LABANAN ANG KAHIRAPAN

AN LGU STRATEGY FRAMEWORK FOR POVERTY REDUCTION, HUNGER MITIGATION AND POPULATION MANAGEMENT

The Philippine Center for Population and Development, Inc. (PCPD) believes that a better understanding of the relationship between population and development will empower Filipino families to make informed decisions and actions that will result in an improved quality of life. The Center, a private, grant making foundation supports research, advocacy and model projects on population and development in the Philippines.

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EXECUTIVE SUMMARY

Background

The Union of Local Authorities of the Philippines (ULAP), through the ULAP Technical Working Group, has conducted consultative workshop series in Luzon, Visayas and Mindanao on the findings of the Study on Population-Growth-Poverty Nexus: Evidence From the Philippines. With the participation of representatives from various provinces, cities and municipalities and technical assistance from the National Anti-Poverty Commission (NAPC), National Nutrition Council (NNC), Population Commission (POPCOM), Philippine Center for Population and Development (PCPD) and the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA), the consultation arrived at a consensus that LGUs shall take the lead in the country's poverty reduction program which led to the formulation of proposed LGU Strategy Framework on Poverty Reduction, Hunger Mitigation and Population Management.

Goals and Objectives

The LGU Strategy Framework on Poverty Reduction, Hunger Mitigation and Population Management aims to (1) institutionalize a comprehensive LGU-led Anti-Poverty Program, (2) empower LGUs to directly and effectively address poverty where it is found, within their own localities, and (3) instill in the minds of program planners and implementers the need to provide added focus on hunger mitigation as an urgent initial intervention and population management as a vital tactic to help ensure sustainable development. Specifically the strategy framework aims to:

- Reduce hunger incidence by half among the poor and vulnerable by the year 2015, and to ensure that the root causes of hunger are effectively addressed over the long term;

- Reduce poverty incidence from 32.9% in 2006 to 20% by 2015, and to meet the Millennium Development Goal of cutting poverty incidence by half by 2015;

- Help attain sustainable development by reducing population growth rate to 1.67% by 2015, and to enhance the capability of LGUs to sustain a continuing population management program;

- Provide an environment that will channel adequate development funds – from both LGU and National Government levels – for anti-poverty programs and projects implemented by or through LGUs.

Components/Strategies

For consistency and continuity, the program will carry the current national theme: "Labanan ang Kahirapan!" It is anchored on the premise that effective and accountable local governance is key to a successful poverty reduction campaign. The program will have the following key components:

- An LGU-led Poverty Reduction Program which is comprehensive, convergent and focused

- Policy Reforms where LGUs shall institutionalize and lead the anti-poverty campaign and the National Government Agencies shall coordinate with and empower LGUs in the implementation of agency-funded programs/projects

- Capacity Building/Organizational Development of LGUs where LGUs to plan and implement their LPRAPs (Local Poverty Reduction Action Plans) and institutionalize the LPRAO (Local Poverty Reduction Action Office)

- Stakeholders' Participation/Consensus Building with Civil Society, the Church, NGOs and POs in the community

- Incentives Mechanism where the National Government, through the Office of the President/NAPC, DSWD, DOH, DILG, NNC, POPCOM, etc. can contribute counterpart Anti-Poverty funds or other resources to each LGU with an approved LPRAP/AHMP.

- Institutional Mechanism where each LGU formulate an updated LPRAP and reactivate its LPRA Office and designate or appoint a full-time LPRA Officer. NAPC will coordinate with LPRAOs through the RKCG (Regional Kalahi Convergence Group).

- Resource Mobilization where the LGUs and NGAs shall jointly mobilize resources to carry out the LPRAP.

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

ANNEXES

ANNEX TABLES

LABANAN ANG KAHIRAPAN (FIGHT POVERTY)

An LGU Strategy Framework for Poverty Reduction, Hunger Mitigation and Population Management

I. Background

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II. Escaping the Poverty Trap – A Proposed Strategy Framework for LGUs

A. Rationale

The country's performance in reducing poverty over the last three decades has been disappointing despite the many programs and past efforts of the national and local governments. The poverty incidence in the country in 1985, as officially measured using the headcount ratio, is 44.2%. After the last round of the Family Income and Expenditure Survey (FIES) in 2006, the poverty incidence in the country is estimated at 32.9% - the figure translates to about 28 million Filipinos who are poor.

On the hunger mitigation efforts, the picture seems to be bleak. Recent figures released by the Social Weather Stations during the 3rd quarter of 2008 showed that "the proportion of families experiencing involuntary hunger at least once in the past three months rose to 18.4% or an estimated 3.3 million households." This placed the average hunger incidence in 2008 to 15.5%, slightly lower than the 2007 average of 17.9%.

What might explain such dismal performance in poverty reduction and hunger mitigation efforts through these years? The quick answer is the country's poor economic growth performance. The Philippines' economic growth performance is no match relative to its East Asian neighbors. While the neighboring economies, such as Thailand, had been growing by an average of 5.4% in per capita Gross Domestic Product (GDP), the Philippines managed to grow by a negligible 1%[1].

What are the reasons for the country's anemic long run economic growth? One often neglected factor, particularly by our policy makers, for the slow economic growth is the country's bourgeoning population. The population debate, long resolved in developed and developing countries, has continued to be contentious in the Philippines. The debate centers on whether rapid population growth is good or bad for economic growth and the well-being of the Filipinos in general. Recent cross-country empirical analysis (Mapa and Balisacan; 2004) has point to the country's rapid population growth as one of the reasons why the country is not one of the high-performing Asian economies. The Philippines has the second largest population in Southeast Asia (about 88 million in 2007), next only to Indonesia (about 225 million), and has had among the highest population growth rates in Asia during the last three decades[2]. According to the United Nations' estimate, the country's population is expected to reach 116 million by 2025.

Empirical studies have shown conclusively the linkage between rapid population growth and poverty incidence in the country, even controlling for inequality, in the country using relevant and updated cross-country, provincial and household data[3]. These studies concluded that the country is paying a high price for its unchecked population growth through low economic growth, low human capital spending in education and health, and high poverty and hunger incidence.

Thus, this proposed framework incorporates population management as one of the development interventions and hunger mitigation as an urgent measure in an LGU-led poverty reduction campaign. Details of these issues are presented in Annex A of this

[1] For the period 1965 to 1995 as reported by McNicoll (2006). South Korea grew at a faster rate of 6.9%, while Malaysia and Indonesia grew at 4.5% and 4.1%, respectively, during the same period.
[2] The country's annual population growth rate from 1975 to 2000 is 2.36%, although this has gone down to 2.04% during the period 2000-2007.
[3] These studies include that of Mapa and Balisacan (2004), Mapa, Balisacan and Briones (2006,2008), Orbeta (2004) and the University of the Philippines' School of Economics paper on Population and Poverty: The Real Score (2004).

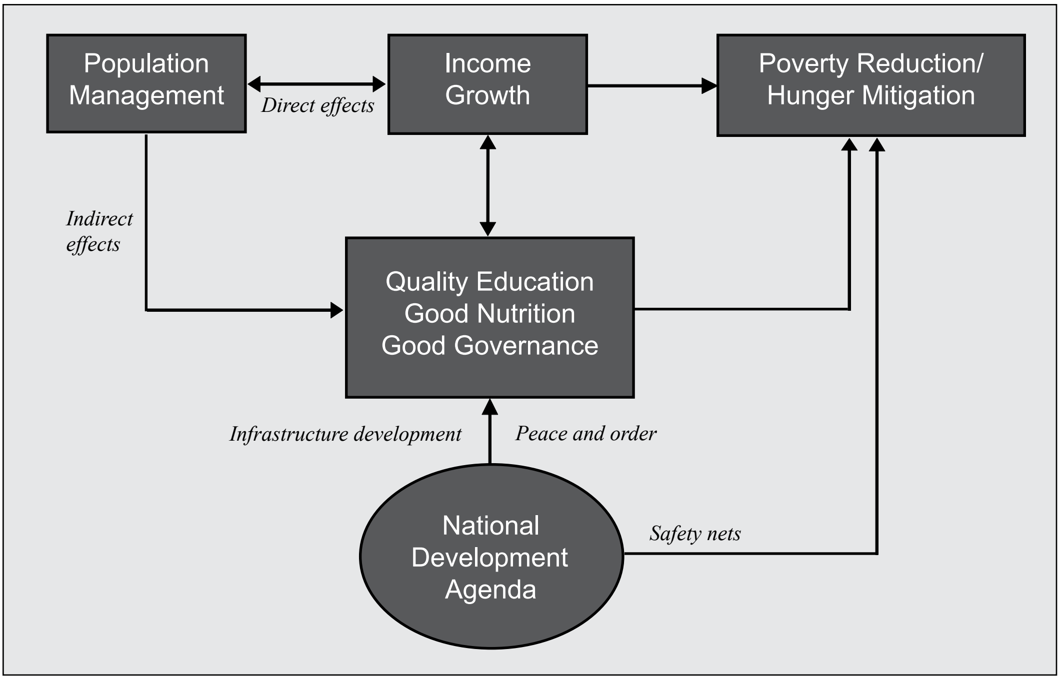


Figure 1: Poverty Reduction—Income Growth—Population Management Framework

document. Figure 1 presents the interrelation of population management and income growth within the proposed poverty reduction strategy. It recognizes that population management has direct and indirect effects in income growth and can support the national development agenda to attain hunger mitigation and poverty reduction targets.

The figure shows that an effective population management can have tremendous implications on the country's economic growth, particularly if the country goes into a demographic transition. Demographic transition is described as "a change from a situation of high fertility and high mortality to one of low fertility and low mortality." A country that enters into a demographic transition experiences sizable changes in the age distribution of the population.

Demographic transition has three phases and each phase has a different impact on the economy. Phase one is triggered by an initial decline in infant mortality but fertility remains high resulting in the swelling of the youth dependency group (those aged 0 to 14) as well as demand for basic education and primary health care. This phase creates a big challenge to the economy as it may hamper economic growth. It should be noted that the country has been stuck at Phase 1 of the demographic transition.

In the second phase of the transition, these "baby boomers" enter the adult labor market (some 20 years later) and if the market is able to absorb them, they can accelerate the phase of economic growth. When the proportion of working-age population is highest and the age dependency ratio or the ratio of young dependents (0 to 14 years) and elderly (65 years and above) to working age individuals (15 to 64 years) is lowest, it creates favorable effects on the per capita income. The result is labeled as the "first demographic dividend."

The third and last phase of the transition occurs when the elderly cohort swells and produces the second demographic dividend. It is society's response to the entry of an aging population into the third phase of the demographic transition. The challenge faced by societies (and governments) when there is a substantial percentage of the elderly population is on how to support their consumption, given a reduction in their income. There are common approaches to this problem. This includes: (a) relying on public (or familial) transfer systems and (b) increasing savings rates and accumulating greater physical wealth or capital. Individuals accumulate savings during their working years and this serves as buffer during the retirement years. While accumulation of capital can be used to deal with the life-cycle deficit in the older ages, this capital also influences economic growth. When society increases its savings rate, thereby facilitating a more rapid economic growth, the "second demographic dividend" comes into being.

A slower population growth, therefore, increases income growth through the first demographic dividend (direct effect). It boosts income growth further through higher savings rate via the second demographic dividend (indirect effect).

Moreover, studies have shown very clearly that there is a strong correlation between poverty and hunger incidence and family size. A study of Orbeta (2004), using 2000 household data from the Family Income and Expenditure Survey (FIES), shows that poverty incidence rises monotonically from 9.8% for a family with 1 member to 48.7%, 54.9% and 57.3% for a family with 7 members, 8 members and more than 9 members, respectively.

In the September 2008 Social Weather Survey conducted by the Social Weather Stations (SWS) using a national representative sample of 1500 households, it shows that hunger incidence increases as the family size gets bigger. On the one hand, the percentage of those who experienced hunger in small families (with 1 or 2 members) is only 10%, much lower than the national average of 18.4%. On the other hand, for families with 7 to 8 members the percentage of those who experienced hunger is higher than the national average, at 23.9%. The figure is even higher for families with more than 9 members, where the percentage of those who experienced hunger is 25.2%.

Investment in human capital, particularly in education and health, is also highly related to family size. Orbeta (2004), using the 2000 FIES data, shows that the mean education spending per student drops from Php 2,243 for a family with one child) to Php 1,081 for a family with 6 children and to Php 682 for a family with 7 children. The average health spending per person falls from Php 802 for a family of size of 3 to Php 166 for a family of size of 8 and further drops to Php 150 for a family of size of 9.

Considering that quality education and good nutrition are important determinants of income growth, poverty reduction and hunger mitigation, as shown in Figure 1, we can conclude that an effective population management provides positive externalities for the households and the economy by increasing the per capita spending in human capital investment. It raises the overall income growth of the economy and reduces the poverty and hunger incidence of the households.

It should be pointed out, however, that an effective population management, while essential to economic growth, is not automatic. It needs the right kind of policy environment to produce a sustained period of economic growth. The critical policy areas are public health, education, infrastructure, saving and good governance (such as aw enforcement and regulation).

B. Goals

Consistent with the results of consultative workshops on the study "Population-Growth-Poverty Nexus: Evidence From the Philippines" and the proposed strategy framework for an LGU-led poverty reduction program that addresses the problems of hunger and population growth, the Union of Local Authorities of the Philippines (ULAP) proposes an anti-poverty campaign that aims to: 1) institutionalize a comprehensive LGU-led Anti-Poverty Program, 2) empower LGUs to directly and effectively address poverty where it is found, within their own localities, and 3) instill in the minds of program planners and implementers the need to provide added focus on a) hunger mitigation as an urgent initial intervention and b) population management as a vital tactic to help ensure sustainable development. Figure 2 presents the LGU Strategy framework indicating present situation, programs and strategies to attain the end goals and objectives.

C. Objectives

The objectives of the proposed Anti-Poverty Program are:

1. To reduce hunger incidence by half among the poor and vulnerable by the year 2015, and to ensure that the root causes of hunger are effectively addressed over the long term;

2. To reduce poverty incidence from 32.9% in 2006 to 20% by 2015, and to meet the Millennium Development Goal of cutting poverty incidence by half by 2015;

3. To help attain sustainable development by reducing population growth rate to 1.67% by 2015, and to enhance the capability of LGUs to sustain a continuing population management program;

4. To provide an environment that will channel adequate development funds – from both LGU and National Government levels – for anti-poverty programs and projects implemented by or through LGUs.

D. Programs

There are several poverty reduction programs initiated by NGAs and LGUs supported by development agencies, the private sector, and civil society. Umbrella programs with focused on poverty reduction, hunger mitigation and population management include the following:

1. Kapit-bisig Laban sa Kahirapan (KALAHI) consisting of five pillars including: (a) livelihood development, (b) social protection, (c) human development, (d) asset reforms, and (e) participation in governance. Annex 2 presents on-going major poverty reduction program of the government

2. Accelerated Hunger Mitigation Program (AHMP). AHMP aims to immediately address (a) increase food production, (b) enhance efficiency of logistics and food delivery, (c) put more money in poor people's pocket, (d) promote good nutrition, and (e) manage population. Annex 3 presents programs and projects under AHMP.

3. Population Management. The Philippine Population Program targets to reduce Population Growth Rate (PGR) at 1.67% in 2015 with an appropriate mix of family planning methods.

4. LGU Initiatives. LGUs have their respective local poverty reduction programs aside from localizing or integrating NGA programs at the LGU levels. Likewise, LGUs have their respective population management programs such as LMP's"Kung Maliit ang Pamilya, Kayang Kaya" and the Population, Health & Environment (PHE) program of Concepcion, Iloilo Province and many others.

The framework is anchored on the integration of the national programs at the local level. LGUs shall install the mechanism for its efficient implementation.

E. Components/Strategies

For consistency and continuity, the program will carry the current national theme: "Labanan ang Kahirapan!" It is anchored on the premise that effective and accountable local governance is key to a successful poverty reduction campaign. The program will have the following key components:

1. An LGU-led Poverty Reduction Program. The LGUs shall prepare their respective poverty reduction plans that will be:

a. Comprehensive – addresses the root causes and effects of poverty by implementing a Local Poverty Reduction Action Plan (LPRAP) anchored on the national poverty reduction programs with the assistance of NAPC and other appropriate national government agencies;

b. Convergent – Brings all efforts together into a holistic, cohesive and sustainable campaign down to the local community level,

c. Focused – attacks poverty where it is found (focused targeting) with the most appropriate tools (focused interventions) in order to achieve the greatest impact among the poor at the earliest possible time. LGUs shall define their respective focused targets in poverty reduction.

2. Policy Reforms. Two levels of policy reform are sought:

a. Local Government – Consistent with the devolved mandates provided by the Local Government Code, LGUs shall institutionalize and lead the anti-poverty campaign by passing appropriate Sangguniang Panlalawigan/Panlungsod/Pambayan (SP) Ordinances/ Local Development Councils (LDCs) Resolutions (existing initiatives or templates will be provided for reference), and by providing local IRA/20% Development Fund budgetary as well as institutional support. Ordinances like Quezon City's Population and Reproductive Health Policy will be disseminated for study by other LGUs. Local Chief Executives will be the local anti-poverty champions.

b. National Government – National Government Agencies shall coordinate with and empower LGUs in the implementation of agency-funded programs/projects, but where practicable, shall implement their programs with or through the LGUs, in which case, the agency concerned shall perform support and oversight functions. The National government agencies are thus envisioned to perform the following roles: enabler, provider, capacity builder, coordinator, facilitator and evaluator.

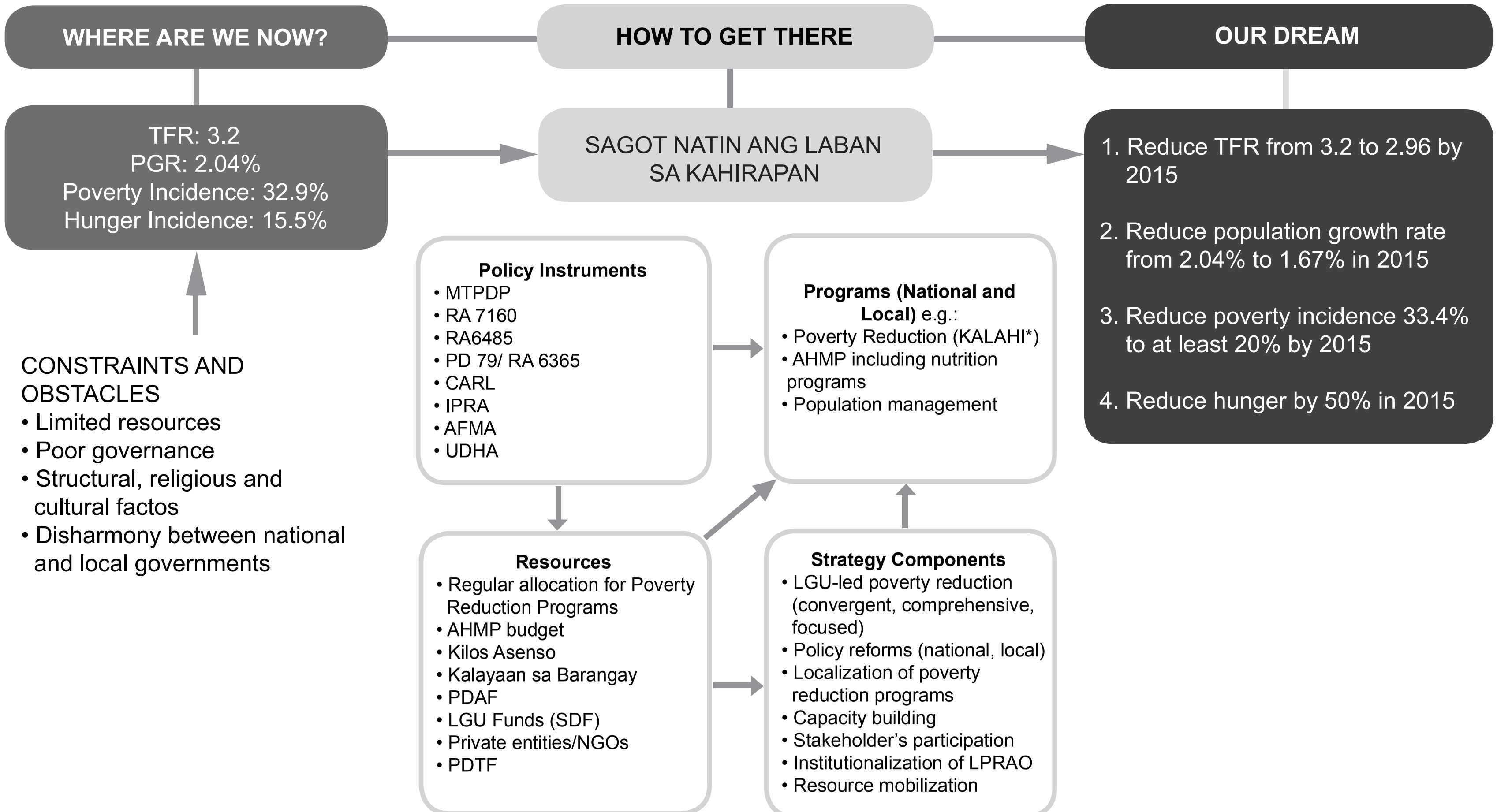
3. Capacity Building/Organizational Development of LGUs – National Government agencies and other support institutions, spearheaded by NAPC (National Anti-Poverty Commission), will assist in building the capacity of LGUs to plan and implement their LPRAPs (Local Poverty Reduction Action Plans). LGUs will be encouraged to institutionalize the LPRAO (Local Poverty Reduction Action Office).

4. Stakeholders' Participation/Consensus Building – It is suggested that all LGUs conduct a Local Anti-Poverty forum during the launching of ULAP's "Labanan ang Kahirapan" program. Civil Society, the Church, NGOs and POs should be invited to participate and contribute towards a local community consensus on how to combat poverty and how each sector can contribute.

5. Incentives Mechanism – the National Government, through the Office of the President/ NAPC, DSWD, DOH, DILG, NNC, POPCOM, etc. can contribute counterpart Anti-Poverty funds or other resources to each LGU with an approved LPRAP/AHMP. This can be institutionalized yearly, and outstanding programs/projects can be given recognition awards/prizes during National Anti-Poverty Day. Aside from this, there are also other national funds which may be provided as national government counterparts, such as the Kilos Asenso and Kalayaan sa Barangay funds.

6. Institutional Mechanism – each LGU will be enjoined to not only formulate an updated LPRAP but also to mobilize and/or reactivate its LPRA Office and designate or appoint a full-time LPRA Officer. NAPC will coordinate with LPRAOs through the RKCG (Regional Kalahi Convergence Group).

7. Resource Mobilization. The LGUs and NGAs shall jointly mobilize resources to carry out the LPRAP. The LGUs shall appropriate funds and the NGAs shall pool their resources in support of the LPRAP. Other funds from development agencies and the private sector shall likewise be encouraged to directly support the LPRAP.



** Five pillars of Poverty Reduction program under KALAHI cover livelihood development, social protection, human development, asset reforms, and participation in governance*

Figure 2. Proposed LGU framework on Poverty Reduction, Hunger Mitigation and Population Management

ANNEXES

ANNEX 1. Population Growth – Income Growth – Poverty Reduction Nexus

Figure 1 presents the interrelation of population management and income growth in poverty reduction strategy. It recognizes that population management has direct and indirect effects in income growth and can support the national development agenda to attain hunger mitigation and poverty reduction targets.

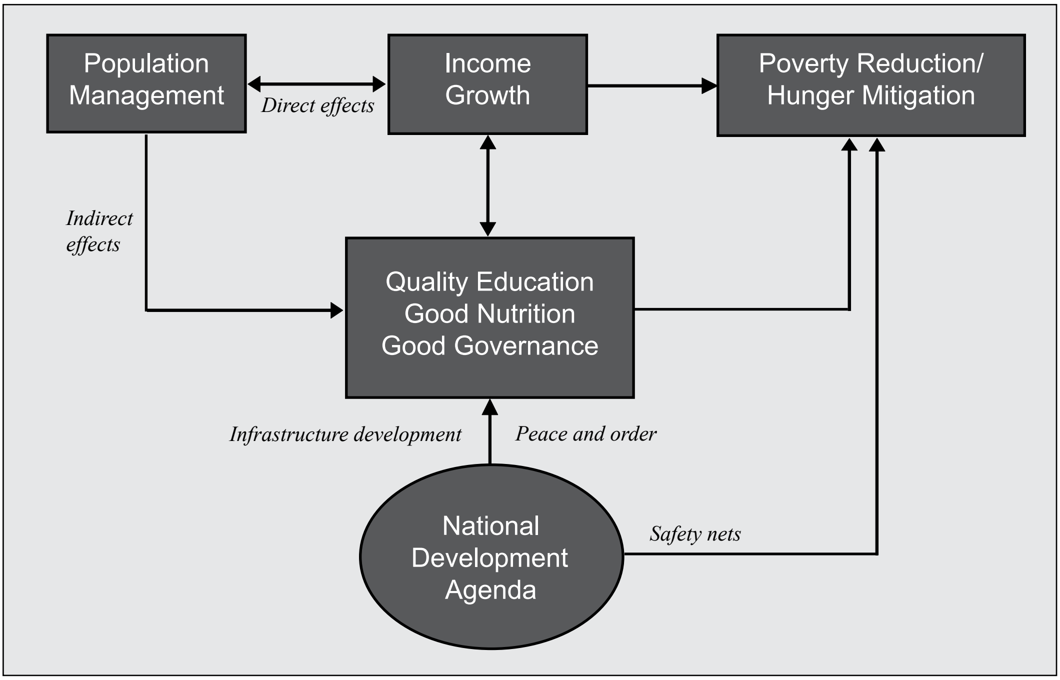


Figure 1: Poverty Reduction—Income Growth—Population Management Framework

A. Income Growth, Poverty Reduction, Hunger Incidence and Population Growth: National and Local Context

The country's performance in reducing poverty over the last three decades has been disappointing despite the many programs and past efforts of the national and local governments. The poverty incidence in the country in 1985, as officially measured using the headcount ratio, was 44.2%. After the last round of the Family Income and Expenditure Survey (FIES) in 2006, the poverty incidence in the country was estimated at 32.9% (the figure translates to about 28 million Filipinos who are poor). Even after considering the differences in measuring poverty in 1985 and 2006[4], the fact remains that poverty reduction has been very weak, declining at a sluggish rate of 1.40% per year[5].

On the hunger mitigation efforts, the picture seems to be bleak. Recent figures released by the Social Weather Stations during the 3rd quarter of 2008 showed that "the proportion of families experiencing involuntary hunger at least once in the past three months rose to 18.4% or an estimated 3.3 million households." This placed the average hunger incidence in 2008 to 16.8%, slightly lower than the 2007 average of 17.9%. Moreover, because of the increases in food and fuel prices, experienced since the start of the year 2008, there is a greater likelihood that the poverty and hunger incidence will increase further.

What might have explained such dismal performance in poverty reduction and hunger mitigation efforts through these years? The quick answer is the country's poor economic growth performance. High economic growth performance is always good for the poor and this linkage between economic growth and poverty reduction is no longer debatable. Sustained increases in national income are required for poverty reduction. Cross-country analysis has shown that countries that are successful in their poverty reduction efforts and improved human development are also the countries that did well in achieving a high long-term economic growth path. The Philippines' economic growth performance is no match relative to its East Asian neighbors. While the neighboring economies, such as Thailand, had been growing by an average of 5.4% in per capita Gross Domestic Product (GDP), the Philippines managed to grow by a negligible 1%[6]. In the current decade, we saw the economy moving at a faster rate as compared to the previous decades. However, the question of whether such high economic growth will be sustainable continues to be lurking at the background. Indeed, the economic managers have already downgraded this year's economic growth targets because of the continuing risks associated with the problems in the financial markets in the United States and the higher oil prices.

What are the reasons for the country's anemic long run economic growth? One often neglected factor, particularly by our policy makers, for the slow economic growth is the country's bourgeoning population. The population debate, long resolved in developed and developing countries, has continued to be contentious in the Philippines. The debate centers on whether rapid population growth is good or bad for economic growth and the well-being of the Filipinos in general. Recent cross-country empirical analysis (Mapa and Balisacan; 2004) points to the country's rapid population growth as one of the reasons why the country is not one of the high-performing Asian economies. The Philippines has

[4] The poverty incidence has been measured using the 1992 methods (for 1985, 1988, 1991 and 1994) and the 2003 methods (for 1997, 2000, 2003 and 2006). The poverty incidence using the 1992 methods are 44.2% (1985), 40.2% (1988), 39.9% (1991) and 35.7% (1994). The poverty incidence using the 2003 methods are 33% (1997), 33% (2000), 30% (2003) and 32.9% (2006).
[5] Even using only the figures from 1997 to 2006 (for the 2003 methods), poverty incidence remained almost the same from 33.0% to 32.9%.
[6] For the period 1965 to 1995 as reported by McNicoll (2006). South Korea grew at a faster rate of 6.9%, while Malaysia and Indonesia grew at 4.5% and 4.1%, respectively, during the same period.

the second largest population in Southeast Asia (about 88 million in 2007), next only to Indonesia (about 225 million), and has had among the highest population growth rates in Asia during the last three decades[7]. According to the United Nations' estimate, the country's population is expected to reach 116 million by 2025. Empirical studies have shown conclusively the linkage between rapid population growth and poverty incidence, even controlling for inequality, in the country using relevant and updated cross-country, provincial and household data[8]. These studies concluded that the country is paying a high price for its unchecked population growth in terms of low economic growth, low human capital spending in education and health and high poverty incidence.

One of such studies is the paper of Mapa (2006) which analyzes the adverse impact of a rapid population growth (resulting to a high proportion of young population, aged 0 to 14 years) on economic growth and poverty reduction efforts, using provincial data from 1985 to 2003. The results show that the proportion of young dependents has a negative and significant effect on income growth, controlling for other variables such as education, level of infrastructure, location, and others.

A significant finding of the study shows that a one-percentage point increase in the proportion of young dependents in 1985 results in an estimated 9 basis points decrease on the average growth rate of income per person in the provinces from 1985 to 2003, other things equal. This shows that had the provincial average proportion of young dependents in 1985 been lower at 36 percent (which is the average for the lowest 10 provinces) rather than a high of 42 percent, average per capita income growth could have risen by 0.63 percentage-points per year. This higher growth translates to a higher income per person in 2003, increasing in real terms by about 1,620 pesos from 27,443 pesos to 29,063, all in 1997 prices, representing an increase of 7.12% in the average per capita income.

B. Lower Population Growth – Higher Per Capita Income – Lower Poverty Incidence

The adverse effect of a rapid population growth on poverty reduction efforts is shown in Table 1, which highlights the provinces with high proportion of young dependents and the poverty incidence among households. The linkage between high population growth and poverty among households is undeniable. The table shows (under ACTUAL column) that provinces with high proportion of young dependents are also the provinces with high level of poverty incidence.

[7] The country's annual population growth rate from 1975 to 2000 was 2.36%, although this has gone down to 2.04% during the period 2000-2007

[8] These studies include that of Mapa and Balisacan (2004), Mapa, Balisacan and Briones (2006,2008), Orbeta (2004) and the University of the Philippines' School of Economics paper on Population and Poverty: The Real Score (2004)

The national average poverty incidence among households on 2003, based on official data from the National Statistical Coordination Board (NSCB), is 24.4% (1 in every 4 families is considered as poor). However, the table shows that the poverty incidences among households in the provinces with high population growth are all higher than the national average. Take for example Camarines where the dependency share in 1985 is 47.03%. This province has poverty incidence among households of 46.10 percent, 21.7 percentage points higher than the national average! The story is the same for the other provinces: high population growth results to lower per capita income and higher poverty incidence.

Now that the link between population and poverty has been established, one might ask, "What could have been the per capita income level had the provinces slowed down on their population growth?" The resulting per capita income in 2003, under a lower population growth scenario, is also shown in table 1 (under SIMULATED column). The results show that had the 20 provinces slowed down on their population growth in 1985 to a level where the proportion of young dependents is around 36% (average for the lowest 10 provinces), average income per person should have been higher by somewhere between 11 to 19 percent in 2003. This increase in per capita income translates to lower poverty incidence among households. The study shows that, on the average, poverty incidence should decrease by at least 3.6 percentage points under the lower population growth scenario. This reduction corresponds to an average of 156,000 Filipinos taken out of poverty every year beginning 1985, around 2.8 million Filipinos out of poverty in year 2003. This reduction is surely large enough number to make everyone serious about the population issue.

Table 1. Change in Per Capita Income under the Lower Population Scenario (Selected Provinces)

PROVINCE	ACTUAL			SIMULATED		CHANGE	
	Dependency Share (in %: 1985)	Per Capita Income (in pesos; 2003)	Poverty Incidence; HHs (in %; 2003)	Dependency Share (in %: 1985)	Per Capita Income (in pesos; 2003)	Actual Change (in pesos; 2003)	Change (in %)
Abra	44.35	29,631.00	41.00	35.89	33,209.00	3,578.00	12.08
Agusan del Sur	47.51	21,977.00	52.80	35.89	25,699.00	3,722.00	16.94
Bukidnon	45.87	25,694.00	36.90	35.89	29,391.00	3,697.00	14.39
Camarines Norte	47.03	20,372.00	46.10	35.89	23,669.00	3,297.00	16.18
Camarines Sur	45.86	19,228.00	40.10	35.89	21,992.00	2,764.00	14.37
Cotabato	43.82	21,674.00	41.20	35.89	24,119.00	2,445.00	11.28
Davao Oriental	44.37	17,771.00	37.20	35.89	19,922.00	2,151.00	12.11
Kalinga Apayao	43.49	24,138.00	46.10	35.89	26,742.00	2,604.00	10.79
Lanao del Norte	47.57	25,817.00	46.50	35.89	30,214.00	4,397.00	17.03
Magunidanao	48.92	14,926.00	60.40	35.89	17,787.00	2,861.00	19.17
Marinduque	45.37	17,521.00	38.30	35.89	19,908.00	2,387.00	13.62
Masbate	45.09	16,202.00	55.90	35.89	18,341.00	2,139.00	13.20

Table 1. Change in Per Capita Income under the Lower Population Scenario (Selected Provinces), contd...

PROVINCE	ACTUAL			SIMULATED		CHANGE	
	Dependency Share (in %: 1985)	Per Capita Income (in pesos; 2003)	Poverty Incidence; HHs (in %; 2003)	Dependency Share (in %: 1985)	Per Capita Income (in pesos; 2003)	Actual Change (in pesos; 2003)	Change (in %)
Mindoro Occidental	44.37	30,307.00	40.90	35.89	33,977.00	3,670.00	12.11
Mindoro Oriental	45.23	20,162.00	37.00	35.89	22,866.00	2,704.00	13.41
Palawan	44.09	20,120.00	43.10	35.89	22,471.00	2,351.00	11.68
Samar	44.52	22,004.00	38.70	35.89	24,718.00	2,714.00	12.33
Sultan Kudarat	44.66	17,952.00	41.50	35.89	20,204.00	2,252.00	12.54
Sulu	48.23	8,340.00	45.10	35.89	9,848.00	1,508.00	18.07
Surigao del Norte	43.59	19,936.00	54.50	35.89	22,117.00	2,181.00	10.94
Tawi-Tawi	45.11	10,728.00	34.60	35.89	12,147.00	1,419.00	13.23

Source: National Statistical Coordination Board (NSCB) and author's computations.

C. Lower Population Growth Produces Net Surplus for LGUs

While the impact of lower population growth on per capita income and poverty reduction has been established in the previous discussion, there is a need to explore the implications of slowing population growth on the revenues and expenditures of local government units (LGUs). A popular notion among local executives is that there is little incentive for LGUs to prioritize resources for population management programs since larger population size of an LGU is associated with higher revenue dividends from the internal revenue allotment (IRA), which is partly based on the population of the LGU. While the revenue side of population growth is quite apparent, the cost side is not immediately visible. The marginal cost for social services and the negative externalities associated with congestion resulting from an increased population are not easily determined.

A study by Edillon and Abad Santos (2006) showed that there are benefits that can be derived by the LGUs from a lower population growth that will easily offset the any decrease in the IRA. The study identifies two clear benefits of lowering population growth: (a) increased local government taxes and fees resulting from higher per capita incomes and (b) lower expenditures on social services and government overhead services due to a lower population base.

Using an accounting model to establish the linkages between higher per capita income (brought about by lower dependency share) and the revenue and expenditures at the provincial level, the authors were able to quantify the net impact of a lower population growth on the LGUs financial position. The table below shows the actual and simulated revenues and expenditures of the 20 provinces with the highest proportion of young dependents in 1985. The simulated revenues and expenditures for 2003 were arrived at under the low population growth scenario, where the proportion of young dependents is 36%. The results show higher budget surplus of all of the provinces (with the exception of Tawi-Tawi where it will have a lower budget deficit) due to a lower population growth. The benefit will mostly come from the savings in expenditures that will more than offset the possible decrease in revenue. The budget surplus can then be used by the LGUs to increase per capita spending for social and economic services.

Table 2. Net Effect of Lower Population Growth on Provincial Revenue and Expenditures (Selected Provinces)

PROVINCE	ACTUAL (2003)			SIMULATED (for 2003)			NET SURPLUS (in million)
	Revenue (in million)	Expenditure (in million)	Surplus (in million)	Revenue (in million)	Expenditure (in million)	Surplus (in million)	
Abra	630.80	631.80	(1.00)	634.20	549.50	84.70	85.70
Agusan del Sur	1,016.20	923.90	92.30	995.90	743.20	252.70	160.40
Bukidnon	1,315.90	1,294.00	21.90	1,288.20	1,079.80	208.40	186.50
Camarines Norte	635.00	599.20	35.80	620.10	493.80	126.30	90.50
Camarines Sur	1,831.20	1,579.20	252.00	1,793.80	1,325.50	468.30	216.30
Cotabato	1,500.20	1,220.30	279.90	1,496.80	1,061.80	435.00	155.10
Davao Oriental	752.60	651.00	101.60	753.90	570.50	183.40	81.80
Kalinga Apayao	393.70	312.20	81.50	395.00	278.80	116.20	34.70
Lanao del Norte	1,163.10	908.70	254.40	1,141.60	731.90	409.70	155.30
Magunidanao	1,057.10	981.50	75.60	1,016.50	774.60	241.90	166.30
Marinduque	376.00	341.40	34.60	372.40	286.70	85.70	51.10
Masbate	950.30	876.90	73.40	938.70	752.10	186.60	113.20
Mindoro Occidental	795.90	757.00	38.90	795.80	653.60	142.20	103.30
Mindoro Oriental	1,123.10	995.00	128.10	1,118.00	853.90	264.10	136.00
Palawan	2,239.40	1,998.80	240.60	2,243.00	1,705.70	537.30	296.70
Samar	1,131.30	1,034.20	97.10	1,122.90	886.50	236.40	139.30
Sultan Kudarat	900.90	802.90	98.00	893.00	686.00	207.00	109.00
Sulu	632.60	611.80	20.80	599.00	486.30	112.70	91.90
Surigao del Norte	933.90	825.60	108.30	933.30	715.10	218.20	109.90
Tawi-Tawi	239.90	397.70	(157.80)	227.70	333.10	(105.40)	52.40

Source: Edillion and Abad Santos (2006)

Table 3. Change in per capita income using simulated proportion of young dependents (All Provinces)

Province	Actual dependency share, 1985	Actual per capita income, 2003	Simulated dependency share, 1985	Simulated per capita income, 2003	Actual change	% change
Abra	44.35	29,631	35.89	33,209	3,579	12.08
Agusan del Norte	45.33	23,150	35.89	26,290	3,140	13.56
Agusan del Sur	47.51	21,977	35.89	25,699	3,722	16.94
Aklan	37.87	19,227	35.89	19,747	520	2.71
Albay	44.01	20,236	35.89	22,576	2,341	11.57
Antique	41.94	25,672	35.89	27,854	2,183	8.50
Aurora	42.36	21,949	35.89	23,950	2,001	9.12
Basilan	41.32	13,115	35.89	14,112	997	7.60
Bataan	39.09	31,184	35.89	32,560	1,376	4.41
Batanes	42.08	33,322	35.89	36,223	2,901	8.71
Batangas	42.24	25,677	35.89	27,972	2,296	8.94
Benguet	39.59	35,230	35.89	37,033	1,803	5.12
Bohol	38.32	22,708	35.89	23,465	757	3.33
Bukidnon	45.87	25,694	35.89	29,391	3,697	14.39
Bulacan	36.62	29,361	35.89	29,650	290	0.99
Cagayan	40.23	22,855	35.89	24,233	1,378	6.03
Camarines Norte	47.03	20,372	35.89	23,669	3,297	16.18
Camarines Sur	45.86	19,228	35.89	21,992	2,764	14.37
Camiguin	36.83	25,698	35.89	26,025	327	1.27
Capiz	40.72	24,687	35.89	26,349	1,662	6.73
Catanduanes	40.53	37,925	35.89	40,374	2,450	6.46
Cavite	34.39	32,523	-	-	-	-
Cebu	38.40	25,864	35.89	26,754	891	3.44
Cotabato	43.82	21,674	35.89	24,119	2,445	11.28
Davao	43.41	28,699	35.89	31,761	3,062	10.67
Davao del Sur	42.52	29,340	35.89	32,084	2,744	9.35
Davao Oriental	44.37	17,771	35.89	19,922	2,152	12.11
Eastern Samar	41.73	18,502	35.89	20,018	1,516	8.20
Ifugao	39.22	29,630	35.89	30,991	1,362	4.60
Ilocos Norte	35.76	30,782	-	-	-	-
Ilocos Sur	40.02	25,705	35.89	27,178	1,473	5.73
Iloilo	38.91	26,009	35.89	27,091	1,082	4.16
Isabela	43.33	23,940	35.89	26,466	2,526	10.55
Kalinga Apayao	43.49	24,138	35.89	26,742	2,604	10.79
La Union	40.96	30,791	35.89	32,971	2,180	7.08
Laguna	38.90	35,668	35.89	37,146	1,478	4.14
Lanao del Norte	47.57	25,817	35.89	30,214	4,397	17.03
Lanao del Sur	41.31	20,273	35.89	21,810	1,538	7.59
Leyte	42.76	21,265	35.89	23,329	2,064	9.71
Maguindanao	48.92	14,926	35.89	17,787	2,861	19.17
Marinduque	45.37	17,521	35.89	19,908	2,387	13.62
Masbate	45.09	16,202	35.89	18,341	2,138	13.20

Table 3. Change in per capita income using simulated proportion of young dependents (All Provinces), cont'd.

Province	Actual dependency share, 1985	Actual per capita income, 2003	Simulated dependency share, 1985	Simulated per capita income, 2003	Actual change	% change
Metro Manila	33.15	40,867	-	-	-	-
Mindoro Occidental	44.37	30,307	35.89	33,977	3,670	12.11
Mindoro Oriental	45.23	20,162	35.89	22,866	2,704	13.41
Misamis Occidental	39.34	21,376	35.89	22,394	1,019	4.77
Misamis Oriental	42.28	30,046	35.89	32,750	2,704	9.00
Mt. Province	42.33	23,640	35.89	25,784	2,145	9.07
Negros Occidental	42.18	25,263	35.89	27,499	2,237	8.85
Negros Oriental	38.16	20,892	35.89	21,542	650	3.11
Northern Samar	42.84	20,621	35.89	22,647	2,026	9.82
Nueva Ecija	37.98	19,041	35.89	19,585	544	2.86
Nueva Vizcaya	36.34	43,241	35.89	43,502	261	0.60
Palawan	44.09	20,120	35.89	22,471	2,351	11.69
Pampanga	37.28	31,637	35.89	32,236	598	1.89
Pangasinan	41.93	25,776	35.89	27,963	2,188	8.49
Quezon	40.69	19,590	35.89	20,901	1,311	6.69
Quirino	36.38	36,910	35.89	37,153	243	0.66
Rizal	40.01	31,633	35.89	33,442	1,808	5.72
Romblon	39.79	16,908	35.89	17,822	914	5.40
Samar (western)	44.52	22,004	35.89	24,718	2,714	12.33
Siquijor	35.96	16,715	35.89	16,730	15	0.09
Sorsogon	42.78	17,346	35.89	19,035	1,689	9.74
South Cotabato	45.23	31,531	35.89	35,760	4,229	13.41
Southern Leyte	37.08	21,820	35.89	22,173	353	1.62
Sultan Kudarat	44.66	17,952	35.89	20,204	2,252	12.55
Sulu	48.23	8,340	35.89	9,848	1,507	18.07
Surigao del Norte	43.59	19,936	35.89	22,117	2,181	10.94
Surigao del Sur	40.96	18,797	35.89	20,128	1,331	7.08
Tarlac	41.29	30,943	35.89	33,281	2,338	7.56
Tawi-Tawi	45.11	10,728	35.89	12,147	1,419	13.23
Zambales	36.44	26,304	35.89	26,499	195	0.74
Zamboanga del Norte	39.43	14,859	35.89	15,586	727	4.89
Zamboanga del Sur	45.72	23,709	35.89	27,066	3,357	14.16

Table 4. Net effect on provincial revenue and expenditures (in million pesos) (All Provinces)

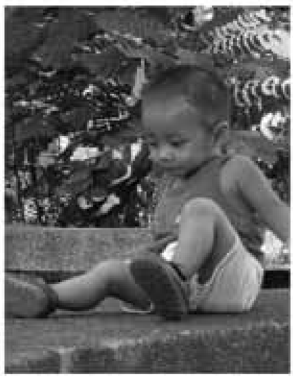
Province	Revenue	Expenditure	Surplus	Revenue	Expenditure	Surplus	Net Impact
Abra	630.8	631.8	(1.0)	634.2	549.5	84.7	85.7
Agusan del Norte	1,043.0	917.2	125.8	1,041.7	780.9	260.8	135.0
Agusan del Sur	1,016.2	923.9	92.3	995.9	743.2	252.6	160.3
Aklan	619.3	571.7	47.6	634.9	548.7	86.2	38.6
Albay	1,364.5	1,189.4	175.1	1,366.2	1,045.8	320.4	145.3
Antique	649.9	563.7	86.2	652.8	504.9	147.8	61.6
Aurora	356.3	299.2	57.1	363.9	278.1	85.8	28.7
Basilan	499.1	422.0	77.1	503.2	383.7	119.5	42.4
Bataan	965.4	881.8	83.6	984.0	823.0	161.0	77.4
Batanes	151.0	137.5	13.5	153.1	123.7	29.4	15.9
Batangas	2,889.9	2,574.2	315.7	2,947.6	2,302.0	645.6	329.9
Benguet	1,088.7	915.8	172.9	1,111.5	855.7	255.8	82.9
Bohol	1,430.8	1,231.2	199.6	1,464.1	1,172.5	291.7	92.1
Bukidnon	1,315.9	1,294.0	21.8	1,288.2	1,079.8	208.3	186.5
Bulacan	2,611.5	2,307.6	303.9	2,674.8	2,227.6	447.2	143.3
Cagayan	1,744.1	1,465.1	279.0	1,767.8	1,350.3	417.5	138.4
Camarines Norte	635.0	599.2	35.8	620.1	493.8	126.3	90.5
Camarines Sur	1,831.2	1,579.2	252.0	1,793.8	1,325.5	468.3	216.3
Camiguin	177.5	137.1	40.4	182.1	135.1	47.0	6.6
Capiz	891.1	711.3	179.8	903.8	654.5	249.3	69.5
Catanduanes	403.4	352.5	51.0	407.9	322.2	85.7	34.7
Cavite	2,878.0	2,756.5	121.5	3,006.7	2,756.5	250.2	128.7
Cebu	4,513.7	4,065.0	448.7	4,624.5	3,858.8	765.6	317.0
Davao (norte)	1,227.2	1,058.9	168.3	1,214.9	926.9	288.0	119.7
Davao del Sur	2,587.5	2,343.9	243.6	2,818.1	2,343.9	474.2	230.6
Davao Oriental	752.6	651.0	101.6	753.9	570.5	183.4	81.8
Eastern Samar	703.2	633.6	69.6	709.4	574.5	134.9	65.3
Ifugao	398.0	336.2	61.8	404.8	316.7	88.2	26.4
Ilocos Norte	1,118.9	748.7	370.3	1,154.5	748.7	405.8	35.6
Ilocos Sur	1,492.8	1,159.1	333.7	1,520.8	1,081.7	439.1	105.4
Iloilo	1,853.8	1,666.2	187.5	1,910.3	1,581.6	328.7	141.1
Isabela	2,424.4	2,194.1	230.4	2,438.5	1,937.4	501.1	270.8
Kalinga Apayao	393.7	312.2	81.5	395.0	278.8	116.2	34.6
La Union	1,177.9	906.1	271.8	1,203.7	839.5	364.2	92.4
Laguna	3,462.1	2,897.3	564.8	3,497.4	2,685.7	811.8	246.9
Lanao del Norte	1,163.1	908.7	254.4	1,141.6	731.9	409.8	155.4
Lanao del Sur	1,295.0	1,168.3	126.6	1,302.6	1,053.6	249.1	122.4
Leyte	1,730.1	1,493.2	236.9	1,728.4	1,328.0	400.3	163.4
Maguindanao	1,057.1	981.5	75.6	1,016.5	774.6	241.9	166.3
Marinduque	376.0	341.4	34.6	372.4	286.7	85.7	51.1
Masbate	950.3	876.9	73.4	938.7	752.1	186.6	113.2
Metro Manila	22,943.6	19,217.3	3,726.2	23,454.2	19,217.3	4,236.8	510.6
Misamis Occidental	902.9	845.1	57.8	922.2	800.1	122.1	64.3
Misamis Oriental	1,771.7	1,454.5	317.3	1,807.4	1,307.7	499.7	182.5
Mt. Province	344.9	301.5	43.4	346.8	267.3	79.5	36.1

Table 4. Net effect on provincial revenue and expenditures (in million pesos) (All Provinces), cont'd

Province	Revenue	Expenditure	Surplus	Revenue	Expenditure	Surplus	Net Impact
Negros Occidental	4,275.5	3,630.3	645.2	4,330.5	3,261.0	1,069.5	424.3
Negros Oriental	1,836.8	1,459.5	377.4	1,887.1	1,405.4	481.7	104.4
Cotabato (North)	1,500.2	1,220.3	280.0	1,496.8	1,061.8	435.0	155.0
Northern Samar	669.8	594.8	75.0	668.5	527.2	141.4	66.4
Nueva Ecija	2,064.6	1,840.5	224.1	2,130.4	1,772.4	357.9	133.8
Nueva Vizcaya	718.2	594.9	123.3	739.9	589.1	150.9	27.5
Mindoro Occidental	795.9	757.0	38.9	795.8	653.6	142.2	103.3
Mindoro Oriental	1,123.1	995.0	128.0	1,118.0	853.9	264.1	136.0
Palawan	2,239.4	1,998.8	240.6	2,243.0	1,705.7	537.3	296.7
Pampanga	1,709.5	1,652.9	56.6	1,783.5	1,610.6	172.9	116.3
Pangasinan	2,983.1	2,571.0	412.1	3,015.4	2,325.4	690.0	277.9
Quezon	2,195.5	2,060.9	134.5	2,238.0	1,896.5	341.5	206.9
Quirino	428.3	381.1	47.2	437.7	371.8	65.9	18.7
Rizal	1,975.0	1,837.8	137.2	2,168.7	1,837.8	331.0	193.7
Romblon	439.6	448.8	(9.1)	448.7	423.3	25.5	34.6
Samar (western)	1,131.3	1,034.2	97.2	1,122.9	886.5	236.4	139.2
Siquijor	181.5	163.8	17.7	186.7	163.8	23.0	5.3
Sorsogon	866.7	852.8	13.9	868.0	760.4	107.6	93.7
South Cotabato	1,509.9	1,408.8	101.1	1,468.5	1,184.6	283.8	182.7
Southern Leyte	685.2	606.3	78.9	702.9	590.2	112.8	33.9
Sultan Kudarat	900.9	802.9	98.0	893.0	686.0	207.0	109.0
Sulu	632.6	611.8	20.8	599.0	486.3	112.7	91.9
Surigao del Norte	933.9	825.6	108.3	933.3	715.1	218.2	109.9
Surigao del Sur	863.5	726.4	137.1	904.5	726.4	178.1	41.0
Tarlac	1,152.0	1,025.7	126.3	1,161.6	930.9	230.7	104.4
Tawi-Tawi	239.9	397.7	(157.8)	227.7	333.1	(105.4)	52.4
Zambales	1,384.1	1,205.4	178.7	1,427.9	1,200.6	227.4	48.7
Zamboanga del Norte	1,446.3	1,163.6	282.7	1,471.9	1,092.7	379.3	96.5
Zamboanga del Sur	950.4	829.2	121.2	881.7	703.8	177.9	56.6

ANNEX 2. Project Management Team

Union of Local Authorities of the Philippines (ULAP)	**Hon. Benjamin Abalos, Jr., ULAP President,** *Mandaluyong City Mayor and LCP President*
	Ildefonso Santos *Project Management Coordinator*
National Anti-Poverty Commission (NAPC)	**Dolores De-Quiros Castillo** *Assistant Secretary*
National Nutrition Council (NNC)	**Maria-Bernardita T. Flores** *Assistant Secretary and Executive Director*
Commission on Population	**Mia Ventura** *Deputy Executive Director*
Philippine Center for Population and Development (PCPD)	**Felicitas C. Rixhon** *Executive Director*
	Milagros Corpuz *Program Officer*
SEARCA and Consultants	**Sec. Rafael Coscolluela** *Local Policy and Review Specialist/ SRA Administrator*
	Dr. Dennis Mapa *Population and Poverty Specialist*
	Lope B. Santos III *Project Development Specialist/OIC Project Development and Management Department*
	Dr. Mercedita A. Sombilla *Manager, Research and Development Department*
	Dr. Gil C. Saguiguit, Jr. *Director*

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