



# Trends in Poverty and Inequality At A Glance



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The economic growth of the Philippines averaged 4.8 percent in 2000-2012, well above the 2.9 percent average in the 1990s and the 1.7 percent average in the 1980s. Outpacing its neighbors in the Asian region who are grappling with the impact of the recession in Europe and the slow recovery in the United States, the country's gross domestic product (GDP) grew at an impressive rate of 7.6 percent in the first semester of 2013. The acceleration in growth was driven mainly by private consumption backed by remittances from the large overseas workforce and the increased infrastructure spending of the government. Despite the better economic performance and the series of international credit rating upgrades, inclusive growth still eludes the Philippines with poverty incidence remaining high and with inequality worsening.

**Persisting Poverty.** The latest poverty statistics released by the National Statistical Coordination Board (NSCB) reported that in the first semester of 2012, the proportion of Filipino families in extreme poverty whose incomes are not sufficient to meet subsistence or basic food needs stands at 10 percent. This figure is unchanged from the same period in 2006 and 2009.

In terms of poverty incidence, in the first semester of 2012, out of 100 families, 22 were estimated to be poor—i.e. their incomes are sufficient to meet basic food needs but not the non-food needs such as education, clothing and footwear, medical care, transportation and communication, fuel, light and water, housing rental/maintenance, household operations, personal care and effects. This figure barely decreased from those recorded in the first half of 2006 and 2009.

**Worsening Income Inequality.** Wide disparities in income also persist. During the first semesters of 2006, 2009, and 2012, the bottom 20 percent of families have an average share of about 6 percent of the total income in the country; whereas the upper 20 percent account for nearly 50 percent of total income.

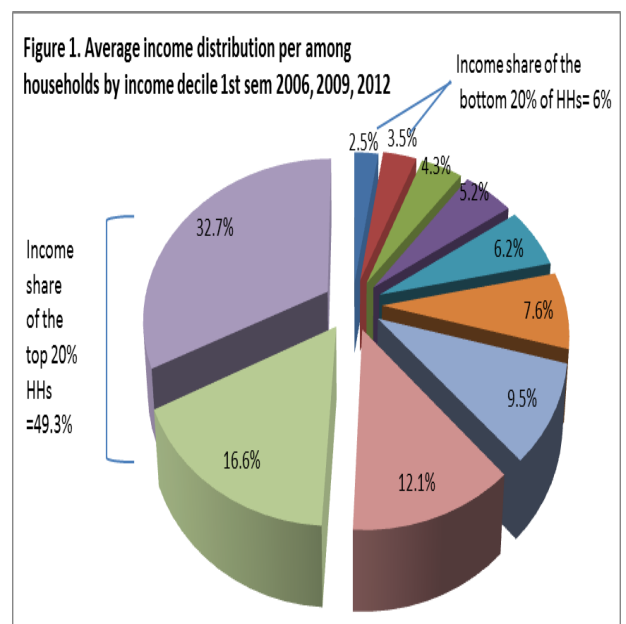
During the said periods, total income of the top 20 percent of households is approximately eight times of the total income of the bottom 20 percent of households.

Looking at income inequality or expenditure alone can, however, be limiting. Experts agree that disparities in the means to raise one's living standards—i.e. inequality in opportunity—such as physical assets (e.g., capital and land), human capital (e.g., education and health), and market access (e.g., labor and finance) should also be given the same attention. Unequal access to public services, especially education and health, is central to generating inequality of opportunity.

**Table 1. Thresholds and Incidence: 1st Semester 2006, 2009, 2012**

Statistics	1st Semester Estimate			Increase/decrease in %	
	2006	2009	2012	1st Sem 06-09	1st Sem 09-12
<b>Monthly Food Threshold for a Family of Five (PhP)</b>	3,894	4,903	5,458	25.90%	11.30%
<b>Subsistence Incidence (%)</b>					
Families	10.8	10	10	0.8	0
Population	14.2	13.3	13.4	0.9	0.1
<b>Monthly Poverty Threshold for a Family of Five (PhP)</b>	5,586	7,040	7,821	26.1	11.1
<b>Poverty Incidence (%)</b>					
Families	23.4	22.9	22.3	0.5	0.6
Population	28.8	28.6	27.9	0.2	0.7

Source: Poverty Statistics, NSCB 2013



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**Inequality in Education.** Inequality of income is attributed largely to inequality of education. In the Philippines, education increases individuals' employability. According to Son (2010), the probability of being employed was 57 percent for individuals with tertiary education, and 34 percent for those with primary education only. In terms of wages, Reyes (2013) pointed out that the average daily wage of someone who has finished high school is 40 percent higher than the wage of someone who has only reached some years in elementary.

In 2010, **95.54 percent** of children aged 6-15 years old from poor households attend public schools.

Table 2. Number of Poor Individuals Attending School by Age, 2010

Education Level	Population	Attending School	Percentage of population
Elementary level (6 to 11 years old)	5,492,024	4,564,910	83.10%
High School level (12 to 15 years old)	3,278,406	2,449,180	74.70%
College level and above (16 to 30 years old)	7,181,312	902,695	12.60%
Total	15,951,742	7,916,785	49.62%

Source: Source: NHTS-PR, DSWD December 2011

Data from the National Household Targeting System for Poverty Reduction (NHTS-PR) indicate that poor households give importance to education as can be seen by their attendance to school. However, from a high of 83 percent attending elementary school, the numbers dwindle as the children move to higher levels. The net attendance rate for post-secondary education for the top quintile was about seven times as high as for the bottom quintile (ADB 2012).

**Inequality in Health.** With annual government health budget insufficient for the public's health needs and a social health insurance that leaves much to be desired, health care in the Philippines has been dominantly financed by out-of-pocket payments. Households without full health insurance coverage face the risk of sliding into poverty due to medical care expenditures in the event of an illness.

The reforms in the National Health Insurance Program or PhilHealth implemented by the Aquino Administration such as the No Balance Billing Policy which ensures that the poorest segment will not pay anything for healthcare services in government hospitals and the Z Benefit Package which covers treatment of catastrophic diseases such as cancers and heart bypass are making headway in the government's thrust toward universal health care. As of April 2013, PhilHealth enrolment rate was at 81 percent covering 79.13 million Filipinos.

The passage of the new PhilHealth Law (RA 10606) in June 2013 will make the enrolment of poorest of the poor in PhilHealth mandatory, and will have the National Government fully subsidize the premium payments of the 5.3 million poor families included in the NHTS-PR. The remaining 4.55 million poor families will be enrolled in partnership with the local government units.

However, being enrolled does not automatically mean being able to avail the benefits of PhilHealth. The Joint Benefit Delivery Review by the DoH and PhilHealth (2010) shows the low availment rate—33 percent—among the sponsored members who belong to the lowest income quintile. Availment for the upper income quintiles was at 42 percent.

For the poor, the availment rate in 2008 is influenced by: 1) the availability of accredited providers; 2) shortage of supplies and medicines in public hospitals; 3) inability to submit required documents for enrolment and claims; and 4) having little or no resources to pay for the remainder of the hospital bill after deducting the PhilHealth benefit because of low PhilHealth support value.

**Towards a More Inclusive Growth.** Experts are calling on policy makers to address high and worsening inequality since it can weaken the basis of growth itself, reduce social cohesion, undermine the quality of governance, and increase pressure for inefficient populist policies. For the poor to benefit from the emergence of vast new economic opportunities, unleashed by trade and financial integration, technological progress, and deliberate policies that expand opportunities for employment and human development should be put in place. In terms of bridging the education disparity, Reyes (2013) recommends that the beneficiaries of the *Pantawid Pamilyang Pilipino Program* (4Ps) be allowed to finish high school which will possibly require extension of the coverage period to more than the current five years. For health on the other hand, fast-tracking of accreditation of health facilities especially in the ARMM and CARAGA regions should be prioritized. Finally, information dissemination among the poor should be extensive to improve their availment rate as well.

Table 3. Availment Rate and Support Value by Program, 2008

	Adjusted Availment Rate	Support Value
Sponsored Program	33%	50%
Non-Sponsored Program	42%	28%
Total	42%	34%

Source: DoH-PHIC (2010)