

About the Speaker



- Dr. Jose Ramon G. Albert is a professional statistician and senior research fellow of the Philippine Institute for Development Studies (PIDS) . He finished BS Applied Math summa cum laude from De La Salle University (DLSU); MS in Statistics and PhD in Statistics from the State U of NY @ Stony Brook.
- From Sep 2012 to Feb 2014, he was seconded to the now defunct National Statistical Coordination Board, to head it as its Secretary General. He has worked in government since 1999, initially at the former Statistical Research and Training Center, which like PIDS, is an attached agency of the Department of Economy, Planning and Development (DEPDev).
- He is a past president of the PH Statistical Association, Inc. (PSAI)
- He served as consultant to various government agencies, private firms in the PH and international organizations. He worked for 26 countries spanning South-East Asia, South Asia, East Asia, the Pacific, the Americas and the Caribbean, the Middle East, and Africa on poverty measurement and analysis, econometric methods, and survey data analysis.
- He has taught @ various higher educational institutions
- He has written on poverty and inequality, social inclusion, social protection, education, gender, ICT, innovation, health and other development issues.
- He is also a cancer survivor, having coped with two bouts with colorectal cancer.



“How Do We Measure Poverty—and Why Does It Matter?”

From Global Benchmarks to
Philippine Realities

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Former Secretary-General, Defunct NSCB

Quotable Quotes

“Saving our planet, lifting people out of **poverty**, advancing economic growth...these are one and the same fight”

- Ban Ki Moon

“**POVERTY is not an accident**. Like slavery and apartheid, it is man-made and can be removed by the actions of human beings. .. Overcoming poverty is not a gesture of charity. It is the protection of a fundamental human right, the right to dignity and a decent life”

- Nelson Mandela

“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have **too little**”

- Franklin Delano Roosevelt

Introduction & Motivation

Some questions:

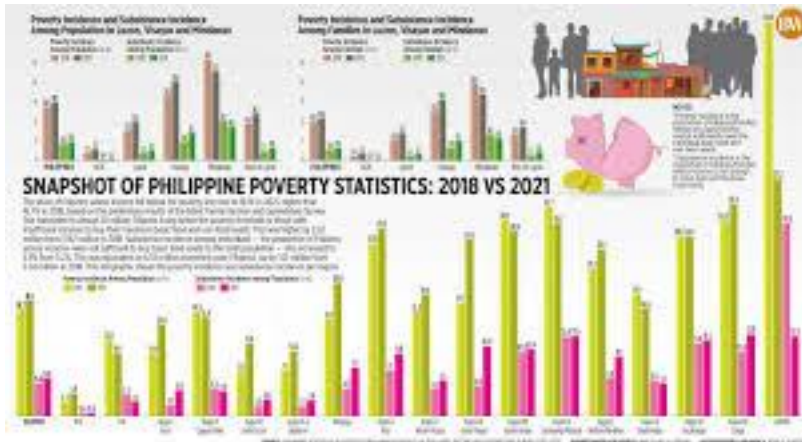
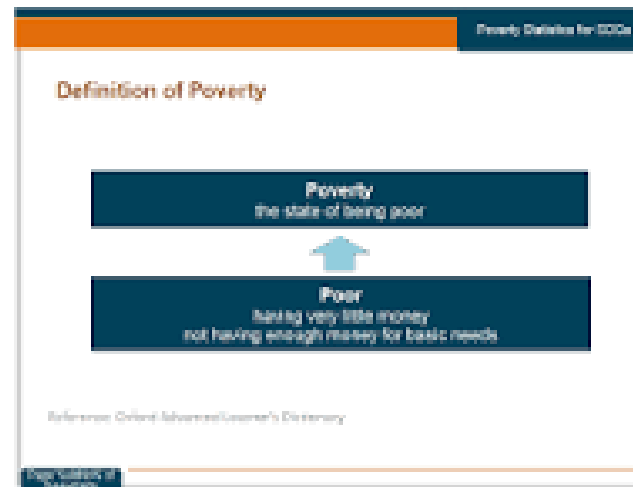
- Who is counted as poor?
- Who decides?
- Why do numbers matter for policy?
 - Poverty statistics guide
 - ✓ Budgets for poverty reduction interventions
 - ✓ Targeting (4Ps, social pensions)
 - ✓ International comparisons
 - Bad measurement → bad policy



Introduction & Motivation

Key Messages

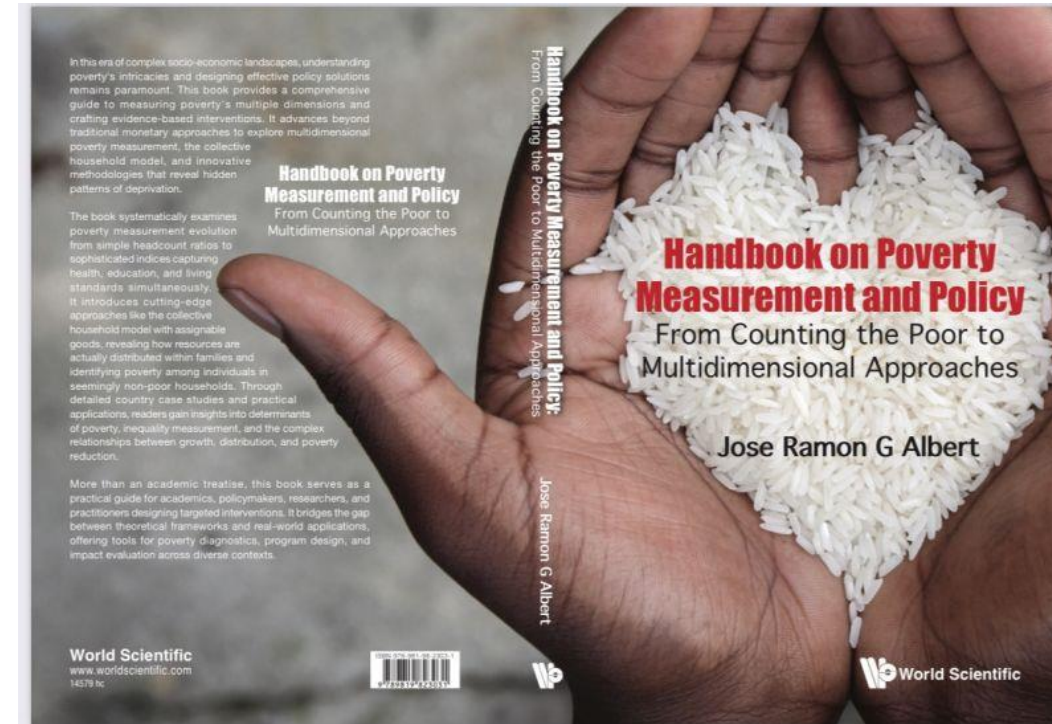
- ❑ **Poverty numbers are not automatic**
- ❑ They depend on **definitions, data, and choices**
- ❑ Different choices → different results



Roadmap

What Poverty Numbers Say—and What They Miss

- What poverty means
- How poverty is measured
 - Philippines as a case
- Beyond money and traditional poverty metrics: multidimensional poverty, inequality, poverty within households, self-rated poverty



<https://www.worldscientific.com/worldscibooks/10.1142/14579#t=aboutBook>

1. Poverty Overview

Poverty is more than low income

- Lack of basic needs
- Limited opportunities
- Insecurity and vulnerability
 - Across countries and cultures, the message is the same: poverty is about powerlessness, insecurity, and exclusion—not just income

Voices of the Poor:

"If you want to do something and have no power to do it, it is talauchi (poverty)."
— Nigeria

"If you don't know anyone, you will be thrown to the corner of a hospital!" –
India

"Nobody hears the poor. It is the rich who are being heard" — Egypt

1. Poverty Overview

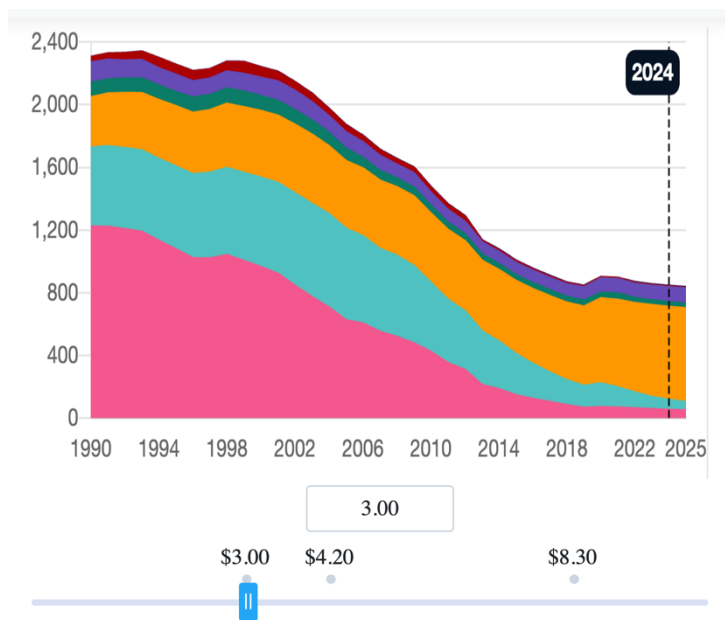
NSOs globally such as the PSA use income or consumption/expenditure data sourced from household surveys (such as the Family Income and Expenditure Survey)

Why use money metrics if poverty is multidimensional?

- ❑ Comparable across countries
- ❑ Closely linked to living standards
- ❑ Central to policy and budgeting

1. Poverty Overview

Global Poverty



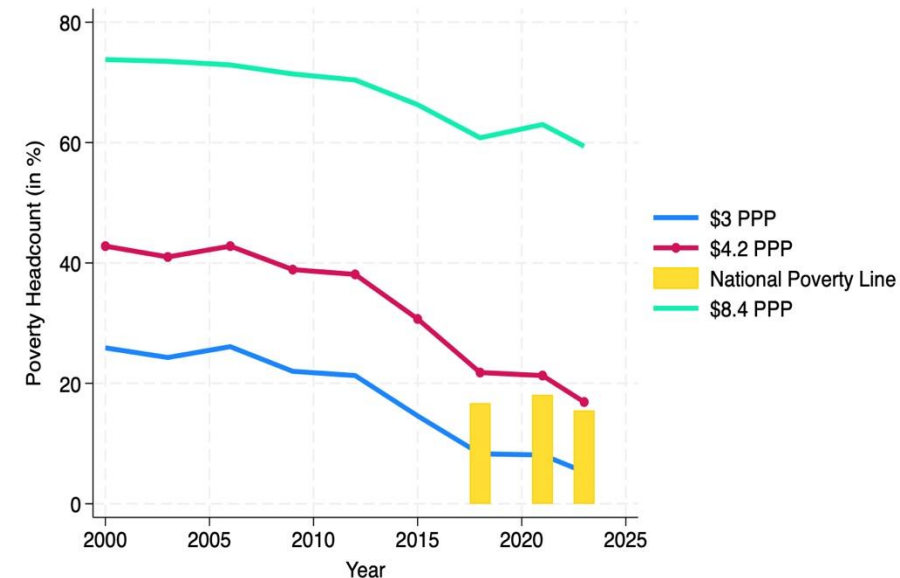
<https://pip.worldbank.org/>

- **Extreme Poverty** : According to the World Bank, about **1 in 10 people** (10.1%— about **831 million people**) **worldwide** live in **extreme poverty**, (as of 2025), meaning they live on **less than \$3 a day** (in 2021 purchasing power parity or PPP prices)
 - **Long Term Progress**: This is far fewer than in **1990** (43.6%— about **2.3 billion people**)
 - **Off Track with SDG1**: In **2015**, UN member states committed to SDGs including **ending extreme poverty by 2030 (SDG 1)**, but even before COVID-19 the world was **off track**. Progress further slowed as a result of pandemic.
- **Uneven Progress**: Most of the world's poorest people live in **Africa**, especially Eastern and Southern Africa while **East Asia and the Pacific** has much lower poverty levels (~2%, or 1 in 50 people).

1. Poverty Overview

Poverty in PH

- The World Bank estimates that about **4.1% of Filipinos** (around 4 million people) live in **extreme poverty** in 2025, **below \$3.00 per day (2021 PPP)**.
- Using higher international poverty lines to reflect living standards:
 - **\$4.20/day** (lower-middle-income) → **14.5%** poor, close to the PSA estimate (15.5% in 2023) using national poverty lines of 14 thousand PHP per month for a family of five:
 - **\$8.30/day** (upper-middle-income) → **57.9%** poor



2. How is Poverty Measured

Three Steps

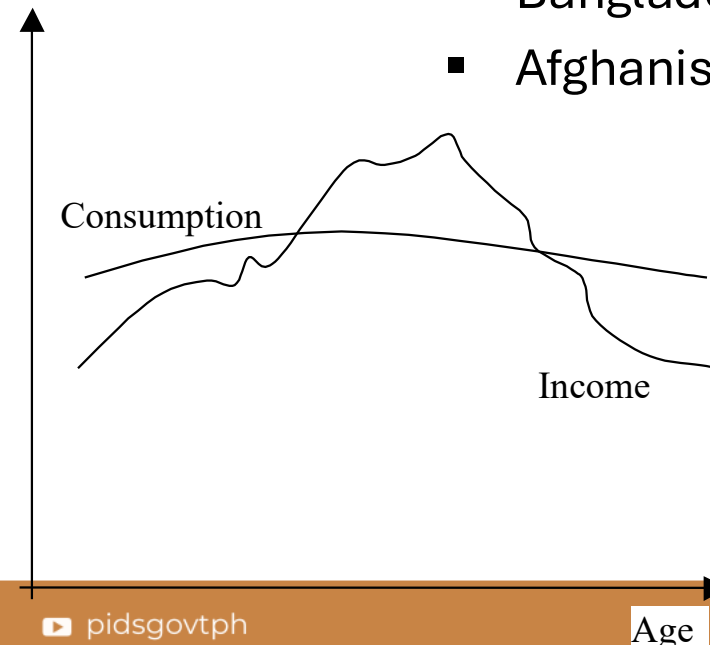
Choosing	welfare indicator (e.g., monetary measures based on income or expenditure; non-monetary measures based on years of schooling, quantity of food, shelter)
Setting	a poverty line (i.e., minimum amount of welfare indicator, e.g. \$1.9 per person per day for income/expenditure)
Summarizing	poverty data, e.g., poverty incidence, number of poor, poverty gap, poverty squared gap

2. How is Poverty Measured

Step 1: Choosing Welfare Indicator

There is no perfect indicator of well-being.

- Income or consumption?
- Most countries use consumption^{\$} which reflects actual living standards
 - consumption smoothing
 - Believed to be more accurately measured (than income)



Welfare indicator of countries:

- Malaysia : household income (Note: methodology incorporates “members’ needs”)
- Philippines : per capita income
- China: per capita income
- Cambodia: per capita consumption
- Thailand: per capita consumption
- Lao-PDR: per capita consumption
- Bhutan: per capita consumption
- Bangladesh: per capita consumption
- Afghanistan: per capita consumption

2. How is Poverty Measured

Step 2: Setting Poverty Lines

- Minimum level of acceptable living
- Varies by country and prices
- Updated over time

Cost of Basic Needs Approach

- Food needs (nutrition-based)
- Plus essential non-food needs
- Used by many countries, including PH though PH uses one day food menu to estimate cost of 2000 kcal of energy per day (while most countries use food basket with a reference population)

Step 1. Pick a nutritional requirement.

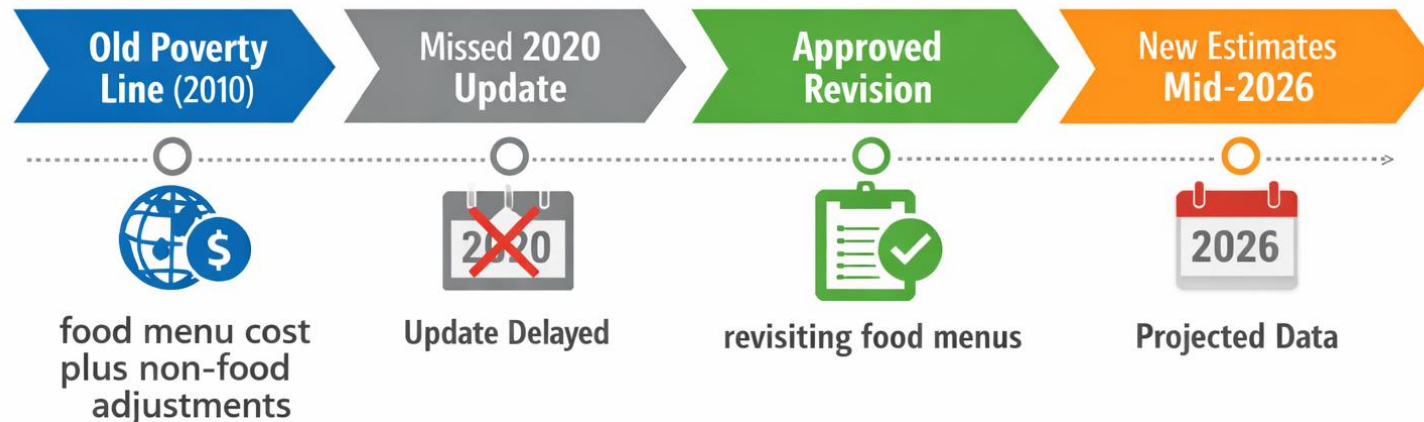
Step 2. Choose the basket of food items that will allow to attain this requirement.

Step 3. Estimate the cost of meeting this food basket, that is the food component.

Step 4. Add a non-food component.

CBN poverty line is given by

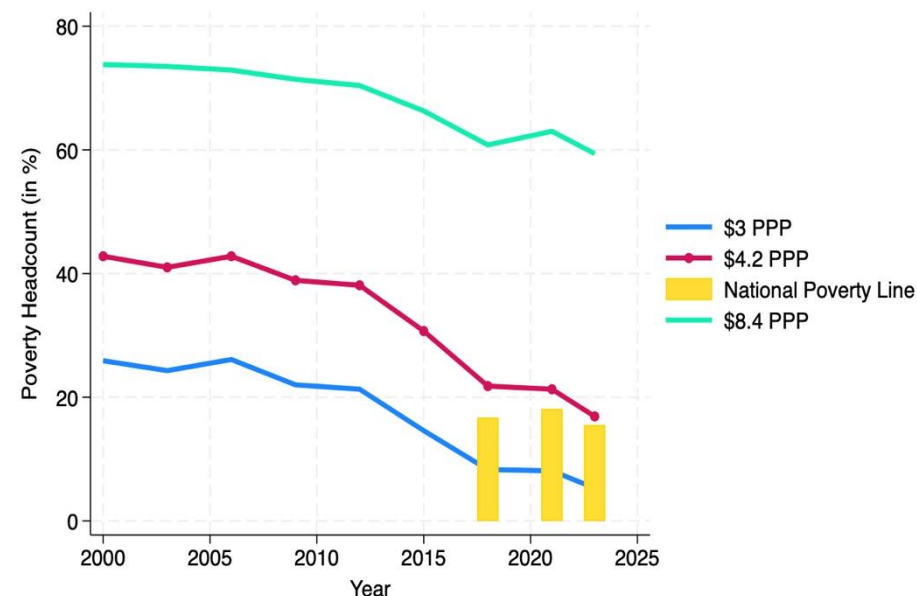
$$z^{BN} = z^F + z^{NF}$$



2. How is Poverty Measured

The Philippine Poverty Line: Time for a Review

- Current methodology dates to NSCB Resolution No. 09, Series of 2011 — nearly 15 years old
- Philippine GDP has more than doubled since 2010 (~\$208B to ~\$462B); GNI per capita now just \$26 short of the World Bank's upper-middle-income threshold
- Consumption patterns, dietary expectations, and what counts as "basic needs" have changed —food basket and non-food allowance deserve re-examination



2. How is Poverty Measured

Step 3 : Summarizing Poverty Data

Example: poverty = lack of adequate per capita consumption (cons_percap)

Given a poverty line of 5000

HH	total cons	fsize	cons_percap	poverty status
1	28500	10	2850	poor
2	130018	2	65090	nonpoor
3	4500	3	1500	poor

Poverty rate (or poverty incidence)

- proportion of poor households = 67%
- proportion of poor persons = 87%

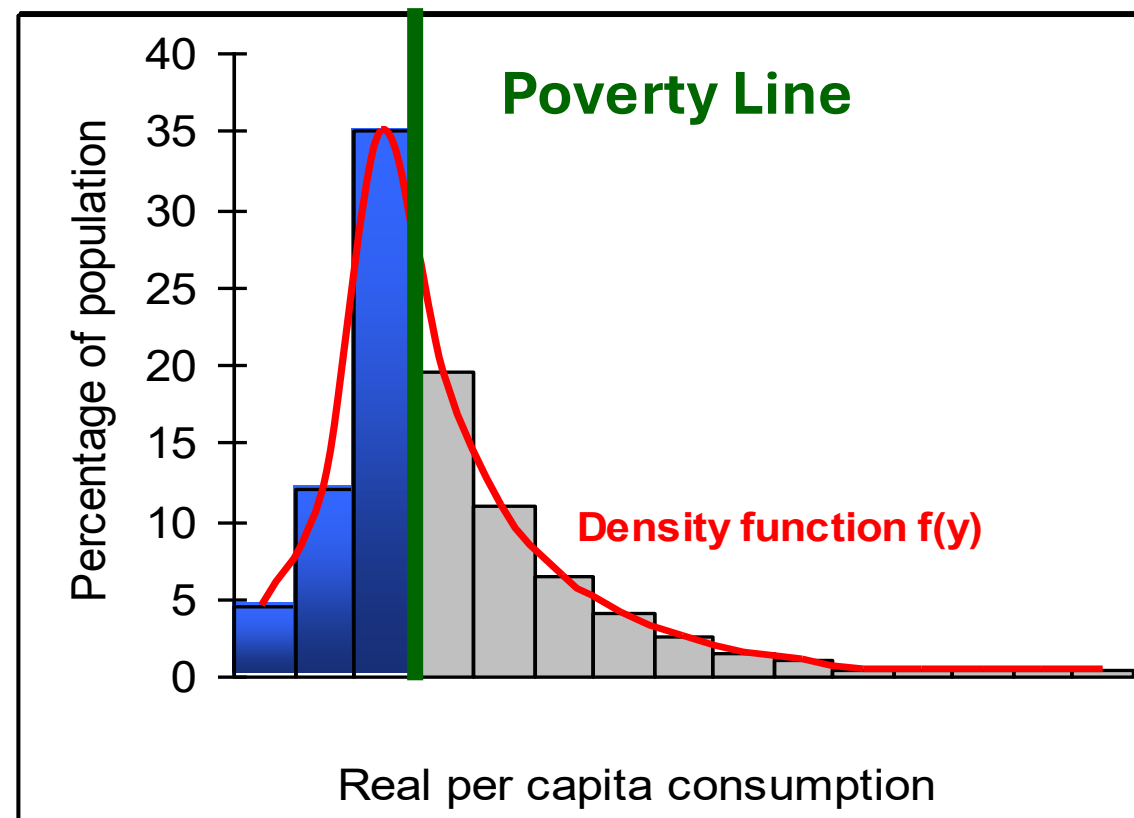
- Poverty rate (how many)
- Poverty gap (how poor)
- Poverty severity (inequality among poor)

2. How is Poverty Measured

Poverty rate (or poverty incidence or headcount)

- Share of people below the line
- Simple and intuitive
- Misses depth of poverty

Headcount Index=
% population below poverty line



2. How is Poverty Measured

Poverty rate (or poverty incidence or headcount)

Example 1:

Poverty line=125

Expenditure for each individual in country					Headcount Poverty Rate (P ₀)
Expenditure in Country A	100	100	150	150	50%
Expenditure in Country B	124	124	150	150	50%

There is greater poverty in country A but the headcount index does not capture this.

Example 1:
Poverty line=125

$$P_1 \text{ for A} = \frac{1}{4} \left(\frac{125-100}{125} + \frac{125-100}{125} + 0 + 0 \right) \times 100\% = 10\%$$

2. How is Poverty Measured

Poverty gap or severity

- How far the poor are from the line
- Indicates minimum resources needed
- Useful for policy costing

Expenditure for each individual in country					Poverty Gap(P ₁)
Expenditure in Country A	100	100	150	150	10%
Expenditure in Country B	124	124	150	150	0.4%

2. How is Poverty Measured

Why poverty depth matters

- ❑ Same poverty rate \neq same problem
- ❑ Some poor are much poorer than others
- ❑ Targeting requires more than headcounts

Example 1:
Poverty line=125

Expenditure for each individual in country					(P ₂)
Expenditure in Country A	100	100	150	150	2%
Expenditure in Country B	80	120	150	150	3.28%

2. How is Poverty Measured

Absolute vs. Relative Poverty: Why the Distinction Matters

- Absolute poverty: fixed minimum standard (e.g., 2,000 kcal/day or \$3/day in PPP 2021 price)
- Relative poverty: falling behind societal norms (e.g., below 50% of median income) — 16.7% of Filipinos in 2021
- As countries grow richer, absolute measures may miss deprivations that people actually experience

2. How is Poverty Measured

Key takeaways

 **Various** poverty **statistics** answer **different questions**

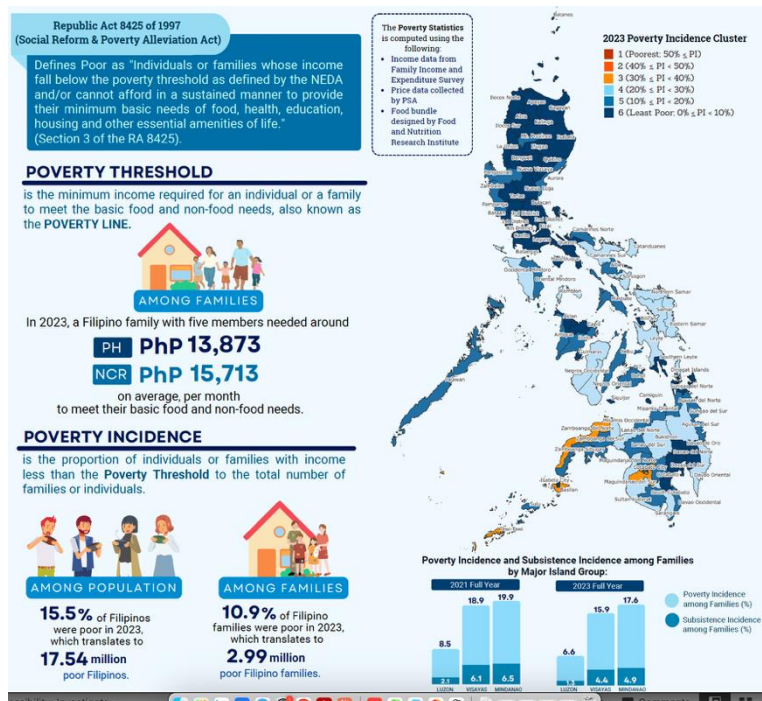
 **No** single “**best**” number

 **Interpretation matters**

3. Poverty in PHL

Official Poverty Statistics

- Income-based poverty released by Philippine Statistics Authority PSA
- Income data sourced from biennial (formerly triennial) Family Income and Expenditure Survey (FIES)
- Poverty lines based on CBN but food component (to estimate 2000 kcal of energy per person per day) estimated using one day food menu developed by FNRI
 - Adjusted for prices across urban rural areas in provinces



3. Poverty in PHL

Why Poverty Data Takes Time

Poverty data often **lags** reality (e.g. real time inflation effects)

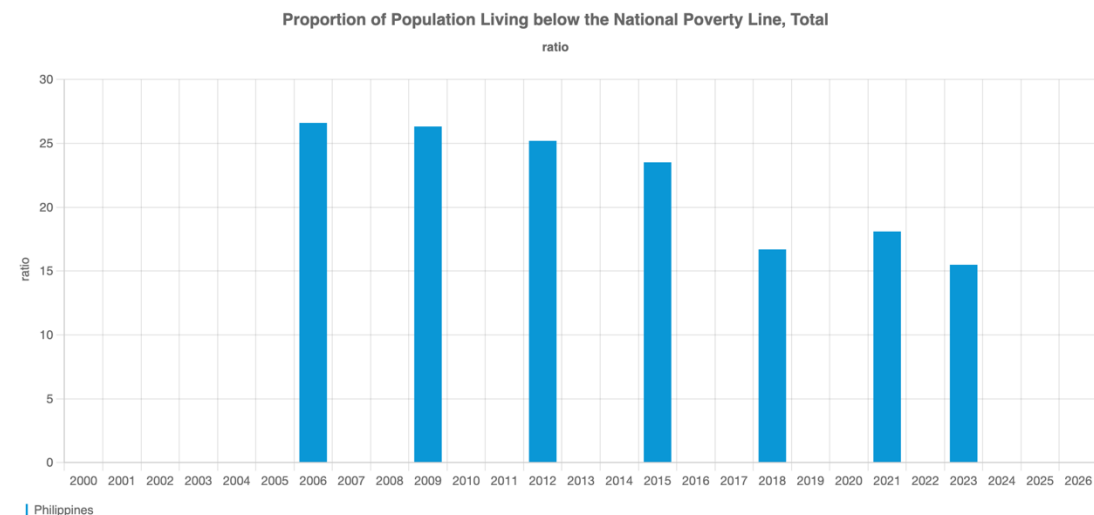
Poverty measurement prioritizes **accuracy over speed**

Household surveys like FIES require careful **collection and validation**

3. Poverty in PHL

Trends in Official Poverty Statistics

- Long-term decline
 - Why poverty changes: Poverty falls with income growth, improves further when growth is more equally shared, and worsens with shocks.
 - What works: China’s experience shows power of broad-based economic growth with targeted support—first to poorer areas, then to poor households.
- COVID-19 setback
- Gradual recovery



3. Poverty in PHL

Reading Poverty Trends Carefully

Poverty estimates are **based on sample surveys**, not a census

Small year-to-year changes may **not be statistically significant**

Focus on **medium-term trends**, not single-year movements

3. Poverty in PHL

Poverty Trends Affected by

1. Natural disasters



2. Catastrophic illnesses



3. Pandemic



3. Poverty in PHL

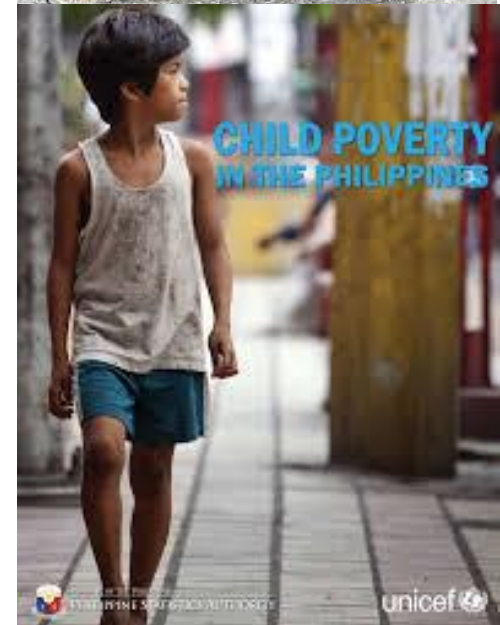
Who are the Poor?

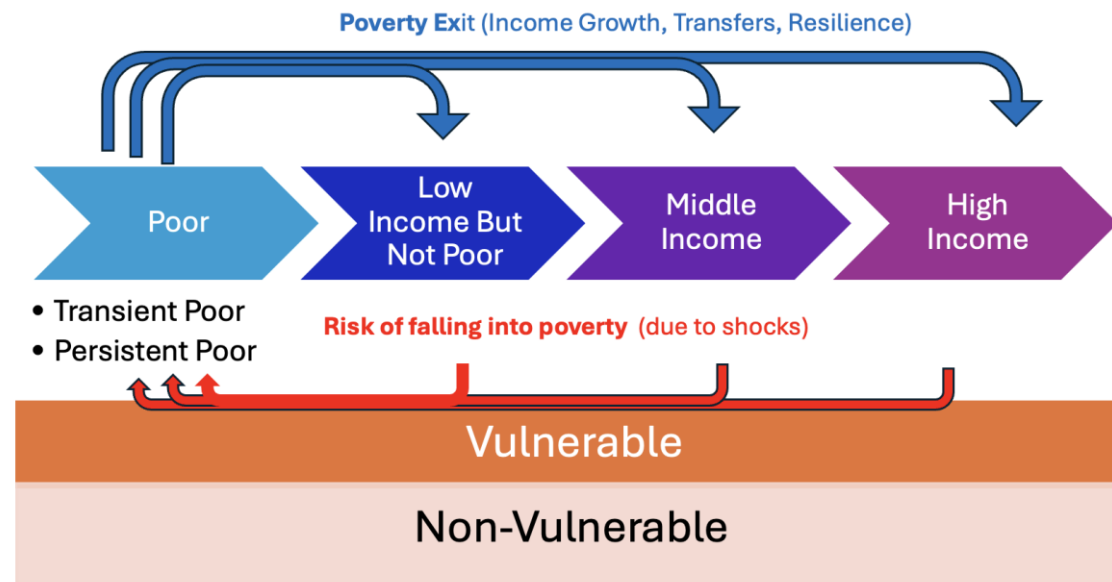
Poverty is more common in rural areas

Poverty is higher among households with less educated members

- Why government massively invested in conditional cash transfer (Pantawid) and some evidence suggests reduction over the years due to this investment

Strong regional disparities in poverty (and among various subpopulations)





3. Poverty in PHL

Near Poor and Vulnerable

- Many who live just above the poverty line are no different from the poor
- The poor are highly exposed to shocks, but so are some non-poor
- Poverty is not a binary condition:
 - People move in and out of poverty, and some are much poorer than others—even if the statistics treat them the same.

3. Poverty in PHL

Poverty versus Vulnerability

Poverty shows **who is poor today**

Vulnerability shows **who may become poor tomorrow**

- Estimated by Albert et al (2008), Albert and Vizmanos (2018), Cabalfin et al (2026) using a modified probit model for cross section data from FIES

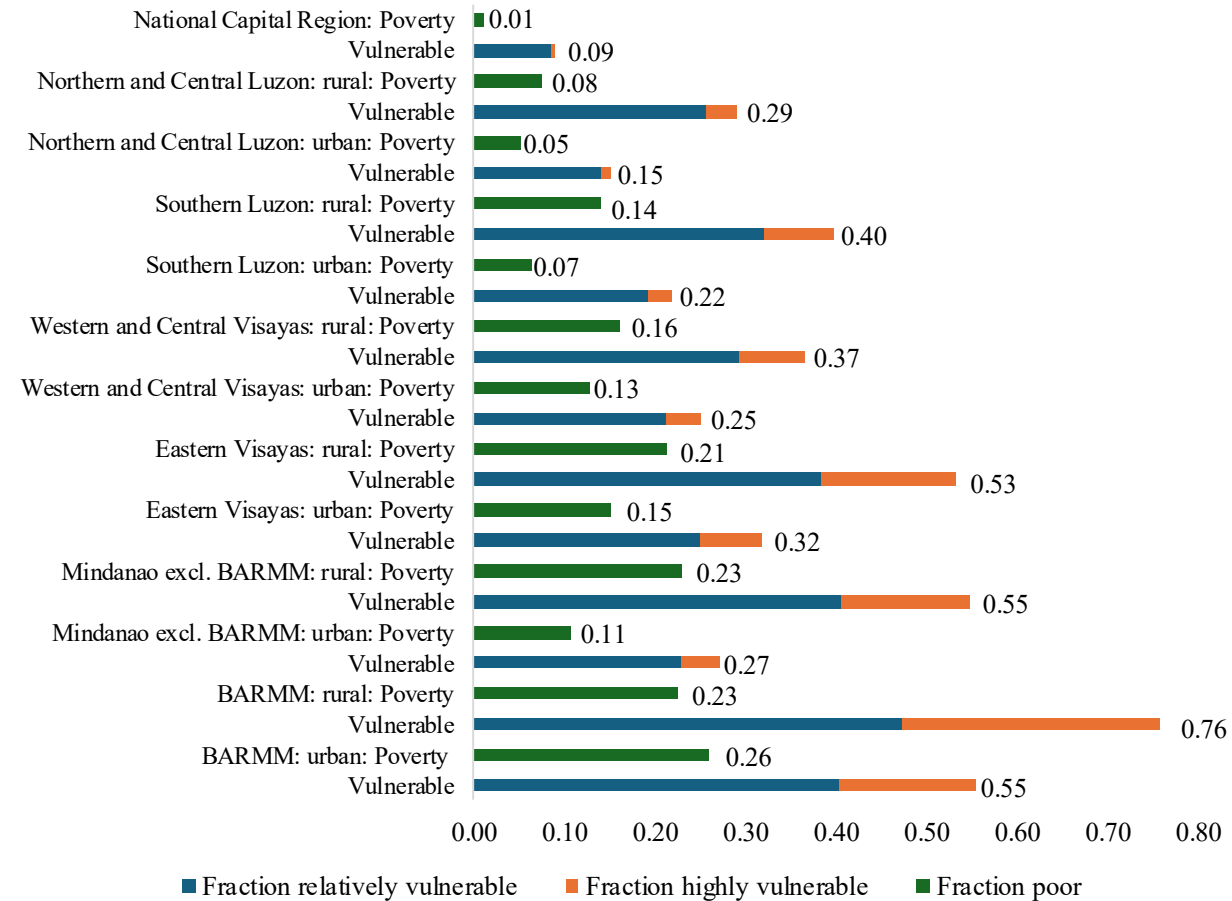
Shocks can push the **near-poor** into poverty

3. Poverty in PHL

Spatial and Demographic Dimensions of Vulnerability

- Vulnerability varies widely across regions and groups; it is not aligned with poverty.
- Households with children, female heads, and low education face higher vulnerability risks.
- Need for intersectional policies to address overlapping disadvantages, not one-size-fits-all solutions.

Household poverty and vulnerability incidence by major region groups, 2023



3. Poverty in PHL

What Poverty Statistics Are (and Are Not)

- Good for guiding **policy design, budgeting, and monitoring**
- Not precise enough to **describe poverty of individuals within poor and non-poor households**
- Must be interpreted alongside **context and judgment**



3. Poverty in PHL

Core PHL lesson

Falling poverty \neq no poverty problem

Vulnerability remains high

Measurement guides action



3. Poverty in PHL

Moving Forward



- Poverty can become a trap: beyond low income, it undermines dignity and self-confidence, reducing people's ability to take risks or seize opportunities.
- Shame and fear matter: evidence shows that humiliation linked to poverty can lead to withdrawal, stress, or harmful coping behaviors.
- Across contexts, from farming, schooling, to youth education, social stigma reinforces poverty, highlighting the need for policies that protect dignity as well as incomes.

3. Poverty in PH



Promote economic growth

Improve governance and investment climate
Promote industrialization, modern agriculture, and digital transformation



Encourage competition

Promote competition to lower prices (medicines, electricity, transport), including through e-commerce



Access to reproductive health services

Improve awareness, access to reproductive health programs and resources



Increase resilience of poor and marginalized

Help households manage risks through insurance, disaster preparedness, and safety nets
Education remains a key pathway out of poverty



Improve social protection programs

Strengthen design, targeting, and M&E of social protection, including graduation strategies
Invest in nutrition, especially the first 1,000 days and school feeding



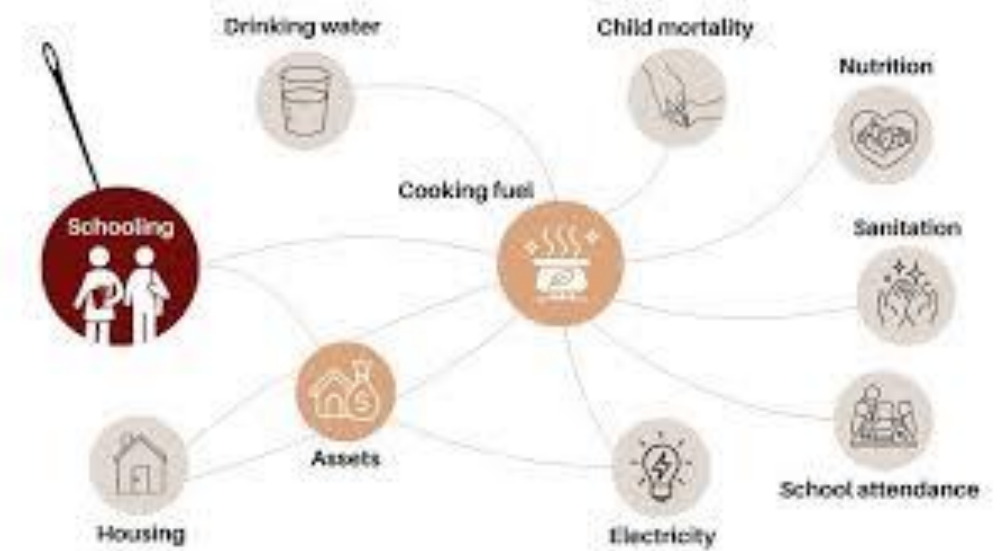
Invest in data and statistics

Assure data quality and interoperability
Leverage administrative and new data sources to complement surveys
Strengthen analytics for policy use

4. Beyond Money: Multidimensional Poverty

Why Measure Multidimensional Poverty?

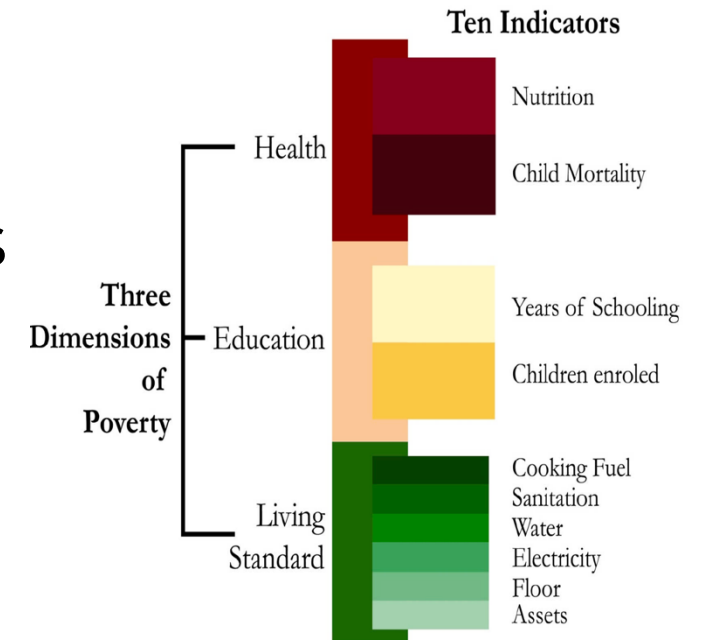
- Income misses key deprivations
- Health, education, living conditions
- Especially relevant for children



4. Beyond Money: Multidimensional Poverty

Multidimensional Poverty Index (MPI)

- ❑ Looks at multiple deprivations
- ❑ Counts people deprived in several areas
- ❑ Complements monetary poverty



4. Beyond Money: Multidimensional Poverty

What MPI Adds

- Explains how people are poor
- Useful for sectoral policy
- Data-intensive



4. Beyond Money: Multidimensional Poverty

Important Caution

Monetary and multidimensional poverty

- Answer different questions
- Should be used together
- Not substitutes

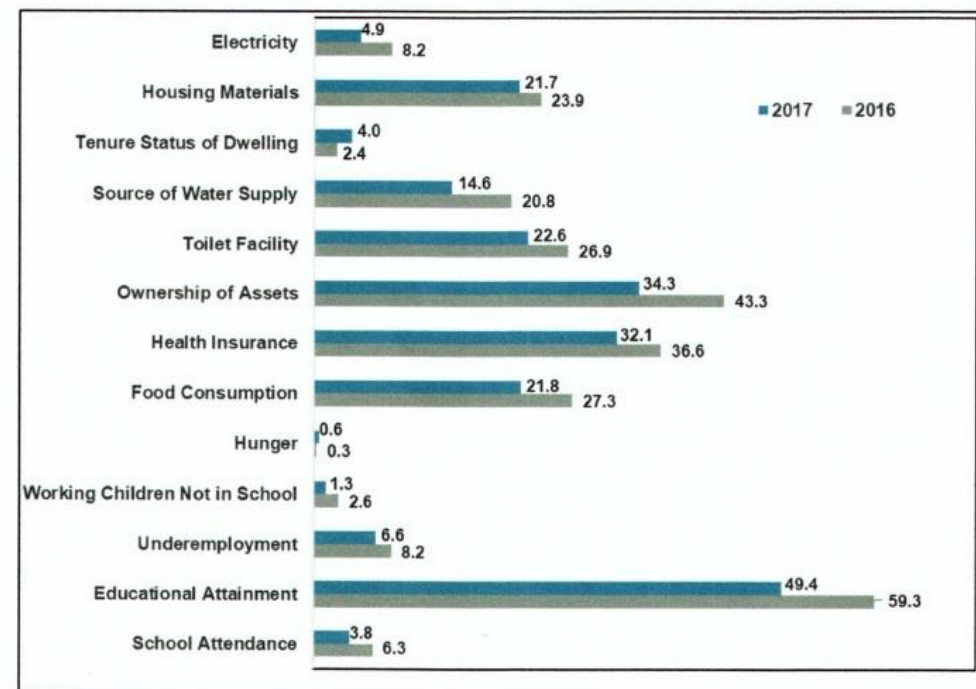


Figure 2. Incidence of Deprivation among Families per Indicator of MPI (%): 2016 and 2017

4. Beyond Money: Multidimensional Poverty

PSA's New Frontier: The Multidimensional Poverty Index

- PSA Board approved the national MPI methodology in May 2025 (39th Board meeting)
- Data sources: Community-Based Monitoring System (CBMS) and Annual Poverty Indicators Survey (APIS)
- Captures deprivations in health, education, living standards, and employment — complementing, not replacing, income-based poverty

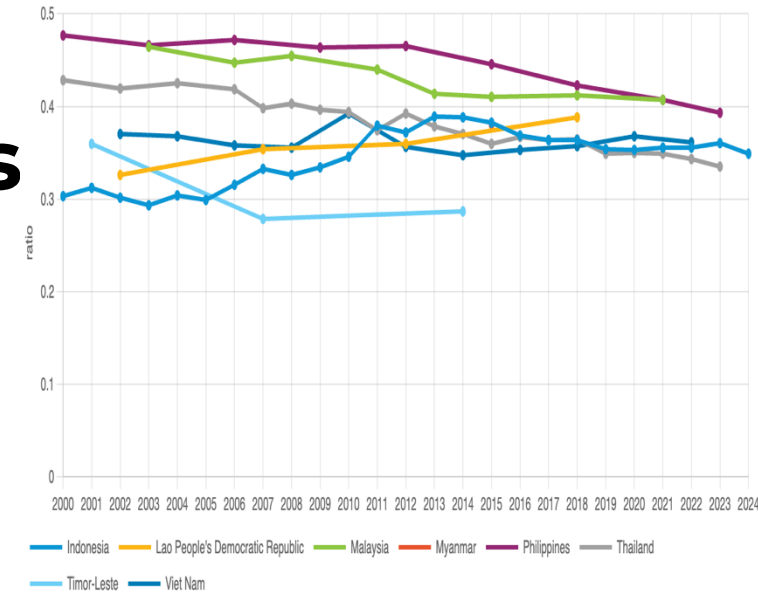


5. Beyond Traditional Poverty Metrics

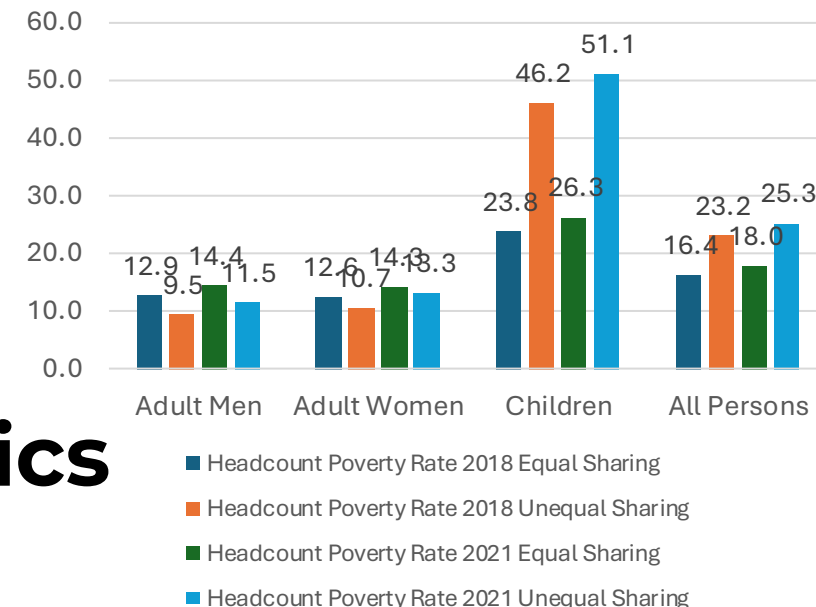
Inequality: The Other Side of the Poverty Story

- Poverty rate alone doesn't reveal how income is distributed — the Philippine Gini coefficient has hovered around 0.40; land Gini also quite high
- Poverty can fall even as inequality widens if growth benefits only the non-poor
- Inclusive growth — where the bottom 40%'s incomes grow faster than average — accelerates poverty reduction

Gini Coefficient in ASEAN member states:
2000 - 2022



Source: Key Indicators for Asia and the Pacific Database, ADB
Note: Official statistics in the Philippines and Malaysia calculate inequality measures on household income rather than per capita income, while those from other countries examine per capita consumption/expenditure



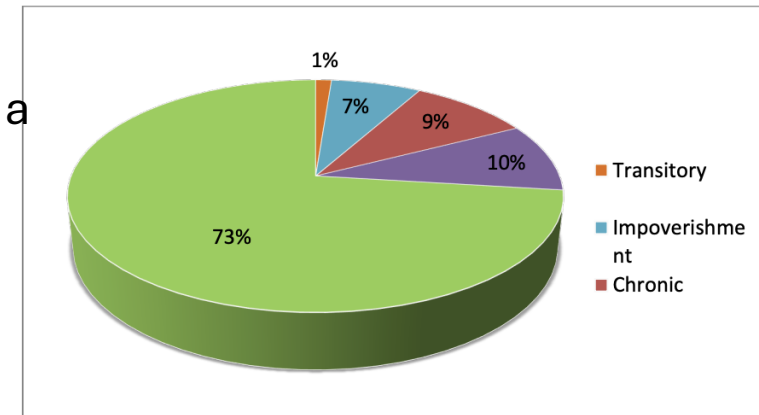
5. Beyond Traditional Poverty Metrics

Inside the Household: Hidden Poverty

- Official statistics divide household income equally among all members — but resources are not shared equally
- Women, children, and elderly often receive disproportionately less; child poverty rates are likely higher than reported
- "Assignable goods" analysis (e.g., individual clothing, food items) reveals gender and age disparities invisible in standard data



Poverty Trajectories of
Households in 2003 – 2009 (as a
Percentage of Households in
2003



5. Beyond Traditional Poverty Metrics

Chronic vs. Transient Poverty: Different Problems, Different Solutions

- Chronic poverty: persistently poor over many years — needs transformative interventions (education, skills, asset-building)
- Transient poverty: temporarily poor due to shocks — needs protective interventions (insurance, disaster preparedness, safety nets)
- FIES panel data in 2003 to 2009 shows many Filipino households move in and out of poverty — the same poverty rate can mask very different trajectories



5. Beyond Traditional Poverty Metrics

Self-Rated Poverty: What Filipinos Feel vs. What Statistics Say

- SWS April 2025 survey: ~51 % of Filipinos consider themselves poor — far exceeding official income-based headcounts
- The gap reflects dimensions income data misses: insecurity, social exclusion, shame, and perceived inadequacy
- Neither measure is "wrong" — official income poverty and SWS self-rated poverty answer different questions, and both matter for policy



6. Main Takeaways from Talk

Poverty Measurement

Literacy on Poverty Data is essential

Poverty measurement involves choices

Poverty numbers guide policy decisions

Trends matter more than single years

Vulnerability, the likelihood of future poverty, extends beyond the poor

Closing

Poverty numbers tell a story
Our job is to read them carefully
Beyond understanding poverty data
is a call to action!



What Can We Do?

- **Our actions have ripple effects:** supporting **ethical businesses and social enterprises** helps create inclusive livelihoods.
- **Engage and contribute:** volunteer time or skills, support education, food banks, mentoring, or **reputable nonprofits** working with marginalized communities.
- **Be informed and intentional:** advocate for fair policies, **challenge stereotypes**, and practice **conscious, sustainable consumption** to reduce harm to vulnerable groups.



Service through policy research

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