



Photo by John Javellana

Poverty is a hot-button issue for the country. While private polling firms use perception surveys, the government, for its part, has the Family Income and Expenditure (FIES) survey.

Conducted by the National Statistics Office (NSO) every three years, the FIES doesn't measure poverty per se; rather, it provides the necessary inputs in estimating the country's poverty threshold and incidence. It provides data on family income and expenditures and includes, among others, levels of consumption by item expenditures as well as income sources in cash and in kind.

In doing the FIES, the government hopes to gather data on family income and living expenditure levels and patterns; determine sources of income distribution, levels of living and spending patterns, and the degree of inequality among families; provide benchmark information to update weights in estimating consumer price index; and provide inputs to the estimation of the country's poverty threshold and incidence.

In addition, it provides data for studies on taxation and fiscal policies, as well as those assessing the impact on living standards of social and economic programs.

The 2006 FIES, released this year, showed that the average nominal income of families at the bottom 30 percent grew by 15.9 percent from 2003 to 2006. In real terms however, income actually declined by 2.7 percent to PhP144,000 from PhP148,000 recorded in 2003 as a result of faster growth in the number of families. Average family expenditures also weakened by 0.8 percent, putting average real savings to PhP21,000 from PhP24,000 in 2003.

How it is done

The 2006 FIES enumeration was conducted twice. The first survey visit was done in July 2006 with the first half of the year as reference point. The second visit was in January 2007 with the second half of 2006 as reference, asking the same set of questions. The people doing the surveys go directly to households, bringing

along a 70-page questionnaire, with respondents consisting mostly of housewives. Their sample for the 2006 FIES was 51,000 households from all over the country, across all income groups.

In contrast, perception surveys done by private research groups rely on much smaller statistical samples. The latest Social Weather Stations poll on self-rated poverty, for instance, had only 1,200 respondents.

The National Statistical Coordination Board (NSCB), with the help of concerned agencies, processes the raw data to come up with low cost diets by region and urban/rural areas, nutritional requirements, food commonly eaten in the area, cheap foods, food costs, food threshold, subsistence incidence, poverty threshold and poverty incidence.

The NSO releases a Public Use File (PUF) months after the initial release of the FIES. Unfortunately, NSCB's Dr. Romulo Virola found that it is largely underutilized by researchers and decision makers. He said that the NSO "needs to undertake a more aggressive strategy to release and disseminate the FIES PUF in order to maximize the return on the investment of about PhP64 million made by the government on the FIES."

What the FIES data can do

Showcasing what the FIES data can do, the NSCB wrote a paper for the 10th National Convention on Statistics held in October 2007 on the "Trends and Characteristics of the Middle-Income Class in the Philippines." The study wanted to define the middle class in terms of income and socioeconomic characteristics, and know whether it is expanding or shrinking.

The study found that: (a) the middle income class may be defined as families who, in 2007, have total annual income ranging from PhP251,283 to PhP2,045,280; (b) there was a 2 percentage point decrease in the population share of the middle class from 2000 to 2003; and (c) the percentage share of middle and high income classes contracted from 1997 to 2000, and from 2000 to 2003, resulting in a bigger share of the low-income class in the population pie. In other words, "in a span of

6 years from 1997 to 2003, for every 100 middle income families, 3 families have been lost to the low income category," said Dr. Virola. The NSCB chief added that the preliminary results of the 2006 FIES "seem to indicate a continuation of the pattern."

Dr. Virola challenged development planners to do something about the shrinking middle class. He said that government shouldn't ignore "the seemingly systematic shrinking of a group of professionals and skilled workers who can spell the difference between us being mired in poverty or crossing over to the league of first world countries by 2020."

Limitations of FIES

Despite its usefulness, the FIES also has its limitations. Perhaps the most important one is the possible underreporting or overreporting of income and expenditure from respondents. They may report higher numbers because of embarrassment or to impress the interviewer, or report lower ones because of fear that the information may be used against them, among other reasons.

"We, official statisticians, cannot produce good quality statistics without your cooperation, without your willingness to tell us the truth. Of course we also make computational mistakes; but the NSCB assures you, they are not intentional!" Virola quipped in his blog.

In addition, mishandling and/or accidents may damage the questionnaires before data has been processed, as in the case of the fire that hit the NSO's Metro Manila regional office that damaged 58 percent of the total questionnaires for the FIES's first visit. Questionnaires that were encoded and processed cover only around 42 percent. The NSO used the ratio of the second visit value to the first visit value to fill up affected data.

Sources:

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