

Key Insights on Philippine Poverty

Irish Danielle Morales

Access the interactive dashboards from this talk and play with the data at:

- <https://bit.ly/PH-poverty-explorer-1>
- <https://bit.ly/PH-poverty-stat-2>

Poverty looks different everywhere

Significance:

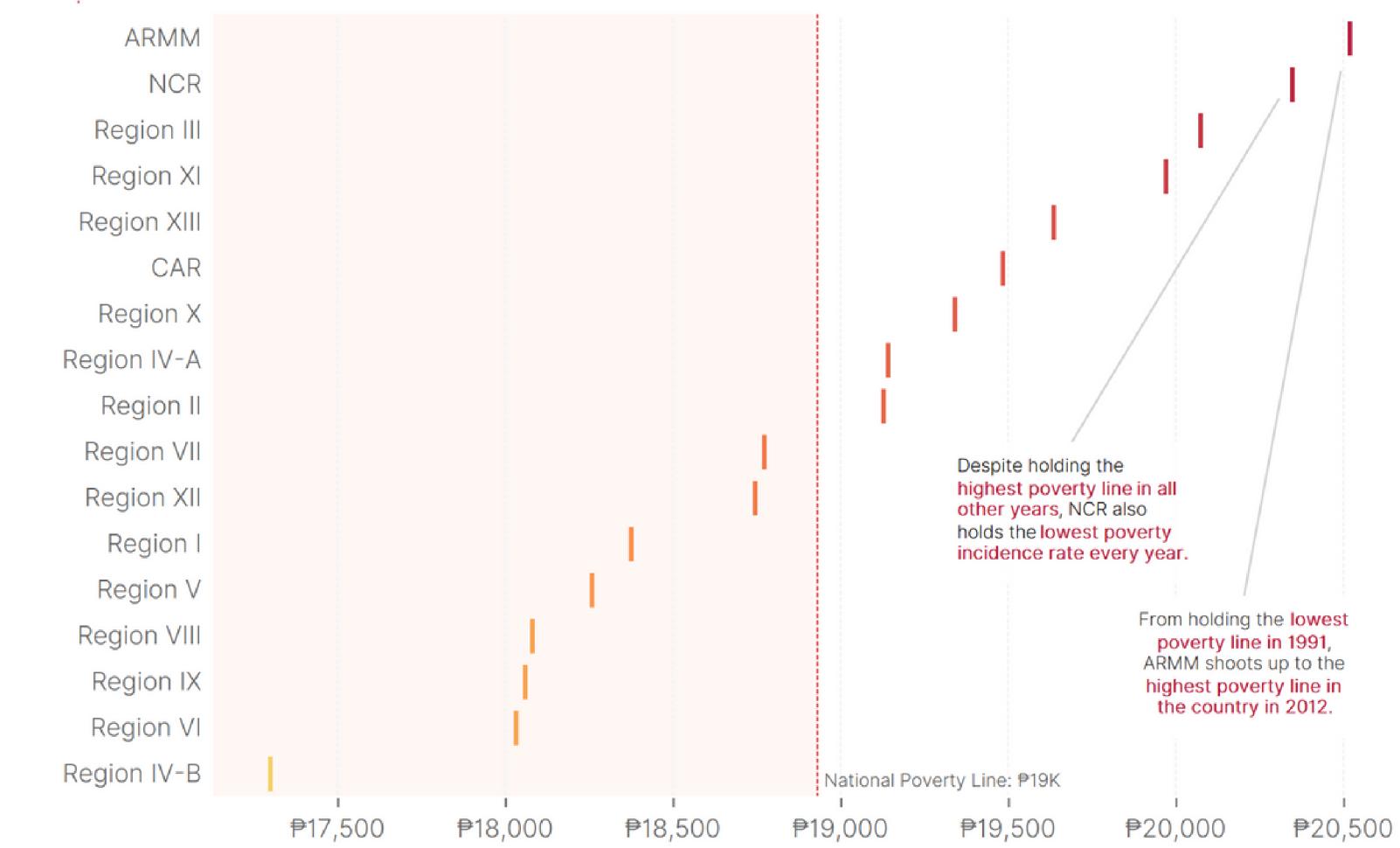
- Differences in poverty lines and the lack of a correlation between a place's poverty line and poverty incidence rate demonstrate how poverty looks different everywhere, as well as differences in economic development between regions that may be hidden in data
- For example, while NCR and ARMM are next to each other in terms of poverty lines in 2012 (shown here), NCR has the lowest poverty incidence rate and poverty in NCR often relates to the struggles of the urban poor. In comparison, ARMM has the highest poverty incidence rate and poverty in ARMM often relates to lack of access to stable electricity and vulnerability to sites of armed conflict.

Recommendation:

- **Incorporate the Multidimensional Poverty Index (MPI) or similar indicators when assessing poverty.** This accounts for poverty beyond monetary indicators and highlights differences in poverty across regions.

Poverty Lines by Region, 2012

NCR holds the highest poverty line for all years except 2012, when ARMM shoots to the top from its original middle



18 provinces hold 35% of the nation's poor

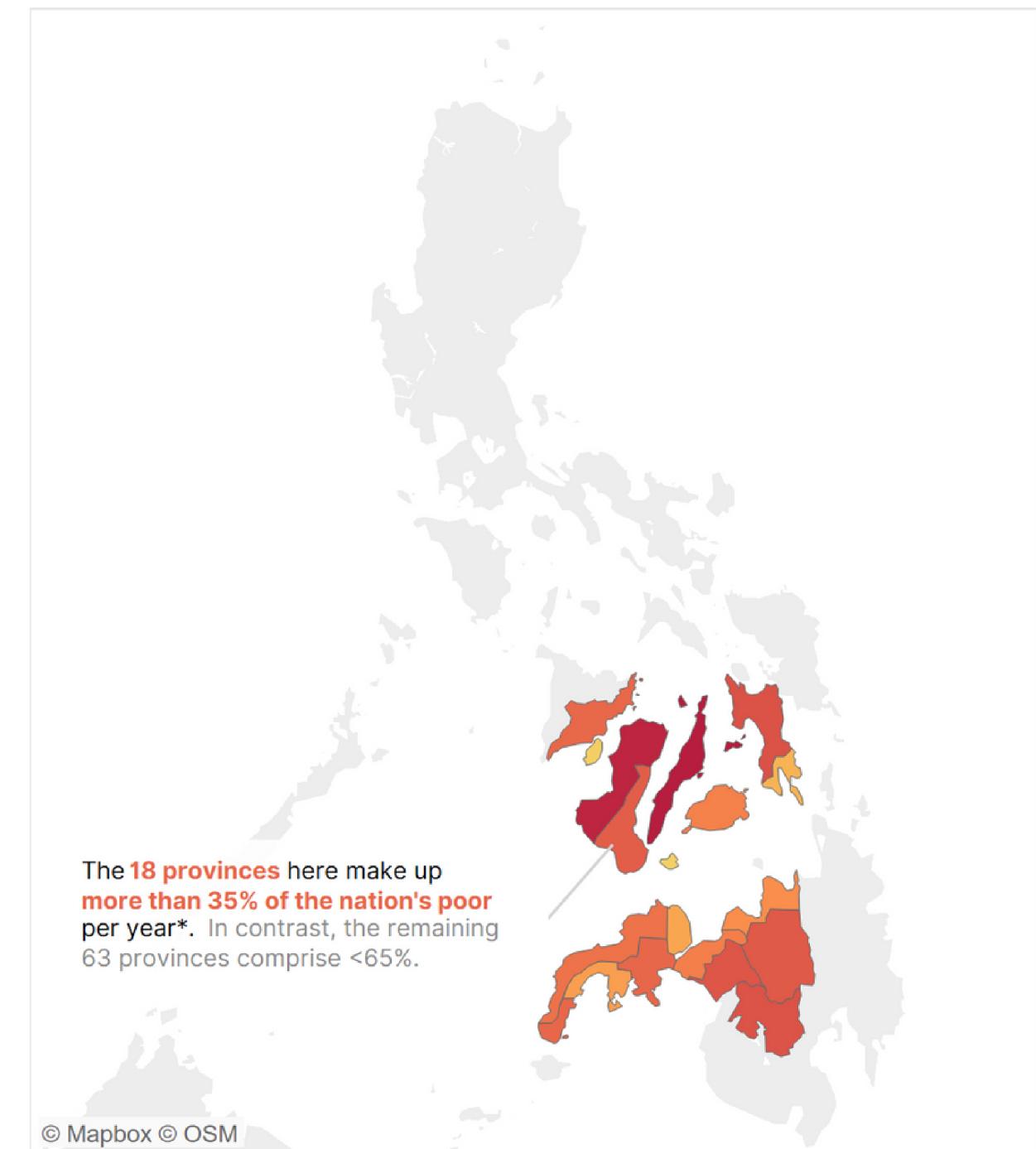
Significance:

- Having the same 18 provinces consistently hold more than 35% of the nation's poor every year reveals geographic poverty traps and opens opportunities for investigation.

Recommendations:

- Focus poverty reduction efforts and resources on these provinces.** While many poverty reduction efforts exist, many focus on areas where there are comparatively less impoverished. Redirecting focus to these provinces and other areas of need directs resources where they are most needed.
- Investigate non-economic factors behind poverty in these areas.** Being geographically close, these provinces may share similar cultural practices, histories, and physical characteristics deeply tied to the livelihoods and shared experiences of the poor. Developing people-centered approaches to poverty includes understanding these aspects and taking account of these in planning programs. For example, approaches to lift people out of poverty should be careful not to separate the target community from their livelihoods, traditions, and cultural practices.

Where is poverty concentrated?



The provinces highlighted here are Cebu, Negros Occidental, Negros Oriental, Iloilo, Guimaras, Siquijor, Bohol, Leyte, Southern Leyte, Zamboanga del Norte, Zamboanga Sibugay, Zamboanga del Sur, Misamis Occidental, Lanao del Norte, Misamis Oriental, Lanao del Sur, Bukidnon, and North Cotabato. Computed based on magnitude of poor population.

* Excluding 1991 due to lack of provincial data

Note: Shown above is 2012 data. To see different years, use the interactive visualization at <https://bit.ly/PH-poverty-stat-2>

Poverty is declining (almost) everywhere

Significance:

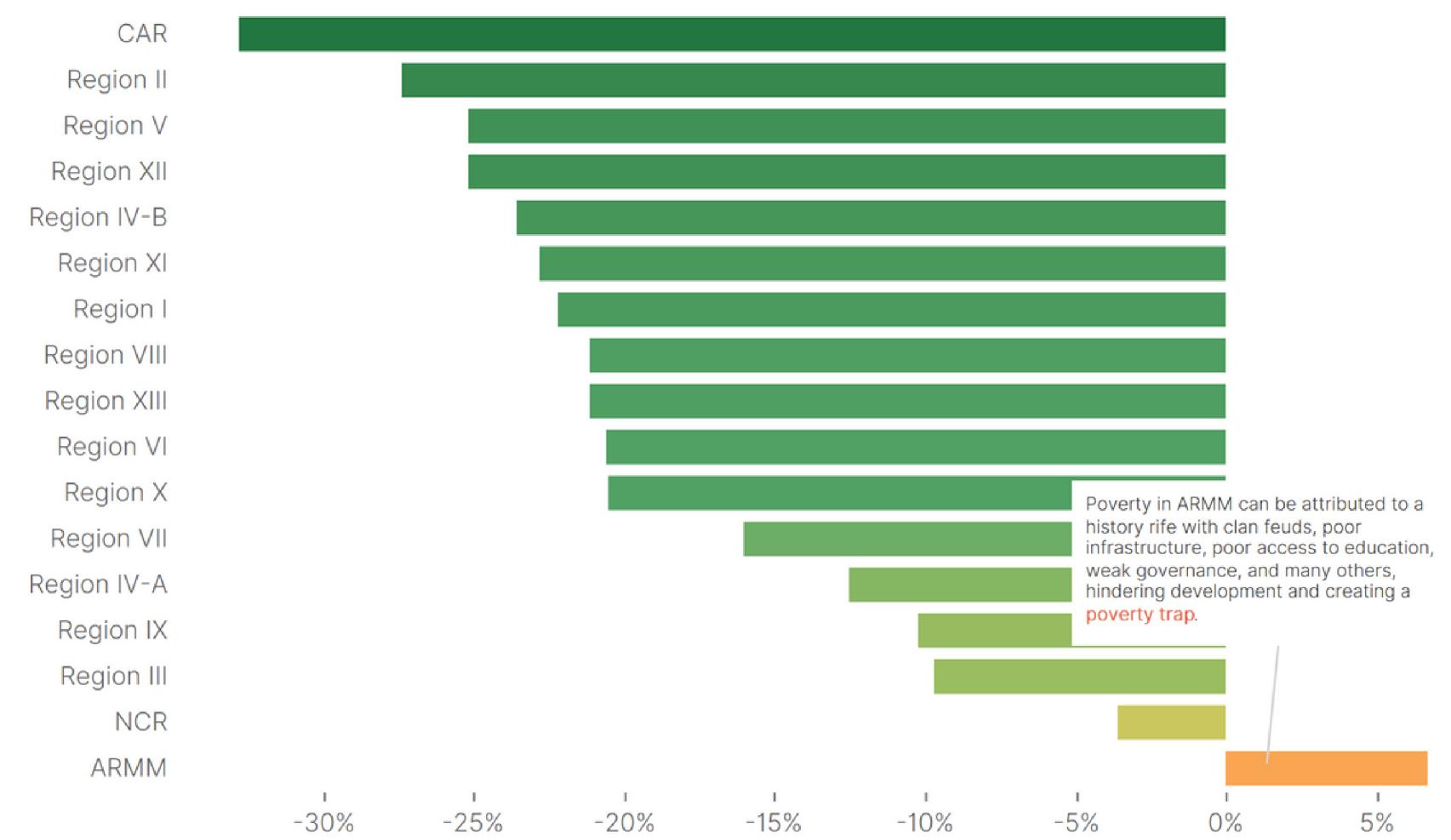
- Decline in poverty incidence is a useful measure of progress in assessing how far we have come in improving living standards and how far we still have to go, as well as what areas are in most need.

Recommendations:

- **Investigate case studies of the most successful regions** to understand what changes and policies were most effective in reducing poverty, and whether those techniques can be applied to other regions.
- **Investigate why NCR has among the lowest changes in poverty incidence** despite often having/receiving greater resources and media attention for poverty alleviation than other regions.
- **Review and revise poverty reduction efforts in ARMM.** The increase in ARMM's poverty incidence over the last decade demonstrates the inefficiency of previous efforts to provide aid and address armed conflict. Since poverty in ARMM is rife with conflict and historical nuance, revisions to policies and programs should be designed with these in mind.

Change in Poverty Incidence in 1991 vs 2021

Poverty incidence declined in all regions except the ARMM, with 14/17 regions showing a decrease higher than 10%.



Negative values correspond to lower poverty incidence in 2021 compared to 1991, and positive values correspond to higher poverty incidence in 2021 compared to 1991.
Poverty incidence refers to the proportion of a region's population that is considered poor (i.e. with income falling below the poverty threshold).

Key Insight #4

The pandemic worsened poverty in all aspects

Significance:

- The effects of the pandemic and the succeeding global recession hit the poor the hardest. The already impoverished were most affected by losing steady income sources, healthcare expenses, poor work-from-home conditions, and much more, and poverty data from the pandemic is not fully documented. Poverty data from the pandemic like this is crucial to understanding the extent of the effect the pandemic had on the poor and what can be done.

Recommendations:

- **Concentrate efforts into aid and recovery programs and policies for the poor.** As the world transitions post-pandemic and expenses soar due to the recession, the poor are most in need of financial recovery to resume their lives. This includes cash transfers, job training, and digital literacy programs, but also includes creating policies and better social welfare programs and employment benefits that will safeguard vulnerable groups during incidents like these.
- **Realigning national priorities** to prioritize healthcare, resiliency, and social welfare, ensuring the most vulnerable are protected in future events like these and in recovering from the pandemic's effects on the nation.

How did the pandemic affect poverty?

The pandemic worsened Philippine poverty in all aspects. Shown below is national poverty data over time. All poverty indicators rose during the time associated with the pandemic, even when trends were previously declining.



Poverty will persist, but so will progress

Significance:

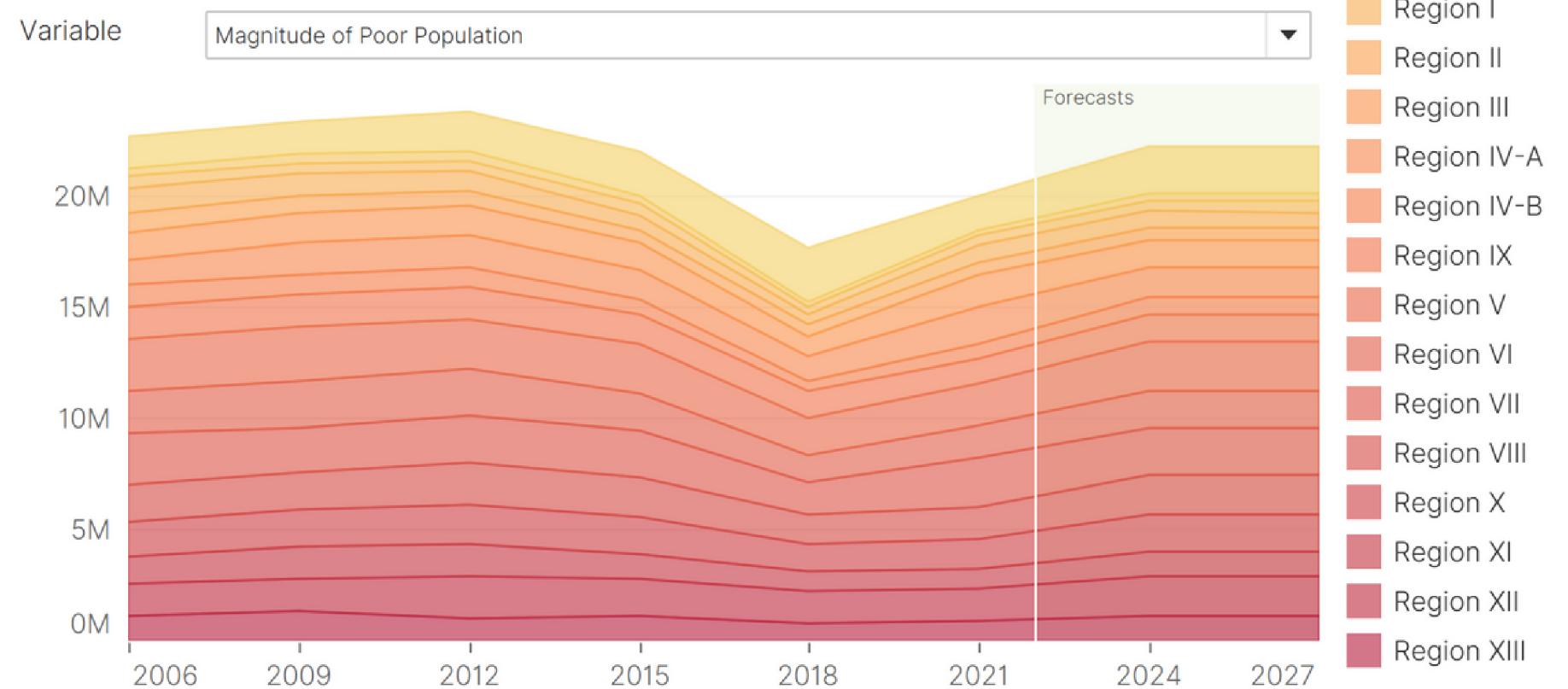
- While the pandemic disrupted the downward pre-pandemic trend of poverty, forecasts show that poverty may resume mixed trends in 2027, possibly returning to a downward trend over time. This should serve as a goal in poverty reduction, and in better equipping the nation to act ahead of time to protect our most vulnerable.

Recommendation:

- Create inclusive development.** While the nation will continue to move forward in economic and technological progress, growth that fails to address inequity at its roots will in turn create stunted growth. By developing better programs and policies geared towards vulnerable groups and investing in healthcare, education, and overall quality of life, inclusive development creates a feedback loop empowering individuals to escape poverty and in turn allows those individuals to allow others to do the same.

Poverty Indicator Forecasts

Poverty indicators are forecasted to slightly increase in 2024 as post-pandemic adjustments are made, followed by a mix of trends for 2027. This applies to all indicators except poverty threshold, which is instead predicted to slightly fall then rise.



Autoregressive Integrated Moving Average (ARIMA) was computed to forecast 2024 & 2027 values. ARIMA was chosen as it is a simple time forecasting model fit for data with some non-stationarity, which matches the dataset as all variables show some trend of incline or decline over time.

One caveat to this is that the forecasts may not be very accurate as 2021 happened during the COVID-19 pandemic, during which poverty became more prevalent. Thus, 2021 may slightly skew the data. In addition, models perform best on many data points. This dataset only includes very few years/data points, excluding 1991, which is not optimal for models to learn sufficiently. In addition, forecasts are not adjusted for inflation nor population growth. Overall, however, the forecast should give us at least some general idea of developments in poverty for the coming years.