The COVID-19 crisis has interrupted more than 30 years of continuous poverty reduction in the Philippines. The recently released national poverty estimates show that poverty incidence rose from 16.7 percent in 2018 to 18.1 percent in 2021. This translates to 19.9 million poor people, an increase of 2.3 million over the same period. The economically important regions of the National Capital Region and its peripheries Central Luzon and Southern Luzon, and Central Visayas had poverty incidence increase by 1.2, 4.4, 3.1 and 9.9 percentage points, respectively. Conversely, poverty in the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM)-the poorest region in the country-decreased from 61.2 percent to 37.2 percent.
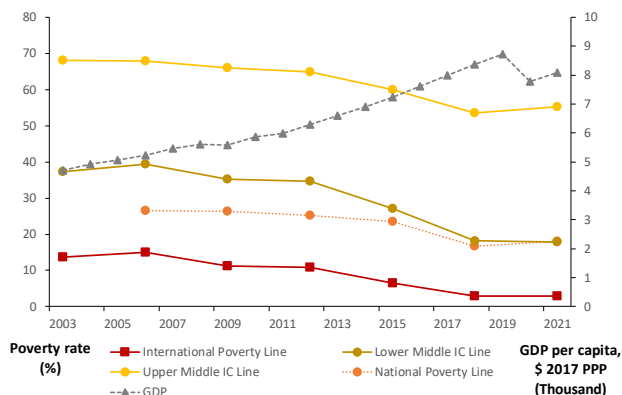
Continuous recovery in the labor market from the pandemic augurs well for recovery in household incomes and poverty reduction in 2022. Unemployment rate dropped by 1.8 percentage points from 6.0 to 4.2 in November 2022 compared to June 2022. This was coupled with an increase in labor force participation and a reduction in underemployment, which dropped 14 percentage points between November 2021 and 2022. Home-based work and flexible work arrangements seem to have enhanced women labor participation, which reached 57.8 percent in November 2022, after stagnating at 50 percent or below for three decades. While economic growth picked up at 7.6 percent in 2022, surpassing most neighboring countries, rising inflation can erode these gains. Since food and energy account for about 70 percent of household expenditures for the poor, the sharp price spikes will reduce their purchasing power.

Despite over a decade of progress in inequality reduction, the Philippines has one of the highest income Gini coefficients in East Asia and the Pacific. While inequality did not seem to have increased in the immediate aftermath of COVID-19, the longer-lasting effects of the crisis on human capital development, food insecurity and shifts to less productive jobs and sectors, which disproportionately affected poor and vulnerable households, may widen inequality in coming years.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	19.9	18.1	2021
International Poverty Line 47.8 in Philippine peso (2021) or US$2.15 (2017 PPP) per day per capita	3.4	3.0	2021
Lower Middle Income Class Poverty Line 81.2 in Philippine peso (2021) or US$3.65 (2017 PPP) per day per capita	20.3	17.8	2021
Upper Middle Income Class Poverty Line 152.4 in Philippine peso (2021) or US$6.85 (2017 PPP) per day per capita	62.9	55.3	2021
Multidimensional Poverty Measure		4.4	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.98	2015-2021
INEQUALITY			
Gini Index		40.7	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		2.19	2015-2021
GROWTH			
Annualized GDP per capita growth		1.89	2015-2021
Annualized Income Growth per capita from Household Survey		0.79	2015-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.90	2015-2021

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
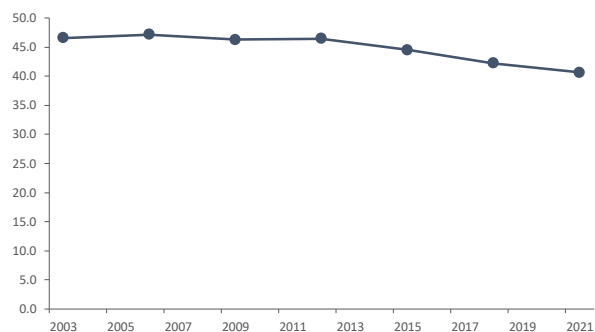
POVERTY HEADCOUNT RATE, 2003-2021

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)

- ■ International Poverty Line
- ● Lower Middle IC Line
- ● Upper Middle IC Line
- ··○·· National Poverty Line
- --▲-- GDP

Source: World Bank using FIES/EAPPOV/GMD

INEQUALITY TRENDS, 2003-2021
Gini Index

Source: World Bank using FIES/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	99	1	28	72
Rural population	95	5	53	47
Males	97	3	41	59
Females	97	3	39	61
0 to 14 years old	95	5	53	47
15 to 64 years old	98	2	35	65
65 and older	99	1	29	71
Without education (16+)	88	12	70	30
Primary education (16+)	96	4	51	49
Secondary education (16+)	99	1	29	71
Tertiary/post-secondary education (16+)	100	0	11	89

Source: World Bank using FIES/EAPPOV/GMD

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Income)	
Daily income less than US$2.15 per person	3.0
Education	
At least one school-aged child is not enrolled in school	4.4
No adult has completed primary education	3.8
Access to basic infrastructure	
No access to limited-standard drinking water	6.2
No access to limited-standard sanitation	8.0
No access to electricity	6.7

Source: World Bank using FIES/EAPPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

National official poverty estimates in the Philippines are produced by the Philippines Statistics Authority (PSA). These are derived using income welfare aggregates evaluated against per capita poverty lines that are set broadly following the cost of basic needs (CBN) approach. Using a national reference food bundle based on expert opinion of what constitutes a nutritionally adequate bundle, province-specific bundles are set separately for urban and rural areas and reflect locally consumed commodities. These locally priced bundles that constitute food poverty lines are scaled up by a constant food-to-non-food ratio to calculate total poverty lines. There are 163 poverty lines set corresponding to urban and rural areas of the 81 provinces and the National Capital Region in the country, and these were benchmarked to 2009, when this methodology was developed. The 2015 and 2018 official poverty lines were revised/updated based on the following: a) rebasing of the CPI basket from 2006 to 2012; and b) adoption of the 2015 Population Census for the weights in the Family Income and Expenditure Surveys (FIES). Unlike the international poverty line that is fixed and updated by CPI, the national poverty lines are updated by re-estimating the food poverty lines at current prices. The fixed food to non-food ratio used to derive the poverty lines assumes that the non-food price inflation is the same as food price inflation. Poverty estimates are calculated from the triennial FIES. The two rounds of information for each FIES, one for the first semester and one for the full year, are not strictly comparable. The poverty estimates reported draw from the full year information if not otherwise specified.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPTSD). As of January 2023, the collection includes 21 countries and 122 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.