

Living Income Update Report Rural Ilocos Sur Province The Philippines, 2023



Living Income
PHP 25,165
(USD 450)



Living Wage
PHP 16,944
(USD 303)

Living Income Update Report No. 23-04-49



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By:

*Agnes Medinaceli**

*Lykke E. Andersen***

*Marcelo Delajara****

*Richard Anker*****

*Martha Anker*****

Abstract:

This report provides updated estimates of the living income and living wage for rural Ilocos Sur Province, in the Philippines. The update for June 2023 takes into account inflation since the last living income update report in November 2022 (Dacuycuy, Nario, Khan, Anker & Anker, 2022).

Keywords: Living costs, living income, living wages, Anker Methodology, Philippines

JEL classifications: J30, J50, J80.

* SDSN Bolivia, E-mail: agnes.medinaceli@gmail.com

**SDSN Bolivia, E-mail: Lykke.E.Andersen@gmail.com

*** Anker Research Institute, E-mail: mdelajara@ankerinstitute.org

**** Anker Research Institute, E-mail: marthaandrichard@gmail.com

1. BACKGROUND

This report updates the living income and living wage for rural tobacco growing areas in Ilocos Sur, the Philippines for 2023. The update takes into account the amount of inflation since the original report in November 2022 (Dacuycuy, Nario, Khan, Anker & Anker, 2022). This is done by updating the November 2022 living income to June 2023 by inflation. Without accounting for inflation, the net living income and living wage estimated in 2022 would not be sufficient for families to have a basic but decent standard of living in 2023 because the purchasing power of the living income would have decreased compared to what it was in 2022.

2. LIVING INCOME IN ORIGINAL REPORT FROM NOVEMBER 2022

The original living income was estimated as PHP 24,472 (USD 450) in November 2022 for a typical family, in rural areas of Ilocos Sur, the Philippines (Dacuycuy, Nario, Khan, Anker & Anker, 2022). The net living wage was PHP 15,406 (USD 280) and the gross living wage was PHP 16,643 (USD 302) in November 2022.

3. INFLATION RATE USED FOR UPDATE

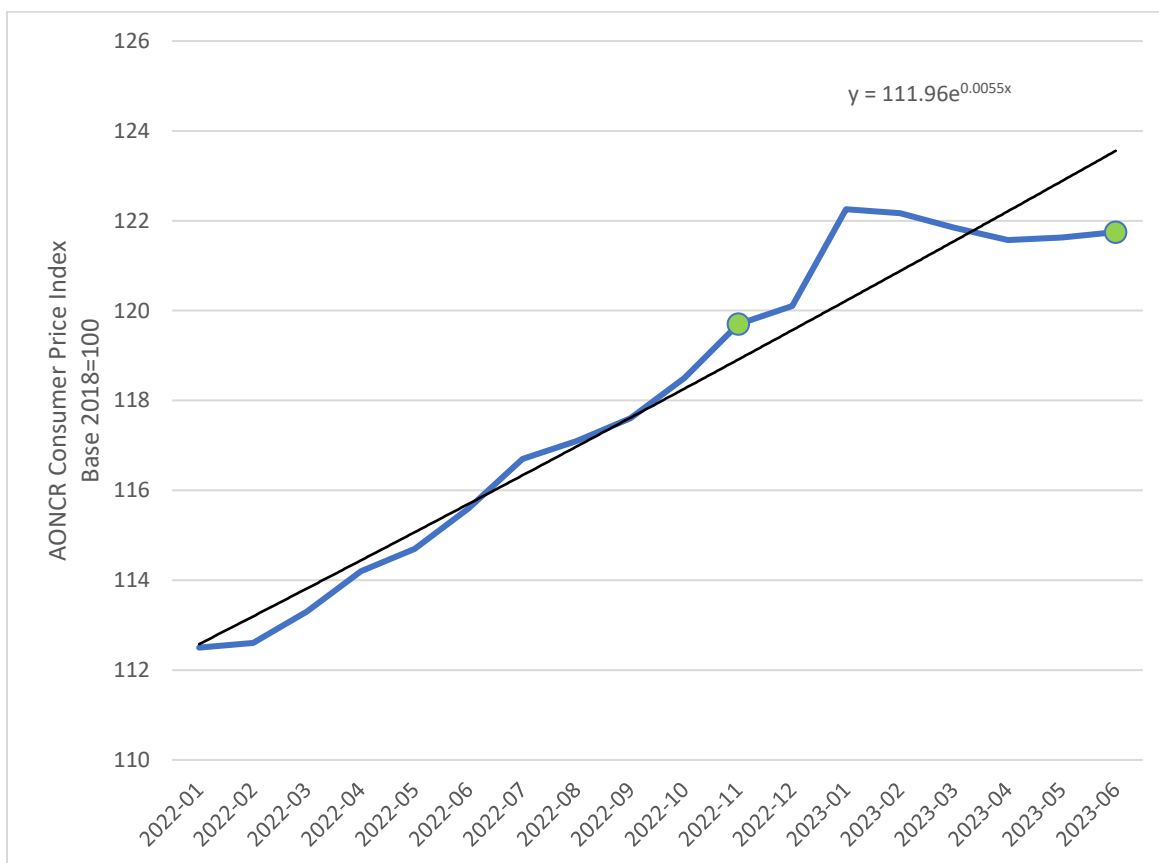
Philippine Statistics Authority is the government body responsible for computing and reporting price indices in the Philippines.¹ It reports a national consumer price index, an index for the national capital region (NCR), and a third index for areas outside the national capital region (AONCR). For these three indexes it uses 2018 = 100 as its base. This report uses the AONCR because it is more relevant for rural workers.

¹ See <https://psa.gov.ph/price-indices/cpi-ir>

4. RECENT LEVEL OF INFLATION

Between November 2022 and June 2023, inflation in areas outside the national capital region in the Philippines amounted to 1.7% (see Figure 1). This is the inflation used in this report.

Figure 1: Consumer Price Index, Areas Outside the National Capital Region (AONCR), January 2022 – June 2023



Notes: Green circles indicate the months of the original study and update. The black line is the fitted exponential trendline.
 Source: Authors' calculations based on CPI data from PSA.

5. MANDATORY DEDUCTIONS

As in the original report, the living wage is well below the threshold for which income tax should be paid (PHP 20,833 per month for 2023).² Hence, the living wage is exempted from income tax.

However, there are the following mandatory payroll deductions, which have not changed since the original report: 3% to PhilHealth, 4.5% to the social security system, and a monthly contribution of PHP 100 to Pag-IBIG.

² See <https://taxsummaries.pwc.com/philippines/individual/taxes-on-personal-income>

6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR JUNE 2023

The updated living income for June 2023 is PHP 25,165 (USD 450) per month. Table 1 provides details of the original and the updated living income and living wages for rural Ilocos Sur, the Philippines.

Table 1: Living income and Living Wage for rural Ilocos Sur Province, the Philippines (in Philippine Pesos and US Dollars per month)

	November 2022 Original Report		2023 Update Report	
	PHP	USD	PHP	USD
Living Income	24,742	450	25,165	450
Net Living Wage	15,406	280	15,669	280
Gross Living Wage	16,643	302	16,944	303
Exchange Rate to USD	55.0		55.9 ^a	
Inflation mid-2020 to mid 2023	1.7%			

Note: USD values are indicative only because exchange rates are volatile. ^aAverage exchange rate for June 2023.

Source: Authors' calculations.

7. REFERENCES

Dacuycuy, L., Nario, J. M., Khan, A., Anker, R., & Anker, M. (2022) *Living Income Report: Rural Ilocos Sur Province, the Philippines*. Anker Research Institute. Available online : <https://www.globallivingwage.org/wp-content/uploads/2023/08/Philippine-Living-Income-Study-revised-AUGUST-23.pdf>