

Philippines: Filipinos didn't feel growth because of ayuda cuts and stingy wage hikes - IBON

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Millions of ordinary Filipinos did not benefit from supposedly rapid 2022 growth because the government tightened the purse strings on urgent cash assistance (*ayuda*) and only gave a negligible wage increase last year, said research group IBON.

The group reminded how rebound-driven growth last year was not creating enough productive [employment](#), as a more thorough reading of government [statistics](#) would clearly show. The Marcos Jr administration made this situation worse by depriving millions of families much-needed ayuda and wage hikes that would have increased their purchasing power aside from boosting spending and economic recovery.

IBON noted that the government only distributed Php18.3 billion in targeted cash transfers (TCT) out of the Php37.2 billion budgeted for this. The program was supposed to give Php3,000 in ayuda to 12.4 million households or the poorest half of Filipino families. However, according to data from the social welfare department, it only gave Php2,000 to 9.2 million families. This means that less than three-fourths of beneficiary households received just two-thirds of the already paltry amount promised.

The Marcos Jr administration's stinginess with urgent relief and assistance programs will also continue in 2023 despite many Filipino households still in distress, said the group. For instance, the allocations for regular emergency assistance programs have been cut by Php7.5 billion from Php97.4 billion in 2022 to less than Php90 billion this year. This includes cuts to the budgets for families in difficult circumstances, displaced workers, and overseas workers.

The government even slashed funding for the *Pantawid Pamilyang Pilipino* Program (4Ps) by Php5.1 billion (down to Php102.6 billion) and of the KALAHI-CIDSS community development program by Php2.8 billion (down to Php6.7 billion).

Ordinary Filipinos would also have felt the growth if the government had granted a more substantial wage hike to help minimum wage earners and their families cope with high prices.

For instance, the measly National Capital Region (NCR) Php33 hike of the nominal minimum wage to Php570 in June last year was not even enough to keep up with soaring inflation. IBON estimates that the real value of the NCR minimum wage instead dropped from Php508 in June 2022 to just Php489 as of December 2022, measured at 2018 prices.

IBON also estimates that inflation pushed up the NCR family living wage (FLW) for a family of five to Php1,145 in December. The daily nominal wage in NCR is however not even half (49.8%) this. Meanwhile, the FLW for a family of five nationwide rose to an average of Php1,146. The average daily nominal wage of Php404 nationwide is just one-third (35.3%) of the nationwide FLW.

Amid high prices and low incomes, the government refusing to release ayuda and give bigger wage hikes pushed Filipinos into poverty. The number of poor Filipino families increased by 700,000 to 12.9 million since Marcos Jr took office, according to the Social Weather Stations (SWS) self-rated poverty surveys.

IBON said that the government hype of growth means little if this is not felt by ordinary Filipinos. A more productive starting point for policy to address this is, first of all, being more candid about the real conditions of poor and low-income Filipinos instead of relentless spin and propaganda. The group also said that Marcos Jr and company should spend less time and government resources on their trips abroad and instead prioritize immediate and substantial aid, wage increases, and small business and production support.

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