

On poverty, hunger and employment: Off-track but not without hope

► By MARIVIC RAQUIZA

Summary

The pace of poverty reduction in the Philippines did not only decelerate but has actually been reversed, and poverty incidence is expected to register a further increase in the next round of official estimates. Self-rated hunger, which is a reliable indicator, is at record levels. Furthermore, a significant section of our people, many women and young people, are resorting to part-time and low productive work in order to augment family incomes, especially in the context of the multiple crises that have recently hit the country. Most anti-poverty programs of the government only provide short-term relief, or, at best, poverty reduction but at localized levels. The government's over-all official development strategy must be examined to understand why poverty, and inequality, remain stubborn problems. Indeed, on certain issues like debt, trade and aid, and foreshadowing the MDG 8 chapter, it is likely that many policy positions taken have meant even increased impoverishment for our people.



MDG Goal 1 Targets 1 and 3: On eradicating extreme poverty and hunger

On poverty

The dominant and official paradigm to measure poverty in the Philippines and elsewhere is the monetary approach. It is the basis for measuring success or failure in reaching MDG 1.

The Philippine government began to monitor poverty trends in 1985, and since then, has changed its methodology twice—in 1992 and 2002. In both cases, the changes resulted in the lowering of poverty incidence. While this has caused many to wonder whether such a move was part of the government's attempt at window-dressing, the government has consistently maintained that these changes were the result of refinements in estimation procedures.

Since 1985, the official poverty line¹ has been on a slow, downward trend across the latter half of the eighties and throughout the nineties. This trend was echoed into the millennium, from year 2000 until 2003. After that, official poverty, for the first time in recorded history, experienced a reversal, when the poverty incidence rose by almost 3% from 2003 to 2006. It must be noted that the results of the 2006 Family Income and Expenditure Survey (FIES) were only officially announced in March 2008²; prior to this, the government was still standing by the 2003 FIES results of poverty reduction, at a time when many sectors in society began to complain of a worsening of the quality of life. How did the government explain the rise in poverty incidence? A NEDA statement (March 5, 2008) cited three factors for the increase in poverty incidence: 1) government's expansion of the value added tax (VAT) coverage in November 2005 and the imposed higher tax rate in February 2006, 2) higher oil prices, and 3) population growth which grew faster than personal incomes.

To begin with, many in civil society have argued that the methodology to measure poverty uses a very low poverty threshold which has resulted in a much

lower poverty incidence. Poverty threshold³ means the minimum amount needed to cover both the food and non-food requirements of a family. As former National Statistics Office Administrator Tomas Africa states, "the official poverty line is a conservative estimate; if poverty goes up, then the situation must really be bad on the ground".⁴

Currently, the monthly poverty threshold is Php 6,273.75 for a family of five members and this translates to Php 41 per person per day. The Global Call to Action Against Poverty (GCAP) in fact turned this unrealistically low poverty threshold into a campaign by stating the obvious: that Php 41 per day is not enough to cover the food and non-food expenses (e.g., medical, educational, transportation, rental expenses) of anyone. Finally, this paper argues that an unrealistically low poverty threshold has two serious implications: One, that the poor can be found not just below, but also above the poverty line; and Two, it has the effect of making the public accept that segments of our people who live in wretched conditions are not part of the 'deserving poor' and consequently do not oblige the State to provide help.

Many analysts already anticipate a further increase in poverty incidence to be reflected in the upcoming 2009 FIES due to the multiple crises that have struck the country in recent years. The year 2008 ushered in three crises: the food, the fuel, and the global financial crisis. The first two resulted in high inflation rates which pushed some three million Filipinos into poverty, widening the poverty gap and intensifying poverty severity. The impact of the third crisis, mostly in the form of job losses, was less in the Philippines compared to other countries. Dejardin⁶ argues that this is because exposure was mostly felt in the export-oriented manufacturing sector, with the electronics sector in particular taking the hardest hit. Still, some 1.4 million Filipinos are expected to fall into poverty this year as a result of the global financial crisis.⁵ Apart from these crises, there is also a need to take into ac-

¹ Official poverty is that which is monitored by government as against other types of poverty monitored using other methods (e.g., self-rated poverty used by the Social Weather Station).

² The 2006 FIES was announced in March 2008 although preliminary results were made public in October 2007.

³ Poverty threshold is low for a number of reasons: 1) actual food expenses of Filipino families are higher than the costs used for the artificially constructed food baskets; 2) it does not include those who consume 'non-basic' items such as alcoholic beverages, cigarettes; enjoy recreational activities; or those who have access to durable goods; 3) the non-food component that goes to measure the poverty threshold is merely a statistical norm and makes no attempt to verify if this is sufficient to cover non-food needs.

⁴ Interview 11 July 2008, Raquiza 2008.

⁵ World Bank, 2009.

⁶ Dejardin, A. K., 2010.

count the negative impact of subsequent shocks on poverty and hunger that hit the country in 2009 and early 2010, that is, tropical storm Ondoy, typhoon Pepeng and the effects of El Niño.

On hunger

Hunger levels tell a more dramatic story. This paper will use the Social Weather Station (SWS) self-rated hunger⁷ as the indicator to measure hunger. As a concept, there is less ambiguity in perceptions of hunger since it basically refers to the lack of food and its consequent biological expression, that of hunger. As Mangahas⁷ argues, self-rated hunger levels are “as objective as the standard of statistical measures of unemployment and underemployment which rely on self-reporting by respondents and are in principle verifiable by observers such as their neighbors.” In fact, one major anti-hunger program of the government, the Accelerated Hunger Mitigation Plan (AHMP), was prioritized in 2007 as a response to the high levels of self-rated hunger reported by the SWS. Today, the AHMP operates in 42 provinces identified by a survey which uses the self-rated hunger questions of the SWS.⁸

SWS starting monitoring hunger levels in 1998 on a quarterly basis; in 1998, hunger levels see-sawed within the range of 6.5% to 14.5% but hunger levels reached a new high with the assumption of Arroyo as Philippine president, in 2001, at 16.1%. Shortly thereafter, hunger levels went down to as low as 5.1% in September 2003, but starting June 2004 these climbed to double digit levels, and never returned to single digit levels, reaching an all-time high of 21.5% in September 2007, which soared higher to 23.7% in December 2008 and 24% in December 2009. In the first quarter of 2010, hunger levels only slightly dipped to 21.2% (or 4 million families). In this context, this paper argues that the target of halving the proportion of people who suffer from hunger (using 1998 as the base as there is no data prior to this) is way off-track.

Undernutrition remains to be a serious public health problem in the country. According to the official report, there is an average decline of 1.25 percentage points per year. At this rate, the country will miss the target of 34.7 (as it will only reach 41.9% by 2015).

Obviously, much more work needs to be done. Furthermore, we have yet to check the adverse effects of the events after 2005 on poverty and hunger, especially the crises in 2008 and subsequent calamities that visited the country (storms, and drought) in 2009 and 2010.

According to the 2008 National Nutrition Survey (NNS), about 3 out of 10 children are undernourished. The prevalence of underweight and underheight children under 5 years old remains high at 26.2%, and 27.9% respectively in 2008. This figure is comparable to the prevalence of underweight children under 5 years of age in Sub-Saharan Africa (28%, 1996-2004).⁹

Undernutrition is largely a rural phenomenon with MIMAROPA, the Bicol Region, Regions VIII and IX leading in the ranks (see Table 1). The poverty incidence in these respective regions supports the fact that hunger is closely intertwined with poverty. Region IX for example, where the poorest town in the country is located, consistently ranks in the top two regions with highest prevalence of underweight, underheight and thin children under 5 years.

Increased poverty as a result of conflict also dominated many areas of Muslim Mindanao, areas which are already amongst the provinces with the lowest access to basic social services and the highest poverty rates. From 2000 to 2009, yearly clashes between the military and rebels in Muslim Mindanao resulted in the displacement of hundreds of thousands. Social exclusion in the form of identity-based discrimination is an enduring cause of poverty; some Muslims lament about the difficulty of finding employment in urban centers once potential employers find out that they have Islamic names. As a result, many poor Muslims fall back to self-employment types of activities (e.g., selling of wares).

In a discussion with members from the urban poor sector, many have also observed the rise in prostitution; a women’s NGO¹⁰ reported stories of women exchanging sexual favors in exchange for fish or vegetables (*palit isda* and *palit bigas*). These stories underscore the desperation some women face, and ‘survival tactics’ they resort to in order to survive. This is an example of the gender differentiated impact of poverty, which rests on the exploitation of women. More research is

⁷ According to Mangahas, the SWS hunger is the proportion of household heads who state that their families have experienced hunger (e.g. without having anything to eat) at least once in the last 3 months (2008: 23)

⁸ Reyes, Celia M. (2010). Philippines Fourth Progress Report on the MDGs, NEDA-UNDP

⁹ UNICEF State of the World’s Children 2006.

¹⁰ Center for Women’s Resources.

Table 1. Prevalence of undernutrition per region, % of children 0-5 years old, 2008

Region	Underweight	Underheight	Thinness
Philippines	26.2	27.9	6.1
I	26.1	23.9	6.7
II	23.9	24.3	5.9
III	20.2	18.9	6.2
CAR	19.9	29.5	5.2
NCR	20.7	20.1	6.1
IV-A	21.5	21.3	5.4
IV-B (MIMAROPA)	33.1	31.6	6.9
V (Bicol)	33.8	33.5	7.2
VI	31.9	33.6	7.1
VII	25.8	31.1	4.3
VIII	32.1	37.6	5.6
IX	33.3	37.9	7.3
X	26	32.3	5.5
XI	26.3	31.6	4.8
XII	30.5	34.1	5.4
CARAGA	28.8	31.6	6.1
ARMM	28.8	34.7	9.6

Source: 7th National Nutrition Survey

necessary, not only to validate these observations, but to further understand how worsening poverty hits different segments of the poor, and their coping strategies, including attempts at survival.

MDG Goal 1 Target 2: On achieving full and productive employment and decent work for all, including women and young people

Overall status

The Philippines has one of the highest levels of unemployment and underemployment in Asia (see Table 2). Unemployment figures stayed on average at 10.6 % from the late 1990's to 2004. After that, unemployment levels fell to a single digit but only after the Philippine government re-defined employment to conform to ILO standards. Since then, unemployment rates have hovered in the vicinity of 7% from 2007 to the present.

From 1990 to 1996, even when employment levels increased, marked by an average annual labor growth rate of 3.7% (or 833,000 entrants a year), this did not always mean an increase in full and productive employment.

Unemployment rates decreased to 8.4% in 1996 (from 9.5% the previous year) and concentrated mostly

in the age group 15-24 years old, mostly out-of-school youth, and unskilled.

In 1996, average weekly hours fell from 42 hours (in 1995) to 41.2 hours. This meant a decrease of full-time employment from 64.8% to 62.6% and an increase in part-time employment from 34% to 36.2%. In the meantime, underemployment grew to 20.9 in 1996 (up from 20% in 1995).

Underemployment is a much more serious problem as its magnitude is much higher—20.9% of the employed, and it hits all age groups in the Philippines. It is also important to note that underemployment during this period is a largely rural phenomenon. Table 3 shows how a significant number of agricultural workers are classified as unpaid family workers from 2001 to 2007, and count more women than men each year.

A significant part of those who found employment in 1996 were in the agricultural and services sector where jobs are characterized by short working hours, seasonal/unstable, with low productivity and earnings. The industry sector, where better jobs can be found, made up barely one-fifth of total additional employment during this period.

However, the services sector has been the biggest source of employment for some time. According to

Table 2. Comparative Unemployment Rates in Selected Asian Countries: 2009-2010

Country	Period Covered	Unemployment Rate	
		Current	A Year Ago
Brunei	2010 (2008 Estimate)	3.7	3.7
Indonesia	2010 (2009 Estimate)	7.7	8.4
Malaysia	2010 (2009 Estimate)	5.0	3.3
Philippines	2010 (January)	7.3	7.7
Singapore	2010 (2009 Estimate)	3.0	2.2
South Korea	2010 (2009 Estimate)	4.1	3.2
Taiwan	2010 (2009 Estimate)	5.9	4.1
Thailand	2010 (2009 Estimate)	1.6	1.4
Vietnam	2010 (2009 Apr 30 Estimate)	2.9	4.7

Source: Current Labor Statistics, Bureau of Labor & Employment Statistics, July 2010

Table 3: Distribution of workers in agriculture by class, year, type, 2001-2007 (in thousands)

	2001		2002		2003		2004		2005		2006		2007	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Wages and salary	542	1,800	504	2,015	596	2,207	598	2,418	578	2,016	539	2,005	524	2,333
Own-account worker	844	4,104	906	4,902	921	5,108	861	5,128	881	4,384	854	4,366	891	5,238
Unpaid family worker	1,464	1,348	1,530	1,433	1,507	1,340	1,476	1,305	1,585	1,320	1,636	1,354	1,663	1,511

Source: National Statistical Coordination Board (NSCB)

Dejardin before the 2008 global financial crisis struck, the services sector expanded in 1990 from 40% - 47% in 2000 to 49% in 2007 and came in the form of wholesale and retail trade, personal services (e.g., private households), transport and other business services. During this period, agricultural employment decreased from 45% in 1990 to 38% of men's employment and 23% of women's employment in 2007. Furthermore, manufacturing shrunk from providing 10% of total employment in 1996 to 9.1% in 2007 and industry stagnated from 16 to 15%.

Indeed, labor productivity (the labor income share of GDP) fell from 0.262 to 0.234 from 2000 to 2005 which is way below the level of other Asian middle-income countries which stands at 0.50⁶.

Dejardin observes that the men who lost opportunities in agriculture transferred to construction,

transport, storage and communications, trade and services. Also, unlike in the '70s and '80s, manufacturing stopped being a major source of employment for women, and work opportunities for them became more focused on trade and services, and in domestic work in private households.

Private establishments provided three-fourths of wage employment at this time, but according to Dejardin¹¹ employment expansion in this sector occurred mostly in the informal economy (e.g., private households and family-owned businesses) from 2004 to 2007. Men were increasingly taking up work in this sector although women still outnumbered men six to one. Dejardin notes that since the '90s, men's unemployment rates have increased more rapidly compared to women such that by 2000, the national gender gap had narrowed and by

¹¹ The public sector accounted for 15 percent and private households about 10 percent of wage employment

2007, women's national unemployment rates were lower than men's.

What were the labor trends in 2008 to 2009 noting the context of the three crises earlier discussed? Labor force participation rates were declining from 2005 to 2008, but began to rise from the 3rd quarter of 2008 until the end of 2009. It is interesting to note that this uptrend was driven by women, the very young (15-19 years old) and much older workers (55-64 years old) and those without a secondary education. According to Dejardin, during periods of economic downturn, when main breadwinners (usually considered the men) lose their jobs, the 'added-worker' effect kicks in; that is, families mobilize additional income-earners which means that women's work hours are lengthened, as they are now busy with both reproductive and productive work.

Furthermore, unemployment levels began to rise in the 4th quarter of 2008, for both women and men, and employment levels for those aged 20-24 fell. However, this paper agrees with the Bureau of Labor and Employment Statistics (BLES) 2010 report that states that unemployment levels as an indicator do not capture important labor trends given that the country's labor force is significantly composed of self-employed workers and unpaid family workers. Indeed, in a country where the coverage of social security is low, and without unemployment insurance, the people have no other recourse but to work in order to survive.⁶

During the economic downturn experienced in 2008-2009, GDP growth rate fell to 1.1%, yet, employment continued to grow to 2.9%. It is important to ask: what kind of employment? Data shows that growth occurred mostly among part-time workers (8.4%) while full-time work actually fell (-0.5). According to BLES, this also happened during the Asian financial crisis and the 2001 economic slowdown due to political events. The reverse is true of course, in good economic times: employment including full-time work goes up. The one exception was in 2006 when full-time work fell and part-time work went up at a time of stable economic growth.

The labor figures in 2009-2010 illustrate the rise in jobs found in the informal sector: while the numbers of those employed grew from 35,477 to 35,992, the numbers of those underemployed also rose from 6,875 to 7,102 persons. This underscores a marked increase in part-time and low productive work.

Indeed, by the first half of 2009, the number of full-time jobs plummeted compared to 2008 levels, and an increase in full-time work in the latter half of 2009 was not enough to offset the number of full-time work previously lost. This was the result of many companies resorting to shorter and more 'flexible' arrangements for their workers, in the face of falling export/market demand. In the second quarter of 2009, part-time work increased, mostly in the form of self-employment (e.g., own account and unpaid family members) of women and very young workers 15-19 years old, but in the second half of 2009, wage employment was driving the increase in part-time work. While an increase in wage employment can be seen as a signal of job recovery, Dejardin points out that it was the sector of private households that generated these jobs which are characterized as being among the lowest paid, and least protected. Furthermore, a rise in wage employment needs to be examined in the face of falling real incomes and the size of part-time work as this implies lower earnings and less job security.

On a final note, the 2006 FIES data reveals the following (see Figure 1): entrepreneurial activities and non-agricultural waged and salaried employment are the main sources of household income in the country. The poorest households are dependent on entrepreneurial activities – low-income subsistence activities, and agricultural wage employment – characterized by low wages for farmers, fisherfolk and agricultural laborers. Furthermore, domestic remittances (from migration from rural to urban) is playing an increasing role for poorer households. Overseas remittances and non-agricultural wage incomes, on the other hand, benefit families at the higher end of the economic ladder. That overseas remittances benefit only a small percentage of households (23.8%) i.e. those with higher skills and assets, and underscores how overseas remittances are reinforcing inequalities.

The Overseas Filipino Workers

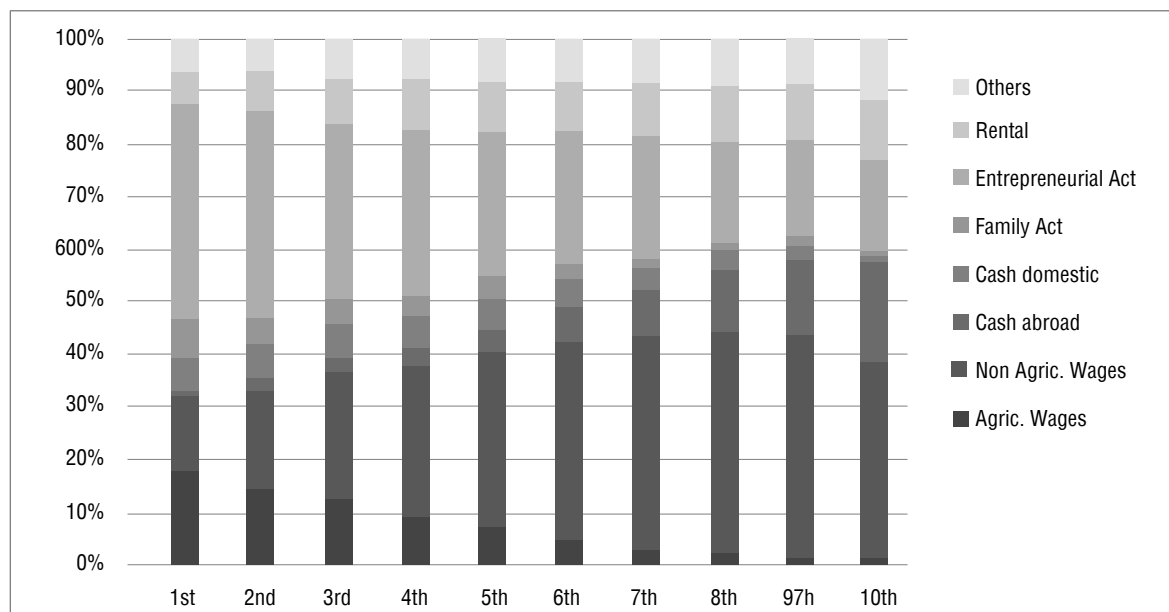
The Philippines continues to rely on overseas employment as a major anchor of the economy. In 2009 alone, we have deployed 1,422,586 (government report: 1,854,000) land-based and sea-based workers abroad, constituting 4.05% of average national employment for 2009 (see Table 4).

In return, overseas Filipino workers have sent home a total of US\$17.3 billion in remittances that kept our macroeconomic current account afloat, and allowed

their families to thrive. The data, however, reveals challenges faced by our overseas workers. The increasing deployment of workers abroad reflects the fact that employment opportunities in the Philippines are scarce such that the pull-factor of going abroad remains to be attractive for our population. Through the years,

the total deployment of workers has been increasing: from 2008 to 2009 alone, it increased by 15%. Even those who returned home still sought to get employed outside the country as shown by the sustained increase in rehires (24.3%). Most deployed workers take blue-collar jobs abroad, with the largest number employed

Figure 1. Share of real per capita total HH income according to source, by HH income decile



Source of basic data: 2006 FIES micro-datasets

Table from: Amelita King Dejaridin, The Philippine labour market in the aftermath of another crisis. ILO Policy Integration Department, March 2010.

Table 4. Number of Deployed Overseas Filipino Workers by Type of Hiring: 2008-2009

Type of Worker and Hiring	2008	2009	% Change
Grand Total - All Workers	1,236,013	1,422,586	15.1%
Land based Workers	974,399	1,092,162	12.1%
New Hire	376,973	349,715	-7.2%
GPB* Hire	4,102	3,192	-22.2%
Private Agency Hire	347,000	326,156	-6.0%
Name Hire	25,263	19,660	-22.2%
Workers with Special Exit Clearance	72	253	251.4%
Employment-based Immigration	536	454	-15.3%
Rehires	597,426	742,227	24.2%
Seabased Workers	261,614	330,424	26.3%

Source: POEA 2009 Overseas Employment Statistics

*Government Placement Branch

in the service and production sector, and in the Middle East (see Tables 5, 6 and 7).

Looking at the gender aspect of labor migration, more females than males are deployed overseas, the majority of which are employed as household service workers, professional nurses and caregivers (see Tables 6 and 7). The figures give truth to the narrative that our women leave their own domestic and caring responsibilities at home to take up the same jobs for another family abroad. Furthermore, the continued export of health professionals like nurses and caregivers do supply and respond to the foreign demand, but translate to the deteriorating state of our own health sector. Male overseas workers, on the other hand, are mostly employed in technical and hard labor jobs as electrical wiremen, helpers and plumbers. The gender pattern in the occupational choices and employment outcomes of our overseas workers is indeed apparent. This paper

echoes the gender issues related to migration which are cited in the official report.

While overseas Filipino workers are celebrated as the “new heroes of our time,” the recognition is not well translated to concrete government programs and policies that seek to assist and protect them. Firstly, the current data on illegal recruitment reveals the declining efficiency of the system in resolving these cases. From a disposition rate (cases acted upon) of 51.3% in 2003, it has dipped to a dismal 11.4% in 2009 (see Table 8). This does not take into account the under-reporting and illegal recruitment cases that are not included in the data. Secondly, benefits and services for overseas workers have a very low coverage compared to their increasing volume of deployment every year. Coverage of health and insurance services, repatriation programs and workers assistance programs remain at low numbers vis-à-vis the millions of our workers going abroad.

Table 5. Number of Deployed Land-based OFW by Top Ten Destinations, New Hires & Rehires: 2007-2009

	2007	2008	2009
Land-based Total	811,070	974,399	1,092,162
1. Saudi Arabia	238,419	275,933	291,419
2. United Arab Emirates	120,657	193,810	196,815
3. Hong Kong	59,169	78,345	100,142
4. Qatar	56,277	84,342	89,290
5. Singapore	49,431	41,678	54,421
6. Kuwait	37,080	38,903	45,900
7. Taiwan	37,136	38,546	33,751
8. Italy	17,855	22,623	23,159
9. Canada	12,380	17,399	17,344
10. Bahrain	9,898	13,079	15,001

Source: POEA 2009 Overseas Employment Statistics

Table 6. Number of Deployed Land-based OFW by Major Occupational Category, New Hires, 2007-2009

Major Occupational Group	2007	2008	2009
Total	306,383	338,266	331,752
Professional, Medical, Technical and Related Workers	43,225	49,649	47,886
Administrative and Managerial Workers	1,139	1,516	1,290
Clerical Workers	13,662	18,101	15,403
Sales Workers	7,942	11,525	8,348
Service Workers	107,135	123,332	138,222
Agricultural Workers	952	1,354	1,349
Production Workers	121,715	132,259	117,609
Others	10,613	494	1,645

Source: POEA 2009 Overseas Employment Statistics

Table 7. Number of Deployed Land-based OFW by Top Occupational Category and Sex, New Hires: 2009

Occupational Category	Male	Female	Both Sexes
All Occupational Category	156,454	175,298	331,752
1. Household Service Workers	1,888	69,669	71,577
2. Nurses Professional	1,599	11,866	13,465
3. Waiters, Bartenders and Related Workers	4,978	6,999	11,977
4. Charworkers, Cleaners and Related Workers	2,140	7,916	10,056
5. Wiremen Electrical	9,709	43	9,752
6. Caregivers and Caretakers	507	8,721	9,228
7. Laborers/ Helpers General	7,105	994	8,099
8. Plumbers and Pipe Fitters	7,702	20	7,722
9. Welders and Flame-cutters	5,870	40	5,910
10. Housekeeping and Related Service Workers	908	4,219	5,127

Source: POEA 2009 Overseas Employment Statistics

Table 8. Cases of Illegal Recruitment, 2003-2009

	2003	2004	2005	2006	2007	2008	2009
1. Cases Handled	1219	1426	1198	1504	1624	1687	1610
<i>a. Pending at the beginning</i>	<i>353</i>	<i>594</i>	<i>812</i>	<i>992</i>	<i>1154</i>	<i>1285</i>	<i>1358</i>
<i>b. Cases Received</i>	<i>868</i>	<i>868</i>	<i>386</i>	<i>512</i>	<i>470</i>	<i>402</i>	<i>252</i>
<i>c. Number of Complainants</i>	<i>1,100</i>	<i>1,441</i>	<i>543</i>	<i>1,135</i>	<i>1,057</i>	<i>857</i>	<i>469</i>
2. Cases Acted upon	625	650	206	350	339	329	183
3. Pending at the End	594	812	992	1,154	1,285	1,342	1,427
4. Disposition Rate	51.3	44.5	17.2	23.3	20.9	19.5	11.4
5. Persons Arrested	11	12	4	50	26	98	74
6. Establishments Closed	27	40	19	12	9	10	6

Source: 2009 POEA Overseas Employment Statistics

Given the foregoing analysis, it is clear that the Philippine government is having a tough time in reaching the MDG 1 target on employment. In particular, rising numbers of women and young people are resorting to part-time and low productive work in order to augment family incomes.

Government's anti-poverty programs

The government's own report already outlines its responses to the challenges in poverty reduction confronting the country. This paper, without going into specifics as this can be found in the official report, will provide an alternative assessment of the government's anti-poverty programs.

The way social protection programs are generally conceptualized show that these do not address the

causes of poverty which are complex and inter-locking. Social protection measures in the Philippines are largely conceived as a collection of targeted safety measures to catch those 'falling into poverty', referred to in the literature as 'residual safety nets'.¹² On the one hand, while this is understandable given the number of shocks that the country has been subjected to, there is a need to attack the structural causes of poverty once and for all.¹³ Let us highlight, by way of example, three of the more high-profile anti-poverty programs of government to stress this point.

Kalahi-CIDSS (Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services) is a community-driven poverty reduction project with a cash transfer assistance component with money loaned from the World Bank. While program evaluation has

¹² Tendler, J., 2004.

¹³ Raquiza, Ma. Victoria, 2010.

been generally positive—increased incomes for barangay residents, increased access to social infrastructure and decision-making processes, the development of new skills for local residents, higher levels of collective action, social capital and local empowerment¹⁴—the highly ‘micro-ized and project-ized’ nature of many of the initiatives under this program have shown that its impact is, at best, localized. It seems that it has not made a significant dent in reducing over-all poverty and unemployment in the country. It is noteworthy that the Kalahi-CIDSS was started in 2003, and implemented over a period which coincided with the increase in official poverty as recorded in the 2006 FIES.

Self-Employment Assistance–Kaunlaran (SEA-K) is a micro-credit program available to people’s organizations and effectively targets women at the community level. It is reported though that the projects funded by SEA-K are low-value trade and commercial activities which translates to a limited impact on poverty reduction.¹⁵ Furthermore, since the program operates at zero interest rate, the revolving fund is eroded because there is a need to pay for administrative, financial and other costs (ibid).

The Pantawid Pamilyang Pilipino Program (4Ps) is a conditional cash transfer, five year program for one million poorest families with the objectives of improving human development (education and health) and breaking inter-generational poverty. A preliminary Social Watch study of the 4Ps,¹³ using a limited survey of 4Ps beneficiaries, validates improvements in education and health outcomes. However, the majority of participants expressed the belief that what would lift them out of poverty was access to regular employment/livelihood, a feature which is not central in the design of the 4Ps.

There are also a number of issues that are raised which could seriously undermine the 4Ps chances of success in meeting its poverty reduction objective. These are: the need to focus on the supply side (e.g., limited health and education infrastructure and personnel at the local level, including issues around quality), the need to complement the 4Ps with asset reform, and quality job-generation program, as well as an effective exit strategy to ensure that beneficiaries don’t simply graduate from the program but from poverty. For example, after the five year program run for the

beneficiaries, how can poor families without access to a regular source of income stay out of poverty? Finally, at 1 million beneficiaries, the 4Ps outreach is only 25% of the total poor as defined by the 2006 FIES. Note that the number of poor families is likely to increase in the 2009 FIES so the 4Ps outreach, relative to the increased size of the poor, will be even more limited.

Beyond social protection programs, the government’s over-all official development strategy must be examined. Why is it that in the last ten years, the pace of poverty reduction has not only decelerated, but has actually been reversed? Some of the reasons for this will be discussed below, and corresponding policy recommendations are raised. Important economic issues that impact on poverty reduction such as debt, trade and aid will be discussed in a separate chapter. Indeed, to foreshadow the chapter on MDG 8, it is argued that the official policy positions on these issues oftentimes have in fact reproduced and deepened poverty in the country.

Conclusions and Recommendations

The whys and ways forward

This paper affirms the notion that economic growth is an important but insufficient condition for poverty reduction. Other important interventions are necessary for poverty reduction to occur. Poverty and inequality in the Philippines have extensively been analyzed and many factors have been cited to explain its persistence in the Philippine landscape. The following provides some reasons why and suggests ways to move forward.

Use a multi-dimensional lens to poverty, including a participatory approach. The many dimensions of poverty were enshrined in a United Nations Declaration during the UN World Summit for Social Development in 1995, and included the notion of deprivation, social exclusion and lack of participation. Poverty reduction, together with the promotion of productive employment and social integration, were seen as integral components to social development. Today, the dominant MDG discourse defines both international and national development agendas, and in doing so, has focused basically on the monetary approach to poverty.

This paper argues that while the monetary approach—which uses income or consumption levels

¹⁴ Reyes, Celia M., 2010. Philippines Fourth Progress Report on the MDGs. NEDA-UNDP.

¹⁵ Manasan, Rosario. G., 2009.

per household—may be a useful method to measure poverty, it is also riddled with serious methodological and ethical issues (e.g., the inadequate recognition of energy and dietary requirements and the suppression of the non-food items of basic needs), and does not capture important non-income dimensions such as social exclusion, the self-perception of the poor, the asset profile of households, the inadequate provisioning of basic services, and intra-household inequalities.¹⁶

It is now known that how one defines poverty matters as it translates into different types of poverty measurements, different groups of people targeted, and different policy solutions forwarded.¹⁷ As suggested by the 2010 UN Report,¹⁸ multiple indicators and complementary approaches are needed to capture the various scales and dimensions of poverty, such as measures of the depth of—and vulnerability to—poverty. According to the report, one way of measuring poverty is to address all deficits within any dimension of well-being whether in a state of money poverty or not.

Furthermore, the actual experience and participation of the poor must be an integral component of any poverty reduction strategy for a number of reasons: one, people living in poverty have a right to influence decisions that affect them, and two, their participation enhances the proper identification and implementation of poverty reduction programs and projects.

Economic growth has not been pro-poor, further heightening inequalities. Economic growth has not addressed the inequality in access to assets whether in terms of human development (in the form of education and health), physical capital (e.g., water, housing, transportation and other infrastructure), financial capital (in the form of stocks, e.g., savings or credit, or inflows, e.g., wage earnings, pensions, government transfers, remittances) and natural capital (e.g., land, clean and healthy environment); at worst, it has exacerbated it across income decile groups. In more concrete terms, infrastructure development and increased investments in social services as a result of economic growth have not equally benefited those living in the different island groups and regions in the Philippines,¹⁹ or even between

genders. Going by this view, development programs have favored those in Luzon, and discriminated against those in the Visayas, and Mindanao, not to mention special groups like poor women, indigenous peoples, and the Moro people. Towards this end, the government must find ways to push for broad-based, equitable growth so that the poorest provinces and regions, including the most socially excluded groups, benefit the most.

One important area for asset reform is agrarian reform. In the Philippines, agrarian reform is regarded as an important ingredient in rural and national development because the assignment of property rights allows our farmers to realize the full gains from tilling the land and engaging in agriculture and to be free from the bondage of feudal labor. In a World Bank report, the Comprehensive Agrarian Reform Program (CARP), the main asset distribution program of the government, has been found to have had a modest impact on growth and poverty because of two reasons: first, the program's inability to prioritize the acquisition of private lands through compulsory acquisition has led to the imperfect targeting of the poor; and second, the Agrarian Reform Communities that were sought to support beneficiaries were also poorly targeted and did not reach the poorest beneficiaries.²⁰ Furthermore, compulsory land acquisition in areas where CARP can benefit the most has been confronted by conflicting landlord interests, violence and oppression. In many ways, landlords circumvented the law to avoid the compulsory acquisition such as inefficient conversion/industrialization of productive lands or establishment of unproductive structures in idle properties. Table 9 shows a partial list of the biggest private agricultural lands in the country. It is noteworthy that many of these properties are owned by the families of government officials, or are owned by prominent personalities' influential in both business and political circles or by multinational corporations.

In terms of the structure of ownership and control of the country's corporate sector, one study²¹ suggests that as much as 52.5% of total market capitalization is controlled by the country's top 10 families.²²

To underscore the big picture of inequality, in 2006, at a time when the Philippines first registered a

¹⁷ Laderchi, C.R., R. Saith and F. Stewart, 2003. & Caizhen, Lu, 2009.

¹⁸ UN Report on the World Situation 2010 entitled 'Rethinking Poverty'.

¹⁹ Balisacan, Arsenio M., 2007.

²⁰ World Bank Group (2009). Land Reform, Rural Development and Poverty in the Philippines: Revisiting the Agenda. Ortigas, Pasig City.

²¹ Claessens, et al., 1999.

²² Malaluan, 2006.

Table 9: Partial Listing of Big Landowners

Landowner/Hacienda	No. of Hectares	Location
Danding Cojuangco	30,000	Negros, Isabela, Cagayan, Davao del Sur, Cotabato, Palawan
Hacienda San Antonio/Sta. Isabel (Danding Conjuangco, Faustino Dy, Juan Ponce Enrile)	12,085	Ilagan, Isabela
Nestle Farms	10,000 (but 160,000 is the target)	Isabela, Cagayan, Compostela Valley, Agusan del Sur
Floreindo Family (TADECO)	11,048	Davao del Norte
Almagro Family	10,000	Dalaguete, Cebu
Dimaporo Family	10,000	Lanao
Hacienda de Santos	9,700	Nueva Ecija
Hacienda Banilad/Palico (Roxas Family)	8,500	Batangas
Canlubang Sugar Estate (Yulo Family)	7,100	Laguna
Luisa vda. De Tinio	7,000	Nueva Ecija
Hacienda Luisita (Cojuangco Family)	6,000 +	Tarlac
Escudero Family	4,000	Southern Tagalog
Andres Guanzon	2,945	Pampanga
Reyes Family	2, 257	Southern Tagalog
Sanggalang Family	1,600	Southern Tagalog
Uy Family	1,500	Southern Tagalog
Palmares and Co. Inc.	1, 027	Iloilo

Source: Kilusang Magbubukid ng Pilipinas (KMP), 2006

worsening of poverty, the country ‘contributed’ three names to the annual list of billionaires compiled by Forbes magazine: Jaime Zobel de Ayala, who tied with Henry Sy, at 349th place, both with a net worth of US\$2.6 billion each, and Lucio Tan, at 407th place, with a net worth of US\$2.3 billion.²³

As such, this paper re-echoes the recommendation from the Social Watch 2007 Shadow Report; that is, for the government to urgently address the paramount issue of inequality through re-distributive measures such as the implementation of progressive taxation, and genuine agrarian reform. If the government does not address the long-festering problem of inequality, social polarization may become inevitable.

The poor are mostly in the rural areas. Even with rapid urbanization, poverty is still significantly a rural phenomenon in the Philippines. Experiences from other countries suggest that productivity growth in agriculture exerts a strong influence on reducing poverty and food insecurity (ibid). Unfortunately, the Philippines has overlooked much of this strategy and its performance in these areas pales in comparison to its Asian neighbors. This means increased investment in such areas as rural infrastructure and human development, removal of public spending bias for larger farmers and agri-businesses, promotion of small-scale enterprises, and improved access to land and technology.¹⁹

²³ Raquiza, 2007

There is a lack of productive and full-time employment.

There is a need to reverse employment trends where the biggest source of employment is in the entrepreneurial and agricultural wage sectors. Instead, the country needs to combine social policy with economic policy with the view of providing productive and full employment to Filipinos. This should take place within a national development strategy that promotes industrial policy and the manufacturing sector since it is here that decent work (in terms of wages and benefits) is promoted. Unfortunately, this strategy seems to have been muted by official policy discourse, which promotes the unrestrained liberalization of markets and trade which has resulted in the demise of domestic industries.²⁴ This will be discussed at greater length in MDG 8.

To reiterate, for as long as the country does not develop its industrial and manufacturing sector (which includes building a knowledge-based economy), the structure of employment in our country will condemn a significant section of our labor force to low quality jobs that will keep them poor. An additional caveat in this regard—in the era of climate change, policymakers face the added challenge of promoting not just any kind of industrial development that will pollute the environment and leave its carbon footprint resulting in irreversible losses in the environment; it must walk the extra mile in promoting clean industries, clean technologies and green jobs if we are to envision sustainable development.

There is a need to address social exclusion and discriminatory practices. The poorest municipalities and provinces must be among the recipients of largest investments in social spending and basic infrastructure. Furthermore, the historic wrongs committed against the indigenous people and the Moro's should be rectified. This includes respecting their right to self-determination.

There is a need to address the root causes of an explosive population growth within a reproductive rights framework. One aspect that must be addressed is the explosive population growth rate of the Philippines (2.04%). The Philippines is now the 7th most populous nation in Asia, and the 12th most populous in the world. This

phenomenon has put a great strain on the carrying capacity of our environment, and to the government capacities' and resources to respond to the needs of the people. As importantly, many Filipino families have reported that they are exceeding their desired family size, oftentimes, as the result of poverty, lack of information and a sense of powerlessness. In this regard, there is a need to implement a sexual and reproductive rights program to help families plan for their desired family size and within an integrated approach. More on this will be covered in the discussion on MDG 5.

Social protection programs should be re-oriented towards a more transformative and strategic orientation. Government can explore building the foundation of a more universal approach. As mentioned earlier, social protection measures in the Philippines are largely conceived of as a collection of targeted safety nets or are comprised of as a set of 'project-ized, micro-ized' economic activities that have resulted in either providing temporary relief for a limited number of beneficiaries,²⁵ or at best, poverty reduction at a micro/local level.

This paper argues that the government must focus on addressing the structural causes of poverty (e.g., lack of productive livelihoods/employment, asset reform, increased social spending) and go beyond a social safety net approach in its anti-poverty and social protection programs. Furthermore, 'project-ized, micro-ized' economic activities, in order to make a significant dent on over-all poverty reduction, need to be scaled-up, professionalized with regards to operations, be more competitive and linked to an over-all national development strategy.

The Philippine government is also urged to explore a broader definition of social protection which includes addressing 'vulnerability associated with being poor' (for which social assistance is needed), vulnerability with the risk of becoming poor (for which social insurance is needed) as well as social injustice arising from structural inequalities and abuse of power (for which social equity is needed).²⁶ In this context, the provision of socio-economic security should be viewed as a rights-based entitlement of the citizens. Furthermore, poverty eradication measures must take into account the differential impact of poverty on men and women

²⁴ For example, shoe manufacturing, tires, textile, oil refining, pulp and paper, plastic, chemical, steel, auto parts. (Rene Ofreneo in the Forum Roundtable on the Employment Situation in the Country Today, UP Forum, Vol 11 Issue 2, March-April 2010).

²⁵ Ma. Victoria Raquiza, (unpublished), April 2010

²⁶ Devereux, Sabates-Wheeler 2004

and promote gender equality in all areas.

Apart from the usual problems associated with targeting the 'poorest of the poor' such as inclusion and exclusion errors, as well as the 'stigmatizing' effect of targeting, many anti-poverty programs do not address the needs of other poor and vulnerable groups: the 'new poor' as a result of economic and/or political shocks, and the millions just above the poverty line. In other words there is an added need to provide for a system for those who are not protected by current anti-poverty and social security programs.

Finally, the literature shows that generating political support from the middle classes and the rich for social protection programs is much more secure if they too have access to these programs. On these grounds, this paper urges the Philippine government to explore building the foundation of a universal program that views social protection as rights-based entitlement for all, in order to wipe out the most destitute forms of poverty in the country and ensure a life of dignity for all citizens.

No doubt the challenge of fiscal constraints remains but the starting point in governance should be the rights of citizens to basic entitlements to ensure their well-being, and the responsibility of the State in the fulfillment of these needs.

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