

COVID PULSE PH: Urban Poverty Before the Second Hammer Fell



Preliminary results in Metro Manila from Phase 3 of a survey commissioned by the Zero Extreme Poverty Philippines 2030 and the United Nations Development Program in the Philippines.



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INTRODUCTION

The year 2021 marks the start of the last decade to meet the Sustainable Development Goals (SDGs). With the socioeconomic downturn caused by the Coronavirus Disease 2019 (COVID-19) pandemic, how far has the Philippines been set away from the goal of ending extreme poverty by 2030?

The Zero Extreme Poverty Philippines 2030 (ZEP PH 2030)—a coalition of non-government entities (NGEs) and networks—and the United Nations Development Programme in the Philippines (UNDP PH) commissioned the ZEP-UNDP COVID PULSE PH to take a pulse on how poverty in the Philippines has been affected by COVID-19. The innovative survey is deployed through messenger chatbots (m.me/covidpulseph) which enable data collection without face-to-face interviewing.

The tool, which can be accessed by poor households through free mobile data, was designed and implemented with innovation start-up AI4GOV. To socialize the tool in communities, ZEP2030 employed community organizing—through its local

convergences, member-civil society organizations (CSOs), and with the help of the Philippine Rural Reconstruction Movement (PRRM)—to reach the target population of poor and low-income households in Metro Manila, Metro Cebu, and six other provinces.

The first and second phases were conducted in May and September 2020, respectively, and covered Metro Manila and Metro Cebu. The third phase continues the inquiry into the impacts of COVID-19 on the income, livelihood, and well-being of poor families, expanding the coverage to Nueva Ecija, Sorsogon, Bohol, Eastern Visayas, Sarangani, and Bukidnon.

Data collection in Metro Manila was completed right before the government placed it under Enhanced Community Quarantine (ECQ). Even as the survey is still proceeding in other provinces, ZEP and UNDP thought it necessary to release an advanced report covering Metro Manila to help policymakers, civil society, and other development actors to determine what needs to be done to curb the hardship of the poor and vulnerable under a second lockdown.



INCOME AND LIVELIHOOD DURING THE PANDEMIC

From 3-28 March 2021, the Metro Manila leg of the survey reached 2,250 poor and vulnerable households in nine cities. Most households (56.2%) had 4-6 family members. Of those who responded for their families, 81% were female and 43.8% were aged 26 to 40.

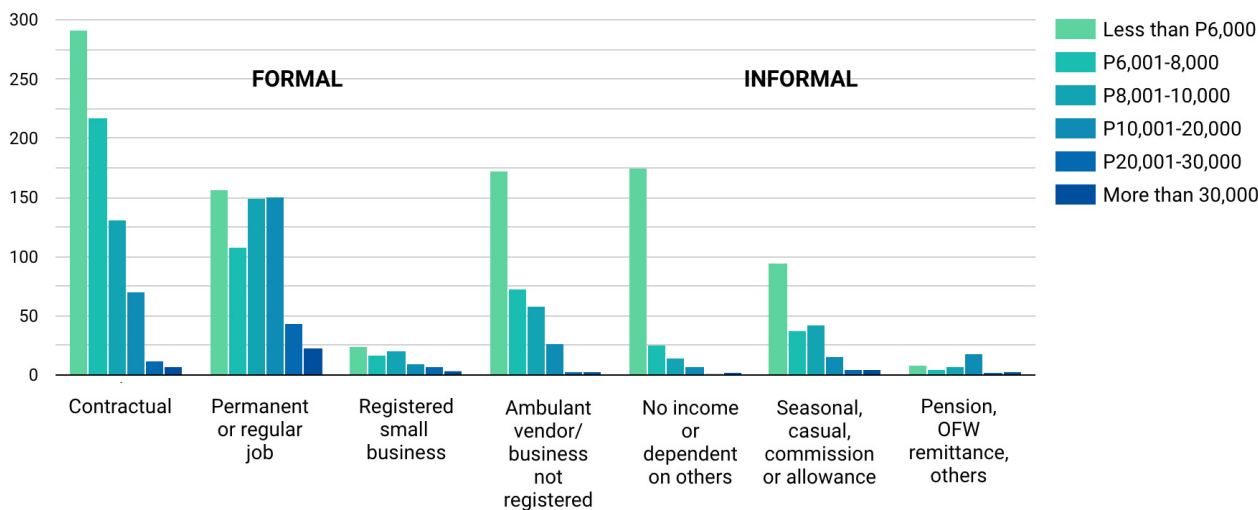
LIVELIHOOD AND INCOME BEFORE THE PANDEMIC

- **Baseline Income.** In 2019, 81.3% of surveyed households earned PHP10,000 or below a month, which is roughly the national poverty line. About half of this proportion earned less

than PHP6,000 a month. Households that earned between PHP10,000 and 30,000 comprised 16.6% of respondents.

- **Source of Income.** About 64% of households belong to the formal sector, of which 32.4 percentage points had contractual jobs while the rest were regular. Meanwhile, 35.8% belong to the informal sector: seasonal or casual workers, ambulant vendors, etc. Among those earning PHP10,000 or less, the proportion of the contractual and informal workers increases to 35% and 39%, respectively.

Figure 1. Income before the pandemic by source

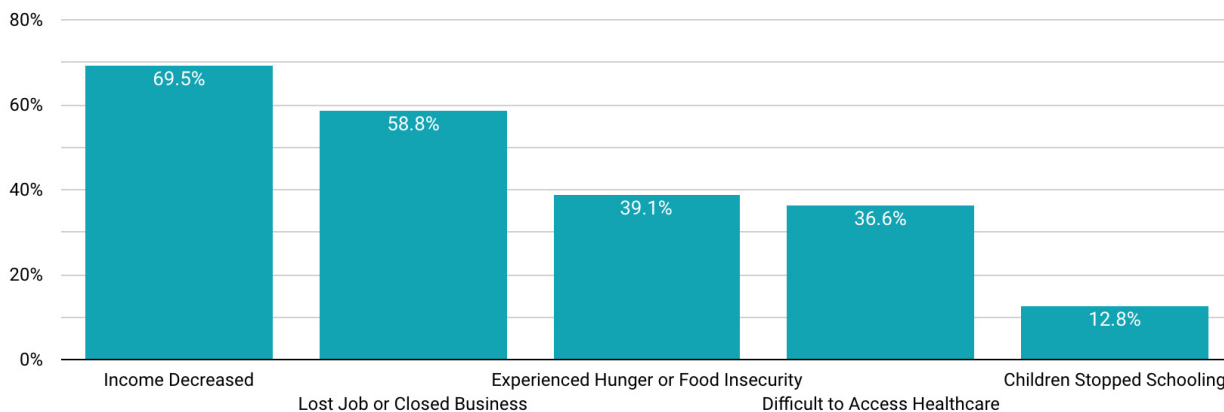


WHAT HAPPENED DURING THE PANDEMIC

- Income and Job Losses in 2020.** Of the households surveyed, 70% experienced a decrease in their income in 2020. Nearly 60% experienced job losses or had to close their business last year.

 - Income decreases were higher among those with formal sources of income, particularly those with registered businesses (76%) or permanent or regular jobs (74%). They were also higher among those who earned between P10,000 and 20,000 (76%) and P8,000 and 10,000 per month (74%).
- Job losses and business closures were more prevalent among ambulant vendors (68%) and contractual workers (66%). Though least affected, nearly half (46%) of those with permanent or regular jobs lost their work. Job losses were also slightly more prevalent among those who earned PHP8,000 and below per month (62%).
- Other COVID Impacts.** The following impacts are noteworthy: 40% experienced hunger or food insecurity; 37% had difficulty in accessing healthcare services; and almost 13% had to stop their children from attending formal schooling.

Figure 2. COVID19 Impact in 2020



CONDITION IN 2021, BEFORE ECQ PART II

Right before the Enhanced Community Quarantine (ECQ) was reimposed in Metro Manila and adjacent provinces, respondents of COVID Pulse PH reported how their income situation was in March 2021 compared to the previous year.

- Income Situation Worsened for Most.** Unfortunately, 55% reported that their income situation worsened so far in 2021. In contrast, about 13% of Metro Manila respondents reported an improvement in their income. Another 32% said their income situation remained the same.

 - The majority across income brackets reported that their situation worsened, although no significant relationship is seen between the

change in their income situation and their income bracket in 2019. Of those who earned less than PHP10,000 per month, 55% said their situation worsened in 2021. A slightly larger proportion of 57% of the “near poor” group (earning between PHP 10,000 and PHP 20,000) reported being worse off this year.

- The proportion who reported that they were far worse off in 2021 were slightly larger among ambulant vendors (60%), were seasonal and casual workers (59%), or had registered businesses (58%); although no significant relationship was seen between formality of income source and situation now.
- **Reasons for Worsened Situation.** Among the majority who were so far worse off in 2021, about 42% reported having difficulty in maintaining regular income due to COVID-19 restrictions as the main reason. This is followed by about 28%

who incurred lower revenues this year despite maintaining a source of income; and by 17% who could not find regular work or livelihood under the circumstances.

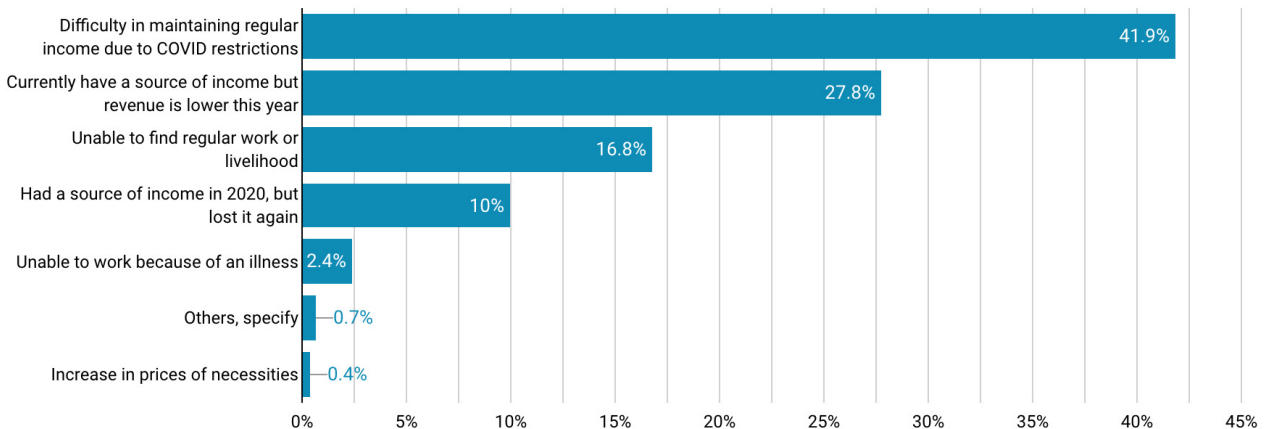
- **Reasons for Recovery of the Few.** The few who were able to improve their income in this year were asked of the top three factors that enabled them to do so. In the aggregate, the most cited reasons were that they received government support (70%); they were able to augment their income through a sideline job or business (52%); and that they received support from family and friends (46%).
- **Access to Means of Coping.** When asked about the means of coping that will be most important in times of emergencies, about 37% said that they have savings for emergencies or capital for business. Another 21% said they can rely on their family and friends for help, while 18% said they have access to government aid or benefits.



WORSENERD INCOME BY GENDER

On gender, at least in Metro Manila, the worsening income was, statistically speaking, equally reported by female and male respondents. A notable variation is in the reasons for the worsening income: more women reported lower revenues this year (30% compared to 17% for men); while slightly more men reported difficulty in maintaining income due to restrictions (46% vs 41% for women). While the income impact is broad-based, differential causes of the hardship require differential action.

Figure 3. Reasons for worsened income in 2021



ASSETS, ACCESS, AND ASPIRATIONS FOR THE NEW NORMAL

Phase 3 of COVID Pulse PH aims not only to assess the present situation of low-income households but also to check on their outlook for the future. What assistance will they need in order to move towards lifting them from poverty? What assets do they have for the new normal?

- **Assets.** When asked to name the top three assets and capabilities that could help them thrive in the new normal, around 66% said that they

have basic business skills. Another 55% cited their ability to do online work. While not a majority, a sizeable 42% said that they could bank on their membership in community organizations.

- **Transversal Skills.** COVID Pulse PH also inquired about the respondents’ transversal or “soft” skills that may be helpful for the new normal. Respondents overwhelmingly cited their intrapersonal skills: majority (51%) said that they are able to

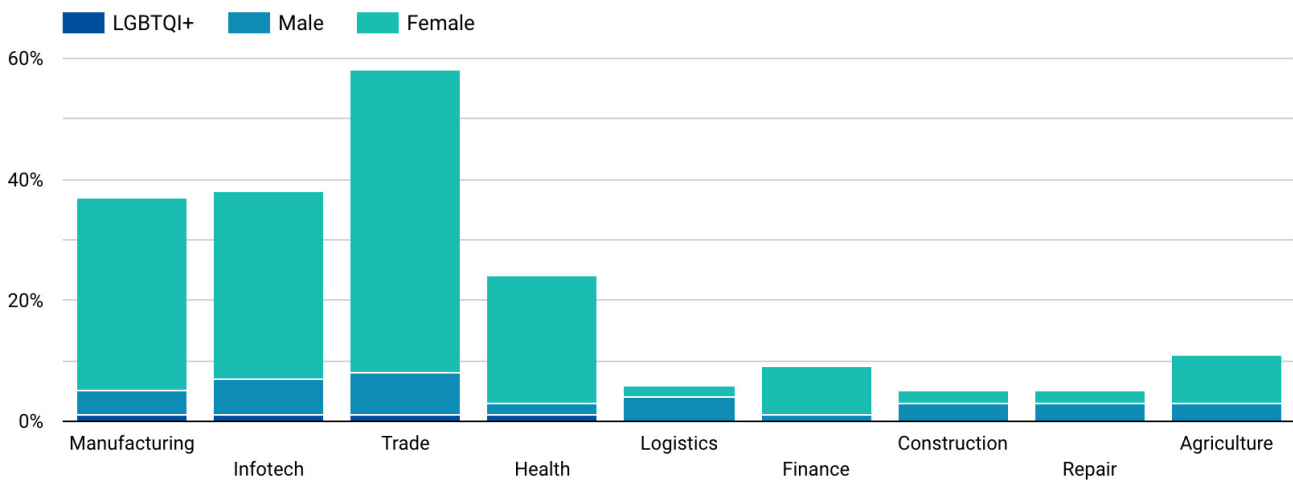
learn independently, while sizeable proportions have initiative and are hardworking (46%) and are resourceful and enterprising (45%).

- **Access to Market Services.** When asked about the market services that could be accessible in their locality, majority of respondents said that microfinance, loan or insurance agents (56%) and government skills and livelihood programs (55%) are within reach. Cooperatives (47%) and informal lenders (41%) are also accessible.
- **Opportunity Interest.** Respondents were also asked about their preference for business or

employment opportunities, with 62% saying they are interested in business opportunities compared to 48% who prefer employment opportunities. Among industries, respondents are most interested in wholesale/retail trade or services (57%) followed by information technology (38%) and manufacturing (36%).

- **Aspirations for the Future.** When asked about the top three aspirations that they have for themselves and their families, respondents overwhelmingly reported having good livelihood (73%) and enough food and basic needs (71%). Though not a majority, a sizable proportion (39%) desire quality education for their children.

Figure 4. Opportunity and Industry Interest



CONCLUSION

The poor have barely recovered from the onslaught of the pandemic. The new lockdown is expected to further dampen economic activity and cause hardship, albeit temporary, among the poor. But it would not be reasonable for one to say the poor will be better off had the second ECQ not been called: for one, the recent surge in cases would only cause further economic losses due to dampened consumer confidence, market uncertainty, and even the loss of productivity from a health-compromised workforce.

Moreover, preliminary results in Metro Manila of COVID Pulse PH Phase 3 show that even before the second ECQ was imposed in Metro Manila and nearby provinces, most poor and low-income households have already been in a worse situation compared to last year. This implies that the pace of recovery had been very slow at least in the perspective of the poor. Even with quarantine restrictions being eased purportedly to spur growth, survey respondents still cited COVID-19 restrictions as a top reason why it had been difficult for them to maintain a steady source of income.

These results, however, are partial and limited only to Metro Manila, and need to be taken in the context

of the findings in other provinces covered by COVID Pulse PH Phase 3. Still, these preliminary results indicate that the proportion of those who are worse off this year compared to last year are slightly higher in provinces outside the Metro Manila + bubble. This only implies that the crisis centred in Metro Manila have ripple effects throughout the country. Based on the Metro Manila results and pending the full data collection and analysis, we make the following initial observations:

1. **A Multidimensional Poverty Crisis.** It must be acknowledged that policymakers need to strike at the optimal combination of actions to contain both the pandemic and socioeconomic impacts. However, it is misguided to frame the policy choices as a trade-off between health and the economy. Poverty, after all, is multidimensional; and addressing one dimension over the other misses the point.

The results of COVID Pulse PH Phase 3 demonstrates how COVID-19 impacts go beyond income and livelihood. The difficulty in accessing healthcare services, caused by the strain put by COVID 19, demonstrates the inadequacy of

past investments in the healthcare system. The food insecurity and hunger experienced by families is urgent and could have lasting effects on the state of nutrition in the country. And while a relatively less urgent need in the immediate, households have nevertheless expressed concern on the education of their children for the future.

- 2. Social Protection a Critical Investment.** In the wake of the second ECQ, government has announced a PHP22.9-billion support package of a maximum of PHP4,000 for each low-income household in the Metro Manila+ bubble. This, however, is significantly lower than the amounts provided under the Social Amelioration Program (SAP) which was PHP5,000 to 8,000 per household depending on the area. Apart from this, local government units—through whom the assistance will be distributed—may release the assistance either through cash or in kind.

Social protection is a critical investment, not only to address immediate needs of households who have yet again been displaced from the meager sources of income they have been trying to keep, it will also be a means to spur consumer demand especially for the microentrepreneurs in the community. Greater social protection also supports the containment of the pandemic not only by keeping breadwinners from venturing out to work and being exposed in the process, but also by incentivising those who need to be diagnosed, tested, and quarantined to comply.

- 3. Preferential Action for the Precarious.** This edition of COVID Pulse PH, as in the previous phases of the survey, has noted the disproportionate impacts of the pandemic on the poor and precarious. As reported previously, those in the lower income brackets, as well as those with informal and temporary work, are in a worse off position compared to the average. While the income impact on gender is even, different causes and needs require differentiated action.

Recognizing the different needs of communities and sectors, local governments should be able to provide integrated services to poor households

to contain the spread of the pandemic in their communities while alleviating their suffering. The ongoing efforts by various localities in Metro Manila in undertaking granular lockdowns and community-based isolation and tracing, coupled with targeted socioeconomic assistance, are laudable and should be scaled. Support may need to be provided not only by national government but also by private sector and civil society to deliver such comprehensive yet tailored responses.

- 4. Entrepreneurship in the New Normal.** A notable finding so far in the Metro Manila subset of the survey is that more respondents are keen on taking on business, compared to employment, for their livelihood in the new normal. The assets and capital they have access to, however, are largely personal and social (e.g., savings, help from family and friends, their own hard work), although there is some access to formal support through government (e.g. tech-voc and entrepreneurship skills training) or grassroots institutions (e.g. microfinance).

There is much scope for boosting support to micro, small and medium-scale enterprises (MSMEs) under the new normal. How might the growth and employment generation potential of MSMEs be supported in a milieu of uncertainty? Lessons and best practices from ongoing efforts may need to be consolidated to truly boost the resilient growth of MSMEs. From this survey, cluster analyses on the assets and needs expressed by respondents for livelihood and entrepreneurship in the new normal will be presented in the subsequent policy note.

Data collection in other covered provinces is expected to be completed by mid-April and results will be reported by ZEP and UNDP thereafter to show how the broad-based impact of COVID-19 have varying manifestations requiring localized response. The emerging story thus far is clear: the hardship of the poor continues, much work needs to be done to catch up on our SDG targets especially in combatting extreme poverty, and the efforts of the government, business sector, civil society, and other sectors will need to converge.



TIME FOR TEMPORARY BASIC INCOME?

The SAP has been the largest social transfer provided by the government to date, but even the PHP5,000 to 8,000 per month per household is barely enough to meet basic needs. A temporary basic income—a social transfer that is significant enough to cater to the food and other essentials of a household for a finite period especially during crises—may be considered.

UNDP computes that a basket of goods that could address minimal needs of a household at this time—from sufficient food and utilities to vitamins and proper face masks—may cost PHP 16,000 for a family of five. Providing this in the NCR+ bubble may roughly cost the government PHP68.0 billion (targeting informal and low-income households including past SAP recipients) to PHP73.3 billion (provided to 80% of the population). These amounts, while requiring significant fiscal resources, pales in comparison to the projected economic losses of about PHP230 to 300 billion per month due to lost productivity from livelihood displacement and morbidity.

The COVID PULSE PH survey was commissioned by ZEP PH 2030 and UNDP. This working paper is published to solicit feedback and discussion. The views expressed herein do not necessarily reflect the views of ZEP PH 2030, its individual members, and the UNDP.

ZEP PH 2030 is a movement that has a radical aim: to reduce a million Filipinos living in extreme poverty by the year 2030. The movement is dedicated to bringing about transformational change towards the realization of a Philippines where Filipino families enjoy the fullness of life in sustainable communities. It is composed of 140 non-government entities that are present in 430 cities and municipalities nationwide.

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