How does PSA generate Official Poverty Statistics?

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

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

**WHY DOES PSA RELEASE POVERTY STATISTICS?**
PSA releases poverty statistics to serve as a tool for decision making of the government and the private sector

(Executive Order 352)

**WHAT ARE THE DATA INPUTS AND SOURCES?**

**PROVINCIAL FOOD BUNDLE**
Food and Nutrition Research Institute (FNRI)

**PRICE DATA**
Philippine Statistics Authority (PSA)

**INCOME**
Family Income and Expenditure Survey (FIES) PSA

**WHO DEVELOPED THE CURRENT METHODOLOGY and COMPILES POVERTY STATISTICS?**
The then Technical Committee on Poverty Statistics (TC PovStat), which was composed of experts on poverty statistics, was tasked with the development/ formulation of the official poverty estimation methodology. The PSA Technical Staff is in charge with the compilation and estimation of the official poverty statistics based on the approved methodology.

**HOW TO ESTIMATE PER CAPITA FOOD THRESHOLD**

<table>
<thead>
<tr>
<th>NATIONAL FOOD BUNDLE</th>
<th>% Energy and Nutrient Adequacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>BREAKFAST</td>
<td>Energy 100</td>
</tr>
<tr>
<td>Scrambled egg</td>
<td>Protein 123</td>
</tr>
<tr>
<td>Coffee with milk</td>
<td>Calcium 119</td>
</tr>
<tr>
<td>Boiled rice/rice-corn mix</td>
<td>Iron 80</td>
</tr>
<tr>
<td>LUNCH</td>
<td>Vitamin A 131</td>
</tr>
<tr>
<td>Boiled mango with malunggay and dried dilis</td>
<td>Thiamin 88</td>
</tr>
<tr>
<td>Banana</td>
<td>Riboflavin 80</td>
</tr>
<tr>
<td>Boiled rice/corn mix</td>
<td>Niacin 249</td>
</tr>
<tr>
<td>DINNER</td>
<td>Vitamin C 106</td>
</tr>
<tr>
<td>Fried fish/boiled pork</td>
<td></td>
</tr>
<tr>
<td>Vegetable dish</td>
<td></td>
</tr>
<tr>
<td>Boiled rice/corn mix</td>
<td></td>
</tr>
<tr>
<td>SNACKS</td>
<td></td>
</tr>
<tr>
<td>Bread or boiled rootop</td>
<td></td>
</tr>
</tbody>
</table>

Food items in blue font may vary across provinces.

**Sample Translation: NCR FOOD BUNDLE**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BREAKFAST</td>
<td></td>
</tr>
<tr>
<td>Scrambled egg</td>
<td></td>
</tr>
<tr>
<td>Coffee with milk</td>
<td></td>
</tr>
<tr>
<td>Boiled rice</td>
<td></td>
</tr>
<tr>
<td>LUNCH</td>
<td></td>
</tr>
<tr>
<td>Boiled rice</td>
<td></td>
</tr>
<tr>
<td>DINNER</td>
<td></td>
</tr>
<tr>
<td>Fried tulingan</td>
<td></td>
</tr>
<tr>
<td>Boiled kangkong</td>
<td></td>
</tr>
<tr>
<td>Boiled rice</td>
<td></td>
</tr>
<tr>
<td>SNACKS</td>
<td></td>
</tr>
<tr>
<td>Pandesal</td>
<td></td>
</tr>
</tbody>
</table>

Using Actual Provincial Prices of Food Items

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

**PER CAPITA FOOD THRESHOLD per day**

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

**HOW TO ESTIMATE PER CAPITA POVERTY THRESHOLD**

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

Food Threshold ---------------- FE/TBE Ratio

**POVERTY THRESHOLD**

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

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

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

**HOW TO GENERATE THE SUBSISTENCE INCIDENCE AND POVERTY INCIDENCE**

**PER CAPITA INCOME**

If per capita income is less than the POVERTY THRESHOLD

- **POOR**

If per capita income is less than the FOOD THRESHOLD

- **POOR**

**POVERTY THRESHOLD (in pesos)**

**FIND POOR**

= Sum of POOR / Total Weighted Population

**SUM OF POOR**

= Sum of FOOD POOR / Total Weighted Population

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