

**IDENTIFICATION OF THE CHARACTERISTICS AND ESTIMATION  
OF THE VULNERABLE HOUSEHOLDS IN THE PHILIPPINES  
USING ECONOMETRIC MODELS**

by

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## Abstract

Poverty is a global issue and its eradication is the overarching goal of every nation. In reality, many people or households are moving in and out of poverty over a span of years. The current measures of poverty will not be able to determine who will be poor in the next years, thus, there is a need to measure those who are vulnerable or near-poor – those who have a chance of becoming poor in the next year(s). The study of Paqueo (2014) defined, identified, and classified near-poor households, who have per capita income falling between the official total poverty threshold (TPT) of Philippine Statistics Authority (PSA) and the near-poor income threshold (NPT) at a given year, and those near-poor households have a high risk of falling into poverty in the future. The ratio,  $NPT / TPT$  or RAT, is equivalent to 1.28. Adopting the definition of near-poor households of Paqueo, this paper aims to identify the characteristics of the vulnerable households and their odds of being poor in the future using the Annual Poverty Indicators Survey (APIS) merged with the Labor Force Survey (LFS) for 2004, 2007 and 2008, 2000 Census of Population and Housing (CPH) and other administrative-based data by employing econometric models such as the logit, complementary log-log and linear probability models, and use these models to estimate the number of vulnerable households in the country using the 2012 Family Income and Expenditure Survey (FIES), also merged also with the LFS

*Keywords:* vulnerable households, logit regression model, complementary log-log model, linear probability model, out-of-sample prediction