

Reeling from the Financial Crisis and El Niño Effects: *1st Quarter Story*

AS IN ANY SAD AFTERMATH, THE figures tell the story. For the Philippine economy, the aftereffects of the regional currency crisis and the El Niño weather disturbance are now evident in the first quarter national income account figures as seen in Table 1. And the story is: a slowdown in the country's economic activities during the period.

The country's gross domestic product (GDP) and gross national product (GNP) at constant prices stood at P215.4 and P227.0 million, respectively, a measly 1.7 percent and 2.5 percent first quarter growth, respectively. Definitely, these are significantly lower compared with last year's figures of 5.5 percent for GDP and 5.4 percent for GNP.

TABLE 1: SELECTED INDICATORS

	1997 Q1	1998 Q1	Growth Rates	
			1997 Q1	1998 Q1
A. Estimates in constant (1985) prices				
1. Gross domestic product*	211760	215434	5.5	1.7
a. Agriculture, fishery, forestry,	47651	45947	4.9	-3.6
b. Industry	73740	74670	5.1	1.3
c. Service	90369	94817	6.1	4.9
2. Gross national product*	221440	227045	5.4	2.5
3. Personal consumption expenditure*	156862	163917	5.0	4.5
4. Per capita GDP	2896	2882	3.1	-0.5
5. Per capita GNP	3028	3037	3.1	0.3
6. Per capita personal consumption expenditure	2145	2193	2.6	2.2
B. Population (in million)	73.12	74.75	2.3	2.2

*In million pesos
Source of data: The National Accounts of the Philippines, National Statistical Coordination Board, May 1998.

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The slowdown of the economy can be attributed to the agriculture, fishery and forestry sectors which sustained huge damages from the weather problems, contracting from 4.9 percent growth rate in the first quarter of last year to 3.6 percent for the same period this year. The industry sector also decelerated to 1.3 percent, from 5.1 percent a year ago. The service sector, on the other hand, managed to sustain a 4.9 percent growth, thereby "carrying" the economy for the period.

Similarly, the personal consumption expenditure experienced a slowdown from 5.0 percent growth in 1997 to 4.5 percent in 1998 due to the worsening employment situation in the country.

THE NATIONAL STATISTICS OFFICE (NSO) is currently spearheading two major poverty-related initiatives, namely,

- * the formulation of an improved operational framework of the Community-Based Poverty Indicators Monitoring System (CBPIMS), and
- * the conceptualization of an Annual Poverty Indicator Survey (APIS).

Both activities are components of a project entitled “Strengthening Institutional Mechanisms for Convergence of Poverty Alleviation Efforts” under the auspices of the United Nations Development Programme (UNDP).

The CBPIMS was designed as a barangay-based information system for gathering, analyzing and using data regarding the minimum basic needs (MBN) indicators of local residents in the community. This system will be a good source of information for the needs assessment of and an empowering tool for the community to satisfy their unmet MBNs. It is not, however, intended to come up with poverty indicators at the national and sub-national levels since it

The CBPIMS will be a good source of information for the needs assessment of and an empowering tool for the community to satisfy their unmet MBNs.

will not provide a good picture of poverty conditions at these levels.

On the other hand, the APIS was seen as a means to address the three-year interval in the release of the triennial *Family Income and Expenditures Survey (FIES)*. At present, the *FIES* still remains as the main source of information concerning poverty statistics. However, because of such

APIS will provide poverty indicators at the national level and can be extended to the provincial level for use in macro policy decisions. The CBPIMS initiative, meanwhile, will generate statistics using the MBN approach at the community up to the provincial level to be used for community needs assessment and interventions. This system could provide and enhance government statis-

Statistical-Gathering Initiatives to Streamline Poverty Monitoring

interval which seems to be too long to be responsive to the development needs of the poor sector, the APIS was conceptualized. Specifically, it was designed to gather data on the socioeconomic profile of families and collect other information that relate to their living conditions, and was meant to respond to the need for accurate and up-to-date poverty-related indicators that would help monitor the impact of macro-economic decisions and other sectoral concerns.

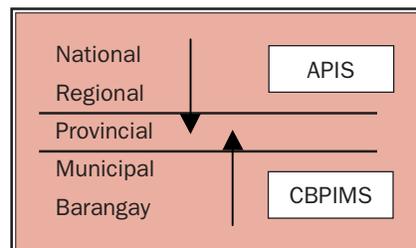
Complementary Initiatives

As part of an effort to streamline measures for monitoring and alleviating poverty, the two NSO initiatives necessarily have to complement each other.

Figure 1 illustrates how such complementarity will take place.

tics at various geopolitical levels, to be used in poverty alleviation efforts for the improvement of the levels of well-being of the disadvantaged sectors of society.

FIGURE 1: APIS AND CBPIMS' POINT OF CONVERGENCE



In preparation for the operationalization of the two initiatives, the NSO has recently conducted a



MIMAP-Philippines: Going on its Fifth Phase

THE MICRO IMPACTS OF MACRO-economic Adjustment Policies (MIMAP) Project-Philippines unfolds its fifth phase with activities focusing on the enhanced utilization and institutionalization of the analytical tools developed in its earlier stages. Among these tools for analysis are:

- * a macroeconometric model with an income distribution bloc;
- * a financial computable general equilibrium (CGE) model; and
- * household sector models on nutrition, health, and education.

These models have been continuously refined for the use of policymakers in assessing the impact of economic reforms on growth and equity.

For the incoming phase, MIMAP will continue to use the aforementioned models to analyze recent economic developments. For one, the project will utilize the models to assess the impact of the recent regional financial crisis. Furthermore, the CGE model will be used to capture the effects of privatization, deregulation/demonopolization, and of stabilization policies. Household effects will also be traced, using the models on nutrition, health and education.

In preparation for the eventual transfer of the quantitative models to interested planning agencies and research institutions, the Project will be designing a more user-friendly type of program for the models, ac-

companied by training modules. This move is geared towards a more convenient usage of the MIMAP models.

MIMAP will also continue to support initiatives to monitor the conditions of the poor by pursuing its study on the choice of a core set of indicators of poverty. In addition, information on the statistical techniques which have been developed by the Project will be disseminated to various research institutions. Said methods are found to provide close estimates of the conditions of sentinel groups and to generate efficient socioeconomic statistics at the municipal level.

Finally, in addition to the abovementioned research activities, the MIMAP group will conduct a series of policy fora and training seminars for policymakers, researchers, and special interest groups during the year as well as compile and publish the project's findings/outputs into a series of monographs. *BEM*



IN A CONTINUING EFFORT TO EXPAND the approach to poverty alleviation as espoused in the Micro Impacts of Macroeconomic Adjustment Policies (MIMAP) project to other parts of the world, a MIMAP planning workshop was organized by the Centre for Policy Analysis (CEPA), in collaboration with the International Development Research Centre (IDRC), on April 21-22, 1998 in Accra, Ghana.

Among the resource persons invited was Dr. Celia M. Reyes, Project

Director of MIMAP-Philippines, who discussed the process of how MIMAP is being implemented in the Philippines. Dr. Reyes highlighted the four-pronged approach adopted in the Philippines: poverty monitoring, modelling, focus studies and policy advocacy.

MIMAP Planning Workshop in Ghana

Other resource persons included Dr. Nii K. Sowa, a Fellow at the CEPA, who presented the policies and issues relating to the macroeconomic adjustment in Ghana; Mr. Kwesi Abeasi, Executive Director of



RESEARCH RESULTS

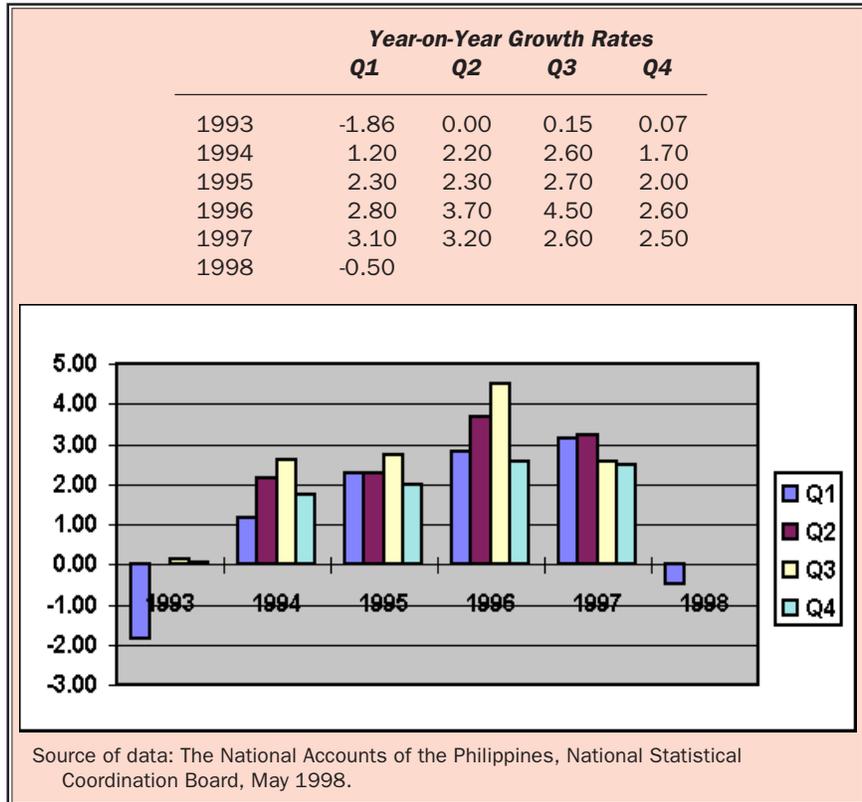
First Quarter Story...

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Meanwhile, Table 2 shows the per capita GDP of the Philippines which has achieved a positive growth rate for the last five years starting in the second quarter of 1993. The effects, however, of the recent financial turmoil have prevented the continuous growth of the per capita GDP. As seen in the table and accompany-

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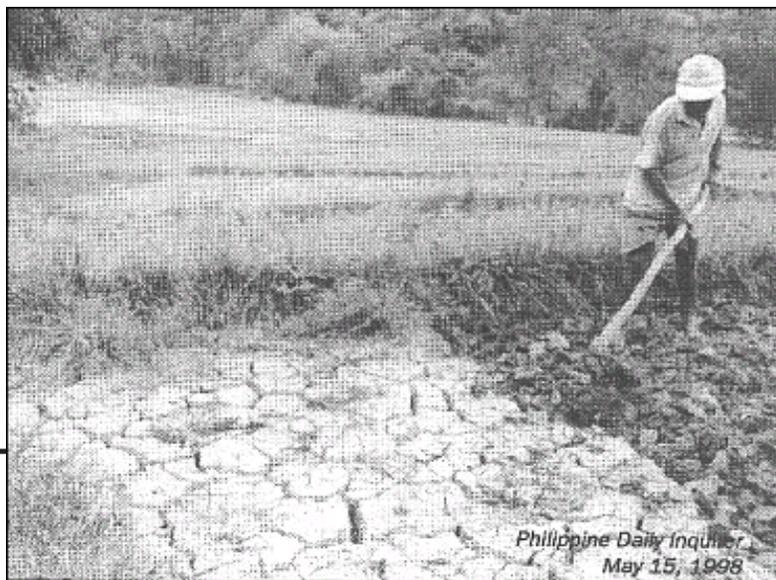
TABLE 2: PER CAPITA GROSS DOMESTIC PRODUCT
Q1 1993 - Q1 1998, PHILIPPINES



ing graph, for the first time in 20 quarters, a negative growth rate was registered at -0.5 percent in the first quarter of 1998, down from 3.1 percent in the same period last year. This can be attributed to the slower growth of the GDP vis-à-vis the population growth rate recorded at 2.2 percent. On a yearly basis, the per capita GDP grew at an average of 3.2 percent for the last four years, with the highest rates of increase posted in 1996. RCR



Extreme heat, resulting from the El Niño phenomenon, continues to pose a threat to the livelihood of many rural villages in the country.



AS PART OF ITS EXPANSION efforts in 1996, the Comprehensive and Integrated Delivery of Social Services (CIDSS) program adopted Barangay Addition Hill, Welfareville in Mandaluyong City as one of its target

areas. This was in line with its mandate to cover not just fifth and sixth class municipalities but also urban poor communities. Considered as one of the many squatter colonies in the National Capital Region (NCR), Welfareville has a land area of 116 hectares composed of 41 blocks and an area of an adjoining barangay—Barangay Nueve de Pebrero. The area has an average population of 200 families per block.

The Welfareville area is a government-owned property intended as an integrated facility for the disadvantaged abandoned children, women prisoners and mental patients. Unfortunately, with NCR's problem of rapid urbanization and migration, the area became a magnet for people coming in from the southern part of the country. In addition, a number of residents in the area came from families in Intramuros whose houses were destroyed by fire in the 1970s. At the moment, it is estimated that there are about 9,064 families living in the area. Most of the residents in the area depend on contractual employment as a primary source of income. Some are employed as construction workers

A Look into the Urban Poor: *The CIDSS Case Area in Welfareville, Mandaluyong City**

and laborers, while others are engaged in food vending.

A look at the MBN results

Like in other CIDSS area programs, a minimum basic needs (MBN) survey was immediately conducted in Barangay Addition Hill, covering 5,544 families or about 61.2 percent of the total number of families in the area. Table 1 shows the various indicators for the families in said barangay as posted in late 1996.

The top unmet need was found to be housing. All 5,544 families were shown as not owning, renting or sharing houses. This is expected since most, if not all, of the families living in the area were squatters.

Results also show that about 2,945 families have income below the subsistence threshold, representing about 53.1 percent of the total families surveyed. This may be attributed to factors such as low wages and irregular incomes earned, large family sizes and the lack of livelihood opportunities, if not gainful employment. The lack of livelihood opportunities is clearly shown in the fact that 41.7 percent of the families—or

2,312 families—had unemployed members 15 years old and above. Most of the family heads, however, were employed since only 15.7 percent of the families have unemployed family heads. It may be noted that access to gainful employment in the area is deterred further by low levels of educational attainment and the lack of initiative, self-confidence and motivation. This is based on the analysis of the causes of the unmet minimum basic needs identified by the residents in the area.

Education is another concern in the area, with 1,372 families or about 24.7 percent of surveyed families having 13-16 year old children not attending high school. Likewise, 1,207 families or about 21.8 percent of those surveyed have 6-12 year-old children not in elementary school. There were also 821 families or 14.8 percent of the total families surveyed, who had members aged 10 years old and above who could not read, write nor do simple computations.

With regard to the peace and order situation, meanwhile, there were 1,216 families or about 21.9 percent of the total number of families surveyed, reported as having incidences of domestic violence. In

*The MIMAP-Phils. editorial staff wishes to thank Assistant Secretary Rhoda Yap and her staff under the CIDSS program of the Department of Social Welfare and Development-National Capital Region for their valuable inputs to this article.

INDICATORS

Urban Poor...

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terms of crimes against properties, 943 families reported as having been victimized while 940 families were shown to have been victimized by crimes against persons.

Results of the survey also revealed that malnutrition among children in the area was a major concern. About 21.4 percent of the total

number of families surveyed (1,184 families) have at least one child suffering from malnutrition. Similarly, access to potable water and to sanitary toilet facilities was a problem for 1,086 families and 613 families, respectively.

Delivery of social services to meet the identified needs

In almost all MBN surveys conducted in various sites, lack of livelihood opportunities as well as the inadequacy of the families' income

to support their members are listed as two of the top problems. Barangay Addition Hill in Welfareville is no exception. In order to meet this need, therefore, the Department of Social Welfare and Development (DSWD) implements its Self-Employment Assistance - Kaunlaran (SEA-K) program. Dubbed as the right hand of the CIDSS program when it comes to livelihood assistance to its convergence areas, SEA-K aims to form community-based organizations that can manage a sustainable credit assistance program for the benefit of its members. These organizations provide the financial assistance to poor families who are not normally accepted by the formal credit system due to the lack of collateral. For this purpose, the DSWD provided P1 million worth of fund as capital assistance to the area, benefiting 175 families belonging to the seven SEA-K associations currently established there. The fund was used by resident beneficiaries in establishing their own businesses, thereby successfully increasing their family incomes and generating additional employment opportunities for those who have no jobs. Aside from these, members of these associations have become active

TABLE 1: LATEST MINIMUM BASIC NEEDS RESULTS IN WELFAREVILLE VILLAGE, MANDALUYONG CITY, BASELINE DATA AS OF DECEMBER 1996

<i>Minimum Basic Needs (MBN)</i>	<i>Total Number of Families with Unmet Needs</i>	<i>Percent to Families Surveyed</i>
1 Housing owned, rented or shared	5,544	100.0
2 Family with income above subsistence threshold level	2,945	53.1
3 Other members of the family 15 years and above employed	2,312	41.7
4 Children 13-16 years old in high school	1,372	24.7
5 No incidence of domestic violence	1,216	21.9
6 Children 6-12 years old in elementary school	1,207	21.8
7 No severely and moderately underweight children under 5 years old	1,184	21.4
8 Family with access to potable water (faucet/deep well within 250 m. (10 min. walk)	1,086	19.6
9 Family members safe from crimes against property (robbery, theft and other similar crimes)	943	17.0
10 Family members safe from crimes against persons (murder, rape abuse and physical injury)	940	17.0
11 Head of the family employed	868	15.7
12 Family members 10 years old and above able to read, write and do simple calculation	821	14.8
13 Housing durable for at least five (5) years	751	13.5
14 Family members able to vote at elections	696	12.6
15 Family with sanitary toilet (water-sealed, antipolo flush)	613	11.1
Total Number of Families Surveyed	5,544	
Date of Survey	Dec-96	
Source: Department of Social Welfare and Development National Capital Region		

INDICATORS/UPDATES

participants in community development projects, improved their health, education, clothing and housing conditions, and are now ready to meet their other social needs.

Various skills training activities were also provided for the residents in the area. These included food

provided with parent effectiveness seminars (PES) and mother class sessions in an effort to educate and increase their awareness on the appropriate care for their children's diet, health and sanitation.

Another intervention delivered in the area was a water project which

In almost all MBN surveys conducted in various sites, lack of livelihood opportunities as well as inadequacy of the families' income to support their members are listed as two of the top problems.

processing and preservation, stuffed toy making, dressmaking and high speed sewing training. Some 165 residents participated in these activities. A gender and development training was also held for the women in Welfareville last June 1997, with said training aimed at increasing the awareness of women on gender discrimination and women rights issues.

To address the nutritional needs of children, meanwhile, supplemental feeding is one of the basic services that the CIDSS delivers to its target areas. Thus, three supplemental feeding groups were organized in the area, meeting the nutritional needs of 81 children aged 0 to 5 years old who were identified by local health workers to be moderately and severely underweight. The mothers of these children actively participated in the feeding project and facilitated its implementation through their involvement in the marketing, cooking and feeding, and monitoring of the improvement in the nutritional status of their malnourished children. They were also

is now in operation with funding from the DSWD. Through this project, residents are assured of continuous water supply at minimal cost. One unique feature of this project is that it enables the community to manage and maintain the project through specific tasks and provisions. The project is so designed as to allow for its continuation even after outside help ceases. Through this over-riding mechanism, residents are allowed to experience self-governance, self-initiation and self-empowerment. *KCI*

MIMAP

Workshop in Ghana...

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Private Enterprise Foundation, who discussed about the impact of macroeconomic adjustment measures on micro enterprise; and Dr. K. Attakora of the Ghana Statistical Service, who talked about the data issues in the monitoring of the impact of macroeconomic adjustment. *CMR*

MIMAP

Statistical-Gathering...

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number of pre-test activities to ensure the accuracy and viability of sustaining such efforts.

Last May 18 and 19, for instance, it held a pre-test of the questionnaire and manual to be used in the operation of the CBPIMS. Aside from selected NSO technical staff, the activity was also participated in by Mr. Kenneth Ilarde of the MIMAP-Phils. Project Management Office (PMO) and 10 community volunteer monitors from the two pre-test barangays. These barangays are Barangays Isidro and Dingin in Pagsanjan, Laguna.

The questionnaire consisted of core MBN indicators. In coming up with the core indicators for CBPIMS, the NSO considered various poverty monitoring initiatives of other institutions. These were the Minimum Basic Needs-Community-Based Information System (MBN-CBIS) spearheaded by the Presidential Commission to Fight Poverty (PCFP), the results of the poverty monitoring component of the Micro Impacts of Macroeconomic Adjustment Policies (MIMAP) project, the core set of indicators proposed under the Comprehensive and Integrated Delivery of Social Services (CIDSS) of the Department of Social Welfare and Development (DSWD), and the indicators included in the Annual Poverty Indicator Survey (APIS).



MIMAP PROJECT UPDATES

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Statistical Gathering...

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Prior to coming up with the CBPIMS questionnaire, the NSO also held consultation meetings with local government officials in the six pilot provinces earlier this year. These provinces include Capiz, Cotabato, Iloilo, Samar, Davao del Sur and Lanao del Norte. During the consultations, the group identified the indicators that they can use to effectively monitor poverty. The core indicators for CBPIMS include those on food and nutrition, health, water and sanitation, shelter, income and livelihood, education and literacy, and people's participation in community development. The pilot test for the CBPIMS was intended to be done before the year ends in the 6 pilot provinces.

A pilot survey for the APIS was conducted, on the other hand, in April this year in five provinces, namely, Capiz, Iloilo, Samar, Davao del Sur and Lanao del Norte. The indicators included in the APIS are family income and expenditures, economic characteristics, education and

literacy, housing, family planning and maternal health, membership in people's organization and cooperatives, and credit information. They were the results of a study on the correlates of poverty that identified the characteristics of the poor. The study utilized data from existing surveys such as the *FIES*, *Labor Force Survey (LFS)*, and the *Census of Population (CPH)* which are all conducted by the NSO. Moreover, a study on the "Expansion of the Sampling Frame and Questionnaire Design," funded by the UNDP, was used to evaluate the applicability of the APIS indicators and to assess the adequacy of the new master sample design with respect to these indicators. *KCI*

MIMAP

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