REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Poverty eradication, the confluence of multiple crises and recovery efforts

The Experience of the Philippines

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Undersecretary, National Economic and Development Authority

KEY MESSAGE

Poverty reduction efforts need to be nuanced and should evolve with the times....

Poverty Statistics in the Philippines, using different poverty lines

Year	Estimate among population		
	Using national poverty line[1]		Using $1.90 2011 PPP[2]
	Poverty incidence	Subsistence incidence	
2015	23.5	9.1	6.5
2018	16.7	5.2	3.0
2021	18.1	5.9	3.0

1 2021 Full Year Official Poverty Statistics Tables f.xlsx (live.com)

2 National SDG Trends | SDG Data Gateway (unescap.org)

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Factors Affecting Well-being

Poverty is multi-faceted

G — Access to markets

A — HH decision on labor or entrep

B — HH Income

C — expenditure

C — savings

D — consumption

E

Asset build-up
Human K
Physical K
Financial K

Outcomes
Life comforts
Good health
Good education

F — Perception of well-being

A = labor policy, entrepreneurship policy, credit and
    business tax policy, business confidence
B = net transfers, subsidies, income tax policy
C = monetary policy including incentive to save,
     access to markets, consumer confidence
D = price, consumption tax policy, public services
E = preferences, quality of consumption
F = culture, values, other aspects of well-being
G = infrastructure, trade, transport, logistics, innovation

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Distribution of 4Ps by Income Decile

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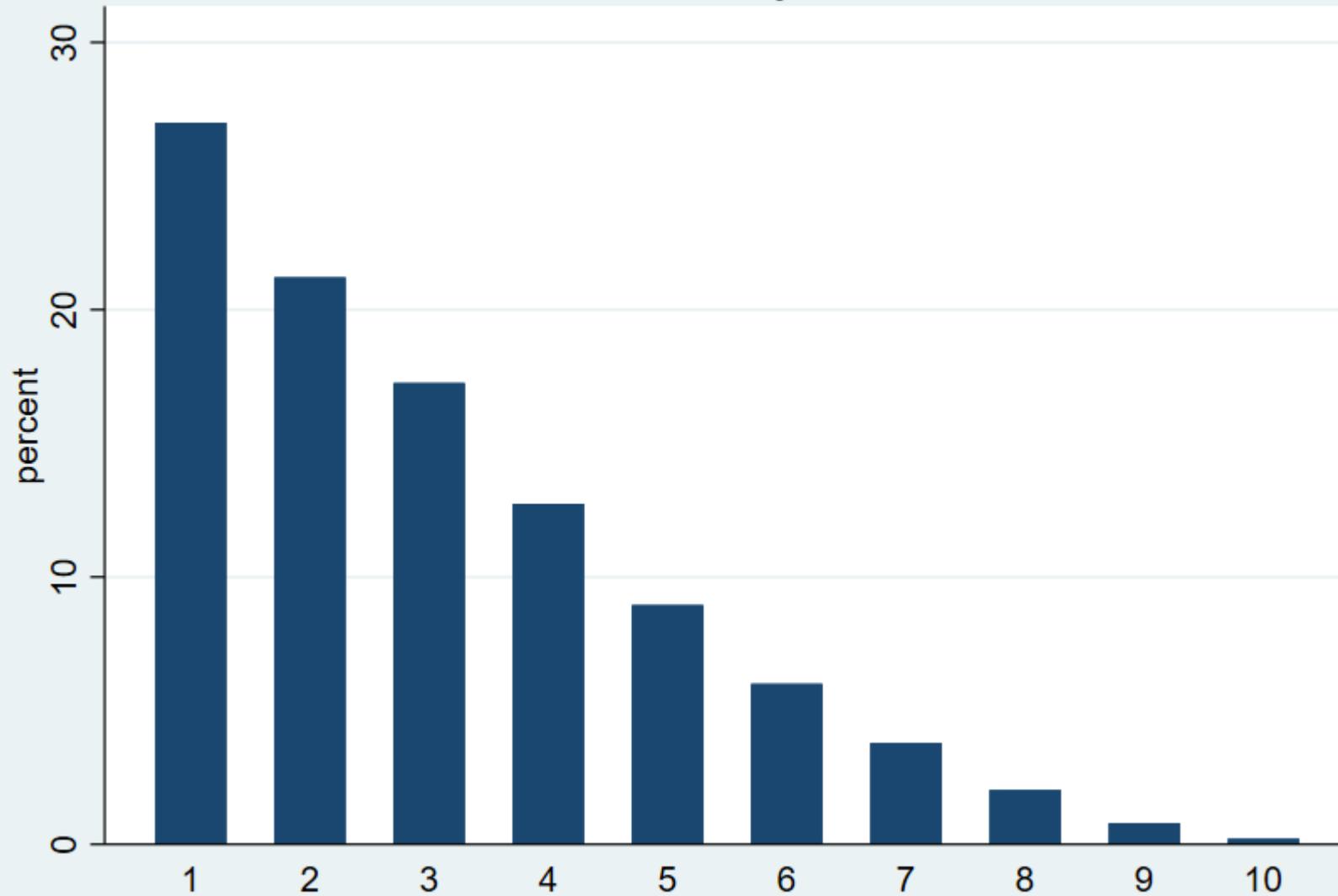
Logit Model: likelihood of being poor in 2018

Odds of being poor is modeled as:

$$\text{Logit [Poor}_i = 1] = h\ [\ \text{Fchar}_i,\ S_i,\ VS_i,\ \text{Loc}_i\ ]$$

Where:

Fchar = age of hh head, educ of hh head, hh support ratio

S = sector of employment

Loc = location characteristics

VS = vulnerability of municipality to shocks

Logit Model: The odds of being poor in 2018

Where:

fchar = age of hh head, educ of hh head, hh support ratio (number of employed members/family size)

S = sector of employment

Loc = location characteristics (East vs West; mountainous, coastal)

VS **=** vulnerability of municipality to shocks (flooding, landslide)

FLOODING   LANDSLIDE   EAST / WEST   MOUNTAIN   COASTAL
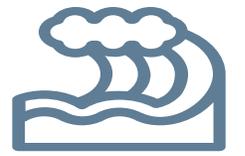
Descriptive Statistics, Poor vs Nonpoor, 2018

Variable	NonPoor		Poor	
	Mean	Std. Dev.	Mean	Std. Dev.
Age of hh head	50.90	14.71	46.58	13.81
Years of Schooling of hh head	3.61	1.97	2.37	1.26
Support Ratio	0.31	0.27	0.17	0.16
Urban	0.49	0.50	0.23	0.42
Agriculture	0.22	0.41	0.56	0.50
Construction	0.09	0.29	0.09	0.28
Manufacturing	0.06	0.24	0.04	0.19
Wholesale and Retail trade	0.12	0.32	0.06	0.23
Public Administration	0.10	0.31	0.04	0.19
Mining	*0.01*	*0.08*	*0.01*	*0.10*
Mountainous	*0.59*	*0.49*	*0.65*	*0.48*
East	0.12	0.32	0.17	0.38
River	*0.37*	*0.48*	*0.35*	*0.48*
Landslide	0.14	0.13	0.18	0.12
Flooding	0.10	0.11	0.06	0.08

With flood hazard, 25- and 100-yr return

Legend
High
Medium
Low

NOAH Studio (up.edu.ph)

Landslides; debris flow and alluvial fan; unstable slopes

Legend

- High
- Medium
- Low

Storm surges

Legend

- High
- Medium
- Low
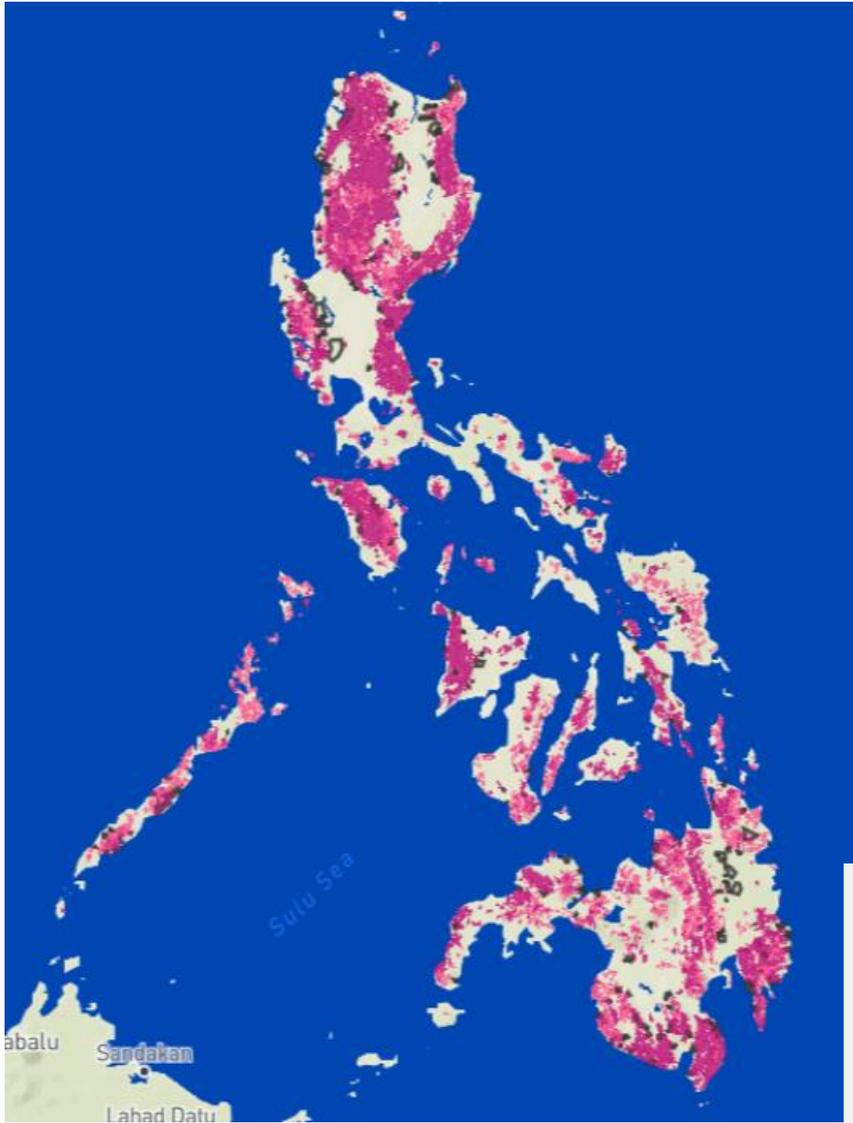
Volcanoes – active and potentially active
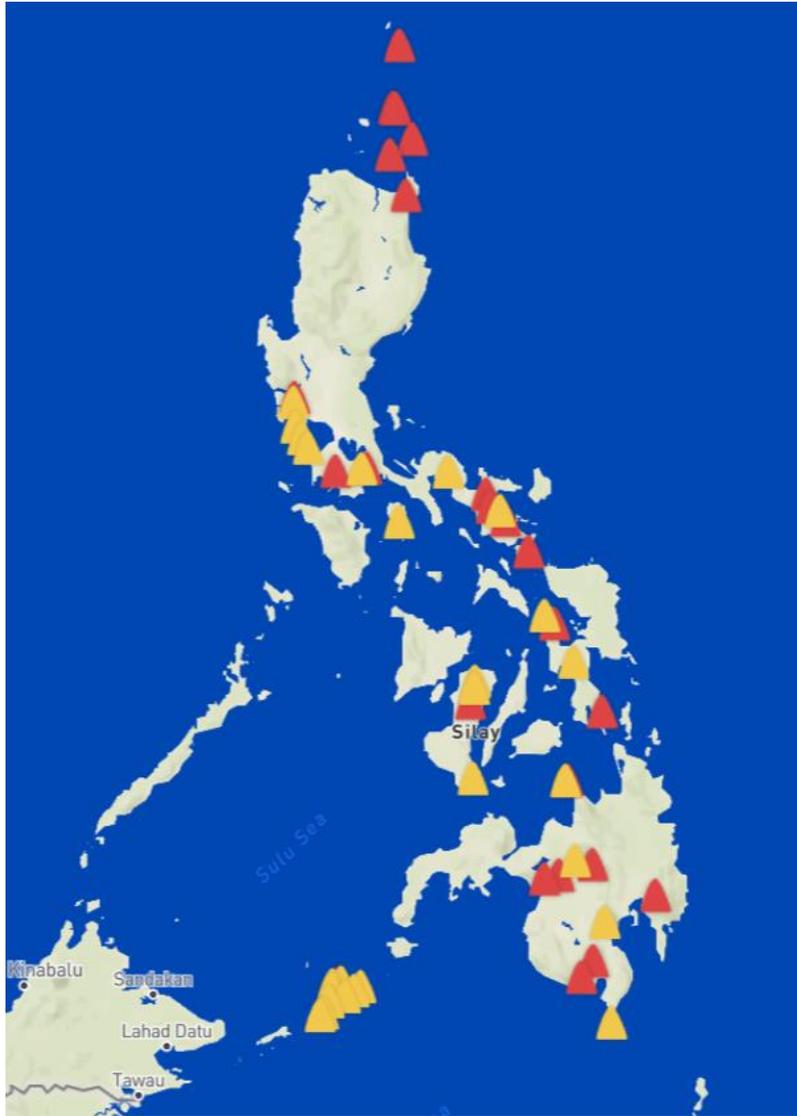
Combined hazards:
Flood
Landslide
Storm surge
Volcanoes

NOAH Studio (up.edu.ph)
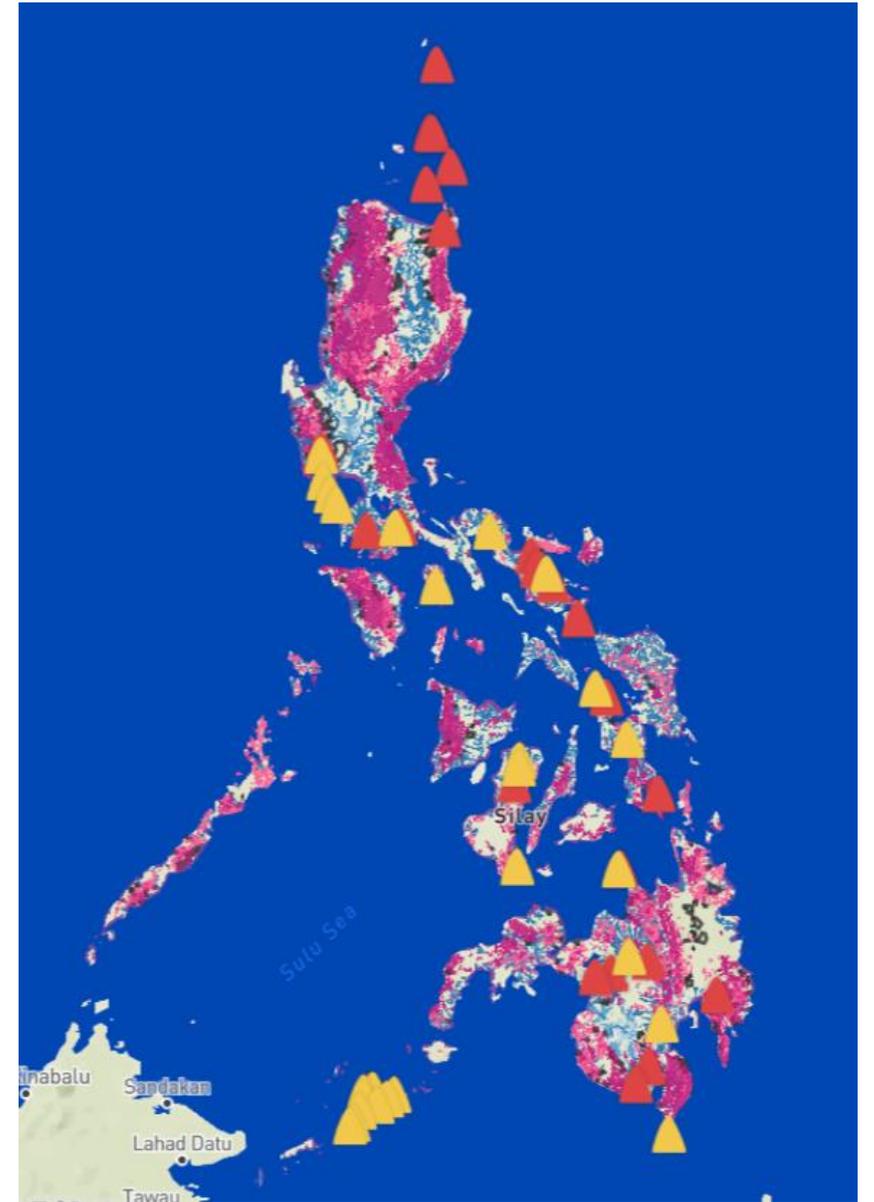
MONTHLY RAINFALL FORECAST

Preliminary, DO NOT quote

OCTOBER 2023

Normal Rainfall

Normal Rainfall (mm)
Oct 1991-2020

50 mm
100
200
300
400
500

PHILIPPINE SEA

Forecast Rainfall

Forecast Rainfall (mm)
OCTOBER 2023

50 mm
100
200
300
400
500

PHILIPPINE SEA

Percent of Normal

Forecast Rainfall (%N)
OCTOBER 2023

WAY BELOW NORMAL < 40 %
BELOW NORMAL 41 - 80 %
NEAR NORMAL 81 - 120 %
ABOVE NORMAL > 120 %

PHILIPPINE SEA
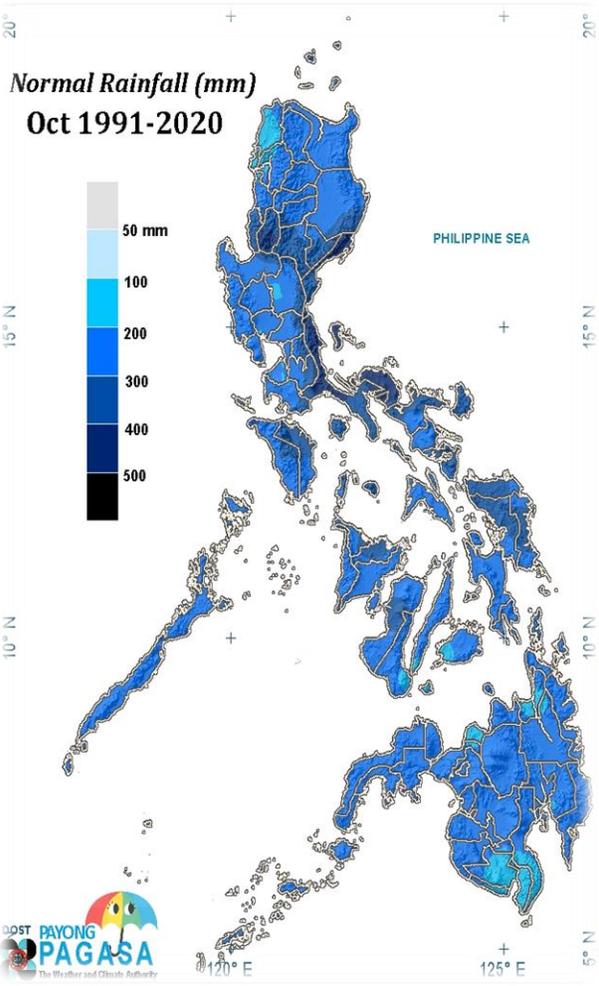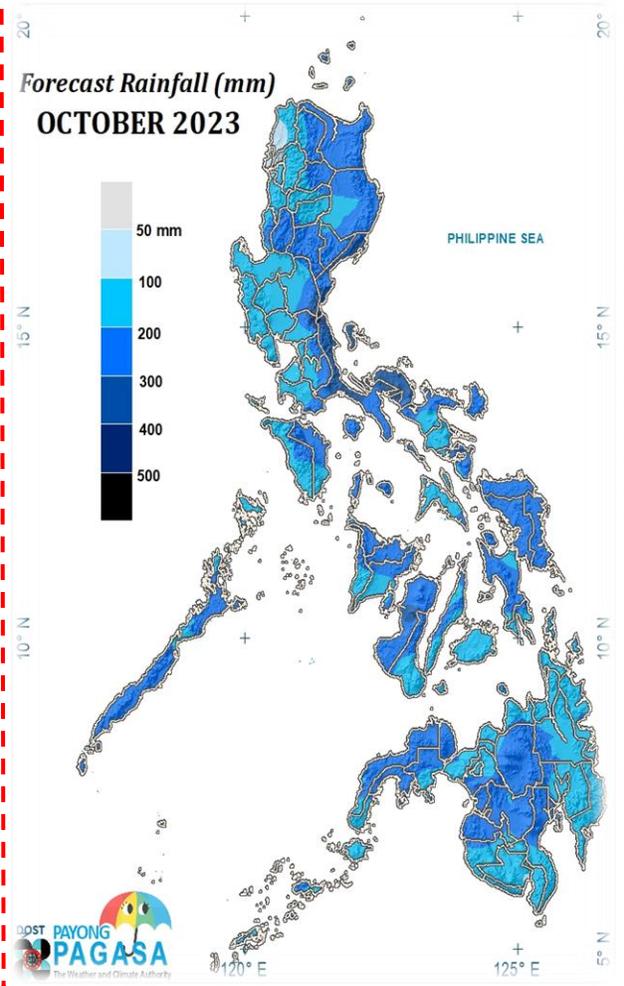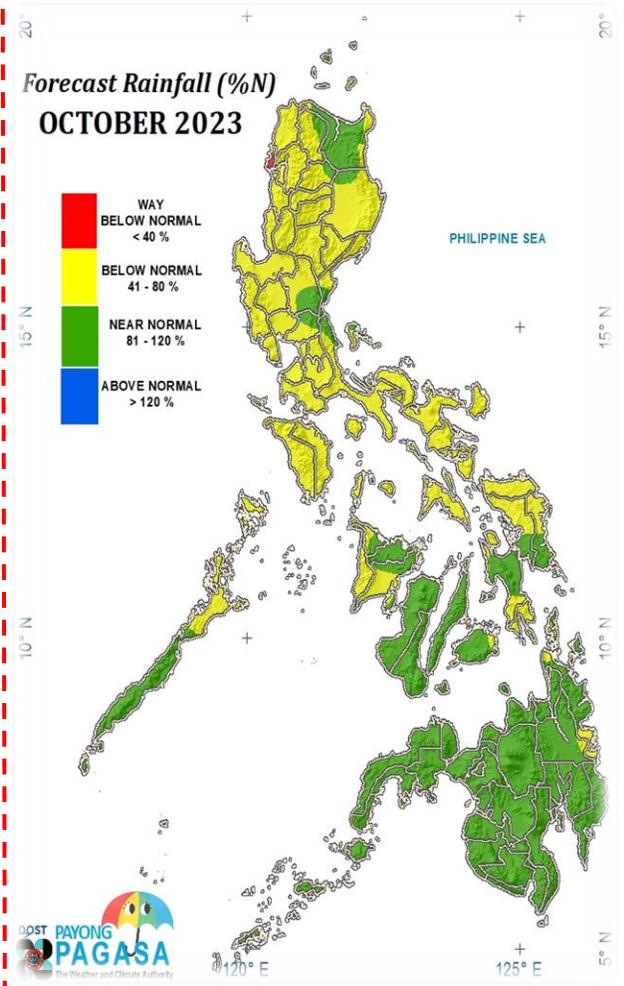
Provinces likely to receive:

BELOW NORMAL	REGION IV-A (CALABARZON)
46	BATANGAS
CAR	CAVITE
ABRA	LAGUNA
BENGUET	RIZAL
IFUGAO	QUEZON
KALINGA	REGION IV-B (MIMAROPA)
APAYAO	MARINDUQUE
MOUNTAIN PROVINCE	OCCIDENTAL MINDORO
REGION I (ILOCOS REGION)	ORIENTAL MINDORO
ILOCOS NORTE	ROMBLON
ILOCOS SUR	SPRATLY ISLANDS
LA UNION	REGION V (BICOL REGION)
PANGASINAN	ALBAY
REGION II	CAMARINES NORTE
ISABELA	CAMARINES SUR
NUEVA VIZCAYA	CATANDUANES
QUIRINO	MASBATE
REGION III (CENTRAL LUZON)	SORSOGON
BATAAN	REGION VI (WESTERN VISAYAS)
BULACAN	AKLAN
NUEVA ECIJA	ANTIQUE
PAMPANGA	ILOILO
TARLAC	REGION VIII (EASTERN VISAYAS)
ZAMBALES	BILIRAN
AURORA	EASTERN SAMAR
NATIONAL CAPITAL REGION	NORTHERN SAMAR
METRO MANILA	SAMAR (WESTERN SAMAR)
	SOUTHERN LEYTE
	REGION XIII (CARAGA)
	DINAGAT ISLANDS

way below normal	below normal	near normal	above normal
0	46	38	0

DOST
PAGASA
The Weather and Climate Authority
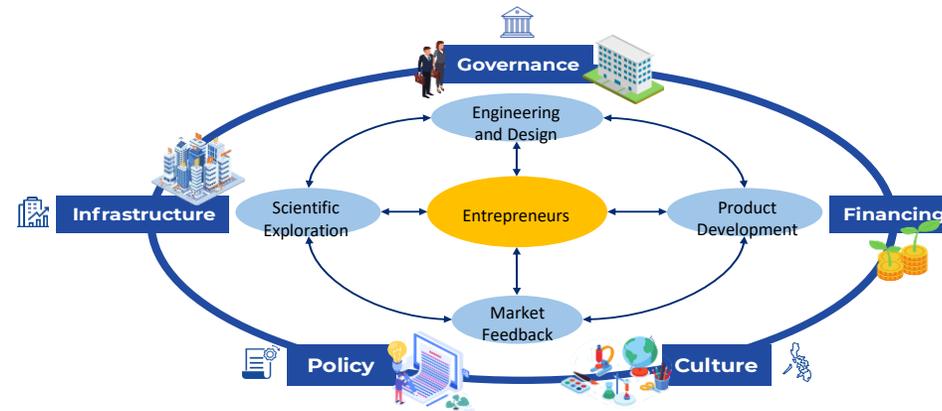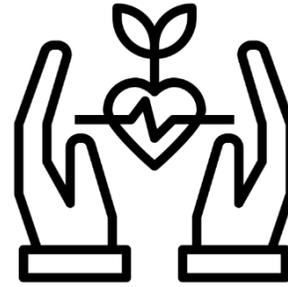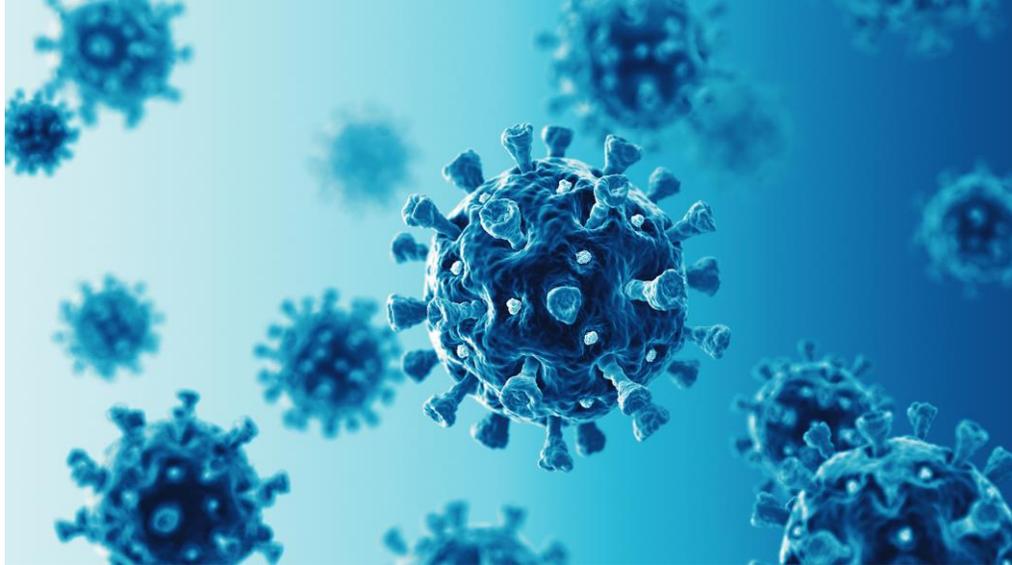
Evolution of the COVID19 problem from pandemic to syndemic

Unemployment rate markedly declined to 5.0 percent; however underemployment rate worsened to 15.4 percent in September 2022

Net employment generation

JUL 2019 vs JUL 2022	SEP 2021vs SEP 2022
4.9 million	**4.0 million**

Legend values on chart: 25.0, 20.0, 15.0, 10.0, 5.0, 0.0 (percent)

Data labels: 14.8, 18.9, 17.6, 5.3, 8.9, 14.2, 15.4, 5.0

— Unemployment Rate   — Underemployment Rate

Timeline bars: ECQ, GCQ, GCQ, GCQ, GCQ, GCQ, ECQ, MECQ, GCQ, GCQ, ECQ, MECQ, AL3/2, AL3/2, AL2, AL3, AL2, AL1, AL1, AL1, AL1, AL1

Months: Jan Apr Jul Oct | Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec | Jan Feb Mar Apr May Jun Jul Aug Sept

Years: 2020 | 2021 | 2022

Source: Labor Force Survey, Philippine Statistics Authority

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15

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Cash Assistance Received from Domestic Sources by Income Decile, 2021
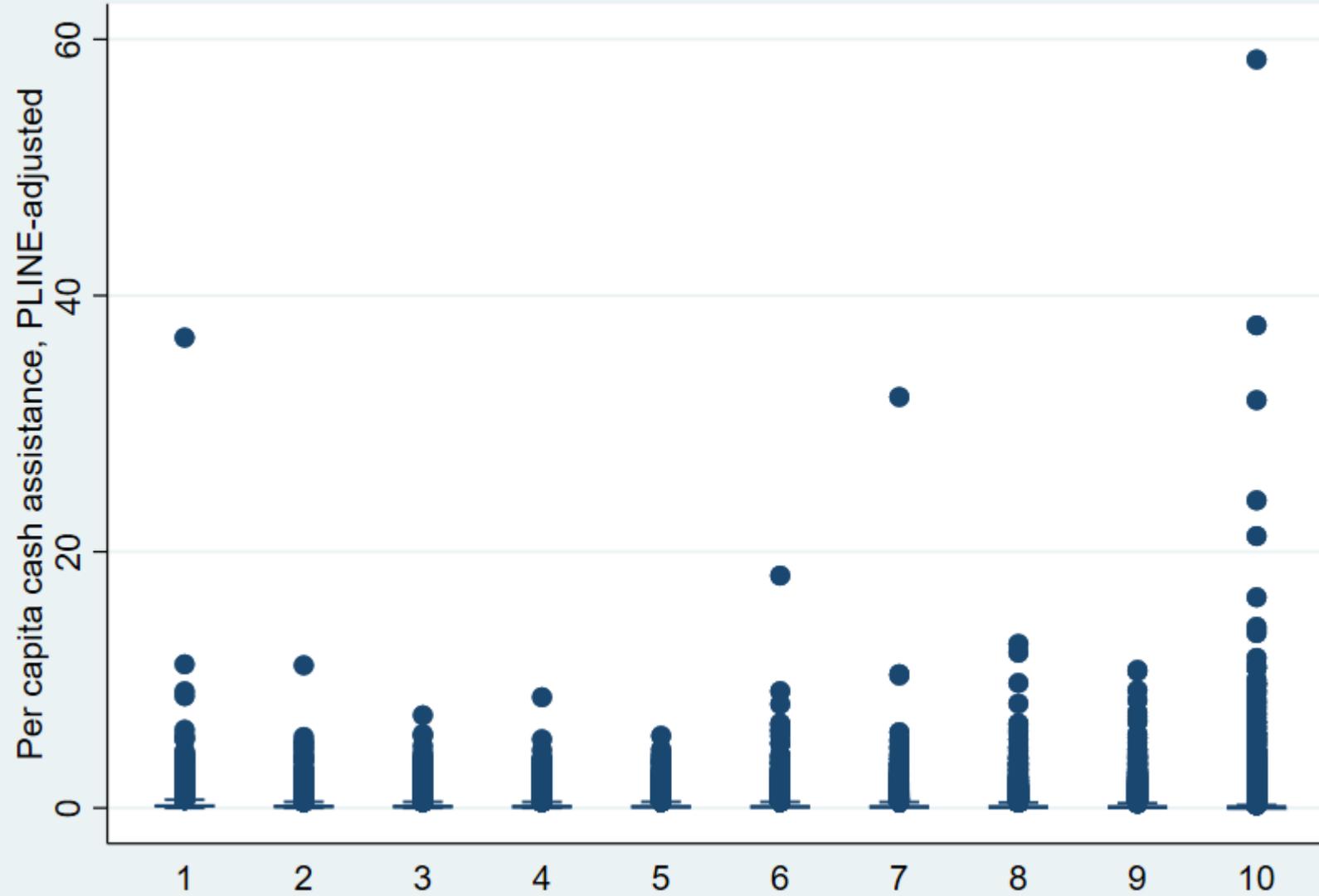
Impact on Poverty Status of Cash Assistance Received in 2021*

Poverty Status Before Cash Assistance	Poverty Status After Cash Assistance		
	Poor	Nonpoor	
Poor	18.14	6.13	24.27
Nonpoor	0	75.73	75.73
	18.14	81.86	100

* Estimated from FIES 2021 using variable "cash assistance received from domestic sources", which may include assistance from National Government, LGUs, NGOs, others

Economic losses were significant

Nominal GDP scenario

Legend: —Post-pandemic —Pre-pandemic —Actual
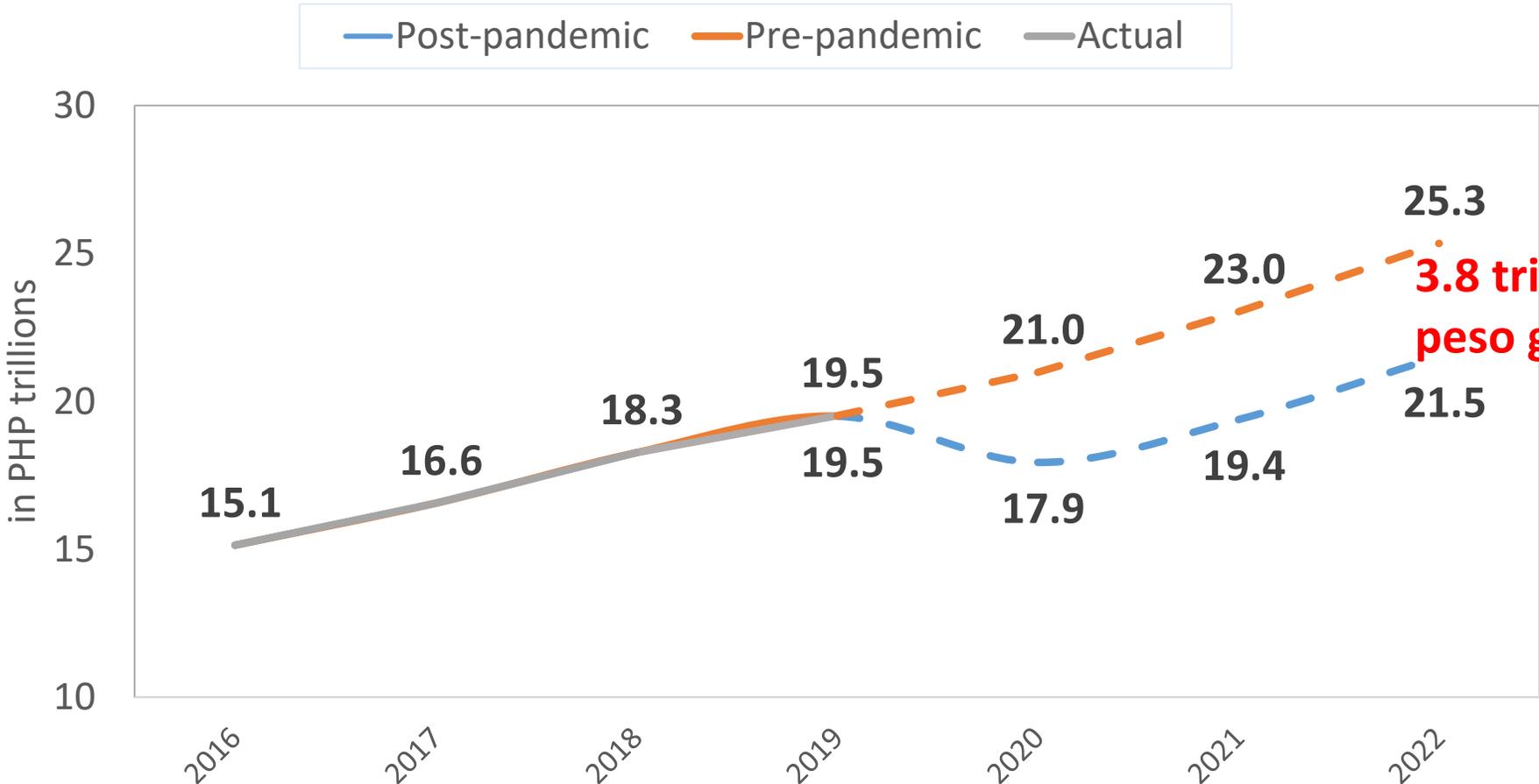
Of which:
a. Household income: 1.3 trillion
b. Corporate income: 2.2 trillion
c. Indirect taxes: 0.3 trillion

3.8 trillion peso gap

Data points (in PHP trillions):
- 2016: 15.1
- 2017: 16.6
- 2018: 18.3
- 2019: 19.5 / 19.5
- 2020: 21.0 (pre-pandemic) / 17.9 (post-pandemic)
- 2021: 23.0 (pre-pandemic) / 19.4 (post-pandemic)
- 2022: 25.3 (pre-pandemic) / 21.5 (post-pandemic)

y-axis: in PHP trillions (10 to 30)

Source: Values are imputed using the PSA consolidated income accounts, of which 34% of GDP is compensation of employees or HH income, 58% of GDP is operating surplus or corporate income, and the remaining 8% of GDP is taxes.

Source: PSA and NEDA staff estimates
Note: This assumes real growth of 8 percent in 2022, and inflation of 3 percent.

Unemployment and underemployment rates significantly dropped to 4.8 percent and 12.9 percent, respectively in February 2023

Net Employment Generation

2019 vs 2022 (Quarterly Ave)	FEB 2022 vs FEB 2023
3.9 million	**3.3 million**

Unemployment Rate — Underemployment Rate

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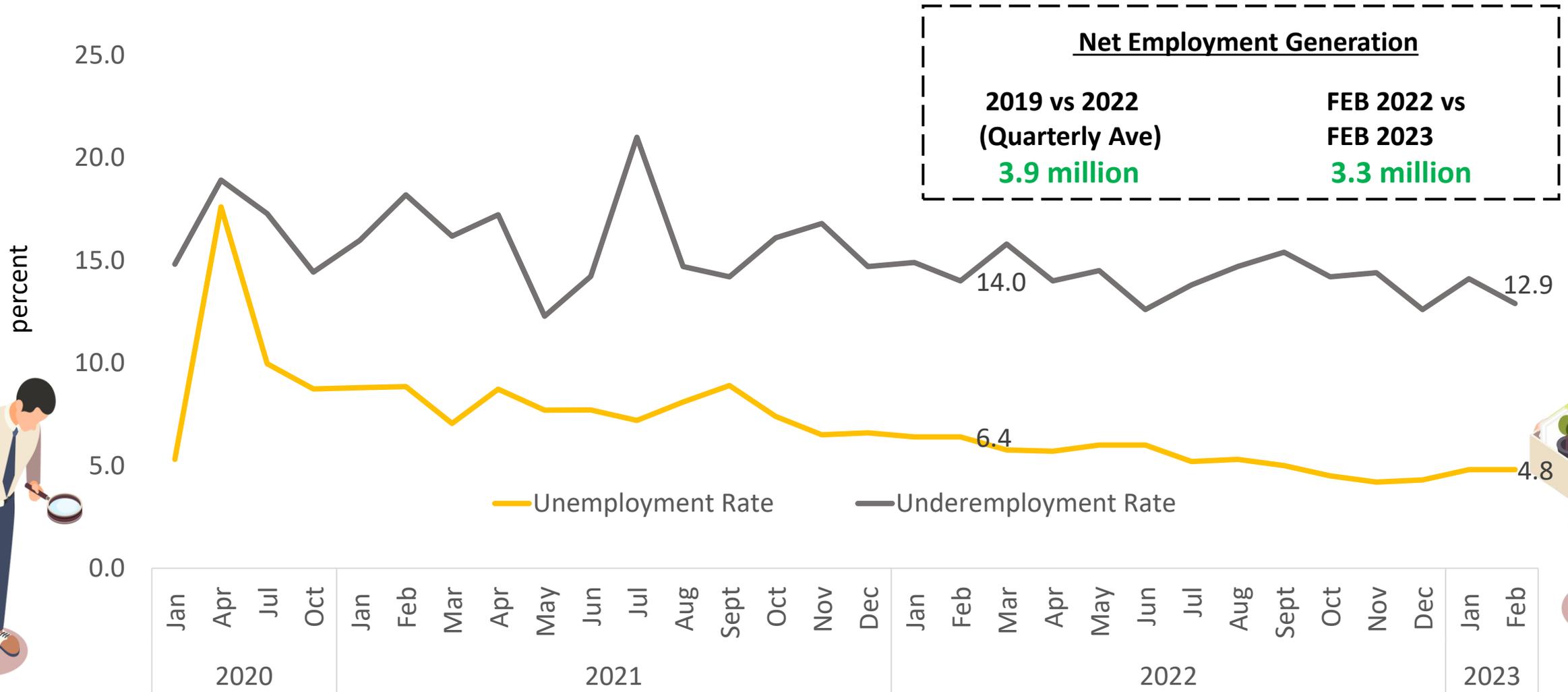
The Philippine economy grew by 7.6% in 2022.

PH Real GDP Growth (%)

Values by quarter:
- 2016: Q1 6.9, Q2 7.4, Q3 7.3, Q4 6.9
- 2017: Q1 6.4, Q2 7.2, Q3 7.5, Q4 6.6
- 2018: Q1 6.5, Q2 6.4, Q3 6.1, Q4 6.4
- 2019: Q1 5.9, Q2 5.6, Q3 6.3, Q4 6.6
- 2020: Q1 -0.7, Q2 -16.9, Q3 -11.6, Q4 -8.2
- 2021: Q1 -3.8, Q2 12.0, Q3 7.0, Q4 7.9
- 2022: Q1 8.0, Q2 7.5, Q3 7.7, Q4 7.1

FY 2020 growth: -9.5%
FY 2021 growth: 5.7%
FY 2022 growth: 7.6%
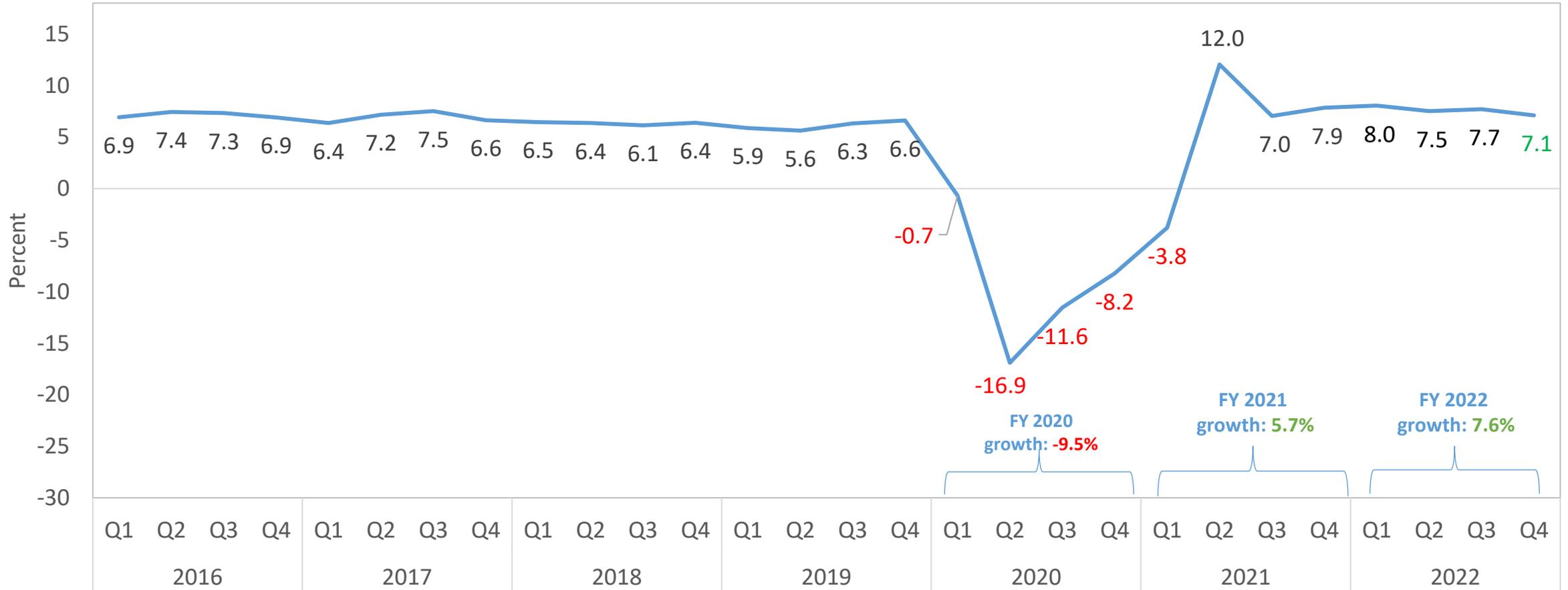
Source: PSA

Despite the strong growth in 2022, some sectors still remained below pre-pandemic levels.

Real Sector Index (2019=100), Demand

- Gross Capital Formation

Real Sector Index (2019=100), Supply

- Construction — 92.4
- Transport & Storage — 91.4
- Mining & Quarrying — 90.1
- Real Estate — 89.6
- Other Services — 77.2
- Accommodation & Food Services — 76.9
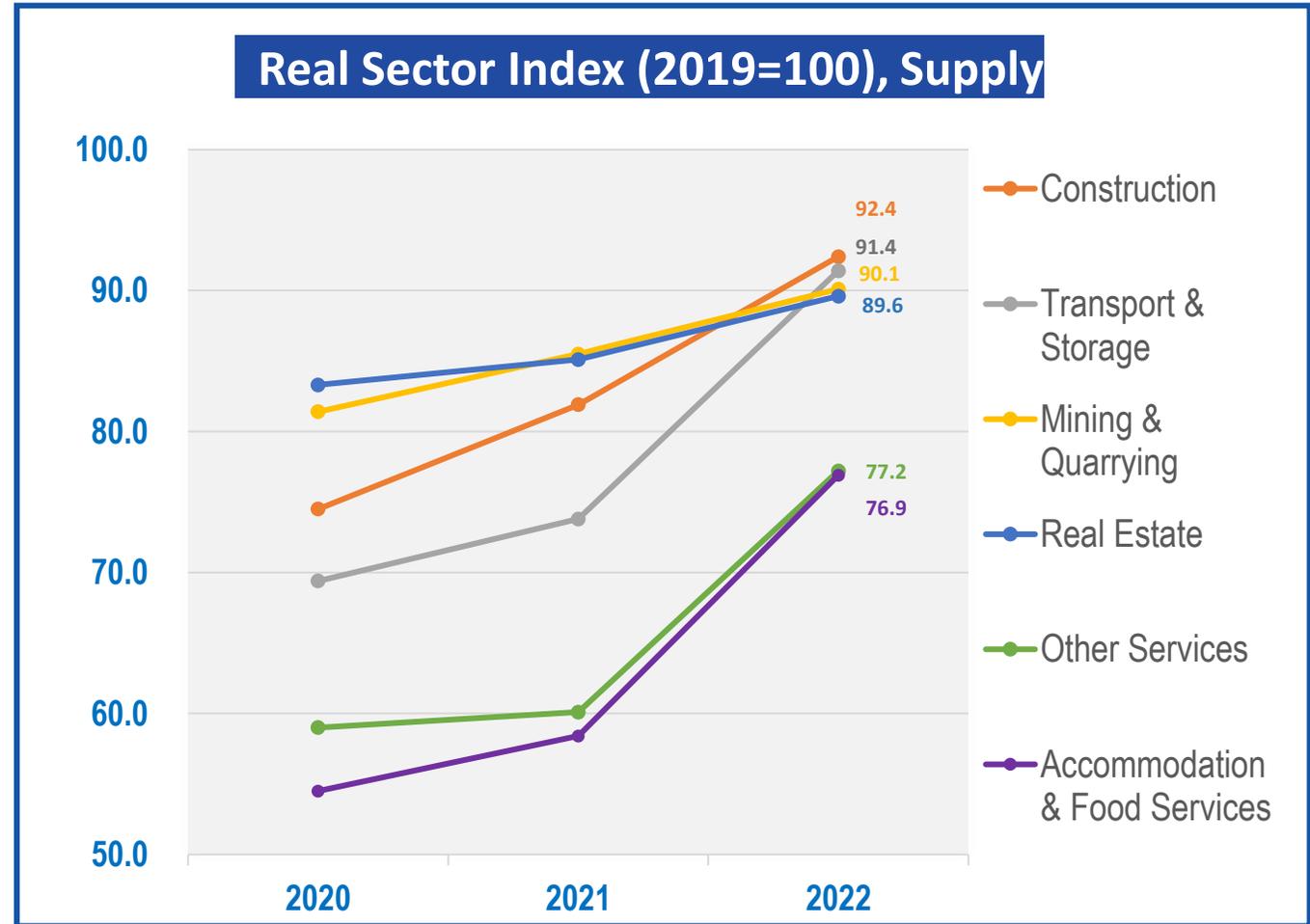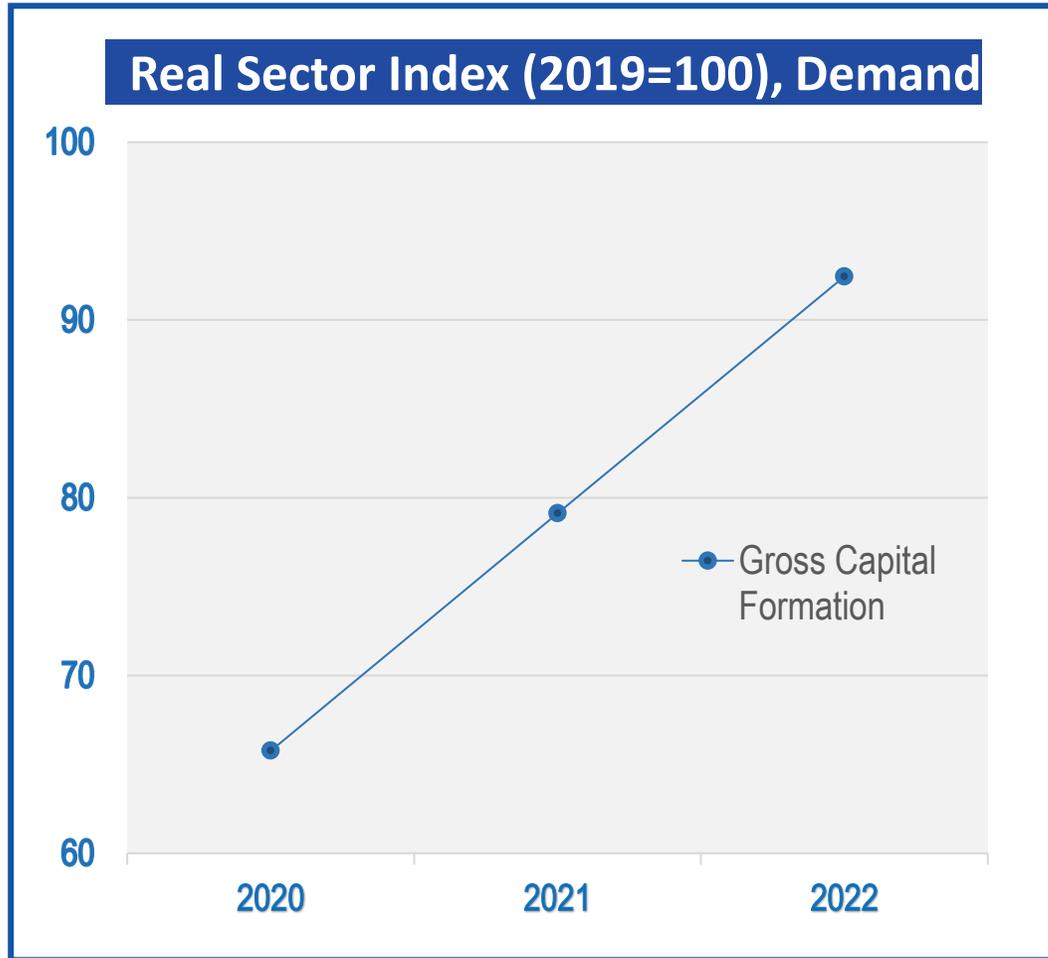
FY real GDP per capita also remains below the pre-pandemic (2019) level

Real GDP Per Capita (2019=100)

- 2019: 100.0
- 2020: 89.2
- 2021: 93.1
- 2022: 98.9
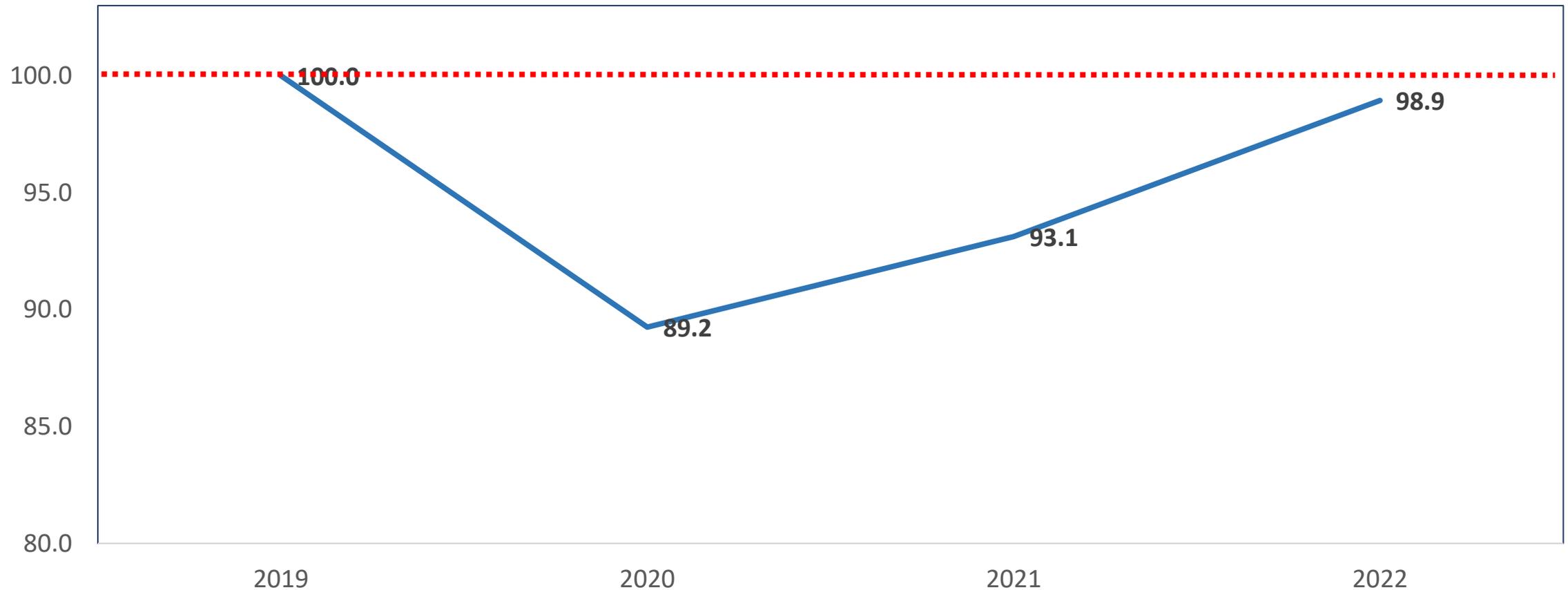
Source: Philippine Statistics Authority and NEDA Staff Estimates

Lessons learned from the COVID-19 Pandemic

1. Everything and **everyone** are **INTERCONNECTED**

2. We need to **strengthen key sectors**

HEALTH   EDUCATION   AGRICULTURE

3. We **need** to **INVEST** in

Early warning systems

Social Protection
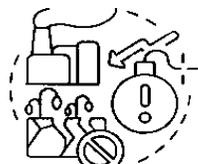
Resilience-building

R&D and innovation

Technology

4. There are **limit** to **government resources**; we need **EVERYONE** help

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Sustained rapid economic growth is a necessary condition for a significant poverty reduction.

Reforms must be complemented by safety nets.

Reform initiatives must be preceded by a communication and advocacy campaign to build broad-based support for the reform

Governance is more important than government.

PDP 2023-2028: A Plan for Economic and Social Transformation

Approved by the NEDA Board on 16 December 2022
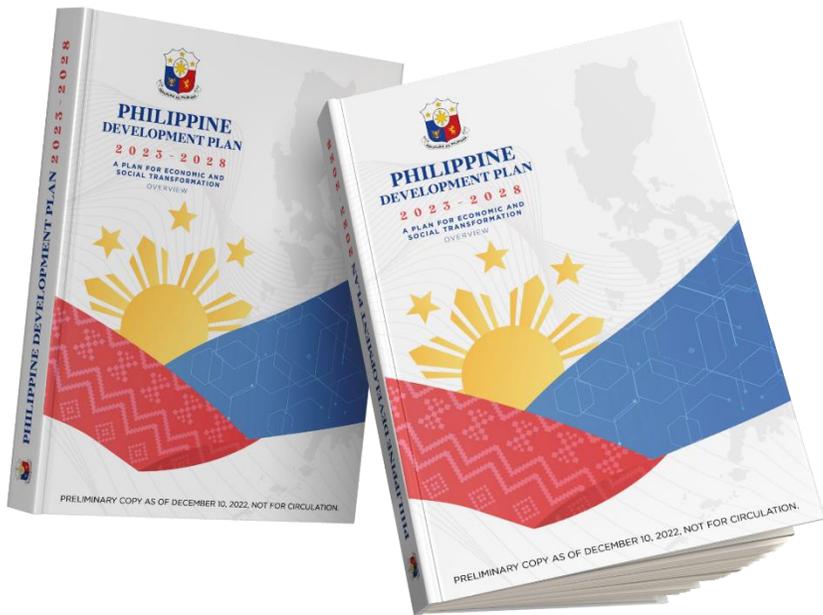
The overall goal is to
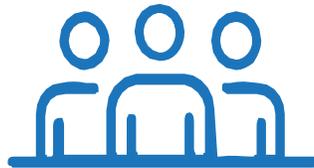
- reinvigorate job creation and accelerate poverty reduction

- by **steering the economy back on the high-growth path** and more importantly

- effect **economic & social** transformation for a prosperous, inclusive, and resilient society.

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Economic and Social Transformation
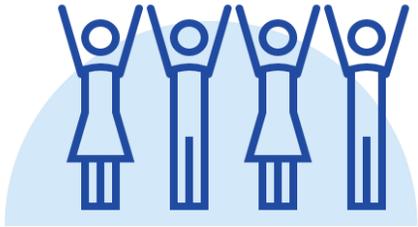
Social Sector

High-trust society with Pro-active, Smart and Innovative People

With high regard for quality of life, inclusive opportunities, continuous human capital development, and innovative thinking

Economic Sector

Competitive, globally-connected;

Resilient, technology-enabled and agile;

Provides opportunities for all through innovation and entrepreneurship.

Institutions

Collaborative, Responsive, Reliable and Efficient

Provides the needed services that are trustworthy, safe, and secure.
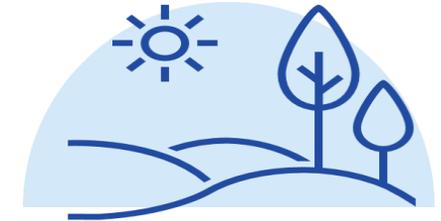
Environment

Efficient, Clean, and Sustainable

Resources are utilized to optimum levels without compromising balanced and healthful ecology for present and future generations.

MATATAG, MAGINHAWA AT PANATAG NA BUHAY

ECONOMIC AND SOCIAL TRANSFORMATION FOR A PROSPEROUS, INCLUSIVE, AND RESILIENT SOCIETY

DEVELOP AND PROTECT CAPABILITIES OF INDIVIDUALS AND FAMILIES

TRANSFORM PRODUCTION SECTORS TO GENERATE MORE QUALITY JOBS AND COMPETITIVE PRODUCTS

PROMOTE HUMAN AND SOCIAL DEVELOPMENT

REDUCE VULNERABILITIES AND PROTECT PURCHASING POWER

INCREASE INCOME-EARNING ABILITY

MODERNIZE AGRICULTURE AND AGRI-BUSINESS

REVITALIZE INDUSTRY

REINVIGORATE SERVICES

BOOST HEALTH

IMPROVE EDUCATION AND LIFELONG LEARNING

ESTABLISH LIVABLE COMMUNITIES

ENSURE FOOD SECURITY AND PROPER NUTRITION

STRENGTHEN SOCIAL PROTECTION

INCREASE EMPLOYABILITY

EXPAND EMPLOYMENT OPPORTUNITIES

ACHIEVE SHARED LABOR MARKET GOVERNANCE

PROMOTE TRADE AND INVESTMENTS

ADVANCE R&D, TECHNOLOGY, AND INNOVATION

ENHANCE INTER-INDUSTRY LINKAGES

PROMOTE COMPETITION AND IMPROVE REGULATORY EFFICIENCY

PRACTICE GOOD GOVERNANCE AND IMPROVE BUREAUCRATIC EFFICIENCY

ENSURE MACROECONOMIC STABILITY AND EXPAND INCLUSIVE AND INNOVATIVE FINANCE

ENSURE PEACE AND SECURITY, AND ENHANCE ADMINISTRATION OF JUSTICE

EXPAND AND UPGRADE INFRASTRUCTURE

ACCELERATE CLIMATE ACTION AND STRENGTHEN DISASTER RESILIENCE

Medium Term Socioeconomic Targets

Headline Indicator	Baseline (2022/latest available)	End-of-Plan Targets
GDP (growth rate, %) increased	5.7 (2021) 7.6 (2022)	6.5 – 8.0
Gross national income per capita increased	USD3,640 (2021)	USD6,044– USD6,571
Unemployment rate (%) decreased	5.4 (Ave. Jan, Apr, Jul, Oct 2022)	4.0 – 5.0
Percentage of wage and salaried workers in private establishments to total employed workers (%) increased	49.6 (Ave. Jan, Apr, Jul, Oct 2022)	53.0 – 55.0
Food Inflation (%) kept stable	6.1 (2022)	2.0 – 4.0
Headline Inflation (%) kept stable	5.8 (2022)	2.0 – 4.0

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Medium Term Socioeconomic Targets

Headline Indicator	Baseline (2022/latest available)	End-of-Plan Targets
NG Deficit to GDP ratio (%) declined	7.3 (2022)	3.0
Outstanding NG Debt Stock to GDP ratio (%) reduced	60.9 (2022)	48 - 53
Global Innovation Index improved (GII rank)	59th out of 132 (2022)	43rd
Global Competitiveness Index (GCI) rank and score improved	Top 45% Score: 61.9 (2019)	Top 33% Score: 65.1
Poverty incidence (% of Population) reduced	18.1 (2021)	8.8 - 9.0

STRATEGIC FRAMEWORK FOR SP PLAN 2023-2028

GOAL

Risks and Vulnerabilities Reduced

Strengthening Social Protection

OUTCOME

Individual Life Cycle Risks Mitigated	Economic Risks Managed	Natural, Health, Climate and Human Reduced Hazards Mitigated	Governance and Political Risks Addressed

STRATEGIC FOCUS

Full Implementation of SP Floor

Universal health care	Basic income security for children	Basic income security for persons in active age	Basic income security for older persons

Development of Adaptive and Shock-Responsive SP Programs

Adequate Coverage and Level of Benefits	Capabilities of Individuals/Families to prepare, cope and adapt

Rationalization, Modernization, and Integration of the Social Protection System

KRAs

Policy	Institutional Coordination and Governance	Delivery System	Capacity Building	Monitoring, Evaluation, and Learning	Finance and Logistics

Source: DSWD; PDP 2023-2028

THREE STRATEGIC FOCI

FULL IMPLEMENTATION OF SP FLOOR	DEVELOPMENT OF ASRSP PROGRAMS	RATIONALIZATION, MODERNIZATION, AND INTEGRATION OF SP SYSTEM
Strategic initiatives will be implemented to ensure comprehensive security and universal health care for all age groups, providing everyone guaranteed access to **a menu of SP programs during various life-cycle shocks and risks.**	Strategic initiatives to increase the current Social Protection system's flexibility, **to expand beneficiary coverage to cover all affected, build household and community resilience to respond effectively to covariate shocks.**	Strategic initiatives are targeting the modernization, digitalization, and integration of the Social Protection system throughout its entire implementation chain, from policy formulation to monitoring and evaluation. **Ensuring ease of access by everyone to a simplified, integrated and more efficient delivery of services.**

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Source: DSWD; PDP 2023-2028

DEVELOPMENT OF ASRSP PROGRAMS

Sub-outcome 2.1
Adequate Coverage and Level of Benefits

Strategic Initiative 2.1.1: Establishment of Framework and Testing of Shock-Responsive Approaches

Strategic Initiative 2.1.2: Implementation and Mainstreaming of Shock-Responsive Pilots

Strategic Initiative 2.1.3: Strengthening the Subcommittee on Social Protection and its linkage with the NDRRMC

Strategic Initiative 2.1.4. Establish social safeguards integrated in development interventions by government

Sub-outcome 2.2
Capabilities of Individuals/Families to prepare, cope and adapt

Strategic Initiative 2.2.1: Strengthen risk reduction and preparedness

Strategic Initiative 2.2.2: Strengthen Community-driven solutions on resilience building

Strategic Initiative 2.2.3: Diversify livelihoods and income sources

Strategic Initiative 2.2.4: Promote financial literacy and social insurance coverage for resilience

Strategic Initiative 2.2.5: Programming and Mapping of Evacuation Center Needs by Localities

Poverty reduction efforts need to be nuances and should evolve with the times....

A significant number of the poor in 2015 have become nonpoor

A number of innovations have been developed in the economic, social, institutional and environmental domains

But they remain vulnerable; they have not built up sufficient human, physical and financial capital

It remains a VUCA world, made worse by the economic and social scarring due to COVID19

Poverty reduction efforts need to be nuances and should evolve with the times....

They should be empowered with the knowledge, skills and competencies to participate in economic processes and to continuously build up capital

A significant number of the poor in 2015 have become nonpoor

A number of innovations have been developed in the economic, social, institutional and environmental domains

Government needs to be more efficient in delivering services and introducing reforms

Social protection, DRR, and CCA will be critical components of poverty reduction efforts.

But they remain vulnerable; they have not built up sufficient human, physical and financial capital

It remains a VUCA world, made worse by the economic and social scarring due to COVID19

All of society needs to adopt a culture of innovation

Government needs to be more adept at futures and foresight thinking

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Scan the QR Code to download the full version of the PDP 2023-2028.

Thank you.

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