Poverty reduction remains to be one of the biggest challenges faced by the Philippines. Consequently, the Philippine Government has adopted poverty reduction as the main goal of all its development efforts. However, to wage a successful fight against poverty, it is important to know the nature and extent of poverty as well as who the poor are, where they are, and why they are poor.

Data relating to the different dimensions of poverty are traditionally obtained from national censuses and surveys conducted by the National Statistics Office. However, these surveys and censuses are conducted infrequently and at irregular intervals. Moreover, they are conducted at different time periods and so a comprehensive picture of the different dimensions of poverty is not possible at a particular point in time. Furthermore, the country has very few, if any, national survey that collects information on the different dimensions of poverty. There is a survey on income and expenditure, another survey on health, another on education, another on employment, another on nutrition, etc. The samples are different and the reference periods are also different. Thus, we do not know if the ones who are poor based on income are also poor with regard to literacy, nutrition, housing, etc.

Furthermore, data from these sources are very aggregated. The available national, regional and sometimes provincial data are not sufficient to meet the demands of local government units, particularly cities/municipalities and villages. Recently, an Asian Development Bank-World Bank report released in 2005 lamented the Philippine Statistical System's inadequate response to the decentralization thrust of the government: "the most comprehensive and consistent comparative subnational data is at the regional level although (and ironically) this is simply an administrative level of government that has no responsibilities for delivery of social services. More data is gradually becoming available at the provincial level, but not at lower levels which are at the frontline of efforts to reduce poverty1.”

More recently, there has been greater emphasis on targeted programs because of limited financial resources to implement poverty reduction assistance programs. Several programs of national government agencies such as the Philhealth program for the indigents are targeted to the poor. Many of the programs of the local government units, such as livelihood and scholarship programs, are intended for the poor. Unfortunately, data is not available to support such targeting schemes. Consequently, there have been difficulties in identifying eligible beneficiaries.

When disparities are large within municipalities/cities and villages, pure geographic targeting is not enough. Geographic targeting can be used as the first step in prioritizing areas, but household/individual level targeting is needed to be able to minimize leakages and reduce exclusions.

The community-based monitoring system (CBMS) seeks to address the existing gaps in the statistical system by providing household-level information. The CBMS is an organized way of collecting information at the local level for use of local government units (LGUs), national government agencies,
nongovernment organizations, and civil society for planning, program implementation and monitoring. More than just a data collection system, it seeks to integrate the use of data in local level planning and program implementation.

The CBMS has several features: (1) it is LGU-based; (2) taps existing LGU personnel as monitors; and (3) has a core set of indicators. These three key features enhance the capacity of local governments in detecting and reducing poverty. It has been proven that local leaders are important participants in improving the lives of their communities. Meanwhile, the key indicators are easy to collect and process. What sets apart this system from the other monitoring systems is that it builds the capacity of local governments in using poverty statistics as inputs in the formulation of development plans and as basis in formulation of poverty reduction programs and projects. Moreover, it empowers the communities by ensuring their participation in diagnosing poverty and identifying appropriate interventions.

There are 14 core indicators that are being measured to determine the welfare status of the population. These indicators capture the multidimensional aspects of poverty and have been confined to output and impact indicators. Since CBMS is designed to be LGU-based, it is important that indicators are easy to collect and process. Information is collected through surveys of all households in the community. The local people themselves are data collectors and processors.

The system is flexible and can accommodate community-specific indicators to reflect the other concerns of the community. For instance, indicators related to environmental concerns are included in the CBMS of the Province of Palawan. On the other hand, the Province of Camarines Norte has included indicators related to natural calamities in its indicator system.

With the Philippines’ commitment to meet the Millennium Development Goals (MDGs), it becomes imperative to be able to monitor the performance of the country vis-à-vis the targets. It is found that spatial disparities are large, necessitating concerted action in areas where performance is very low. The CBMS will allow the monitoring of these achievements of these targets not just at the municipal level, but also at the barangay level.