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P 163-B cash aid needed this year

By Ben O. de Vera – March 9, 2021

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Amid a prolonged pandemic and recession, giving away another round of cash dole-outs to poor households this year will minimize the number of families and individuals at risk of temporarily sliding back to poverty, estimates of the state-run think tank Philippine Institute for Development Studies (PIDS) showed.

PIDS president Celia Reyes and researchers Arkin Arboneda and Ronina Asis said in a March 1 position paper on the proposed “Bayanihan 3” bill that without the social amelioration program last year, poverty incidence among Filipino families would have climbed to 18.3 percent or 4.54 million families from 12.1 percent or more than three million families in 2018. At the same time, the poverty rate among the population would have jumped to 24.3 percent or 25.65 million Filipinos from 16.7 percent or 17.67 million individuals prepandemic.

But since the national government granted two tranches of cash grants plus wage subsidies to the most vulnerable households last year, PIDS estimates showed a slower rise in poverty in 2020 to 14.1 percent among families or 3.48 million households and 19.8 percent or 20.91 million Filipinos in the total population.

At the height of the longest and most stringent COVID-19 lockdown in the region, the government disbursed two months’ worth of [cash aid] amounting to P5,000 to 8,000 per household a month.

Poverty rate

“Looking forward, a slow recovery is projected for the Philippines in 2021. Assuming a 6-percent growth in GDP (gross domestic product), the economy will still not be back to 2019 levels. Given this projected growth, poverty incidence among families in 2021 is estimated to be at 16.3 percent” or 4.03 million households, PIDS said. The government targets a growth rebound of 6.5 to 7.5 percent this year following last year’s GDP contraction of 9.5 percent—the worst post-war recession.

Among individuals, the poverty rate would rise to 21.8 percent or 23.07 million people without cash aid this year, PIDS estimates showed.

“Providing another set of [cash] assistance in 2021 will allow some families to meet basic food and non-food needs. An estimated amount of P163.39 billion is needed to provide the poorest 14 million households with two tranches of subsidy amount similar to what was provided per household and per region in 2020,” PIDS said.

In case of three [cash aid] tranches, the government should shell out a bigger P245.08 billion, which PIDS estimates showed would also slash poverty incidence by a larger scale.

“Poverty incidence among families is estimated to go down to 12.4 percent (or 3.06 million households) if emergency cash assistance will be provided in two tranches, which is near the pre[pandemic] estimates in 2018, while it will go down further to 10.8 percent (2.67 million families) if [cash aid] will be provided in three tranches,” PIDS said.

Inflation

Across the population, two tranches of [cash aid] will reduce poverty incidence to 17.6 percent or 18.6 million Filipinos, while three tranches will further bring it down to 15.8 percent or 16.69 million individuals.

However, PIDS said the government must keep inflation in check to maximize the impact of dole-outs on consumption, especially among the poor.

“While this program will lift a number of families out of poverty temporarily, the government will also need to accompany the billions of pesos allotted in [cash aid] with an increase in supply of basic commodities as otherwise it might cause prices of these goods to go up. The increase in prices could wipe away some of the gains from the provision of [the program]. Thus, there should be accompanying measures to enable the economy to increase production during this period to avoid inflationary pressure,” PIDS said. INQ