

# A Lifecycle Approach to Inequality in the Philippines

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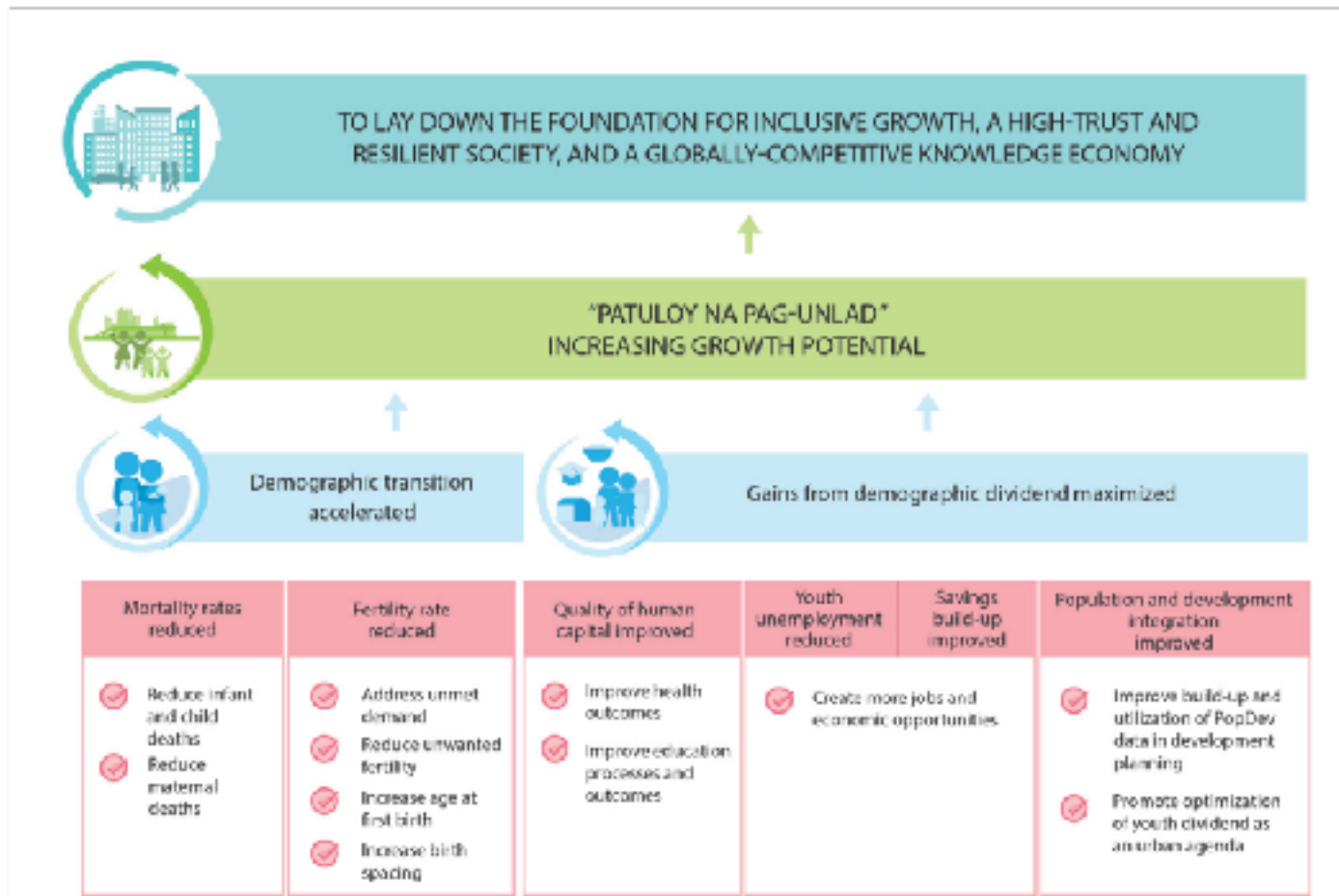
# Philippines at a Glance

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- ❑ Robust Economic Growth
- ❑ But persistent inequality
  
- ❑ Currently riding on the demographic sweet-spot
- ❑ But not for long: Young but ageing

# Reaching for the Demographic Dividend

Figure 13.6 Strategic Framework to Maximize the Demographic Dividend



“Optimizing the demographic dividend is one of the key strategies to be implemented at the national and sub-national levels, under the national development pillar of *Patuloy na Pag-unlad* or raising the economy’s potential growth.”

-Philippine Development Plan, 2017-2022

# Inequality is a Key Challenge

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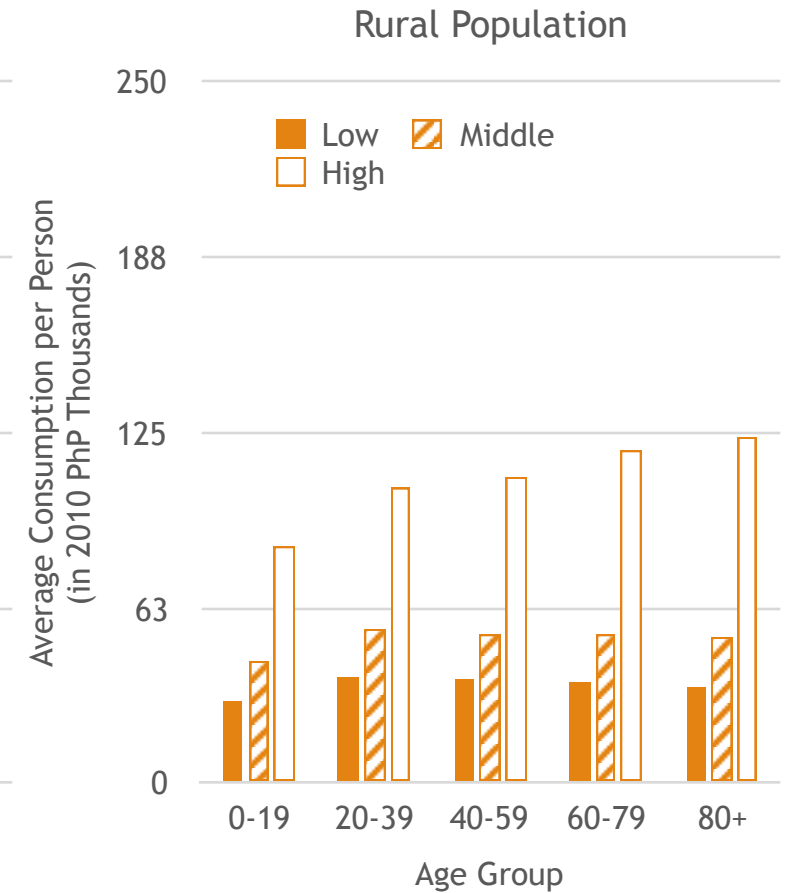
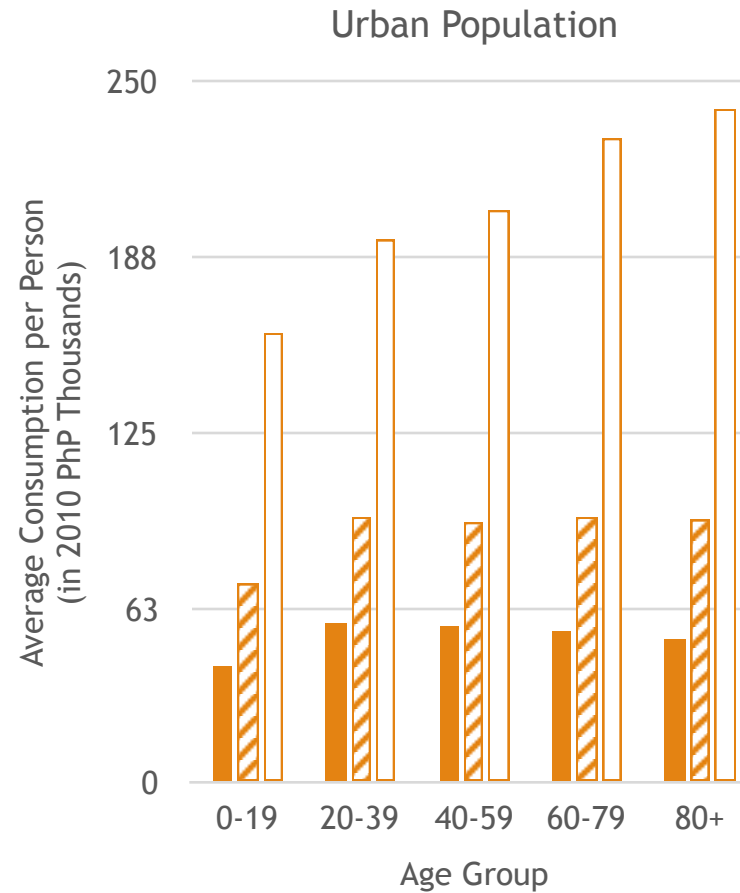
- ❑ Inequality in opportunities and outcomes across regions
- ❑ Poor and less-educated women have more children than they want
- ❑ Inequities remain in nutrition and health outcomes
- ❑ Access to education has been uneven and completion rate is low

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What else do we know about  
inequality in the Philippines?  
(What can NTA tell about inequality in the  
Philippines?)

# Consumption Inequality

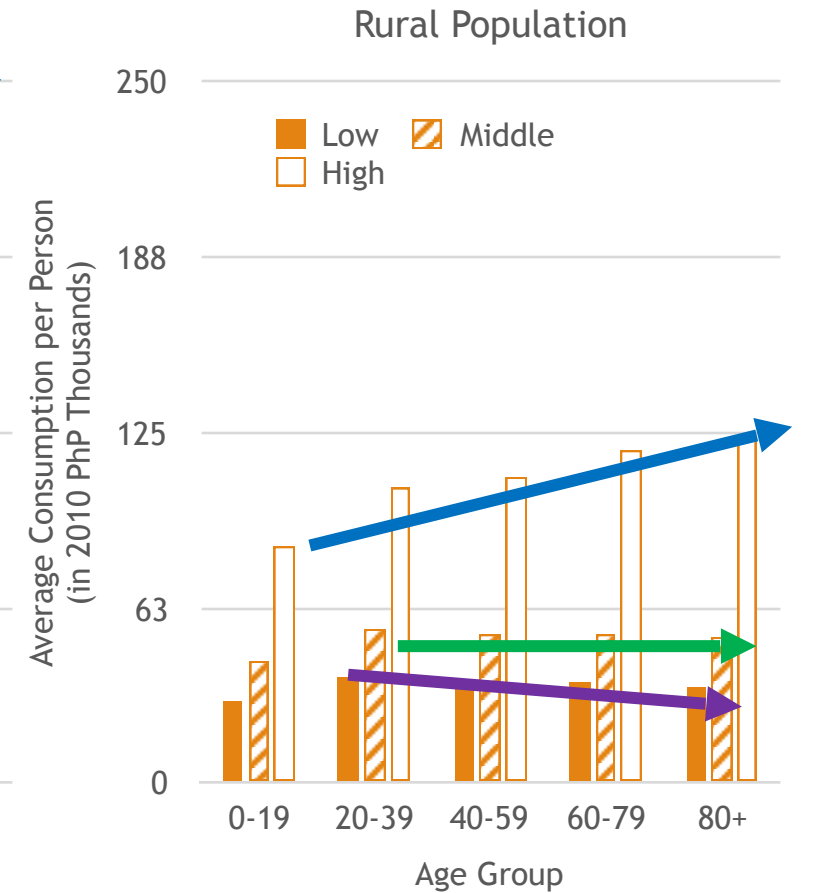
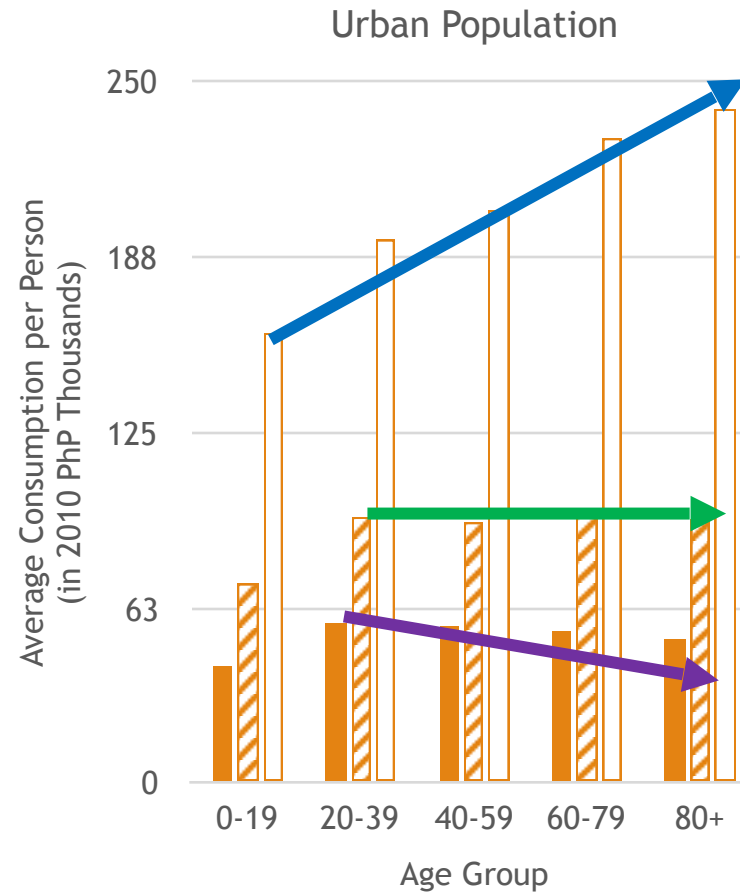
Wide disparity in consumption by socioeconomic status and location across age - common across many countries



Data: 2011 Philippine NTA

# Different Consumption Patterns

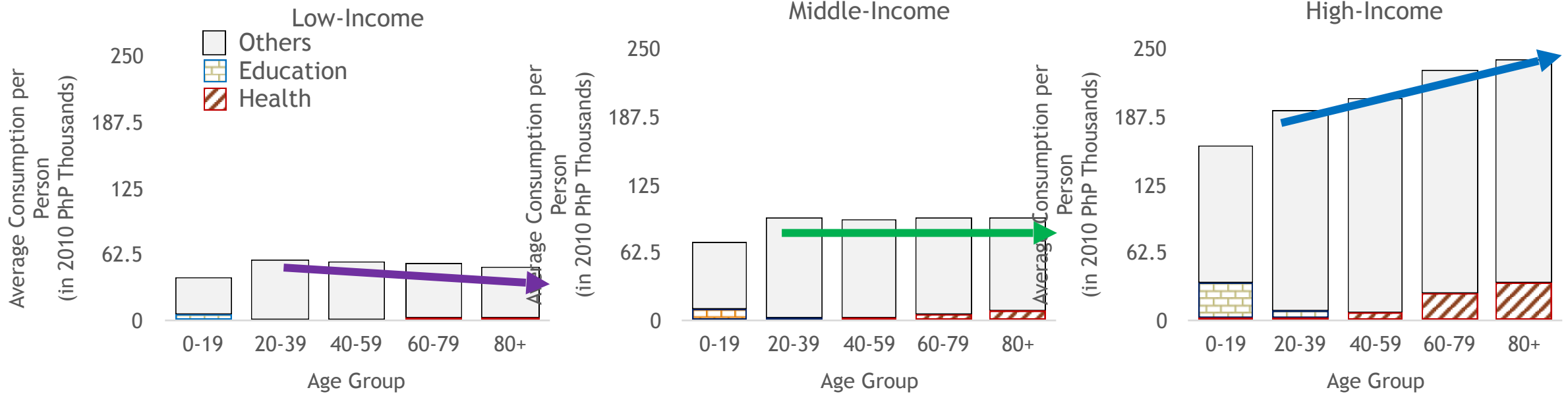
Important differences in consumption patterns across socioeconomic status over the lifecycle



Data: 2011 Philippine NTA

# Different level, Different type

## Higher healthcare spending among richer elderly

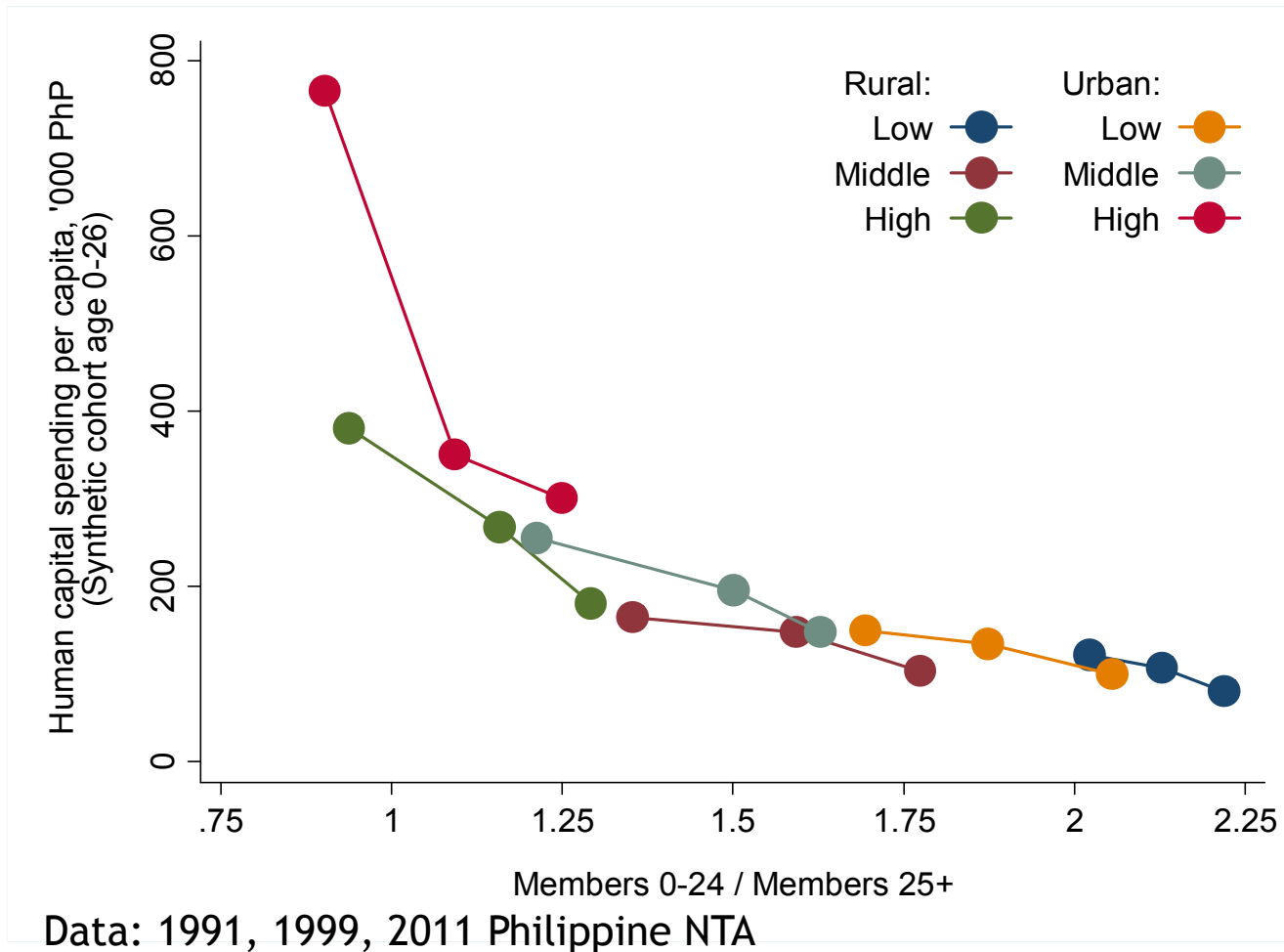


Data: 2011 Philippine NTA

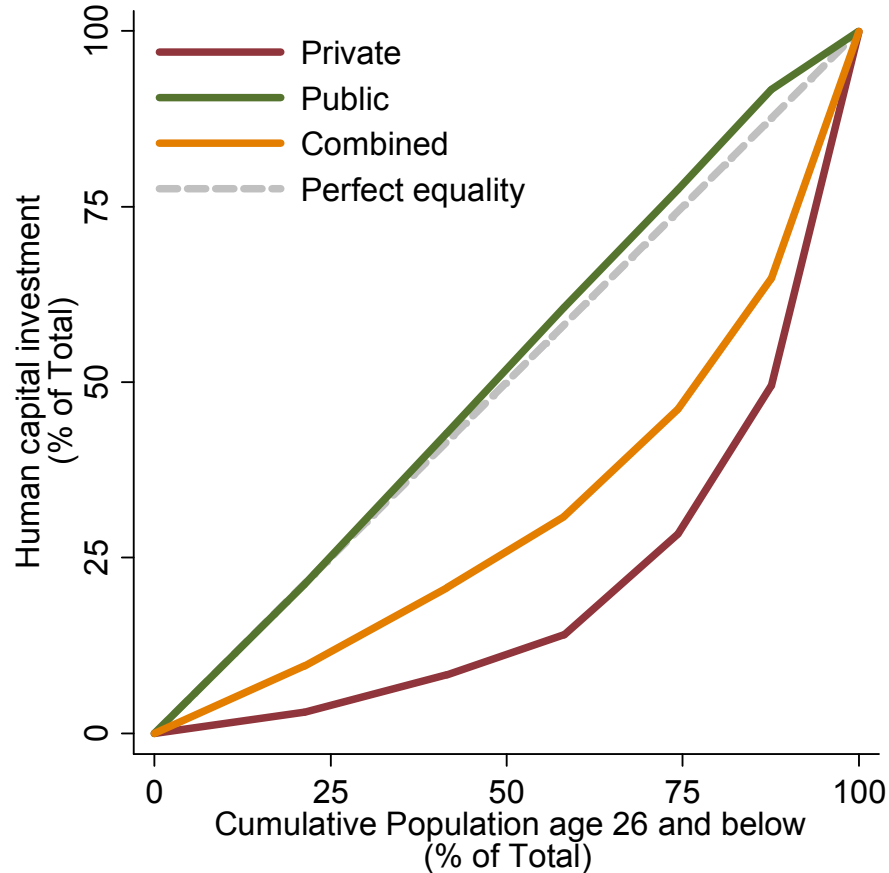


# Quantity-Quality Tradeoff

Higher human capital investments on children from households with fewer children



# Government & Human Capital Inequality

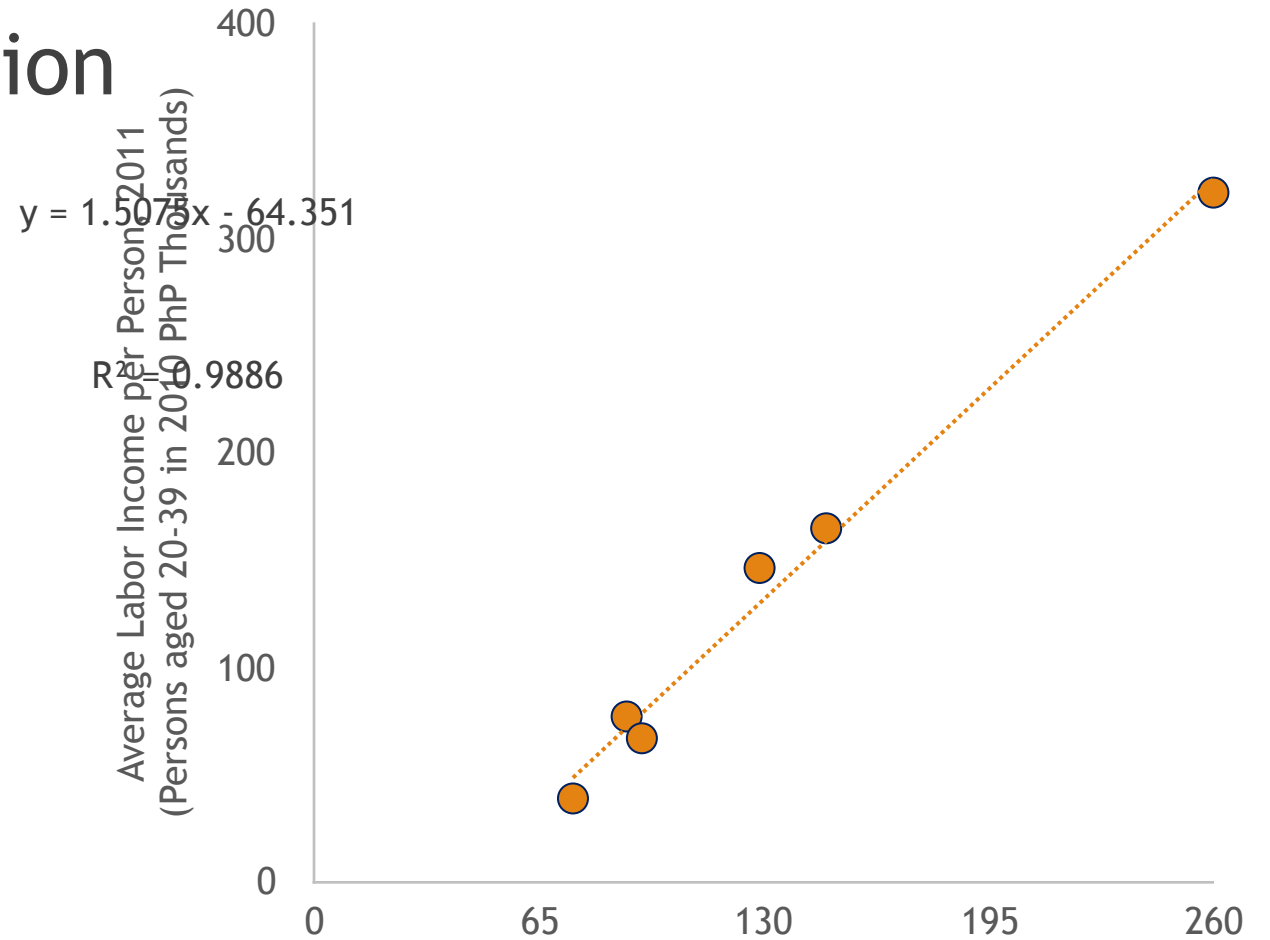


Data: 2011 Philippine NTA

- ❑ Private human capital spending is highly skewed towards rich
- ❑ 13% of population age 3-26 receives 50% of private resources for human capital
- ❑ More or less equal allocation across the board by government - more pro-poor in basic than in higher education

# Labor Income Inequality

Strong positive correlation between average labor income per person and past human capital spending

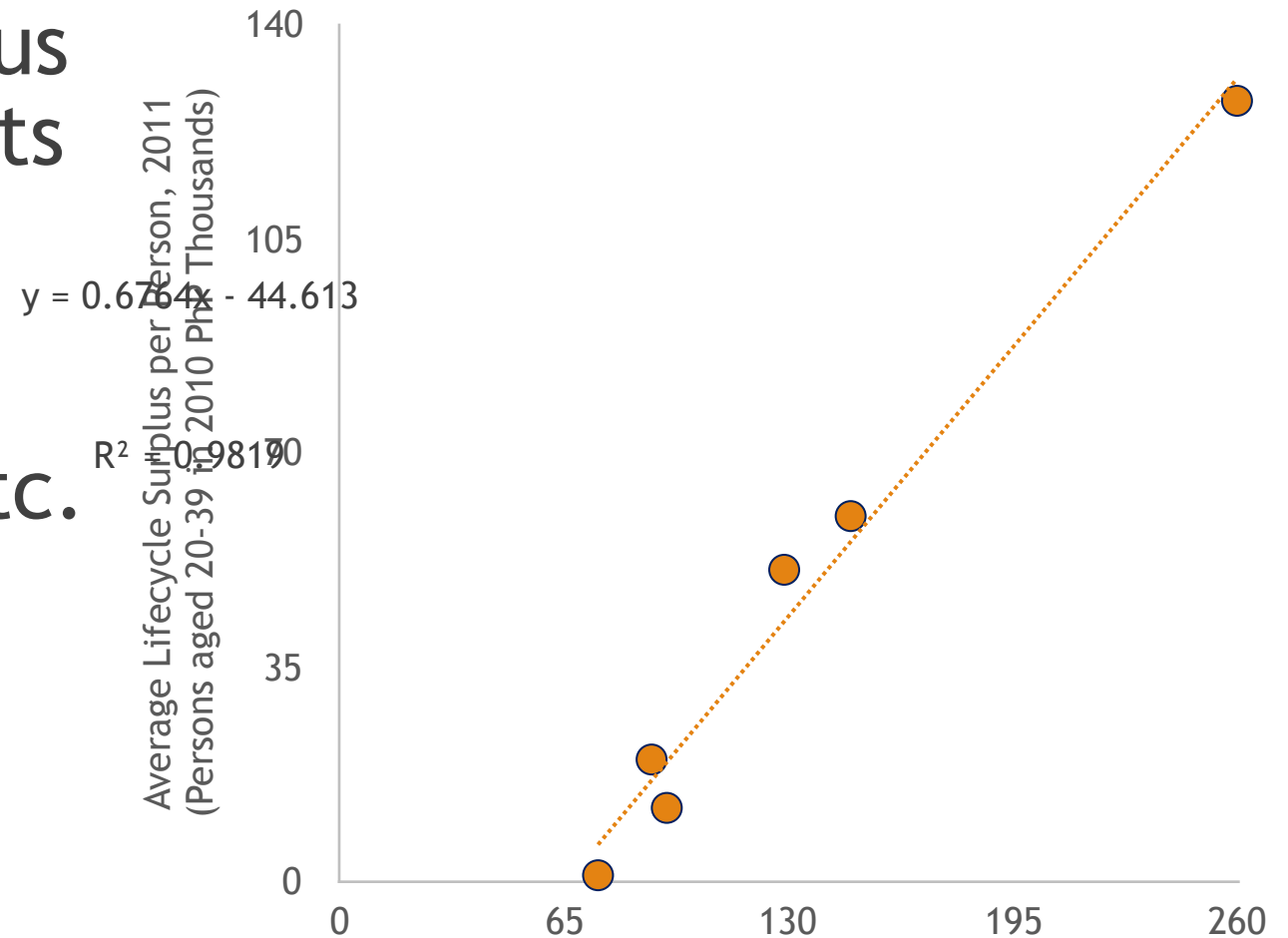


Data: 1991, 2011 Philippine NTA

Average Human Capital Spending per Person, 1991 (Synthetic cohort aged 0-19 in 2010 PhP Thousands)

# Lifecycle Surplus Inequality

Greater lifecycle surplus per person among adults invested with higher human capital - allows greater consumption, investments, saving, etc.

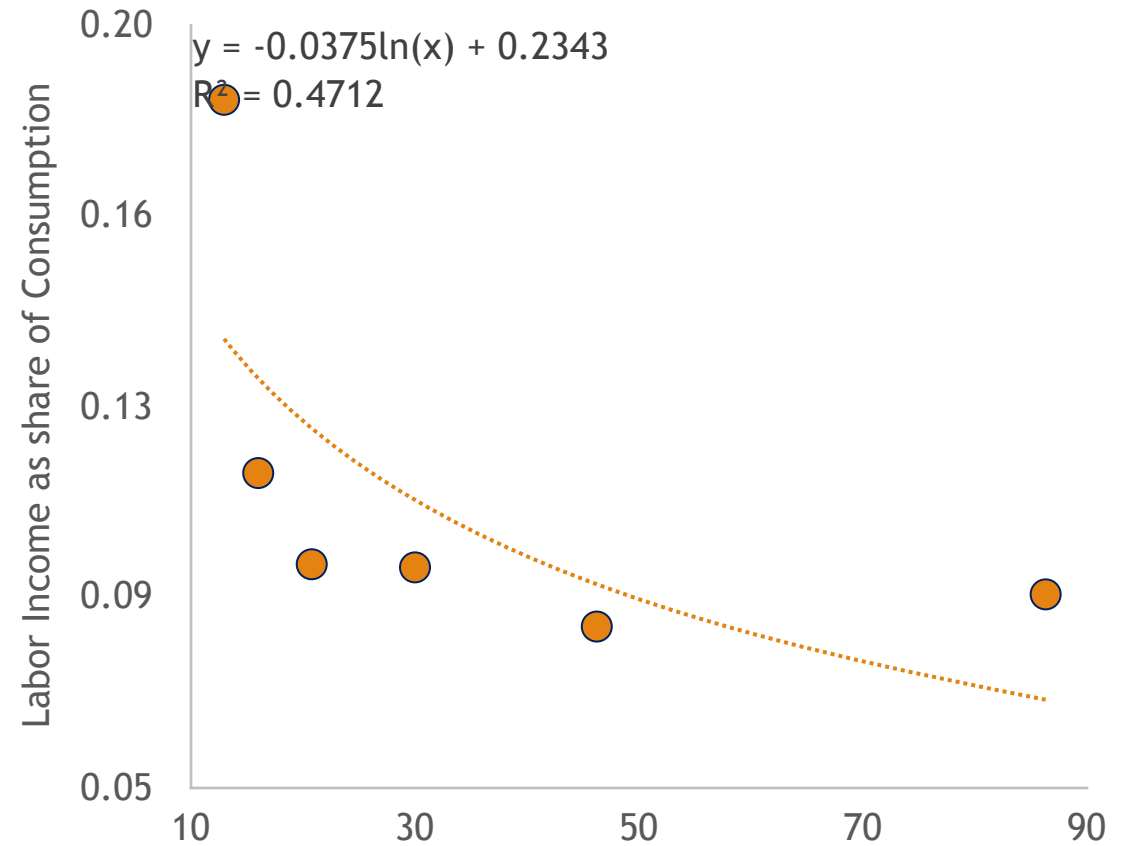


Data: 1991, 2011 Philippine NTA

Average Human Capital Spending per Person, 1991 (Synthetic cohort aged 0-19 in 2010 PhP Thousands)

# Late-stage inequality

Individuals who earn less during their prime continue to work later in life to finance consumption



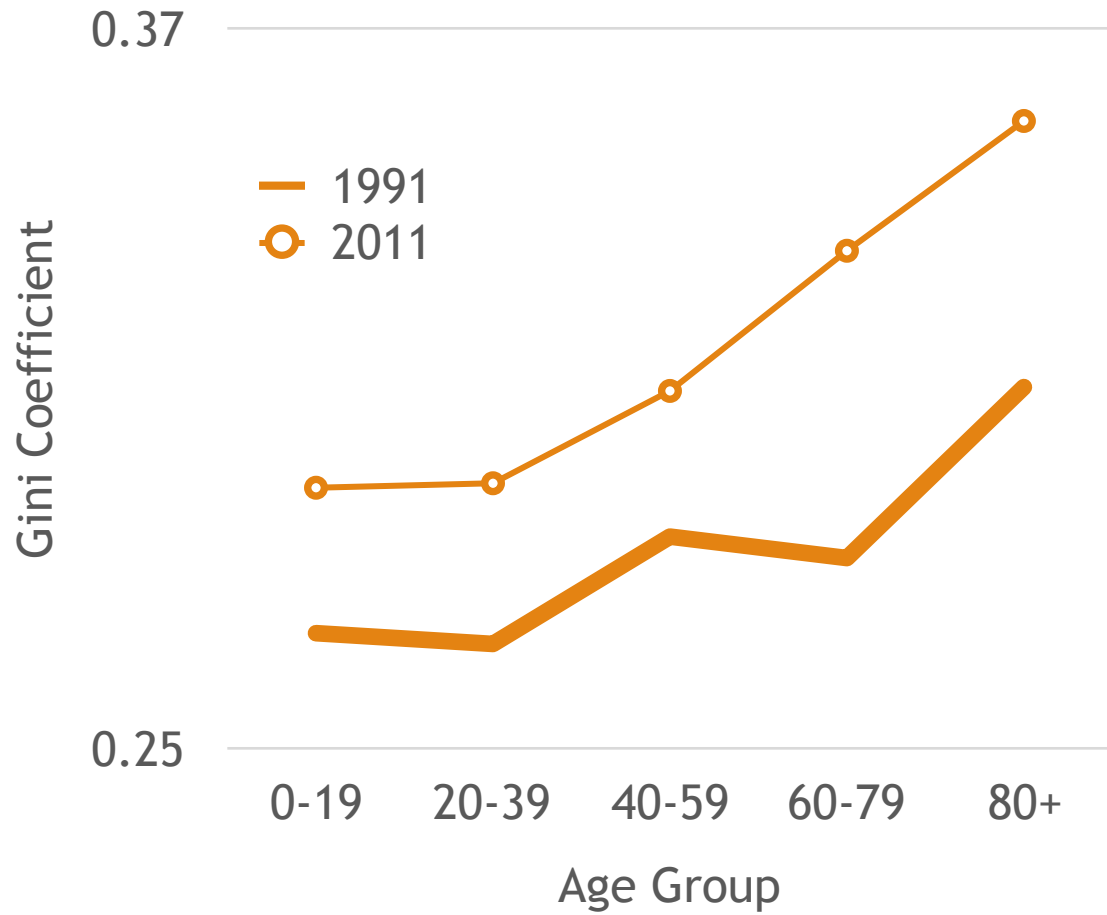
1991 Average Labor Income Per Person, Persons aged

60-79

(in 2010 PhP Thousands)

Data: 1991, 2011 Philippine NTA

# Inequality over the Lifecycle



Small (Large?) disparities at each life stage accumulate to form greater inequality later in the economic lifecycle - inequality starts young

Data: 1991, 2011 Philippine NTA



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# Maraming Salamat

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