How does PSA generate Official Poverty Statistics?

WHO ARE THE POOR?

The poor are individuals and families whose income fall below the poverty threshold as defined by the NEDA and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life.

Section 3 of Republic Act 8425 of 1997 (Social Reform & Poverty Alleviation Act)

WHY DOES PSA RELEASE POVERTY STATISTICS?

PSA releases poverty statistics to serve as a tool for decision making of the government and the private sector

(Executive Order 352)

WHAT ARE THE DATA INPUTS AND SOURCES?

PROVINCIAL FOOD BUNDLE
Food and Nutrition Research Institute (FNRI)

PRICE DATA
Philippine Statistics Authority (PSA)

INCOME
Family Income and Expenditure Survey (FIES) PSA

WHO DEVELOPED THE CURRENT METHODOLOGY and COMPILES POVERTY STATISTICS?

The then Technical Committee on Poverty Statistics (TC PovStat), which was composed of experts on poverty statistics, was tasked with the development/ formulation of the official poverty estimation methodology. The PSA Technical Staff is in charge with the compilation and estimation of the official poverty statistics based on the approved methodology.

❶ HOW TO ESTIMATE PER CAPITA FOOD THRESHOLD

NATIONAL FOOD BUNDLE[1]	% Energy and Nutrient Adequacy		Sample Translation: NCR FOOD BUNDLE
BREAKFAST	Energy	100	**BREAKFAST**
Scrambled egg	Protein	123	Scrambled egg
Coffee with milk	Calcium	119	Coffee with milk
Boiled rice/rice-corn mix	Iron	80	Boiled rice
LUNCH	Vitamin A	131	**LUNCH**
Boiled monggo with malunggay and dried dilis	Thiamin	88	Boiled/ginataang monggo with malunggay and dried dilis
Banana	Riboflavin	80	Banana, latundan
Boiled rice/corn mix	Niacin	249	Boiled rice
DINNER	Vitamin C	106	**DINNER**
Fried fish/boiled pork			Fried tulingan
Vegetable dish			Boiled kangkong
Boiled rice/rice-corn mix			Boiled rice
SNACKS			**SNACKS**
Bread or boiled rootcrop			Pandesal

[1]Food items in blue font may vary across provinces.

National food bundle was converted to Provincial food bundle using the following criteria:
1. Must satisfy 100% Recommended Energy and Nutrient Intakes (RENI) for energy and protein (2000 kcal on average) and 80% RENI for other nutrients
2. Food items in the bundle must be locally available and are eaten in the province
3. Food items in the bundle must be low cost in the province
4. The food bundle must be visualizable, can be cooked or eaten in the area

Using Actual Provincial Prices of Food Items

The average of the monthly prices for 2018, gathered through the price survey conducted by the PSA, are used for estimating the food threshold.

PER CAPITA FOOD THRESHOLD per day

is then multiplied by 30.4 (approximate number of days per month) to get the monthly per capita food threshold

❷ HOW TO ESTIMATE PER CAPITA POVERTY THRESHOLD

The Food Threshold is then divided by the FE/TBE Ratio to account for the cost of the basic non-food needs.

$$\frac{\text{Food Threshold}}{\text{FE/TBE Ratio}}$$

POVERTY Threshold

The non-food component of the poverty threshold is indirectly estimated using the average share of food expenditure to the total basic expenditure of families around the food threshold, and subsequently taking the ratio of the food threshold to this food share to obtain the poverty threshold.

Based on the FIES results in 2000, 2003, 2006 and 2009, the average percentage of **food expenditure to the total basic expenditure** of the families around the subsistence incidence for these 4 FIES surveys is 69.83 percent. This assumes that the cost of the basic food needs, estimated by the food threshold, is 69.83% or 70% of the poverty threshold while the remaining 30% is allocated for the cost of of the non-food needs.

Basic Non-Food Requirement includes: 1) clothing and footwear; 2) fuel, light and water; 3) housing maintenance and other minor repairs; 4) rental of occupied dwelling units; 5) medical care; 6) education; 7) transportation & communication; 8) non-durable furnishing; 9) household operations; and 10) personal care and effects. **Recreation, tobacco and alcohol are excluded.**

❸ HOW TO GENERATE THE SUBSISTENCE INCIDENCE AND POVERTY INCIDENCE

PER CAPITA INCOME

NON POOR

POVERTY THRESHOLD (in pesos)

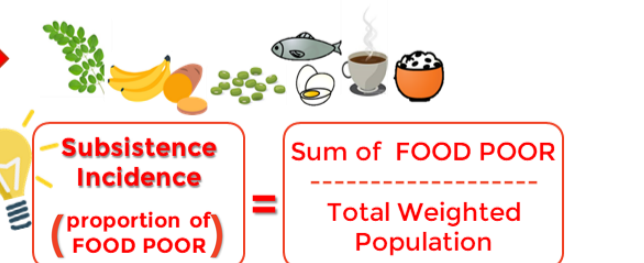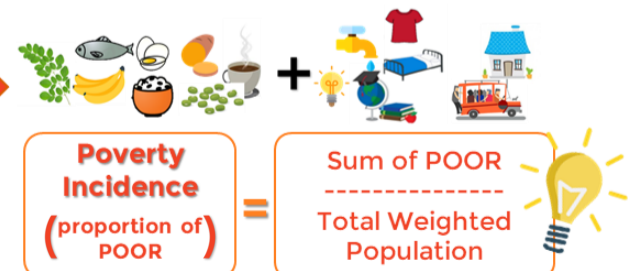If per capita income* is less than the POVERTY THRESHOLD

POOR

FOOD THRESHOLD (in pesos)

If per capita income* is less than the FOOD THRESHOLD

FOOD POOR

Poverty Incidence (proportion of POOR) $= \dfrac{\text{Sum of POOR}}{\text{Total Weighted Population}}$

Subsistence Incidence (proportion of FOOD POOR) $= \dfrac{\text{Sum of FOOD POOR}}{\text{Total Weighted Population}}$

*Per Capita Income = Total Family Income/ Family Size

Notes:
1. The Full Year 2018 official poverty statistics is available at the national, regional and provincial levels. Also, poverty estimates for highly urbanized cities are available in the Full Year 2018. (https://psa.gov.ph/poverty-press-releases)
2. There will be an upcoming review for the official poverty estimation methodology following the provision in the resolution that the methodology should be reviewed every 10 years. (https://psa.gov.ph/poverty-press-releases/references)