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**Intercensal Small Area Poverty Estimation**

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**Abstract**

In response to the urgent need of policy- and decision-makers for poverty statistics at lower levels of disaggregation, the National Statistical Coordination Board (NSCB) produced the first set of small area estimates (SAE) of poverty at the city and municipal levels in the Philippines for the year 2000. This used the Elbers, Lanjouw, and Lanjouw (ELL) SAE methodology, which was developed specifically for the small area estimation of poverty measures by the Poverty Team of the Development Research Group of the World Bank (WB). The data sources include the Family Income and Expenditures Survey (FIES), the Labor Force Survey (LFS), and the Census of Population and Housing (CPH), which were all conducted in 2000.

With planning becoming more decentralized and program interventions generally implemented at the local level, it is desirable to update these city and municipal level poverty estimates. However, while the FIES is a triennial survey and the LFS a quarterly survey, the CPH is conducted every 10 years although a census of population is supposed to be conducted every 5 years<sup>3</sup>. Hence the need to develop a methodology for the intercensal updating of the SAE poverty estimates.

This paper presents the pioneering efforts of the NSCB on the generation of intercensal updates of poverty statistics at the city and municipal levels, using data presently available in the Philippine Statistical System (PSS). Using the SAE updating methodology, the NSCB produced the 2003 intercensal poverty estimates for all 1,622 cities and municipalities of the country. The paper also cites the limitations of the methodology and the challenges to improve it (e.g., variables to be used in the model-building process need not be restricted to only those that are considered to be time-invariant). For greater appreciation of the relevance of these estimates, the paper also includes the list of its actual policy uses. 1,380 out of 1,622 (85%) city and municipal level estimates for 2003 have coefficients of variation not greater than 20 percent.

**Keywords:** *poverty statistics, small area estimation, ELL methodology, survey and census data, intercensal updating of small area poverty estimates.*