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Working Paper

Extent of Asset Accumulation of the Households

PIDS Discussion Paper Series, No. 2004-04

Provided in Cooperation with:

Philippine Institute for Development Studies (PIDS), Philippines

Suggested Citation: Manlagñit, Ma. Chelo V. (2004) : Extent of Asset Accumulation of the Households, PIDS Discussion Paper Series, No. 2004-04, Philippine Institute for Development Studies (PIDS), Makati City

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Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Extent of Asset Accumulation of the Households

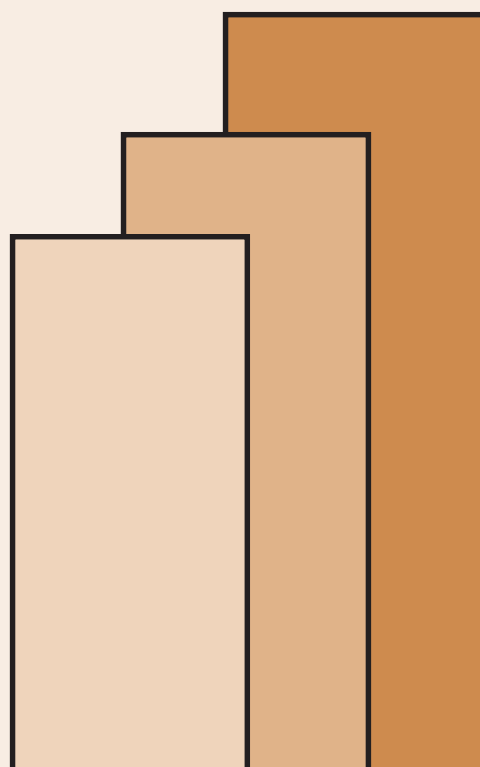
Ma. Chelo V. Manlagñit

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January 2004

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Abstract

This paper examines the extent of asset accumulation and saving of the households from the credit they obtained from community-oriented financial intermediaries (COFIs) and other financial sources. In the process, this paper also investigates how the government can assist in asset development, particularly for the poor households. Results show that there is a clear difference between the client households and nonclient households in terms of asset ownership, access to credit and the use of the loans obtained. Specifically, the results reveal that client households have greater accumulation of assets and, thus, have the benefit of obtaining greater advantages of having more asset accumulation than nonclient households. Also, only client households allot a share from their obtained credit to buy a real estate asset. Meanwhile, from the credit obtained, nonclient households have higher allocation for the current regular needs of the households and for servicing another credit but lower allocation on savings than client households. This suggests that nonclient households' obtained credit is used primarily for immediate needs than investing in asset accumulation.

Keywords: microfinance, asset accumulation, households

Extent of Asset Accumulation of the Households

*Ma. Chelo V. Manlagñit**

I. Introduction

The poverty incidence of families in the country, that is, the total number of families that can be considered poor had declined from 44.2 percent in 1985 to 39.9 percent in 1991 to 33.7 percent in 2000. However these figures may only convey part of the story about poverty in the country. It is well acknowledged that poverty is multidimensional. Thus, it is also worth investigating the assets¹ of the poor because without a doubt, both income and assets are essential measures of well being of the households.

Needless to say, income poverty is still one of the most formidable challenges confronting the country today. On the other hand, however, asset poverty may also be an increasing concern which is impending to further exacerbate the poverty situation in the country but may not necessarily given appropriate attention. If a lot of families do not have assets, they lose their economic security and their ability to plan, dream and pass on opportunities to future generations.

A growing body of empirical evidence supports the potentially positive effects of asset accumulation in low-income households. They show that assets are associated with economic household stability; decrease economic strain on households and the risk of intergenerational poverty transmission; and increase property maintenance. The findings of these studies go hand in hand with the emerging strategy to promote self-sufficiency for these households through asset

* Research Associate, Philippine Institute for Development Studies. This is part of the Community-Oriented Financial Intermediaries (COFI) project jointly conducted by the PIDS and University of Laval, Canada. Financial support provided by International Development Research Centre (IDRC) and PIDS is gratefully acknowledged.

¹ The term *assets* in this study is a general term used to refer to all category of assets held by the household: financial, physical, social, and human.

development. Since this strategy endorses and rewards savings, it encourages individuals and households to set long-term economic goals.

Generally, asset development refers to asset accumulation or savings. Asset accumulation and savings are closely interrelated as the former relaxes credit constraints, providing a strong incentive for poor households to do the latter. The amount of money people save is significantly affected by many factors including the shape of the economy, their appetite for risk, the investment products available to them as well as the incentives to save. However, when it comes to the poor households, these options are almost non-existing.

Using data from a recent nationwide household survey, the objective of this paper is to explore the extent of asset accumulation of the households from the credit they obtained from community oriented financial intermediaries (COFIs) and other financial sources. This is still part of an attempt to fill the gap in household and poverty studies as it focuses on the analysis on microfinance and poverty from the household perspective. Existing studies on households' asset accumulation in the country is still relatively scarce and thus, focusing on this concern is long overdue.

In such attempt, this paper furthermore investigates how the government can assist in asset development particularly for the poor households. More often than not, the need for the poor to save and build assets is hardly discussed. By integrating these perspectives – while emphasizing the role of microfinance institutions (MFIs) – it would be worthwhile to understand the relationship between saving and asset accumulation particularly in the low-income population, and in the process, provide information to the policy makers and stakeholders some basis to foster widespread asset accumulation especially in low-income households.

The rest of the paper is structured as follows. Section II provides an overview on the asset reform programs of the government. Section III gives a brief discussion on the rationale for asset accumulation as well as the relationship between credit

programs and asset accumulation. Section IV provides a household analysis. Section V discusses how households use their obtained credit for asset accumulation and savings while section VI concludes the paper.

II. Asset Reform Programs of the Government: An Overview

1. Land Reform Programs

Asset redistribution in the country like land redistribution program of the government and collection of progressive land tax, among others can be considered as one of the many steps needed to facilitate asset development particularly for the poor households.

Under its Comprehensive Agrarian Reform Program (CARP), the present government is committed to distributing 781,122 hectares of land between 2001 and 2004. Aside from speeding up land acquisition, distribution and leasehold operations, the government is also committed to providing support services to 43 percent of all land reform beneficiaries or agrarian reform communities.

However, as reported in the 2001 Philippines Poverty Assessment of World Bank, the development under the government's land redistribution program has been slow due to inadequate funding, administrative problems of surveying and land valuation, and opposition of the landlords. Along with this concern, an issue that should be tackled simultaneously is selecting the appropriate mechanisms for affecting the said transfer to the poorest groups with less costly distortions to incentives.

On a positive note, evidence is significantly favorable on gains from land redistribution for beneficiaries which include higher gains in productivity and incomes and propensity to invest in physical and human capital. Specifically, the study of Deininger et al (1999) on the impact of redistributive land reform in the country shows that beneficiaries of land reform programs have invested more in

their children's education compared to non-beneficiaries as well as increased their levels of assets at about three times the rate of non-beneficiaries.

2. Housing Programs

Under the MTPDP 2001-2004, the government is committed to providing housing to 1.2 million households between 2001 and 2004 where 79.7 percent of this target number of households is reserved for socialized housing or housing for low-income households and thus, a greater proportion of government resources shall be directed for this type of housing. Hence, the strategies of the government are directed towards ensuring housing assistance for the poor, establishing a sustainable housing finance and accelerating the localization of housing and urban development efforts.

However, the 2001 Philippines Poverty Assessment of World Bank noted that the current housing programs are highly regressive and fail in reaching the urban poor amidst some two million urban residents had access to assistance from a government housing or financing program.

III. The Rationale for Asset Accumulation by the Households

Existing theories of saving and asset accumulation include economic, social/psychological and behavioral (see Beverly 1997 and Schreiner et al 2001). The additional theory is institutional articulated by Sherraden (1991, cited in Beverly 1997).

Assets are fundamental factor in attaining economic self-sufficiency and development. It serves as a form of insurance for the households particularly in times of uncertainty and a means for preparing for future consumption. Accumulating assets provide the households a source of wealth and a buttress against adversities. Suffice it to say, assets are important for every household's

overall well being especially for households with incomes below or slightly above the poverty level.

In different ways, households draw from their assets to carry on with their lives, to make profits in good times and to sustain themselves in bad times. More so assets can help establish whether future generations will continue to be trapped in poverty or manage the means to escape from its hold. Beyond economic reasons, Sherraden (1991, cited in Schreiner et al 2001) suggests that having resource ownership has healthy effects on thoughts, behavior, goals and overall well being of the people.

However, households do not have the same level of access, opportunities and constraints to the same assets. Generally, access to assets to build a livelihood is more difficult for the poor and for them, saving and investments are already considered as luxuries that are not possible. These households have very limited resources which make it more difficult for them to explore such undertakings. As such, households with incomes below the minimum level of consumption cannot afford to save because survival needs cannot be “deferred” (Birdsall, Pinckney and Sabot 1996, Bhalla 1980, Bunting 1997, Wang 1995 and Zellner 1960, cited in Beverly 1997).

Vulnerability and asset poverty go together. This happens when the households are exposed to contingencies and stresses, and difficulty in coping with them. Low asset status of households indicates vulnerability.

Often, the literature shows that economic, social and demographic factors are said to be the reasons behind the inequality in the distributions of income and assets. However, of importance too, is how the policies of the government operate to assist asset development especially for the low asset households. This, in turn, has a strong bearing on the asset development in the country.

1. The Relationship Between Credit Programs and Assets

Sherraden (1991) in his institutional theory of saving articulates that the relatively limited access to institutional saving opportunities and incentives of low-income individuals might explain partly their low saving rates and limited asset accumulation (cited in Beverly 1997). This emphasizes that the characteristics of saving opportunities, e.g. access, financial information and education, incentives, facilitation and access to credit, influence saving and asset accumulation.

Barnes (1996) noted that microenterprise credit programs may directly or indirectly cause the following impacts. First, loans may be used directly or indirectly to accumulate assets. It is possible that the asset obtained may result to increases in income and further accumulation of assets depending on the rate of return to capital vis-à-vis the loan rate and the degree of leverage in financing the acquisition. Second, loans may help the household to improve its existing asset base or decrease its liabilities. This is in the case where the household will no longer sell or pawn key assets pertinent in generating income or the loan may be used to repay debt. Lastly, access to credit may permit households to take risks since the access gives a security or serves as a contingency in case of difficulties.

The study of Sebstad and Chen (1996) reviews the findings from 32 research studies and evaluation reports on the impact of microenterprise credit on different asset categories, e.g. enterprise, household and individual. With respect to the findings on household assets, of the ten studies that investigated on the accumulation of physical assets, most found a positive change. While in several studies, there are reports from borrowers that show increased in spending on specific types of household assets such as housing, land and livestock.

Although these studies have mixed findings if other forms of assets are considered aside from household assets, the common denominator of these various studies which include studies comparing clients with non-clients or first time borrowers

with recurrent or former borrowers suggests that asset accumulation is incremental and successive loans lead to build up of household assets.

IV. A Household Analysis

This study utilizes a nationwide household survey² which includes 333 households that were interviewed in August-September 2002 using a structured interview schedule. Of these households, 167 have access to the services of the community oriented financial intermediaries (COFI) system or these are the clients of the COFI system (CHHs for short) while 166 households do not have the access to the services of the COFI system and thus, referred to as non-clients of the COFI system (NCHHs for short). It should be clear that “COFI system” in this paper has a very limited meaning in that it refers only to the credit cooperative system.

Table 1 presents the distribution of the sample households per survey area.

Table 1. Distribution of Sample Households		
Survey Areas	Clients	Non-Clients
Luzon		
Pangasinan (Region I)	28	28
Albay (Region V)	25	28
Visayas		
Iloilo (Region VI)	29	27
Leyte (Region VIII)	28	27
Mindanao		
Misamis Oriental (Region X)	29	28
Davao (Region XI)	28	28
Total	167	166

1. Moveable and Immoveable Assets

The ownership of assets has a bearing on the life condition of the households.

Table 2 presents an overview of the range of moveable assets owned by the

² See Lamberte and Manlagñit (2003) for a detailed discussion of the survey.

households as it compares CHHs and NCHHs. These assets are for the whole households where the CHHs are comprised of 775 household members while the NCHHs are comprised of 783 household members. For both household types,

Table 2. Moveable Asset Ownership Indicators By Type of Households In percent		
Property	Clients	Non-Clients
Refrigerator	90.32	78.13
Gas/Electric Oven	70.19	55.12
Stove	94.71	89.90
Radio	98.84	97.06
Television	97.94	90.28
Phone (portable and fixed)	73.16	58.57
Man/Animal-driven vehicle	21.94	18.54
Motorcycle	19.92	15.89
Another vehicle	4.92	7.29

the most commonly owned property is radio; this is followed by television; and then stove. However, for all these properties, it can be gathered from the table that CHHs are better off than NCHHs in terms of moveable assets. Meanwhile the results from the logit analysis show that there are significant differences between CHHs and NCHHs in terms of some of the assets owned (**table 3**). These results suggest that asset ownership increases the probability of the household's access to credit.

On the other hand, with respect to immovable assets, **figure 1** shows that 77 percent of the total households stated owning the house that they lived in whereas 13 percent stated living on a rental property. However, CHHs appear to have higher proportion of households owning their houses than NCHHs. In addition, it is noteworthy that the NCHHs have higher proportion of households occupying rent-free houses than the CHHs, at 14 percent and 6 percent, respectively. This observation is supported by the results of a logit analysis (**table**

4) which show that there is a significant difference on the type of ownership of the houses between the CHHs and NCHHs.

Table 3. Results of Logit Analysis: Moveable Asset Ownership
HH Type: Client=1; Non-Client=0

HH Type	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
Refrigerator	0.742	0.191	3.880	0.000*	0.367 1.117
Gas/Electric Oven	0.482	0.125	3.850	0.000*	0.236 0.727
Stove	0.584	0.214	2.730	0.006*	0.165 1.003
Radio	(0.146)	0.445	(0.330)	0.742	(1.018) 0.725
Television	0.660	0.291	2.270	0.023*	0.090 1.230
Phone (portable and fixed)	(0.028)	0.050	(0.570)	0.569	(0.126) 0.070
Man/ Animal-driven vehicle	(0.245)	0.132	(1.850)	0.064	(0.505) 0.014
Motorcycle	0.156	0.139	1.120	0.262	(0.117) 0.429
Another vehicle	(0.227)	0.213	(1.070)	0.286	(0.644) 0.190
Constant	(1.899)	0.485	(3.920)	0.000	(2.849) (0.948)

* Significant at 5% confidence level

Number of observations: 1,547

Figure 1. Owned vs. Rented Houses
By Type of Households

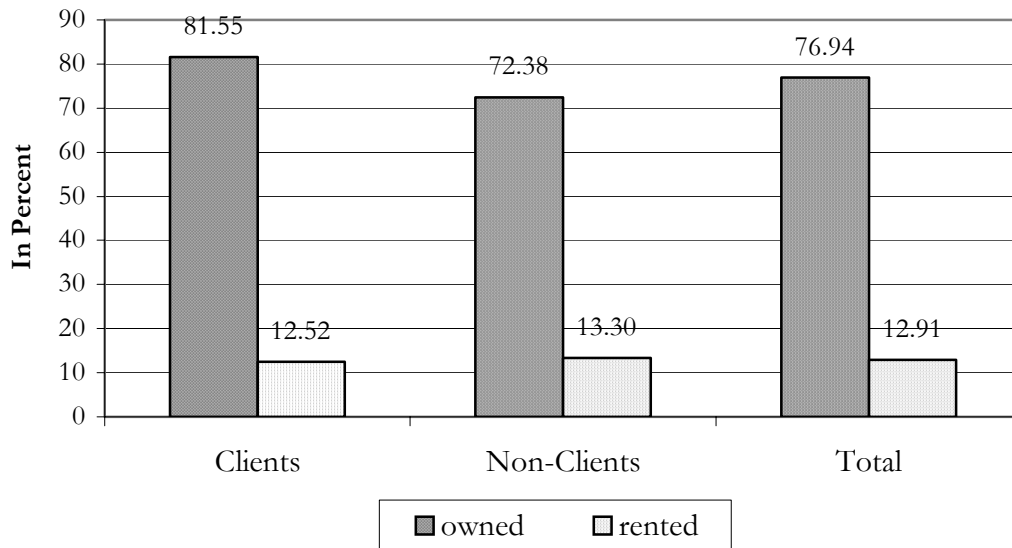


Table 4. Results of Logit Analysis: House Ownership
HH Type: Client=1; Non-Client=0

HH Type	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
Owned	1.009	0.184	5.480	0.000*	0.648 1.370
Rented	0.829	0.225	3.690	0.000*	0.389 1.270
Constant	(0.899)	0.175	(5.140)	0.000	(1.242) (0.556)

* Significant at 5% confidence level

2. Financial Assets

The financial assets where members of the households have presently own are shown in **table 5**. Aside from share capital in COFIs and deposits in COFIs or other financial institutions, a large proportion of households have insurance policies such as life, casualty and health insurance. A notable proportion of households have also pre-need plans, which consist mostly of educational plans for their children and memorial plans. In all financial assets, CHH members have greater owned financial assets than NCHH members.

Table 5. Financial Assets
By Type of Households
In percent

	Clients	Non-Clients
Deposits in a COFI	55.58	9.33
Deposits in other financial institutions	58.97	49.55
Prepaid savings plans (for studies, pension, etc.)	11.74	7.72
Social capital in COFI	47.53	5.02
Informal rotating saving (ROSCAS, Tontines, etc.)	2.45	3.47
Other financial assets	4.55	0.64
Pre-need plans (educational, funeral, etc.)	13.68	7.34
Insurance		
Life	71.10	51.37
Casualty	53.03	46.68
Private Health	20.39	8.24
Other	3.22	2.97
Other financial instruments	1.81	0.77

Meanwhile, the results of a logit analysis on the financial assets of the households reveal that there is significant difference between most of the financial assets owned by CHH members and NCHH members (**table 6**). The results show that except in the case of the informal rotating saving, CHHs proved to have greater financial deposits than NCHHs.

Table 6. Results of Logit Analysis: Financial Assets
HH Type: Client=1; Non-Client=0

HH Type	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
Deposits in a COFI	3.005	0.195	15.430	0.000*	2.623 3.387
Deposits in other financial institutions	(0.220)	0.195	(1.130)	0.258	(0.602) 0.162
Prepaid savings plans (for studies, pension, etc.)	(0.043)	0.278	(0.160)	0.876	(0.589) 0.502
Social capital in COFI	3.732	0.218	17.090	0.000*	3.304 4.160
Informal rotating saving (ROSCAS, Tontines, etc.)	(2.282)	0.485	(4.700)	0.000*	(3.233) (1.331)
Other financial assets	1.716	0.704	2.440	0.015*	0.336 3.095
Pre-need plans (educational, funeral, etc.)	0.861	0.259	3.330	0.001*	0.354 1.368
Insurance					
Life	2.071	0.298	6.950	0.000*	1.487 2.655
Casualty	(2.303)	0.282	(8.150)	0.000*	(2.856) (1.749)
Private Health	1.177	0.249	4.730	0.000*	0.689 1.665
Other	(0.187)	0.568	(0.330)	0.742	(1.299) 0.926
Other financial instruments	(2.148)	0.803	(2.670)	0.008*	(3.723) (0.574)
Constant	(1.888)	0.147	(12.880)	0.000	(2.176) (1.601)

* Significant at 5% confidence level

Number of observations: 1,494

3. Sources of Income

Table 7 presents the average income of the households from different sources. It indicates that generally CHHs have higher income than NCHHs. It is worth noting that NCHHs receive higher subsidies, i.e. transfers/subsidies from a relative not part of the household (international); non-regular transfers/subsidies from the government; pension; and donations in kind.

**Table 7. Sources of Households Annual Income
Mean; In pesos**

	Clients	Non-Clients
1. Sales from family business?	148,035.20	117,137.50
2. Salary from a permanent employment?	221,050.60	217,962.30
3. Salary from an exceptional/occasional employment?	38,355.98	20,881.40
4. Property income (rentals, etc.)?	29,453.13	7,500.00
5. Transfers/subsidies from a relative not part of the household (national)?	46,600.00	40,116.28
6. Transfers/subsidies from a relative not part of the household (international)?	30,782.61	50,657.89
7. Regular transfers/subsidies from the government?	0.00	0.00
8. Non-regular transfers/subsidies from the government?	3,000.00	120,000.00
9. Pension?	35,620.83	55,556.76
10. Insurance indemnity?	39,000.00	0.00
11. Donations in kind?	4,733.33	9,973.33
12. Others	108,000.00	80,380.00

V. Credit for Asset Accumulation and Saving

1. Principal Purpose of the Credit

This section explores the proceeds of the credit obtained by the CHHs from the COFI system and NCHHs from other financial sources as it relates to asset accumulation of the households. **Table 8** presents the principal purpose of the credit by both household types. Compared to 76 percent of the CHHs, the table shows that 83 percent of NCHHs that obtain credit will use it for the current regular needs of the households. But the opposite is true if the purpose of the credit is for the occasional needs of the family, with CHHs at 37 percent and NCHHs at 25 percent.

Table 8. Principal Purpose of the Credit
In percent

	Clients	Non-Clients
To provide for the regular needs of the family (current)	75.86	83.33
To provide for the occasional needs of the family (exceptional)	36.84	25.00
To support the children	30.56	16.07
To help the husband	87.50	13.64
To have an income	12.33	10.71
To improve family business	17.57	13.56
To expand the activity already existing	10.81	13.79
To set-up a small personal business	6.85	0.00
To buy a real estate asset	5.48	0.00
To buy an already existing business	4.11	3.51
To service another credit	11.59	13.79
Others	10.96	14.75

Meanwhile CHHs allot higher share of obtained credit for supporting the children at 31 percent compared to 16 percent of NCHHs. In terms of improving family business, setting up a small personal business or buying an already existing business, CHHs allot a greater percentage of their obtained credit in investing in such businesses than NCHHs. While if it is for servicing another credit, NCHHs have higher percentage allotted from their obtained credit at 14 percent as compared to 12 percent of CHHs. On the other hand, only CHHs allot a share from their obtained credit on buying a real estate asset. This suggests that NCHHs' obtained credit is used primarily for immediate needs than investing in asset accumulation.

2. Credits for the Purchase of Assets

Table 9 shows a comparison between CHHs and NCHHs in terms of using their obtained credit in purchasing assets. The table suggests that both household types use their obtained credit in investing in household appliances. A logit analysis

(table 10) shows that there is no significant difference between these two types of households in terms of using their obtained credit in purchasing the given range of assets.

Table 9. Credit will be used for the purchase of In percent		
	Clients	Non-Clients
Household appliance (TV set, stove, refrigerator, etc.)	26.32	21.31
Vehicle (Animal, cart, motorcycle, car, truck)	9.46	1.79
Production machine	2.74	0.00
Productive animal	4.11	0.00
Donation to the husband	0.00	0.00
Raw materials	1.37	0.00
Products for resale	2.74	10.71
Other	2.78	1.79

Table 10. Results of Logit Analysis: Use of Credit for the Purchase of Assets HH Type: Client=1; Non-Client=0						
HH Type	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
Household appliance (TV set, stove, refrigerator, etc.)	0.475	0.486	0.980	0.328	(0.477)	1.427
Vehicle (Animal, cart, motorcycle, car, truck)	1.066	1.141	0.930	0.350	(1.171)	3.303
Products for resale	(1.939)	1.101	(1.760)	0.078	(4.097)	0.220
Other	0.546	1.243	0.440	0.660	(1.891)	2.983
Constant	0.147	0.214	0.690	0.493	(0.273)	0.567

3. Value of Assets Bought

In terms of the value of the assets bought, table 11 presents the range of values for both the household types. It is noteworthy that these values may exceed the amount of the credit obtained from COFI and other financial sources. It can be gathered from the table the diverse spending pattern of the two types of

households. Although 30 percent of CHHs spend on assets ranging from PhP5,000.00 and below, they also spend greater amount on assets that range from PhP500,001 and above. Meanwhile the bulk of NCHHs spend assets on prices ranging from PhP5,001.00 – PhP25,000.00 and none on the most expensive range of values of assets.

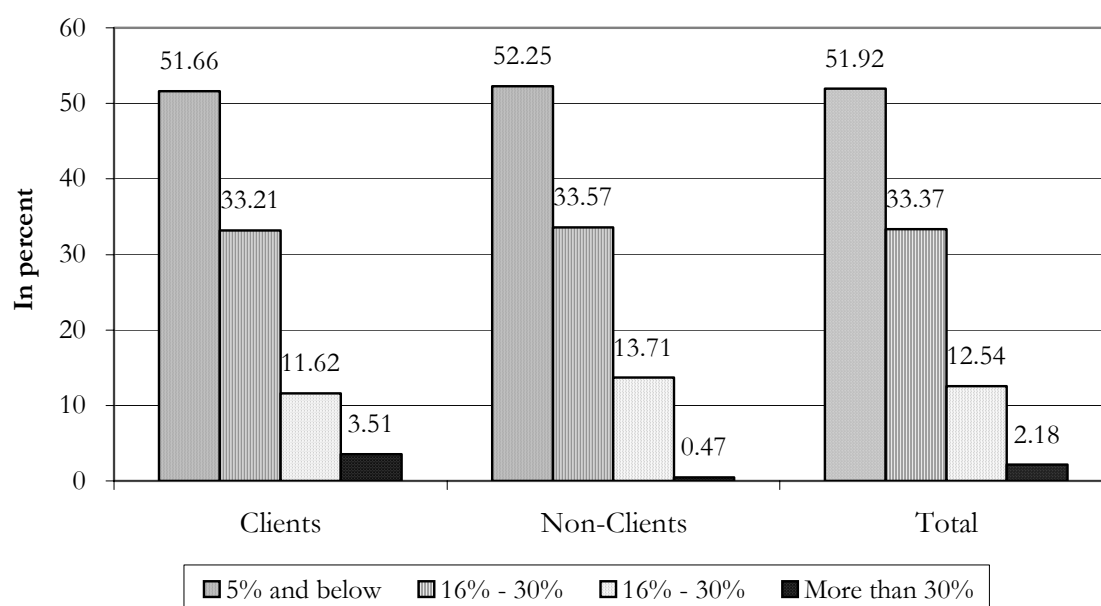
**Table 11. Value of Assets Bought
In percent**

Range (in pesos)	Clients	Non-Clients
P5,000 and below	29.63	17.65
P5,001 - P25,000	33.33	52.94
P25,001 - P500,000	22.22	29.41
P500,001 and above	14.81	0.00

4. Share of Savings

The results of the survey reveal that after a credit is obtained, household members from NCHHs allocate on the average 5 percent of their income to savings while CHH members, 7.2 percent. **Figure 2** shows the decomposition of the share of

Figure 2. Share of Savings



savings per household type. Majority of the members of both household types save at 5% and below. CHHs allocate higher share (more than 30%) to savings when a credit is obtained. Meanwhile, the results of a logit analysis show that there is significant difference in the allocation of savings of CHH and NCHH members after a credit is obtained (**table 12**). These results also imply that access to deposit services could also induce the households to save more particularly in the case of CHHs.

Table 12. Results of Logit Analysis: Share of Savings
HH Type: Client=1; Non-Client=0

HH Type	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
Saving	0.040	0.007	5.580	0.000*	0.026 0.054
Constant	(0.259)	0.066	(3.940)	0.000	(0.389) (0.130)

* Significant at 5% confidence level

VI. Conclusion

The focus of this descriptive paper is to explore the use of the credit obtained by the households in asset accumulation and saving. It is to note that the information may be limited as constrained by the availability of data and thus, only a partial snapshot of the actual experiences of the households is revealed. However the findings from both descriptive and logit analyses show that there is a clear difference between the CHHs and NCHHs when it comes to asset ownership for both moveable and immovable assets, access to credit and the use of the loans obtained. Specifically, the results reveal that CHHs, on the average, have greater accumulation of assets. As a result, they have the benefit of obtaining greater advantages of having more asset accumulation than NCHHs. A higher percentage of NCHHs that obtained credit would use it for the current regular needs of the households compared to the CHHs. While if it is for servicing another credit, NCHHs have higher percentage allotted from their obtained credit than CHHs. On the other hand, only CHHs allot a share from their obtained credit to buying a

real estate asset. This suggests that NCHHs' obtained credit is used primarily for immediate needs than investing in asset accumulation.

Findings from various studies in the literature on the impact of credit on asset show that asset accumulation is incremental and successive loans lead to the build up of household assets. If this is so, it is then import to reexamine the policies governing the criteria in choosing who will have access to credit to be certain that the poor are really targeted.

There is still much to learn about saving and asset accumulation in poor households. For one, asset accumulation of the households should be included in the regular household censuses.

Asset poverty is not well reported in the country³ as compared to the seemingly plethora of comprehensive data from the other countries. Empirical studies on this concern are limited because of the availability of data on national level or even data with larger more representative sample and as a result only a small survey not necessarily representative of the entire country will always serve as a basis for this kind of studies.

Despite magnitude of asset inequality and asset poverty, these impediments to poverty reduction receive no sufficient attention and thus, are not properly addressed. Attaining economic self-sufficiency, particularly for the poor households, requires asset accumulation, and viable options are needed to attain such objective. In confronting poverty, if it is only viewed in terms of income poverty then the solutions are geared only towards income poverty. The other crucial point which is scarcely dealt is the need for the poor to save and build assets.

³ The National Statistics Office (NSO) only produces household data on housing in its Census of Population and Housing. As far as the author is concern, no other forms of household assets are available so far that are extensively included in their national survey.

Often, the literature shows that economic, social and demographic factors are said to be the reasons behind the inequality in the distributions of income and assets. However, of importance too, is how the policies of the government operate to assist asset development especially for households with low asset. This, in turn, has a strong bearing on the asset development in the country. It would also be more helpful if there are existing and well operating policies to alleviate asset poverty, not just income poverty in order to holistically combat all dimensions of poverty. For poor households, these policies can substantially demarcate the difference between self-sufficiency and dependence.

To help in alleviating poverty, the microfinance market should continue and concentrate more effort on credit, savings and insurance services that can mitigate risks given that poor-income households do not have such access to protect themselves from uncertainties and risks. To provide opportunities for the poor means to create conditions for economic growth and enhancing the ability of the poor to take part in that growth by building up their assets through investments in both human and physical capital.

Therefore, a challenge here is on implementing asset development strategies and providing adequate information to poor households who lack the knowledge required to tackle issues related to asset building. The poor households with less secure access to assets need assistance to enhance their access to vital assets and building assets to make their livelihoods as sustainable as possible.

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