

**Comments on Dr. Fernando Aldaba's Paper Entitled
Poverty in the Philippines: Causes, Constraints and Opportunities ¹**

By

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1. On the proposed formulation of a poverty framework and strategy

We fully support the recommendation of the paper to revisit the government's poverty strategy to take into account the current realities of economic growth and development. Concretely, the following may have to be considered:

- First, the proposed poverty framework that is proposed to be formulated should consider different poverty strategies for leading and lagging areas. For instance, a different poverty strategy for Mindanao and perhaps other conflict areas may have to be done compared to the poverty strategy for the leading or more developed areas like Cebu where urban poverty is probably high. A one-size-fits-all poverty strategy which was the practice in the past will no longer be effective given current development trends.
- Second, the poverty framework cannot be formulated in isolation of the country's growth strategy that recognizes the role that scale economies and agglomeration play in a globalized world. Learning from the experience of the more successful countries, key to economic development and poverty reduction is economic integration which promotes the interaction between the leading and lagging regions or areas to supplement the traditional strategy of spatially-targeted or place-based incentives. This new paradigm probably calls for a rethinking of the current planning models and parameters that seems to be mostly sector-focused. A cluster approach ala super regions should be seriously considered and consequently a more directed and strategic approach to poverty reduction that recognizes labor mobility and agglomeration issues.

¹ Comments delivered during the ADB Brown Bag: Analyzing Poverty Issues in the Philippines held at the ADB Auditorium D on 2 July 2009. Manila. Participants included staff from PHI government agencies, development partners, non government organizations, academe, and ADB.

- Third, the “new” poverty framework should also consider the emerging role of LGUs given a decentralized environment and the interplay between the national and local governments in formulating and implementing poverty programs and projects. A more strategic poverty reduction framework may require giving local chief executives especially from the more progressive LGUs in leading regions the driver seat in the fight against poverty with national government agencies playing a complementary and supportive role rather than the current practice of mostly centrally-initiated poverty programs with LGUs providing the support.
- The development partners like ADB can assist government in crafting a more strategic poverty framework that will differentiate measures for leading and lagging areas of the country at the same time recognizing the decentralization context of poverty reduction.

2. On the importance of assessing the impact of the current economic slowdown on the poor at the local level in the short term

- Among the more immediate measures that should be done is to assess the poverty impact of the current economic conditions. We have seen that when the economy was performing well in 2006, poverty was not significantly reduced. Now that the economy has substantially slowed down, there has been little effort at determining its impact at poverty at the local level and how LGUs can be assisted at providing safety nets. This was similar to the situation during the Asian crisis. Unfortunately, the world economy and our own is not just in an ordinary business cycle downturn but in a very unusual world recession which may require a more affirmative action for the poor.
- In assessing the impact of the crisis, however, there is a need to be strategic and identify the specific sectors and areas which will be most affected by the crisis. For instance, in agriculture where most of the poor are, Dr. Rolando Dy of the CRC identified coconut as the most impacted to global price cycles among five commodity products, i.e. sugar, corn, rice and banana, with Mindanao, Bicol, Eastern and Central Visayas and Southern Tagalong as the most vulnerable

areas. The next step then is to determine how many farmers will be affected and identify the mitigating measures that can be implemented and the roles that NG agencies like PCA and the LGUs can play. In general, for program and policy interventions to be effective, there is a need for greater specificity in whatever poverty framework will be developed.

- Development partners can assist government in gathering data on how different sectors at the local level like MSMEs are being affected and the strategic response that can be done at the local level that will not only mitigate the impact of the crisis but help LGUs and the country in preparing for the economic rebound.

3. **On enhancing the capacity of LGUs to analyze their own poverty conditions**

In a decentralized environment, LGUs have their own finances to fund poverty projects. It is important that LGUs are encouraged to use poverty reduction as a framework in formulating their 3 or 6-year local development plans. But the scarcity of information at the different LGU levels constrains them from being able to analyze their own poverty situation much less target and serve poverty areas. The importance of data and information becomes crucial in crisis situations like now in order that safety net programs can be better targeted. Hence, it is important to capacitate LGUs to collect statistical information, analyze their own poverty situation and address these through programs and projects using their resources, to the extent possible. In this regard, there may be a need to:

- review the 14 core poverty indicators as to whether LGUs have the capacity to collect the required data given local resources;
- determine available poverty-related data at each LGU level recognizing the scarcity of reliable statistics as you go down from provinces to cities, municipalities and *barangays*;
- formulate a simpler data collection system for poverty to enable LGUs to make simple poverty analysis on a regular and real-time basis.

- Capacitate LGUs on the correct ways of collecting statistical information
- Assist the statistical agencies to give priority to the collection of sub-regional data and to provide standards for local data collection.

4. **On the approach for localizing nationally-initiated poverty-related projects**

Many poverty projects such as the conditional cash transfer are initiated at the national level but delivered at the local level. Effective localization of poverty projects is important to be able to address the poverty problem. Here are some suggestions:

- LGUs through the Leagues should be involved in the localization of poverty projects. Oftentimes, the choice of targeted areas is done nationally without validation at the local level.
- Provinces should be made the focal point in localizing nationally initiated poverty programs to reinforce the DILG position that provinces should take on a leadership in planning for the province and its cities and municipalities.
- NG agencies should strengthen coordination with LGUs in the delivery of projects as well as in the financing of projects. More matching grants or performance based grants that are conditioned on some poverty related criteria should be expanded especially in lower income LGUs.
- While the convergence approach is an excellent way of delivering basic social services, its current implementation of “independent” delivery systems by agency that is highly dependent on agency budgets is far from ideal. An assessment of the processes and financial support for the implementation of this convergence approach to poverty reduction should be made to make it a more effective tool for poverty reduction.