REPUBLIC OF THE PHILIPPINES
PHILIPPINE STATISTICS AUTHORITY
BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO

SPECIAL RELEASE

2018 Full-Year Poverty Statistics among Senior Citizens in BARMM

Date of Release: **18 June 2020**

Reference No. **2020-062**

Poverty incidence among senior citizens increased

About 44.9 percent or a total of 75.4 thousand senior citizens in BARMM are poor in 2018. The poverty incidence in this sector during this period is 3.2 percentage points higher than the estimate in 2015.

Senior citizen refers to an individual aged 60 years old and above, based on RA 9257 or the Expanded Senior Citizen Act. Poor senior citizens are those who belong to families with per capita income that is lower than the poverty threshold. Poverty threshold is the minimum amount required for an individual to meet his or her basic food and non-food needs. The poverty threshold in BARMM in 2018 is PhP27,715.
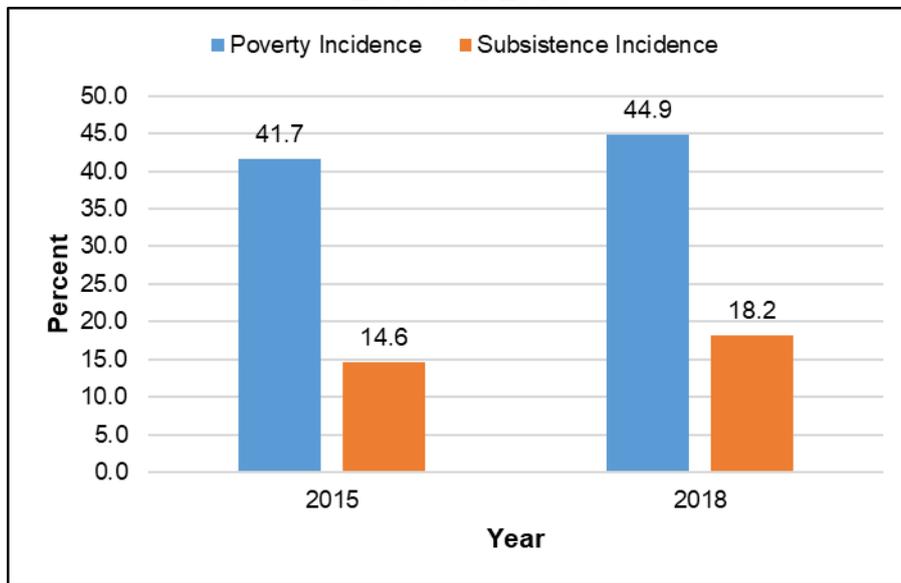
BARMM has the highest poverty incidence among senior citizens recorded in the entire country. This is followed by the proportion of poor senior citizens in Region IX, Caraga and Region VIII with the corresponding rates of 22.4 percent, 18.8 percent and 18.5 percent.

30.6 thousand senior citizens are poor

The proportion of food poor senior citizens in BARMM increased by 3.6 percentage points, from 14.6 percent in 2015 to 18.2 percent in 2018. These are the individuals aged 60 years old and above who belong to a family with per capita income that is less than the food threshold, or the minimum amount needed to meet the basic food needs of a person. The food threshold in BARMM in 2018 is PhP19,557.
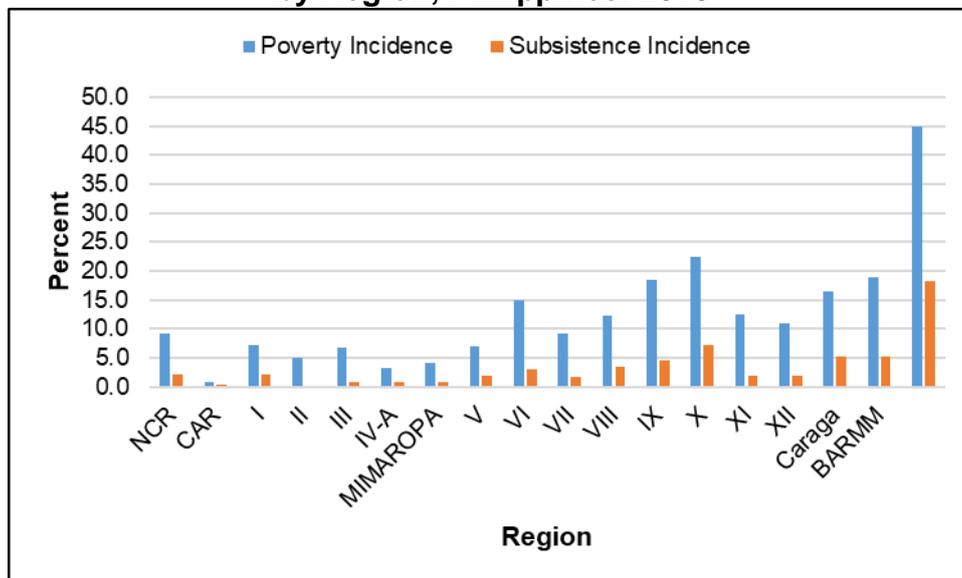
BARMM also recorded the highest subsistence incidence, or the proportion of food poor individuals, among senior citizens in 2018. This is followed by Region IX with 7.2 percent, Region XII with 5.3 percent and Caraga with 5.1 percent.

Figure 1 Poverty and Subsistence Incidence Among Senior Citizens, BARMM: 2015 and 2018

Source: Philippine Statistics Authority

Figure 2 Poverty and Subsistence Incidence Among Senior Citizens, by Region, Philippines: 2018

Source: Philippine Statistics Authority

Carumba Building, Jupiter St. Rosary Heights 9, Cotabato City, Philippines
(064) 557-1541 / 552-3206 | psa.armm0912@gmail.com
rssoarmm.psa.gov.ph

> *NOTE:*
>
> *All regional estimates discussed in this article is exclusive for the original ARMM territory only. ARMM legally does not exist as of writing, thus the term BARMM is used to avoid confusion among the readers.*
>
> - *The 2015 estimates were revised/updated based on the following:*
>   a) *rebasing of the Consumer Price Index (CPI) market basket of prices from 2006 to 2012;*
>   b) *adoption of the 2015 Census of Population (PopCen) results for the weights in the merged FIES-LFS; and*
>   c) *c) updated urban-rural classification of barangays based on the 2015 PopCen.*
>
> - *The 2018 estimates were updates following the availability of the final 2018 Family Income and Expenditure Survey (FIES), which now includes the new urban-rural classification based on the results of the 2015 Census of Population (POPCEN 2015), in addition to other changes that were made. To ensure consistency, the 2015 estimates were also updated using 2015 FIES with the new urban-rural classifications from the POPCEN 2015.*

TECHNICAL NOTES

Estimation of Official Poverty Statistics of the Philippines

Legal Basis

- Section 3 of Republic Act 8425 of 1997 (Social Reform & Poverty Alleviation Act) defines the poor as 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.
- Executive Order 352 - Designation of Statistical Activities that will generate critical data for decision-making of the government and the private sector issued on July 1, 1996 (with regular updates from time to time).

Activities	Agency/Group Responsible
Development of the official poverty estimation METHODOLOGY	Technical Committee on Poverty Statistics
Compilation and estimation of the official poverty statistics	PSA Technical Staff

PSA Board Resolution No. 1, Series of 2017-171 - Approving the Refinements in the Official Poverty Estimation Methodology

Major Sources of Data Inputs

Data Needed	Agency/Group Responsible
Provincial food bundles – nutritionally adequate (satisfying 100% Recommended Energy and Nutrient Intake for Energy and Protein, and 80% for vitamins and other nutrients)	Food and Nutrition Research Institute (FNRI)
- Price data (e.g. actual provincial prices of food items); in the case of Poverty Statistics for the first semester of 2018, the average of the prices for first semester 2018 were used. Note that the prices vary from province to province	Price Survey, PSA

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• Food/Market Basket of 2012	
Income (of families/per capita)	Family Income and Expenditure Survey, PSA

Uses of Poverty Statistics

- Poverty thresholds are used by the DSWD as input in the conduct of the National Household Targeting System for Poverty Reduction (NHTSPR)
- Used in the SDG monitoring
- Used by NEDA for planning and in PDP monitoring
- Used by the National Wages and Productivity Commission as one of the references in minimum wage determination

Refinements of the Official Poverty Estimation Methodology

The first official methodology for the poverty assessment in the Philippines was adopted in 1987. Three major refinements in the official methodology for measuring poverty have been made – in 1992, 2003/2005/2006 and 2011.

One major feature of the first refinement in 1992 was the exclusion of alcohol, tobacco, recreation, durable furniture and equipment as well as other miscellaneous expenditures in the list of basic non-food requirements considered in the determination of the poverty line/threshold. Poverty line/threshold refers to the minimum income/expenditure required to meet the basic food and non-food requirements.

In 2003, another improvement was introduced in recognition of the need for poverty estimates with lower levels of disaggregation, specifically at the provincial level. Using the same regional food bundles in the 1987 and 1992 methodologies developed by the Food and Nutrition Research Institute (FNRI), provincial food thresholds were generated using actual provincial prices collected by the Philippine Statistics Authority (PSA).

The latest refinements in the official poverty estimation methodology were approved through the PSA Board Resolution No. 1, Series of 2017-171, Approving the Refinements in the Official Poverty Estimation Methodology, to address some issues/concerns raised on the estimation of food and poverty thresholds, incidence and other measures of poverty, the relevance of official poverty statistics and the comparability of poverty estimates across space and over time. The refinements were based on the recommendations of the Technical Committee on Poverty Statistics (TC PovStat), the group responsible for the development/formulation of the official poverty estimation methodology.

One of the major issues addressed in the latest estimates is the comparability of the poverty estimates across space and over time. It has been argued by many poverty analysts that it is important that the yardsticks be consistent across provinces for the estimates to be valid in targeting government beneficiaries.

Compilation Methodology

A. Unit of Measure
   1. Food threshold – in current pesos (usually, per capita per year)
   2. Subsistence incidence – in percent for a reference year
   3. Poverty threshold – in current pesos (usually, per capita per year)
   4. Poverty incidence – in percent for a reference year

B. Coverage
   1. Food threshold – national and regional and provincial (with urban/rural)
   2. Subsistence incidence – national, regional, provincial, HUC
   3. Poverty threshold - national and regional and provincial (with urban/rural)
   4. Poverty incidence - national, regional, provincial, HUC
   5. Other measures of poverty (poverty gap, income gap, severity of poverty) - national, regional, provincial, HUC

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6. Senior citizen refers to an individual aged 60 years old and above, based on RA 9257, the Expanded Senior Citizens Act

C. Estimation and Compilation Methodology
   1. Computation of Food Threshold
      a) The use of a national reference food bundle as starting point – to enhance comparability across space.
      b) The national reference food bundle was converted to province-specific food bundles, which were used to estimate provincial food thresholds to capture province-specific characteristics in the estimation of provincial poverty statistics. These provincial food bundles were developed based on an indicative nationally-representative food bundle formulated by nutritionists from the Food and Nutrition Research Institute and were subjected to the Test of Revealed Preferences such that the food bundle of a province will be the cheapest in comparison with the bundles of other provinces. The provincial food bundles have the following characteristics:
         i. Nutritionally adequate, i.e., it satisfies the 100% Recommended Energy and Nutrient Intakes (RENI) for energy and protein and 80% RENI for other vitamins and minerals;
         ii. Food items in the food bundle are locally available and eaten in the area (in the province);
         iii. Least cost in the province; and
         iv. Visualizable (i.e., can be cooked together and fit for human consumption) Sources of data:
            - Provincial food bundle (100% adequate for energy and protein and 80% adequate for vitamins and minerals) developed by the FNRI
            - Agricultural commodities retail and farm gate price data, by province, PSA
            - Non-agricultural commodities retail price data, by province, PSA
            - Proportion of food bought and own-produced components: Food Consumption Survey, FNRI

            General Procedures:
            - Each of the ingredients in the food bundle is priced using the available price data
            - The urban and rural food thresholds are computed, each with bought and own-produced components.
            - The provincial urban/rural annual per capita food threshold is computed as: FT = (cost per capita of the one-day food bundle) x (30.4 days/month) x 12 month

   2. Computation of Subsistence Incidence
      - Given the food threshold, the subsistence incidence is computed as:

      $$S = \left[\frac{F}{n} \right] * 100$$

      where:

      F = number of families (individuals) with per capita annual income less than the per capita annual food threshold/line

      n = total number of families (individuals)

   3. Computation of Poverty Thresholds
      a) As common practice in most countries, the non-food component is measured indirectly, due to the difficulty of determining the required bundle for the non-food items.
      b) To enhance comparability across space and over time, the ratio of food expenditures (FE) to total basic expenditures (TBE) is held constant instead of generating the FE/TBE ratio every FIES year, the average of the nationally determined FE/TBE ratio

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from 2003, 2006 and 2009 FIES shall be used for 12 years starting 2009 which is equivalent to 0.6983.

Sources of data:
- Average FE/TBE of 2000, 2003, 2006 and 2009 FIES= 0.6983
- Urban/Rural Food thresholds

General Procedures:
- The urban/rural provincial poverty threshold was computed by dividing the food threshold with the FE/TBE ratio.

  FE = actual food expenditure of families within the +/-ten percentile band of the subsistence incidence among families

  TBE = total basic expenditure of families within the +/- ten percentile band of the subsistence incidence among families.

  TBE is an aggregate of expenditures on

  - food;
  - clothing and footwear;
  - fuel; light and water;
  - housing maintenance and other minor repairs;
  - rental or occupied dwelling units;
  - medical care;
  - education;
  - transportation and communications;
  - non-durable furnishing; household operations and personal care and effects

    However, instead of generating the FE/TBE ratio every FIES year, the average of the nationally determined FE/TBE ratio from the 2000, 2003, 2006 and 2009 FIES shall be used for twelve (12) years starting 2009 to ensure consistency across space and over time. This is equivalent to 0.6983.

4. Computation of Poverty Incidence
   - Given the poverty threshold, the poverty incidence is computed as:

   $$P = \frac{Q}{n} * 100$$

   where:

   Q = number of families (individuals) with per capita annual income less than the per capita poverty threshold/line

   n = total number of families (individuals)

   - Poverty incidence among senior citizens refers to the proportion of senior citizens (belonging to poor families) with per capita income less than the per capita poverty threshold to the total number of senior citizens.

RAZULDEN A. MANGELEN, MPA, MDM
OIC-Regional Director