shelter	• Housing owned, rented or shared
	• Housing durable for at least 5 years
Peace and Order/Public Safety	• Family members not victimized by crimes against person
	• Family members safe from crimes against property
	• No family member displaced by natural disaster
	• No family member victimized by armed conflict
Income and Livelihood	• Head of the family gainfully employed
	• Other members of the family 18 years old and above gainfully employed
	• Family with income above subsistence threshold level
Empowerment	
Basic Education and Functional literacy	• All children 3-5 years old attending day care/pre-school
	• All children 6-12 years old in elementary school
	• All children 13-16 years old high school

	• All family members 10 years old and above are functionally literate (able to read and write and do simple computations)
People's Participation/ Community Development	• At least one family member involved in at least one legitimate people's organization/association for community development • Qualified members of the family voted during the last election
Family care and Psyco- Social Needs	• No children below 18 years old engaged in hazardous occupation
	• Incidence of domestic violence
	• No child below 7 years old left unattended

Source: *A Guidebook on Installing a Community-Based Information System for Minimum Basic Needs*