

Impacts of COVID-19 on Households in the Philippines: *Results from the Philippines COVID-19 Households Survey conducted in August 2020*

Key findings:

- **The findings in this note are based on a household survey carried out between August 1 and 14, 2020, to assess the COVID-19 impact on households.** The survey instrument and procedures were designed in accordance with best practices laid out by the World Bank's COVID-19 methodology and measurement task force, and the sample included respondents across all regions and socio-economic backgrounds.
- **As of August 2020, 24 percent of household heads employed in February were no longer working.** By industry, employment in construction was the most affected by job losses (31 percent), followed by accommodation and food services (26 percent) and trade (25 percent). By region, it was clear that the National Capital Region (NCR) and neighboring regions III and IV-A were disproportionately affected as 31 percent of household heads have lost their jobs.
- **Among those who remained employed in August 2020, about 52 percent cited that they were not able to work as usual and 19 percent reported working from home.** This further indicates the severe disruptions in work caused by the pandemic.
- **Significant income losses were also reported—among household heads still working, about 57 percent have experienced reduced or no income.** This impact was more pronounced for those in the two poorest quintiles, with about 60 percent in both quintiles facing this challenge. Furthermore, roughly 65 percent of households operating farm and nonfarm businesses experienced a decline in their revenues.
- **About three in four households worried about food security (i.e., not having enough food) and about one in three cited experiencing hunger.** About 54 percent of households in the lowest quintile reported being unable to buy rice, protein or fruits and vegetables, compared to 26 percent of households in the highest quintile. Reduced incomes and mobility restrictions were among the main reasons restricting households' ability to buy food.
- **One in three households which needed medical attention was not able to obtain it.** Close to half (46 percent) cited lack of financial resources and 28 percent cited fear of contracting the virus as the main reason for not seeking care.
- **Learning was also significantly disrupted during the pandemic—**while about 80 percent of household members between the ages of 6 and 18 attended school in February 2020, only 20 percent continued learning activities during the community quarantine period. However, 81 percent of households reported that they would send their children to school once they reopen.
- **There is a striking difference in coping mechanisms between poorer and richer households.** Overall, about three in four reduced food consumption, about three in five delayed payment obligations, and roughly half borrowed from family and friends. Reduced food consumption was far more prevalent among the poor. Moreover, poorer households tended to rely on informal channels, while those at the top income quintile more frequently relied on savings or borrowing from financial institutions.
- **Three in four households received assistance from the government in the form of cash grants, food and non-food items and more.** The coverage for the poorest quintile households reached nearly 90 percent, though about 60 percent those in the richest quintile also benefited from the assistance.
- **Nearly 100 percent of households were aware of the pandemic and government actions.** Over 95 percent took basic prevention measures due to the pandemic, and 70 percent were satisfied with both the national and local government responses to the pandemic.

Context

COVID-19 has severely impacted the Philippine economy, resulting in significant losses in income and employment. The economy is projected to contract by 6.9 percent by the end of 2020 due to the effects of the pandemic.¹ The country's unemployment rate reached 17.5 percent in April 2020, triple the unemployment rate of the previous quarter, and remained high, at 10 percent in July 2020, even after community quarantines were eased.² Consumer and business confidence deteriorated in the third quarter of 2020 mainly due to continuing distress related to unemployment income loss, as well disruptions in business operations.³ These economic impacts are seeing poor and vulnerable households face food insecurity and risks of more severe levels of income loss.

Collecting timely information on COVID-19's effects on the Philippines is essential to guiding responsive policies which meet the population's needs. In collaboration with the Department of Finance (DOF) and the National Economic and Development Authority (NEDA), and with the financial support from the Australian Government, the World Bank (WB) is implementing household, firm, and community surveys to monitor welfare changes, identify vulnerable groups and track the impact of the pandemic over time. The first round of the household survey was conducted from August 1 to August 14, 2020 with close to 9,500 respondents in the final sample.

The Government of the Philippines (GoP) imposed strict community quarantine measures in its effort to minimize the spread of COVID-19. Enhanced Community Quarantine (ECQ) in Luzon started on March 16, 2020, with varying degrees of community quarantine measures implemented over time. Areas under ECQ imposed strict home quarantine for residents and allowed only a few essential economic activities, with many firms not permitted to operate. This was in effect across the country in April 2020 when the first Labor Force Survey since the pandemic was carried out. ECQ was extended till May 15, 2020 for National Capital Region (NCR), Central Luzon, and populous areas in Central and Western Visayas and Mindanao, while the rest of the country was placed under the General Community Quarantine (GCQ). In GCQ areas, mobility restrictions were eased, and more firms were permitted to operate at full or below capacity. In August 2020 when the survey was conducted, most regions were in GCQs (or Modified GCQs), with some local government units enforcing stricter quarantine in their jurisdiction.

Impact on labor market outcomes

Unemployment has increased, in particular among some hard-hit industries, and work disruptions for those who remain employed continued. Only 60 percent of household heads were employed in August, as 24 percent of household heads who were employed in February were no longer working (Figure 1). Meanwhile a small share of household heads who were not working in February reported employment in August. About 43 percent of job losses were caused by the forced closure of businesses due to quarantine restrictions aimed at reducing the spread of the virus. The highest rates of job losses have been in Luzon, centered around the National Capital Region (NCR), where COVID-19 case numbers are highest in the country. In NCR and neighboring regions III and IV-A, 31 percent of household heads have lost their jobs. Across industries, employment in construction has been the most affected by job losses (31 percent), with accommodation and food services (26 percent) as well as trade (25 percent) also experiencing large declines in employment. Even among those remaining employed, the pandemic has caused severe

¹ World Bank East Asia and Pacific Economic Update, October 2020.

² Philippine Statistics Authority, Labor Force Surveys, April and July 2020.

³ Philippines monthly economic developments, October 2020.

disruptions. About 52 percent of those working in August were not able to work as usual and about 19 percent reported working from home.

Over 40 percent of household heads across all the income levels reported reduced incomes, with losses being more prevalent among the poorest households. Among the poorest households in the bottom quintile, about 15 percent reported having no income whereas only five percent reported the same among households in the richest quintile (Figure 2). Revenues among farm and non-farm businesses also decreased. For instance, among those with non-farm businesses, about 67 percent of households in the bottom quintile report decreased revenues whereas about 58 percent in the top quintile report the same. Remittances, an important source of income with close to a quarter of households receiving them prior to the pandemic, have also decreased significantly. About 60 percent of remittances receiving households report that they received less or no remittances since the pandemic.

Figure 1. Work status of household heads

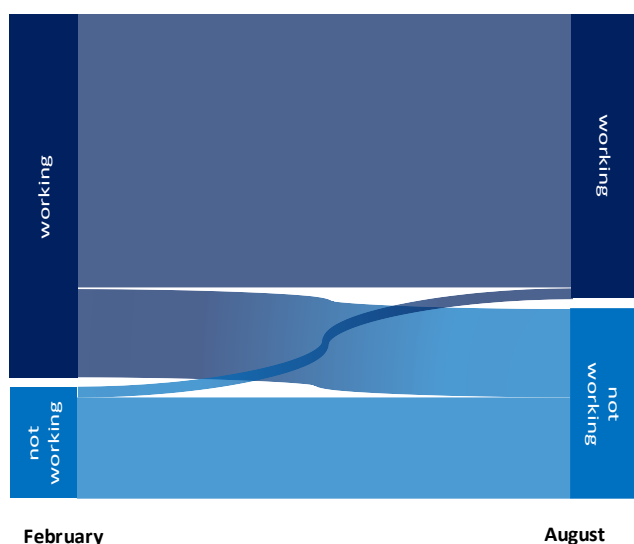
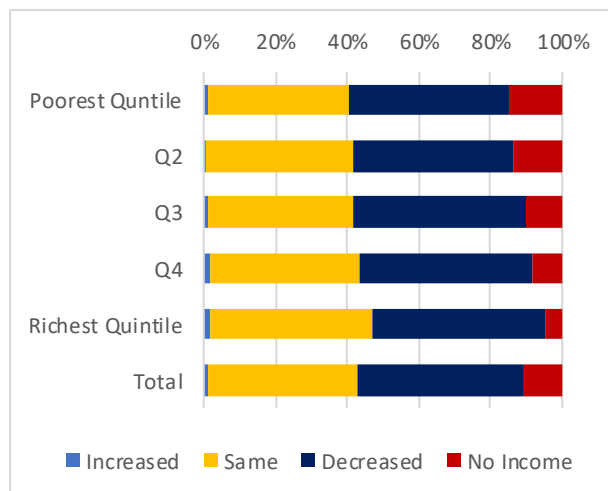


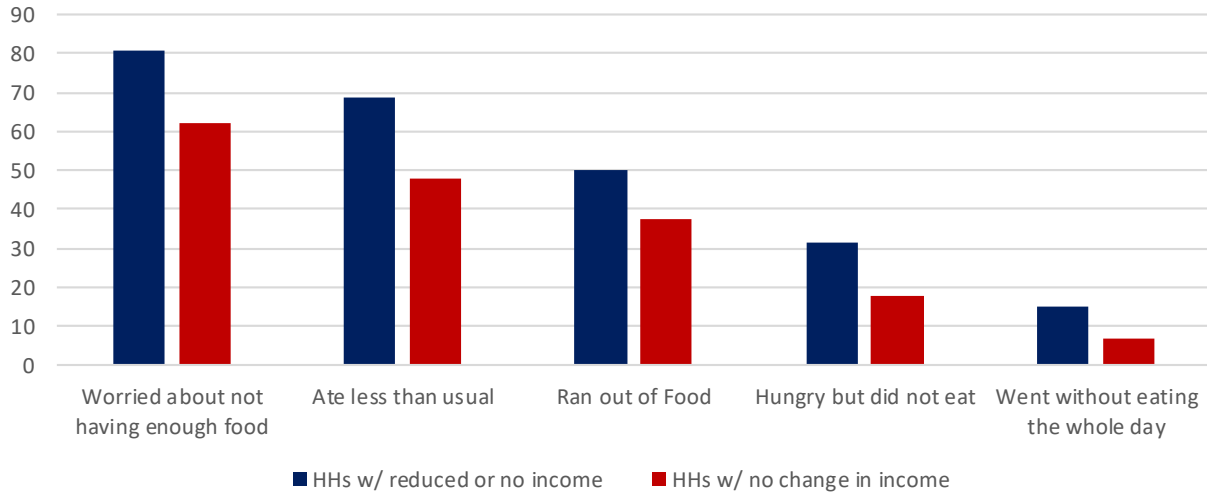
Figure 2. Change in income of household heads (%)



Impact on food security and human capital

A large share of Filipinos experienced food insecurity due to the pandemic, with reported food insecurity significantly more severe among households with reduced incomes (Figure 3). About three in four households worry about not having sufficient food, and one in three experienced hunger. Reduced incomes and mobility restrictions were among the main reasons restricting households' ability to buy food. The likelihood of reporting food insecurity was about 80 percent among households with reduced or no incomes, almost 20 percentage points higher than households reporting no income change. The extent to which households experience food insecurity also varied widely across income groups: more than half (54 percent) of the poorest households reported being unable to buy rice, protein or vegetables, relative to 26 percent of households in the highest income quintile. Among the poorest quintile households, a striking share (84 percent of households) reported reduced food consumption as a coping mechanism to adjust to shocks brought about by the pandemic, 37 percent experienced hunger and not eating, and 18 percent experienced going a whole day without eating.

Figure 3. Share of households reporting food insecurity, by household income change (%)



The pandemic has also adversely affected access and utilization of health services and has caused disruptions in school attendance. Approximately one in three households who reported needing medical attention were not able to obtain it (Figure 4), with close to half (46 percent) reporting the lack of financial resources, and another 28 percent citing the fear of contracting the virus as the main reason for not seeking care (Figure 5). The pandemic also caused significant disruptions to school attendance: while nearly 80 percent of household members aged 6 to 18 years old attended school in February 2020, only 20 percent continued learning activities during the community quarantine. This figure also varied widely across income groups, with 34 percent of households with school-aged members in the richest quintile continuing learning activities during the community quarantine compared to 11 percent among households in the poorest quintile. In addition to this, among the households that had school-aged members who attended school in February 2020, only 81 percent reported plans to continue schooling once school reopens, with a fear of contracting the virus being the most cited reason for non-attendance.

Figure 4. Obtained medical treatment when needed (%)

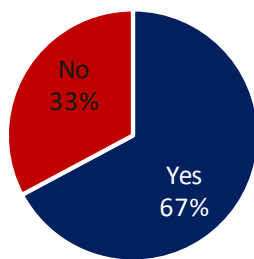
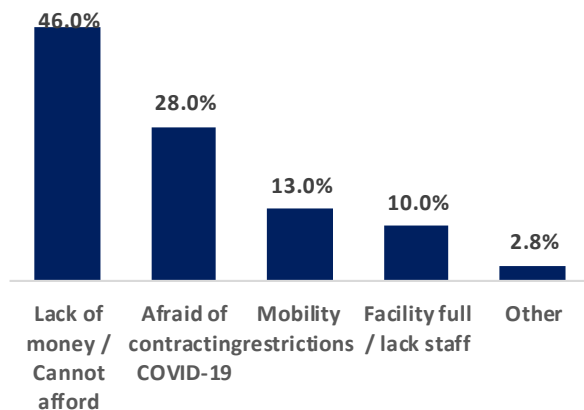


Figure 5. Reason for not obtaining medical treatment (%)

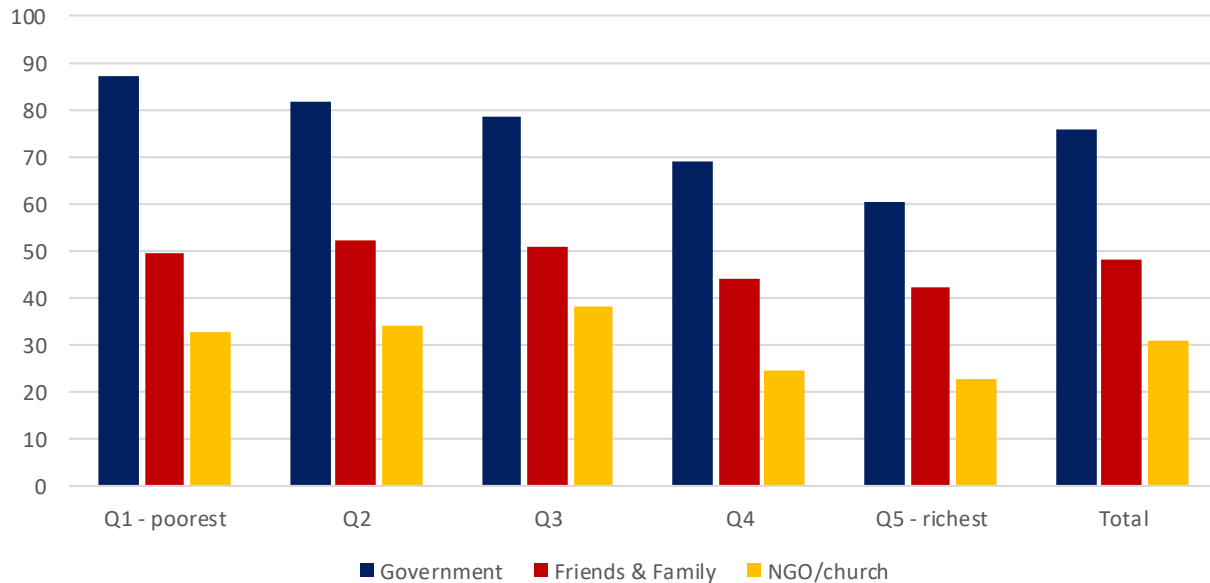


Government response

The government undertook important relief measures to protect poor and vulnerable households. Three in four households received assistance from the government in the form of cash grants, food and non-food items and so forth. Coverage was very high among the poorer groups, reaching over 85 percent of households in the bottom quintile. Solidarity was also very strong in the country, with about half of

households in the bottom quintile receiving assistance from family and friends and 33 percent receiving help from NGOs and charities. The GoP implemented various social assistance to help informal workers and their households cope with the negative shock of the pandemic, including a large-scale social amelioration program (SAP) for about 18 million households. Although there were significant implementation challenges which delayed SAP distribution, by August 2020, the majority of the eligible population received the first tranche of SAP.

Figure 6. Received Assistance, by quintile (%)



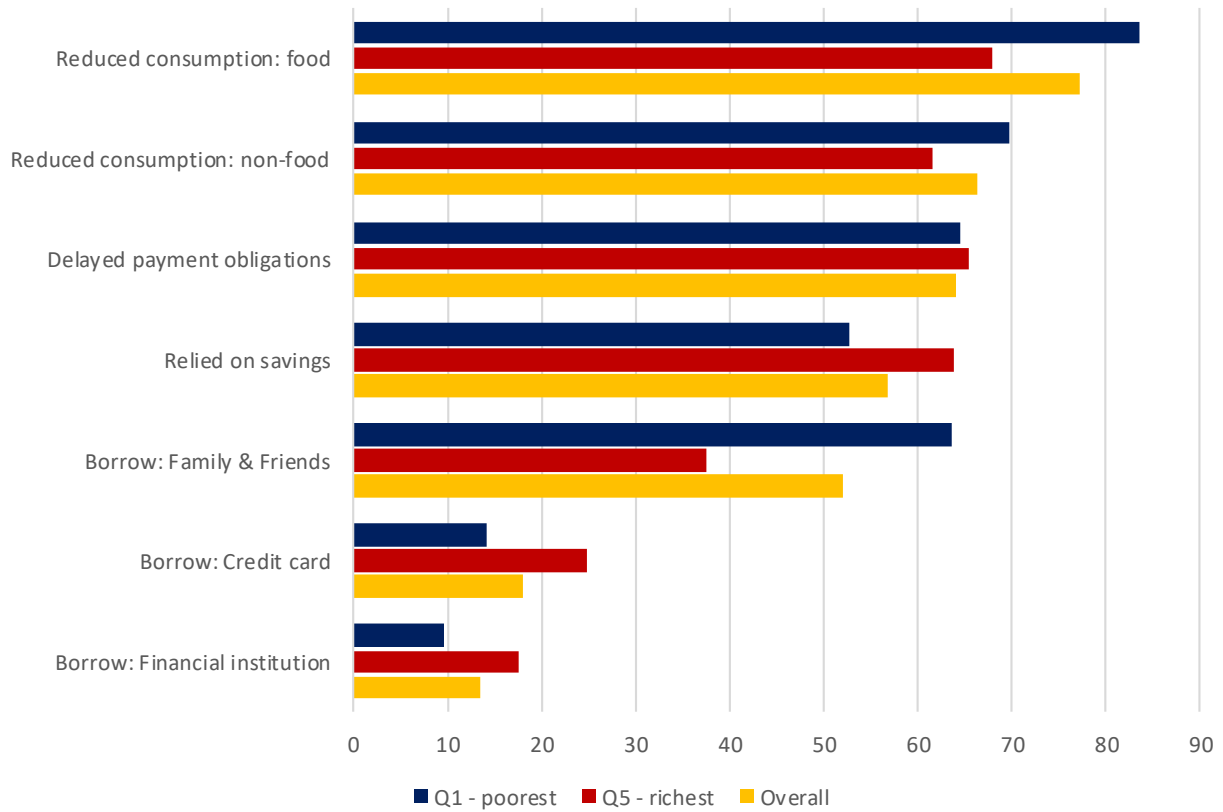
Households were almost universally aware of the pandemic and adopting prevention measures with a majority satisfied by the national and local government response. Almost all respondents reported having heard of the pandemic and over 90 percent had received COVID-19 information from a wide range of sources including neighbors/family friends, local and national governments and television. Basic prevention measures (wearing a face mask, washing hands and social distancing) were widespread with over 95 percent taking each of these steps. Awareness of government response was also high as about 9 in 10 respondents reported that they were aware of the actions taken by government to curb the spread of the virus. Overall, 70 percent were satisfied with both the national and local government responses to the pandemic.

Coping mechanism

A striking difference is observed between poorer and richer households in how they cope with the negative shock of COVID-19. Households generally resorted to consumption reduction as the most common coping mechanism (Figure 7). Three out of four households reduced consumption in food. However, poorer households were more affected as nearly 85 percent of households in the bottom quintile spent less on food to adjust to the reduction in their incomes. Borrowing from financial institutions was not very prevalent as households tended to rely on informal channels (e.g., borrowing from friends and family) to address immediate consumption needs. Informal safety nets provided a lifeline for poor

households as they have limited savings. In stark contrast, households at the top income quintile more frequently relied on their savings or borrowing from financial institutions.

Figure 7. Households' coping mechanism (%)



Annex 1. About this survey

The Philippines COVID-19 Households Survey represents an important part of the World Bank's real time monitoring of COVID-19 impacts along with firm and community surveys. It aims to assess the impact of the pandemic on households' food security and welfare, their coping strategies, education, socio-emotional state, and public policy responses. A survey firm carried out phone surveys (based on a sample frame that the firm has maintained) and self-administered web surveys facilitated by Telecommunication Firms' (Telcos) text blasts and social media advertisement campaigns distributing the web link to the survey questions. The survey instrument and procedures have been designed in accordance with the best practices laid out by the World Bank's COVID-19 methodology and measurement task force. The average length of the survey was 15-20 minutes, and the survey took place between August 1 and 14, 2020.

The mixed method combining both phone and web-based surveys was employed to ensure coverage of individuals from different socio-economic backgrounds. The sample was then weighted using the Survey of Wellbeing via Instant and Frequent Tracking (SWIFT) tool to place each household in the income distribution to match the 2018 Family Income and Expenditure. From the full sample of 26,953 respondents (2,562 from phone interviews and 24,391 from web responses), 9,448 were included in the analysis due to non-response in key indicators used for the SWIFT and reweighting calculations.

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