



CHILD POVERTY

SITUATION OF CHILDREN IN THE PHILIPPINES REPORT



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IN THE PHILIPPINES



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While the Philippines recorded strong GDP growth rates towards a trajectory to become an upper middle-income country prior to the COVID-19 pandemic, poverty rates were on a downward trend.

The pandemic bore down hard on the country's people and resources likely pushing poverty up again and setting back progress in reducing poverty. Poverty rate in the Philippines remains higher than similar neighbor economies, even almost double the poverty rates in Malaysia and Indonesia.

Income poverty exacerbates conditions for children to achieve their full potential and in many ways are also viewed as underlying causes for a child to access and utilize adequate health, nutrition and education services. Families may also be more

dependent on their children to support household income leading to children engaging in economic activities that impedes their right to education, as well as exposing them to increased risk of abuse and exploitation.

Child Rights Situation Analysis

The indicators presented here include the poverty incidence among the population and among children, subsistence incidence among the population and among children, magnitude of poor and subsistence poor population and children, and unemployment rate and unemployed persons, including youth not in employment, education and training.

The proportion of children living in poverty is measured as the proportion of children belonging to poor families with per capita income less than the per capita poverty threshold to the total number of children. The proportion of children living in food poverty (incidence of subsistence) is measured as the proportion of children belonging to poor families with per capita income less than the per capita food threshold to the total number of children.

Poverty incidence among the population increased to 18.1 per cent in 2021 from 16.7 per cent in 2018, which could be attributed to the impact of the COVID-19 pandemic. However, preliminary estimates for the first semester of 2023 indicate a higher poverty rate of 22.4 per cent. The increase in poverty incidence follows after the significant drop in poverty rate from 23.5 per cent in 2015.

The poverty profile includes high rural and urban disparities where poverty rates are twice as high in the rural areas than in urban areas. However, within the urban areas there are

grave concerns of conditions of those who live in informal settlements making up about 3.2 per cent of urban population or approximately 3.5 million people.

Notably, while there was a remarkable decline in poverty incidence from 61.8 per cent in 2018 to 37.2 per cent in 2021, a 25 percentage-point difference, BARMM remains the region with the highest proportion of poor population in the country. The decline in poverty incidence was observed across all provinces albeit unevenly except in Tawi-tawi.

Some analysis pointed to growth in seasonal wages and farm incomes as well as large government transfers especially during the pandemic contributing to the reduction of poverty in BARMM. The other regions with the highest poverty incidence are Caraga with 33.2 per cent, Region IX at 30.1 per cent, and Region V with 29.3 per cent. Among regions with increased poverty incidence, Region VII had the largest jump from 17.7 per cent in 2018 to 27.6 per cent in 2021.

Among the poor population are children, lots of them. In 2021, nearly three in every ten children are living in poverty. The proportion of children belonging to poor families (those with per capita income below the per capita poverty threshold) in 2021 was estimated at 26.4 per cent of all children in the country, up from 23.9 per cent in 2018.

The estimated number of children who are considered poor rose to 10.5 million children in 2021 from 9.3 million poor children in 2018.

Eleven regions saw increased percentages of poor children with Region VII having the highest increase of 12.1 percentage-points. BARMM, despite having the sharpest decline in child poverty, by 23.1 percentage-points, still had the highest incidence in 2021 with at least four in every ten children or 44.2 per cent living in poverty. Caraga region had almost the same proportion, 44.1 per cent, of poor children in 2021. Other regions with significantly high poverty rates among children are Regions V with 39.9 per cent, Region VIII at 39 per cent, and Region IX with 38.1 per cent. NCR had the least incidence of child poverty in the country.

Some 3.7 million children do not meet even the basic food needs in 2021, 578 thousand more 'food poor' children than in 2018.

Subsistence incidence among children was estimated at 9.4 per cent of all children in 2021, up from 8.1 per cent in 2018. The regions with the highest proportion of children living in

food poverty in 2021 were Caraga with 18.8 per cent, and Regions IX and XII with similar 17.4 per cent. Although BARMM had the largest decline, by 18.3 percentage-points, subsistence incidence stayed well above the national average at 16.2 per cent. CAR registered the lowest incidence of food poverty among children at 3.4 per cent.

About a third of unemployed population are youth with unemployment rate estimated at 11.5 per cent in 2023, a small decline from 12.3 per cent in 2022. The number of unemployed persons aged 15 years and older stood at nearly 3.5 million in 2023, a 5.6 per cent increase from 2022. Of those unemployed, 33.6 per cent were aged 15-24 years or those belonging to the youth population, higher than the share in 2022 at 31.6 per cent. Overall, unemployment rate was measured at 4.6 per cent decreasing from 5.5 per cent in 2022.

At least one in every ten adolescents and young are not in employment, education, or training in 2023. The percentage of youth not in employment, education, or training (NEET) was estimated at 12 per cent in 2023 which is equivalent to 762 thousand young people, a little less than the 756 thousand the year prior. Youth NEET refer to unemployed non-students (not studying and looking for work but could not find work) and inactive non-students (not studying but also not looking for work) aged between 15 and 24 years old.

Equity & Risk

EQUITY

Gender **Sex or gender-disaggregated data is unavailable for the indicator ‘Poverty Incidence Among Children’.** For the poverty incidence among the general population, there is minimal difference in the figure for men (18.5 per cent) and women (18.4 per cent), as of 2021.

Disability This situation analysis has not been able to determine any data which disaggregates by disability under this subdimension.

Subnational **Child poverty rates are highest in the BARMM (44.18 per cent), significantly higher than the national average of 26.4 per cent.** This is of significant concern, as child poverty generally results in inequitable progress for those affected with regard to child rights realization across a range of fields. Poverty can negatively impact children’s physical, social and emotional development, as well as increasing risk of school dropout as children are encouraged to generate income for the household.

Others **Age is a characteristic against which inequity is recorded with regard to unemployment rates: these are significantly higher among those aged 15-24 and 25-34 than among older age groups.**

For example, in February 2023, 27.6 per cent of those aged 15-24 and 38.2 per cent of those aged 25-34 were not in education or employment, compared to 16 per cent of those aged 35-44 and 10.3 per cent of those aged 45-54. This indicates that rates of youth unemployment are high in the Philippines, which can be detrimental to their social inclusion and well-being, and can result in some young people turning to crime to generate income and others turning to employment in the informal sector which can increase the risk of exploitation.

RISKS

Natural hazards No natural hazard-related risks were identified as yet under this subdimension.

Conflict **Geopolitical risks and conflict risks in Southeast Asia have the potential to affect government prioritization funding; this may be diverted from domestic agendas to defense.** For example, tensions between the People’s Republic of China and Taiwan could affect the Philippines if they grow into active conflict, which may result in the Filipino government investing more resources in defense, reducing the budget share of health, education and social protection.

Health Crisis/Pandemic It is noted that the situation on child poverty had been improving in the Philippines prior to the COVID-19 pandemic, but that this event precipitated some declines in progress against key indicators. This indicates the risk to child poverty that future health pandemics could have in the Philippines.

Other risks **Changes to personnel and leadership within protection actors affect the delivery of social protection services in the Philippines.** Each new senior official or

representative appointed or elected may introduce new structures and priorities, which can make it challenging for INGOs and other partners to work effectively as they need to rebuild connections, networks and relationships, particularly for advocacy work and for training and capacitating new personnel on protection approaches. Leadership changes also affect the policy landscape regularly, with Congress, mayoral and LGU elections every three years, barangay elections every five years, and presidential elections every six years.

Legislation & Policy Analysis

Legal and policy provisions in the country have demonstrated commitment to addressing poverty in the country specifically for the overall population but not yet specific for children.

In 2020, Republic Act 11291, also known as the Magna Carta of the Poor, was enacted. The objective of the policy is that the state should uplift the “standard of living and quality of life for the poor and provide them with sustained opportunities for growth and development.” Section 4 of the Act asserts the rights of all Filipinos regardless of wealth or any other determination, it lays out the key rights as follows: the right to adequate food; the right to decent work; the right to relevant and quality education; the right to adequate housing; and the right to the highest attainable standard of health. While Republic Act 11291 is not child-specific, all determinations made under each of the declared rights (especially education) are relevant to child poverty.

Conditions of poverty experienced by adults are vastly different from conditions that children face. Without the recognition of child poverty to be addressed to support socioeconomic development, breaking the intergenerational cycle of poverty will inevitably be difficult to achieve.

In the Philippines, there is ongoing work to develop and adopt a Multidimensional Poverty Index. Using data from Demographic and Health Surveys, this aims to calculate an aggregated poverty score across three dimensions (health, education and living standards) and 10 indicators, helping to indicate poverty disparities and vulnerabilities.

The Philippine government has continued to budget for social protection initiatives; in 2023, the Department of Social Welfare and Development received PHP 151 billion to continue social protection service programs as reflected in Republic Act No. 11936. At the local level, the Community-Based Monitoring System is critical for the targeting and development of local development planning. Other initiatives related to poverty and child poverty include ongoing work to tackle child labor, which is covered in detail in the Harmful Practices subdimension.

Bottleneck Analysis

Demand

- **Unemployment within families.** Unemployment stood at 5.4 per cent in 2022 which - while a significant reduction on the 2021 rate - remains a significant bottleneck causing household poverty for those affected.
- **Limited access to technology.** Because of the COVID-19 pandemic, cash transfers are increasingly dispersed via mobile platforms such as GCash. Many families from low-income backgrounds either do not own a smartphone, have limited access to the internet, or have a low level of digital literacy. Together, these factors prove to be major bottlenecks. However, it is also important to note that there has been an increase in the ownership of e-money accounts from 8 per cent in 2019 to 36 per cent in 2021, which indicates that access to technology-based services is improving.

Supply

Lack of technical capacity among rural populations to carry out social development programs. These programs and activities rely heavily on local participation. While this is positive in improving the localization of social development initiatives, it has also been identified as a key bottleneck. Local populations are often engaged in the implementation of programs without being given the necessary skills and knowledge needed to effectively carry out their responsibilities, which leads to inefficiency.

Enabling environment

- Limited capacity, inconsistent LCE willingness and leadership turnover at the subnational level. LGUs are the main duty bearers for the implementation of national laws and policies on social development. However, some LGUs suffer from a lack of capacity in terms of the human resources, technical skills and the necessary budgets for adequate implementation.

A commonly cited bottleneck across KIs was that decision-making on focus areas within LGUs relied heavily on the LCEs. As such, LCEs' willingness, motivation, and ability to prioritize social development issues is a major determinant of the realization of an LGU's prioritization of necessary service provision. While it is difficult to ascertain the extent of this bottleneck, it was suggested that LCEs often make decisions on these matters based on political factors rather than population needs. Furthermore, as LGU elections are held every three years, there are regular changes in health staff and leadership.

This is a significant bottleneck, as knowledge and expertise around health and nutrition at LGU level fluctuates regularly. For partner organizations, this turnover also requires the rebuilding of relationships to carry forward collaborative endeavors.

- **Insufficient budget for the Community-Based Monitoring System (CBMS) at the LGU level.** The CBMS is a key mechanism throughout which social protection programs are targeted and monitored in the Philippines. However, it is noted that to date there has been insufficient budget for LGUs to effectively implement the CBMS at the local level.

DRAFT FOR REVIEW

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