COVID-19 Low Income HOPE Survey

Mitigating the Impact of COVID-19 on the Welfare of Low Income Households in the Philippines: The Role of Social Protection[1]

COVID-19 Low Income HOPE Survey Note No. 1
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Executive Summary

- **The findings below are based on two rounds of Low Income Household Panel Economic (HOPE) Surveys conducted in December 2019 (Wave 0) and April 2020 (Wave 1).** The sample follows individuals in the country's flagship social protection program, Pantawid Pamilyang Pilipino Program (Pantawid or 4Ps) beneficiary-households, and other comparable low-income households. The results present an early snapshot of the welfare impact of COVID-19 on low-income households in the Philippines and shed light on the role of the social protection programs.

- **In response to COVID-19, the Government of the Philippines (GoP) made a bold and rapid decision in March 2020 to introduce a strict Enhanced Community Quarantine (ECQ) accompanied by a large-scale Social Amelioration Program (SAP).** The ECQ put a halt to the entire country's activities, starting from the economic powerhouse of Luzon – the island home to more than half of the population, 70 percent of the country's Gross Domestic Product (GDP), and Metro Manila. The SAP was expected to provide emergency subsidies to 18 million households in the country (over 70 percent of the total), including about 4.4 million Pantawid beneficiary households, in addition to other small-scale food and non-food aids.

- **During the strict ECQ, households experienced a significant employment shock and earnings loss.** The employment ratio declined by almost 45 percent: from 56 to 31 percent. The number of working days also declined significantly such that median household labor earnings for those working fell by half from PhP 2,000 to PhP 1,000 (US$40 to US$20) per week. The shock was particularly pronounced in urban areas and in Luzon, among male workers and youth.

- **More than half (about 56 percent) of sample households reported food insecurity, with at least one household member reducing meals in the past 7 days due to lack of resources.** The prevalence of food insecurity was greater in Visayas and Mindanao, relative to Luzon, where mobility constraints were greater. At the same time, food insecurity was not necessarily greater for poorer households based on pre-COVID 19 earnings level.

- **The pace of SAP benefits distribution was significantly different between 4Ps and non-4Ps households.** Almost all 4Ps beneficiaries were able to receive SAP 1st tranche top-up benefits through the already existing digital channel (e.g. cash cards) by April 5, 2020, before our Wave 1 survey. In contrast, less than 20 percent of non-4Ps sample received their 1st tranche of benefits in Wave 1.

- **While the labor market impact due to COVID-19 was equally large for both 4Ps and non-4Ps households, the results suggest that the timely provision of SAP subsidies enabled Pantawid recipients to better cope with food insecurity.** In particular, the role of SAP emergency subsidies in reducing food insecurity was greater for 4Ps households in the bottom 40 percent of the pre-COVID-19 per capita household earnings distribution.

- While distribution of SAP emergency subsidies was relatively straightforward for 4Ps beneficiaries, the survey shows that receiving cash was not effortless. Beneficiaries had to travel an average of 30 minutes and wait for another approximately 100 minutes to withdraw cash at the relatively small number of ATMs compared to the number of beneficiaries.
- The study suggests two areas requiring government efforts to improve social protection delivery systems. First, Pantawid should continue to strengthen its adaptiveness and help beneficiaries efficiently access funds. Second, mechanisms to help expand service delivery to those not part of the existing social assistance programs in a timely manner (such as a social registry, national ID, and digital payment instruments), should be promoted.

Introduction

The COVID-19 pandemic and accompanying policy measures have resulted in a worldwide health and economic crisis. Efforts to contain the virus as well as fear of the virus itself have led to reduced economic activities and income, physical health, and mental wellbeing in many countries. The Philippines is no exception as the country imposed strong measures to limit the spread of the virus including strict community quarantines (equivalent to lockdowns). Despite such efforts, the total number of confirmed COVID-19 cases in the country passed 220,000 as of early September 2020. News reports and anecdotal evidence suggest that the impact of these community quarantines as well as fear of the virus has been severe.

Covariate shocks tend to prevent households from moving out of poverty and pull vulnerable families back into poverty. Indeed, because of COVID-19, the global number of people in extreme poverty is projected to rise by 71 million to 100 million in 2020, based on the World Bank's estimates using growth projections from the June 2020 Global Economic Prospects report. Further, the estimates also reveal that COVID-19 could result in 176 million additional people living on $3.20 a day (the lower middle income country poverty line). This is equivalent to an increase in the poverty rate of 2.3 percentage points compared to a no-COVID-19 scenario. Similarly, in the Philippines, the estimate suggests that poverty is estimated to increase to 22.4 percent from 20.5 percent in 2019, reversing the trend of steady decline in recent years.

At the onset of the COVID-19 crisis, the Philippines introduced a large-scale social protection (SP) program while imposing strict enhanced community quarantines (ECQs) (See box 1). The Government of the Philippines (GoP) passed the *Bayanihan to Heal as One Act* which specified the provision of emergency subsidies to poor and vulnerable households as part of a Social Amelioration Program (SAP) in the context of the national calamity caused by the COVID-19 pandemic. The SAP was intended to provide support for 18 million poor and vulnerable households – over 70 percent of the total population. The eligible population included the 4.4 million beneficiary households of the country's flagship safety net program, Pantawid Pamilyang Pilipino Program (4Ps or Pantawid),[2] in addition to other vulnerable populations including informal workers. However, despite the rapid decision to introduce a

Box 1. Timeline of events and survey activities

- ❖ **Dec 2019: Wave 0 of the COVID-19 Low Income HOPE survey carried out face-to-face.**
- March 11: WHO declaration of the pandemic
- March 16: Luzon-wide lockdown referred to as Enhanced Community Quarantine (ECQ)
- March 24: *Bayanihan to Heal as One Act* enacted – large scale emergency subsidies through social amelioration program (SAP) announced
- March 30: Special Guidelines of the Provision of SAP issued
- April 3-5: SAP 1st tranche digitally distributed to most of Pantawid beneficiaries
- April 8: ECQ extended until April 30.
- April 24: ECQ extended until May 16 and expanded to many other areas beyond Luzon
- ❖ **April 20-May 4: Wave 1 of the COVID-19 Low Income HOPE survey carried out over the phone**
- April 25: About one quarter of non-4Ps households received SAP 1st tranche
- ❖ June: Wave 2 of the COVID-19 Low Income HOPE survey
- ❖ August: Wave 3 of the COVID-19 Low Income HOPE survey
- ❖ October: Wave 4 of the COVID-19 Low Income HOPE survey

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[2] Since its launch in 2008, the program has provided assistance to over 5 million Filipino households as the national poverty reduction strategy.

large-scale SAP intervention, the implementation suffered significant delays, as those who were not part of the 4Ps program had limited ability to prove their eligibility and receive benefits digitally. Almost all Pantawid households received the SAP emergency grants quickly through their existing payment channels, but that was not the case for non-4Ps low income households.

This study is the first of its series investigating the outcomes of low income households during the pandemic over time using multiple waves of the Low Income Household Panel Economic (HOPE) survey. The objective of the first note is to understand (i) the effect of the COVID-19 crisis on the welfare of low-income households during the early period of the quarantines, and (ii) the role of SAP emergency subsidies provided immediately to help the 4Ps beneficiaries mitigate the effects of the crisis. We use the Low Income HOPE Survey data from a sample of 4Ps and non-4Ps low-income households which were surveyed face-to-face in December 2019 (pre COVID-19, Wave 0) and over the phone in April 2020 (during ECQ, Wave 1), with a sample size of 580 households.

The remainder of the note is structured as follows. Section 1 provides background on the Pantawid program and the government's immediate response to the COVID-19 crisis. Section 2 details the data and methodology used for the study. Section 3 presents the survey results on the impact of the COVID-19 crisis on low-income households. Section 4 presents the results of the regression analysis, showing the role of Pantawid during the crisis and discusses important factors affecting the government's ability to distribute social assistance benefits. Finally, Section 5 summarizes and concludes the study.

1. Background

Pantawid Pamilyang Pilipino Program (4Ps or Pantawid)

The Pantawid program is the Philippines' national flagship SP program and poverty reduction strategy. As a conditional cash transfer (CCT) program managed by the Department of Social Welfare and Development (DSWD), it provides cash grants to poor families to ensure that children stay healthy and in school, reducing dropout rates and discouraging child labor, among other benefits. The eligibility of the program's households was determined by the poverty score based on a proxy means test (PMT) method (hereafter PMT score) applied to the country's National Household Targeting System, *Listahanan*. Among households which had a lower poverty score than the pre-determined cut-off level, those with a pregnant woman or at least one child at the time of selection became eligible. Initially, the program was introduced in a small number of high poverty localities as a pilot in 2007 but expanded nationally over time. In 2016, the maximum age of a child supported by the program increased from 14 to 18. Today, the program is supporting almost 4.4 million households (close to 20 percent of the country's population), including 7.6 million monitored children in 146 cities and 1,482 municipalities.

Pantawid beneficiary households receive cash benefits upon verification of their compliance with health and education conditions.[3] Currently, the education grants provide PhP 300-700 (US$6-14) per month (for a total of 10 months per year) per child enrolled and attending school, depending on the school level. The health grants provide PhP 750 (US$15) per month conditional on the household engaging in healthy behavior such as ensuring that children are vaccinated and that a family representative participates in Family Development Sessions (FDS).[4]

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[3] See Cho et al. (2020) for the overview of 4Ps program.

[4] The amount of health/nutrition and education grants increased in 2019 with the enactment of the 4Ps Act. The 4Ps Act was signed on April 17, 2019, marking an important milestone in institutionalizing the program. The salient features of the law include: the recognition of 4Ps as the main national poverty reduction strategy and human capital investment program; automatic coverage of 4Ps beneficiaries in the PhilHealth subsidized insurance; revalidation of standardized objective targeting every five (5) years; an increase in grant benefits (implemented from December 2019); benefits payments through transaction accounts; and the conducting of impact evaluations by the Philippine Institute for Development Studies (PIDS) every three years. The 4Ps Act also sets a maximum period of seven years for the cash grant assistance to beneficiary households, with strong linkages to the country's graduation strategy and possible period extension subject to consideration by the National Advisory Council (NAC) under exceptional circumstances.

The majority (close to 90 percent) of beneficiaries receive funds every two months through a digital channel of cash cards issued by the Land Bank of the Philippines (LBP). A series of impact evaluation studies of the program have shown consistent and lasting impacts on poverty as well as health and educational outcomes on children from poor households. Pantawid was responsible for a quarter of the total poverty reduction between 2006 and 2015 in the country (World Bank 2018 Poverty Assessment). The program has also contributed to overall social inclusion and peacebuilding, gender equality and women's empowerment, and crisis resilience.

Pantawid beneficiaries have often become part of other social support programs given that they were already identified and vetted as poor and vulnerable households. They receive health care coverage from the National Health Insurance Program (i.e., PhilHealth). When rice subsidies were introduced in 2017 and a Tax Reform for Acceleration and Inclusion (TRAIN) - unconditional cash transfer (UCT) program was introduced in 2018,[5] Pantawid beneficiaries became eligible. Thus, the monthly benefits provided to Pantawid beneficiaries included regular health and education grants supplemented by PhP 600 (US$12) as rice subsidies and PhP 300 (US$6) as TRAIN-UCT grants. In total, a family of five[6] that complies with all conditions receives about PhP 3,150 (US$63) per month. In the time of disasters, emergency cash transfers prioritize Pantawid beneficiaries. For instance, in response to typhoon Haiyan (also known as Yolanda in the Philippines) in 2013-14, Pantawid successfully supported DSWD's response and early recovery effort. It used its payment system to deliver top-up grants to households affected by the typhoon and expanded its coverage to enroll households newly impoverished as a result of the impact of the disaster.[7]

COVID-19 Quarantine Measures and the Bayanihan to Heal as One Act

The GoP announced a bold policy decision with strong public health and SP measures to mitigate the impact of COVID-19. Within a week of the World Health Organization (WHO)'s declaration of the pandemic on March 11, 2020, President Rodrigo Duterte declared the entirety of the Philippines to enter a State of Calamity[8] for a period of six months and imposed a set of severe mobility restrictions. The initial ECQs were introduced in Metro Manila on March 15, immediately followed by the expansion of ECQs to the entire island of Luzon. The Philippines' ECQs, one of the most stringent measures in the Southeast Asia region,[9] restricted people's movements except for essential work (e.g., necessity and health circumstances) and enforced the closure of nearly all non-essential shops and stores. The island of Luzon is home to Metro Manila, about half of the country's 107 million population, and 70 percent of economic activities of the country, and ECQs contributed to large disruptions in economic activities and livelihoods. As the number of COVID-19 cases continued to increase, ECQs and similar quarantine measures were implemented in other regions.

On March 24, 2020, the *Bayanihan to Heal as One Act* **was enacted.** It included an extensive package of SP measures worth over US$4 billion (equivalent to 1.1 percent of the country's Gross Domestic Product) with the largest part being the provision of SAP emergency subsidies. The announced SAP intended to provide cash assistance ranging from PhP 5,000 (US$100) to PhP 8,000 (US$160), roughly corresponding to a monthly wage of workers earning around the minimum wage and households' subsistence expenditures in each region, up to two rounds of transfers.[10] The temporary support was expected to cover about 18 million households. Given that the

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[5] The objective of this program is to mitigate inflationary effects brought about by the government's tax reform.

[6] Assuming that the family of five has three children across different age levels to be eligible to receive PhP 300, 500, and 700 per month respectively as education grants, the total monthly benefit is PhP 3,150 per month consisting of PhP 1,500 (education), PhP 750 (health), PhP 600 (rice subsidy) and PhP 300 (TRAIN UCT).

[7] Bowen, T. (2015), Aldaba (2019).

[8] The declaration of a state of calamity allows the immediate release of emergency funds allocated to local governments for speedy relief activities.

[9] Lockdown stringency based on the COVID-19 Government Response Stringency Index by Oxford University. See Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.

[10] The amount varies per region. For instance, the Nation's Capital Region (NCR) is the only region that provides PhP 8,000 SAP benefit.

Pantawid program provides a family of five with a monthly benefit of about PhP 3,150 (US$63) and supports about 4.4 million beneficiary households, the sheer scale of SAP was unprecedented with the generous amount and large coverage. The target population under SAP includes beneficiaries of the 4Ps who would receive an SAP top-up[11] and additional poor and vulnerable families, especially those of informal sector workers.

Despite existing SP programs and delivery systems, the GoP faced several challenges in identifying new SAP beneficiaries beyond Pantawid and transferring funds to them . Given that there was no ready-made list of poor and vulnerable populations available,[12] beneficiaries had to be identified by a new application process. Paper application forms and manual registration were introduced, and Local Government Units (LGUs) prioritized poor and vulnerable populations based on their local knowledge. Also, unlike 4Ps beneficiaries who already have a digital channel (i.e., LBP cash card) to receive funds from the government, new beneficiaries had to rely on LGUs for physical delivery of the cash assistance. These processes led to delays, misunderstandings and duplications among non-4Ps beneficiaries receiving SAP.

As a result, by the time our survey was conducted, while most Pantawid households had already received their SAP benefits funds digitally, the majority of non-4Ps households targeted under SAP had not. DSWD's records show that by April 25, only 3.6 million out of approximately 14 million non-4Ps families targeted under SAP, were able to receive their first tranche of benefits. This gives an important opportunity to assess the role of timely delivery of SAP benefits by separately investigating the welfare of 4Ps and non-4Ps households.

2. Data and Methodology

We use data from a sample of 580 low income households, and 1,614 adult individuals from the sample households. The sample took advantage of an already-constructed set of 4Ps and non-4Ps households that were used for previous impact evaluation studies of the 4Ps program.[13] They were initially interviewed prior to the COVID-19 shock and then over the phone during ECQ.[14] The attrition rate from Wave 0 to Wave 1 was less than 10 percent (Appendix Table 1). The data have a nationwide coverage of low income households with 4Ps and comparable non-4Ps households (figure 1).

The comparison between our sample and low income households in the nationally representative Family and Income Expenditure Survey (FIES) 2018[15] shows that our sample adequately captures the characteristics of poor and near poor populations of the country. For instance, main water source or materials of roof and outer walls indicators, which reflect the economic conditions of the households, suggest that our sample is slightly

Figure 1. Approximate Locations of Sample

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[11] SAP full amount less 4Ps regular benefits.

[12] Listahanan database covers around 70 percent of population with socio-economic status at the household level, but the information was outdated as data were collected in 2015. Enumeration for a new Listahanan was ongoing until the activity was suspended due to the pandemic in March 2020.

[13] Given that 4Ps eligibility is determined based on a PMT score, the sample originally selected those 4Ps and non-4Ps with a similar level of PMT for a regression discontinuity approach for impact evaluations.

[14] We also conducted follow-up phone surveys (Wave 2 in June-July and Wave 3 in August) to the same households to collect information on payment modalities and awareness of SAP among 4Ps beneficiaries.

[15] To identify poor and near-poor households from the FIES, we restricted the FIES sample to households with per capita income between the 10th and 40th centile for the household's respective region.

less likely to have its own source of water (figure 2 left) and to have their roof and outer walls built with sturdy materials (figure 2 right).

Figure 2. Low Income Household Sample versus Poor/near-poor in Family Income and Expenditure Survey
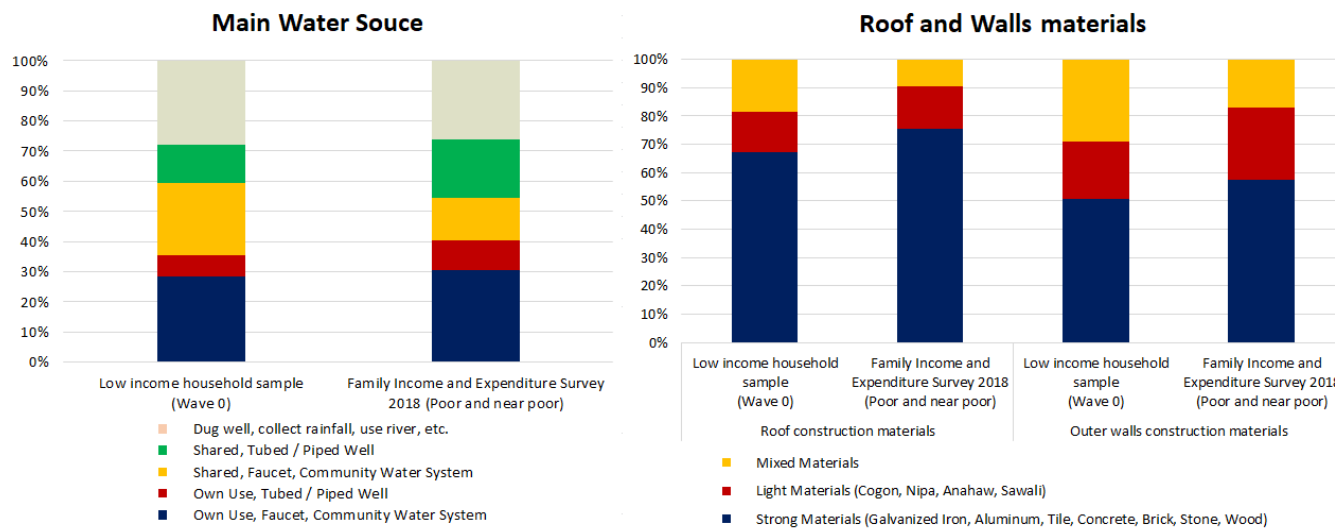
In order to examine how COVID-19 impacted the welfare of low income households, we observe key indicators over time. In addition, to assess how SAP helped to tamper the COVID-19 shock, we note that most 4Ps beneficiaries received SAP top-ups while the majority of non-4Ps low income households had not yet benefitted from it at the time of our Wave 1 survey. We investigate the outcomes of these two groups and their gaps over time.

3. Impacts of COVID-19 on low income households' welfare

Low-income households suffered severe welfare losses in the wake of the COVID-19 crisis and ECQ. This section summarizes the short-term impacts of COVID-19 and ECQ on welfare of the sample households, including employment, earnings, and food insecurity.
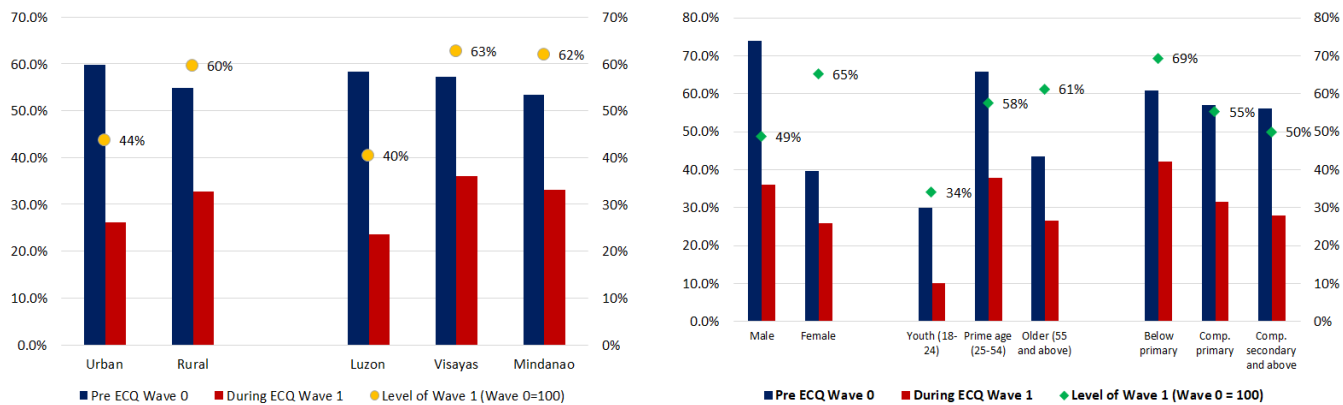
Employment status

The employment ratio (share of those reporting working) declined by 45 percent from 56 to 31 percent from Wave 0 to Wave 1 (figure 3 left). The fall is greater compared to the nationally representative Labor Force Survey (LFS), which shows declines in employment ratios from 59 in October 2019 to 46 percent in April 2020. This may highlight that low income households are disproportionately exposed to the employment shock. The decline in employment was especially pronounced in Luzon and in urban areas. In urban areas, the employment ratio declined from 60 percent to 26 percent. Similarly, employment in Luzon decreased from 59 to 24 percent, whereas other island groups managed to maintain 60 percent of pre-ECQ level of employment. The short-term impact of the COVID-19 and ECQ appears to have disproportionally affected men, youth, and better educated workers (figure 3 right). For instance, the employment ratio of male workers halved from 74 to 36 percent whereas the ratio for female workers at Wave 1 was 65 percent of Wave 0. Also, youth (18-24 years) employment, which was low even before the pandemic hit, decreased by 66 percent from 30 to 10 percent. While the employment ratio of workers with less than primary education at Wave 1 was close to 70 percent, the figures for better educated workers were far lower.

Figure 3. Employment Ratios by Geographical Location and Demographic Characteristics

Pre ECQ Wave 0 · During ECQ Wave 1 · Level of Wave 1 (Wave 0=100)

Pre ECQ Wave 0 · During ECQ Wave 1 · Level of Wave 1 (Wave 0 = 100)

With these changes in employment outcomes among different groups of workers described above, the composition of working individuals has changed at least in the short run (figure 4). Relative weights carried by Luzon and male workers have gone down. Workers in rural areas, in Mindanao, and with primary or less level of education seem to have kept up their employment, and their share among workers in low income households has increased.

Figure 4. Composition of Workers by Worker Characteristics

Urban · Rural

Luzon · Visayas · Mindanao

Male · Female

Older (55 and above) · Prime age (25-54) · Youth (18-24)

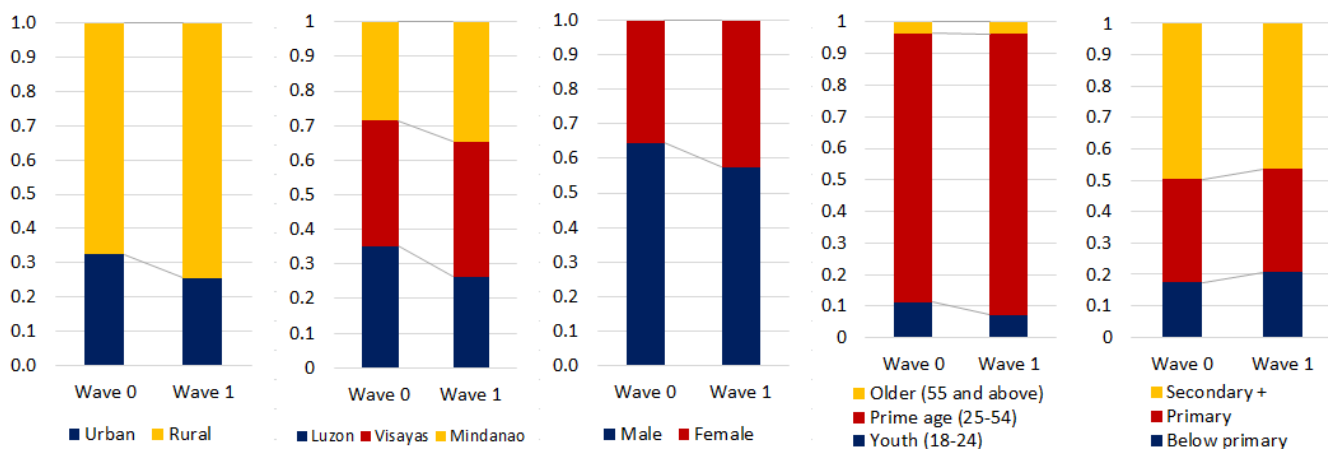Secondary + · Primary · Below primary

Figure 5 (left) presents the levels of employment by occupation at Wave 1 with the pre COVID-19 Wave 0 level as 100. Farmers and government employees/professionals fared relatively better, with close to 60 percent of them retaining their jobs; other occupations, however, were hit harder by the shock. Unskilled manual workers, largely in construction, and service sector workers in retail and restaurants, experienced greater job losses. As a result, the share of farmers significantly increased whereas that of unskilled manual workers decreased, among the employed in Wave 1 compared to Wave 0 (figure 5 right). The relatively muted impact on agricultural employment is consistent with the pattern from the April LFS.

Figure 5. Level of Employment and Composition of Workers by Occupation
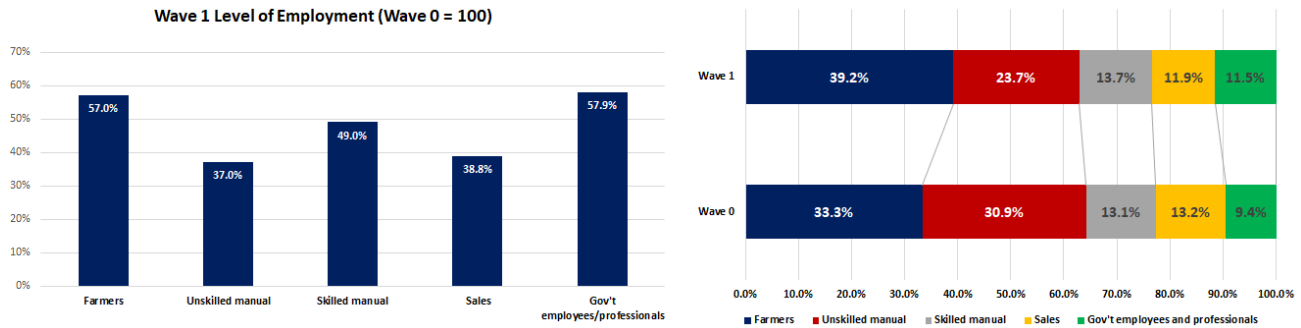
Labor income

Many individuals who continued working during the pandemic reported that they no longer held secondary jobs—the share of those with secondary occupations decreased from 14 to 8 percent. In line with this, the average number of days per week at work also slightly declined (5.3 to 5). The median daily earning of individual workers decreased by 36 percent from PhP 280 (US$ 5.6) to PhP 179 (US$3.6). Further, median weekly household labor earnings fell by half from PhP 2,000 (US$40) to PhP 1,000 (US$20). This translates into a decrease by about PhP 4,300 (US$86) per month. This suggests that the SAP benefits between PhP 5,000 to 8,000 (US$100 to US$160) could be useful for households to offset the earnings loss at least for a short period.

Family business

Nearly half of all family businesses shut down. In Wave 0, 27 percent of sample households reported having a family business (e.g. small convenience store, market stall, small restaurant), but in Wave 1, only 16 percent of households operated a small family business. In particular, family businesses in food services (i.e. family restaurants) and manufacturing, though very small in the share, were hit hard; only 14 and 38 percent remained open after COVID-19, respectively. Similar to the impact of COVID-19 on employment, the closure rate was highest in urban Barangays[16] (52 percent) and highly urbanized cities (56 percent). Business incomes from family businesses which remained open fell by 65 percent.

Food insecurity

In Wave 1, 56 percent of households reported that at least one household member ate fewer meals in the past seven days because of a lack of food. The Social Weather Station (SWS)'s nationwide pulse survey,[17] carried out from May 4-10, 2020, shows that about 17 percent of Filipino families nationwide experienced involuntary hunger – hunger due to lack of food to eat – at least once in the past three months.[18] This suggests that low income households are, to a far greater extent, exposed to food insecurity. Geographically (figure 6 left), food insecurity was higher in Mindanao and Visayas (61 and 62 percent, respectively) compared to Luzon (46 percent). The prevalence of food insecurity was lower at 45 percent for households in the highest earnings quintile based on the pre-COVID per capita household earnings distribution, but was not completely proportional to the earnings quintile (figure 6 right). Food insecurity is more prevalent among households with three or more children. This is alarming given the importance of nutrition in early years and the already high malnutrition levels in the Philippines (nearly 1 in 3 children under age 5 was stunted in 2015).[19]

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[16] The smallest administrative unit in the Philippines.
[17] The SWS, established in 1985, conducts a regular survey on quality of life, economy, and perceptions toward the political environment or figures.
[18] This is nearly double the 8.8 percent in December 2019, and the highest since the 22 percent in September 2014. Moderate hunger rose from 7.3 percent in December 2019 to 13.9 percent in May 2020; and severe hunger rose from 1.5 percent in December 2019 to 2.7 percent in May 2020.
[19] Capanzana, et al. 2020.

Figure 6. Food Insecurity by Island Group and Earnings Quintile
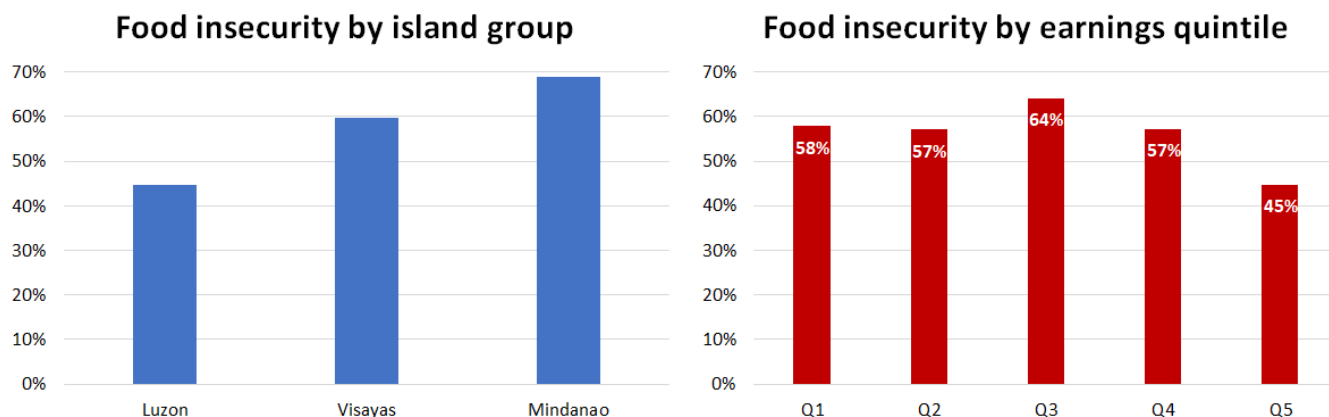
4. Early experience of SP programs during the COVID-19 pandemic

Mitigation of COVID-19 impact through SP programs

The survey found that the government's provision of non-cash (food and non-food) aid reached almost all households interviewed by the phone survey regardless of 4Ps beneficiary status. The government's food pack typically includes rice, canned food (e.g., sardines and corned beef), and energy drinks, that could sustain a family of five for one to two days. Other in-kind assistance reached 34 percent of households, with 4Ps beneficiaries slightly more likely to receive them (37 percent 4Ps vs. 31 percent non-4Ps).[20] Among the non-food items received, 65 percent of households received personal protective equipment items such as masks and face shields, 25 percent received disinfectants (hand sanitizer, soap), and 11 percent received medicines. While food and non-food aid package distribution is widespread, each transfer is quite small – an emergency package value is equivalent to approximately PhP 520 (US$10.4) per household.[21] This suggests that the universal distribution of food and non-food aid package may have contributed little to addressing the massive impact of the COVID-19 shock.

Provision of SAP benefits does not seem to have changed labor market outcomes. Utilizing the information of labor market outcomes for pre and post COVID-19, we look into the changes in individuals' employment status and number of days in the past week, and household's share of adults who are working and reduction in labor supply. In our base specification, changes in labor supply is regressed with the 4Ps status;[22] then the extended model includes pre COVID-19 covariates such as gender of the households head, maximum level of education, island groups, and urban/rural classification; and final specification adds the interactions between 4Ps status and key covariates in an attempt to examine the heterogeneity of 4Ps' role.[23]

There is no significant difference between 4Ps and non-4Ps in the labor supply change regardless of the indicators used, and this finding remains consistent even when covariates were added (Table 1).[24] Throughout the specifications, we note that labor supply is significantly reduced in urban areas and Luzon as they imposed stricter and longer ECQs, in line with the discussion above. When 4Ps are interacted with urban and Luzon

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[20] In the SWS survey, to the question, "Since the beginning of the COVID-19 crisis, did your family receive help like food to cope with the COVID-19 crisis?" almost 99 percent said their family received some food aid.
[21] https://www.pna.gov.ph/articles/1119186
[22] All regressions have robust standard errors clustered at municipal level.
[23] We also employed the regression discontinuity analyses adopted in previous impact evaluations and studies. The results are not presented due to limited space, but are consistent with the findings presented in this note.
[24] See Annex Table 2 for full regression results.

indicators, the results suggest that there is no significant heterogeneity, indicating that 4Ps and non-4Ps households were equally affected by the labor market shock.

Table 1. Pantawid and Change in Labor Supply: A Regression Analysis

Δ share of working adults in the household	Wave 1 – Wave 0 (Nov 2019 -Jan 2020)		
	(1)	(2)	(3)
Pantawid	0.033	0.036	
	(0.233)	(0.071)	
Covariates: gender, education, island group, urban/rural at Wave 0		Urban (**) Negative Luzon (**) Negative	
Covariates × Pantawid			Urban× Pantawid: Insignificant Luzon× Pantawid: Insignificant

Notes: All regressions have robust standard errors clustered at municipal level.
(***) at 1%, (**) at 5% and (*) at 10% statistical significance level

In a similar manner, we examined the role of the timely provision of SAP top-up benefits for 4Ps beneficiaries on food insecurity during the ECQ period (Table 2).[25] The results suggest that 4Ps households are less likely to report experiencing food insecurity (i.e., having to reduce food consumption due to lack of food). While about 60 percent of non-4Ps and 53 percent of 4Ps households report food insecurity, the gap widens to almost 10 percentage points when Wave 0 covariates are added in the regression. Food insecurity is significantly higher in urban areas, and increases with the number of children in the household controlling for the overall household size. When disaggregated by pre COVID-19 per capita household earning quintile, the results indicate that the impact of 4Ps on reducing food insecurity is driven by households in the bottom 40 percent of the earnings distribution. This suggests that SAP emergency cash subsidies helped the very low income 4Ps households better cope with the shock.[26]

Table 2. Pantawid and Food Insecurity

	Wave 1 Food Insecurity		
Indicator of experiencing food insecurity	(1)	(2)	(3)
Pantawid	-0.072**	-0.096**	
	(0.040)	(0.040)	
Covariates: gender, education, island group, urban/rural, number of children, household size at Wave 0		Urban (*) Positive Number of children (**) Positive	Number of children (**) Positive
Covariates × Pantawid			Bottom 40% × Pantawid: (**) Negative Top 60% × Pantawid: Insignificant

Notes: All regressions have robust standard errors clustered at municipal level. (***) at 1%, (**) at 5% and (*) at 10% statistical significance level

Timely Distribution of Cash Assistance
The government's ability to distribute benefits in a timely and safe manner affects how low-income households fare during the time of crisis. While most 4Ps beneficiaries received their SAP grants quickly and electronically through cash cards, the actual receipt of cash funds may have been delayed due to mobility constraints and few access points. For those 4Ps households who reported having received SAP, the self-reported date of receiving

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[25] See Annex Table 3 for full regression results.
[26] The caveat of the analysis is that we have a food insecurity measure available only at Wave 1, which does not allow the examination of its change due to COVID-19.

cash is much later -- on average by April 26, 2020, although the actual payment to cash card holders was made by April 4 (figure 7).

Figure 7. Actual Date of 1st SAP Top-up Disbursement and Self-reported Date of Cash Receipt
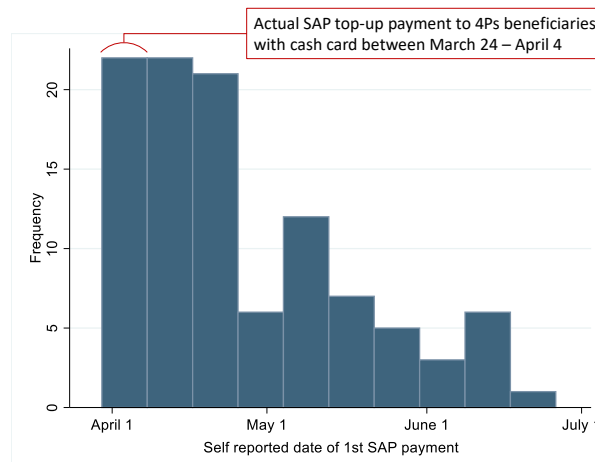
Source: Low-income household survey carried out in June 2020

Furthermore, the survey finds that there are other important obstacles and costs to accessing funds. On average, 4Ps beneficiaries reported traveling for 31 minutes (one-way) and waiting for over 100 minutes to withdraw cash grants. This is almost the same as pre-COVID, when it took 38 minutes for one-way travel and 98 minutes of wait time. The main form of transportation for the majority of recipients was tricycle (37 percent), followed by motorcycle/habal-habal (31 percent) and walking (20 percent). The survey also finds that those using public transportation or other vehicles spent an average of Php 42 and Php 50 on transportation before COVID and during ECQ, respectively.

Beyond the obstacles presented by travel and waiting time, the availability of cash in the ATMs seems to be a potential constraint in accessing benefits. About half of cash card holders reported that they occasionally could not withdraw cash from the ATM even before the COVID-19 crisis. Among these households, a little less than half report that this happens "sometimes" or "often." All of these are especially problematic during a public health crisis and economic shock, when households may need funds more urgently than usual, travel and congregation present health risks, and funds to invest in transportation may be more limited than usual.

Limited availability of LBP ATMs and low utilization of non-LBP ATMs could be another reason for long travel and waiting times and other costs at withdrawal. Only a little over a third of households used a non-LBP ATMs since ECQ due to travel restrictions, while two thirds still use LBP ATMs. However, the ratio of LBP ATMs to Pantawid beneficiaries is relatively low (figure 8). On average, there are about five LBP ATMs per 10,000 4Ps beneficiaries, whereas the ratio increases to 70 ATMs per 10,000 beneficiaries if all Bancnet ATMs are utilized. Respondents cited lack of comfort and fees as the main reasons for not using ATMs other than LBP ATMs. It is surprising that fees are one of the reasons cited, as the DSWD and LBP waive some of withdrawal fees when non-LBP ATMs are used. Increasing beneficiaries' awareness regarding the availability of other ATMs and fee waivers, along with expanding options for financial transactions via other financial service providers (e.g. mobile money) will significantly enhance beneficiaries' experiences in accessing funds, by reducing travel/waiting time and costs.

Figure 8. Number of LBP ATMs and All BancNet ATMs per 10,000 Pantawid Beneficiary at the Municipality Level
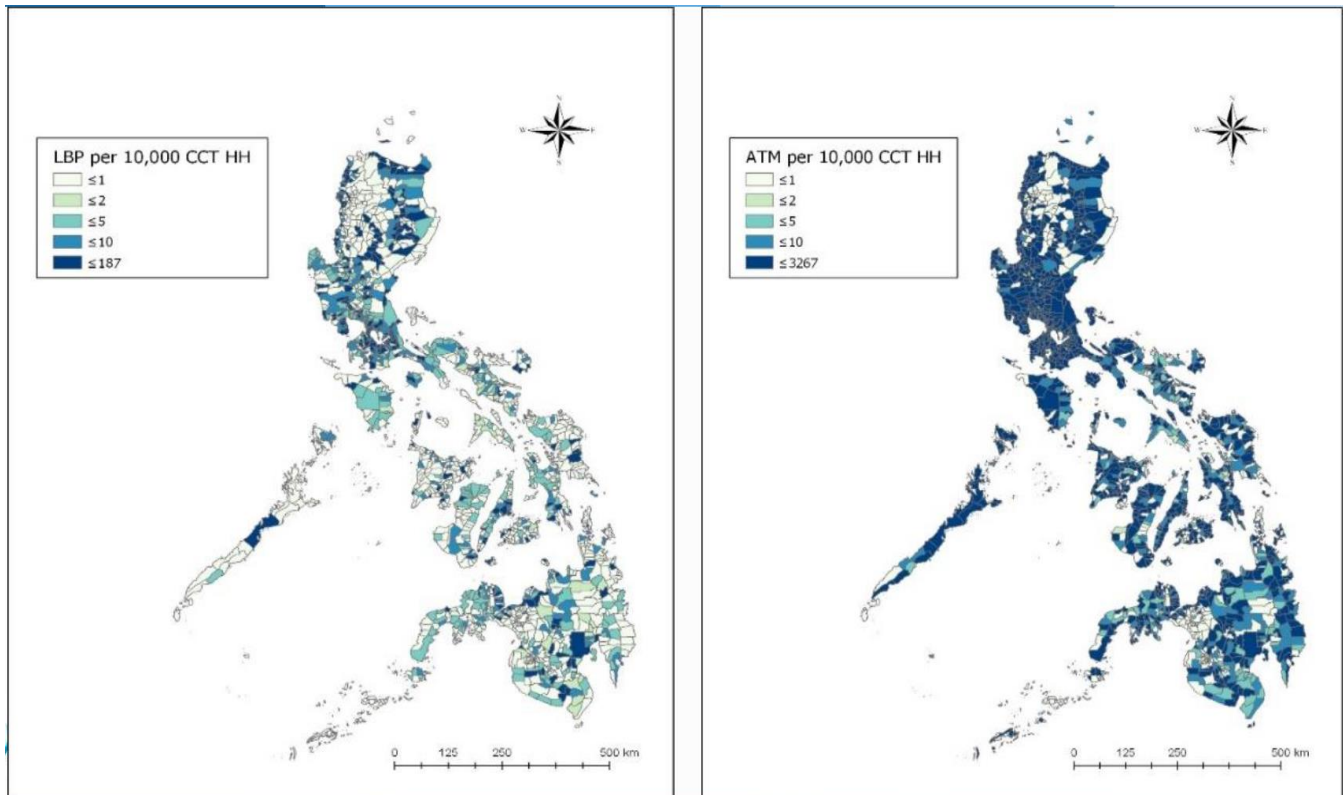

5. Summary and Conclusions

The COVID-19 pandemic caused large health and economic impacts which elicited a swift response from the Philippines Government. The economic impact was related to the stringency of and compliance with the government's containment policies, as well as the economic and employment structure before COVID-19. The impact on employment and income was devastating among our sample of poor and vulnerable households. Employment and earnings decreased significantly, with higher losses in the industry and service sectors and in urban areas largely in Luzon. For many low income households which are used to depend on their daily earnings for living, the loss of labor income led to food insecurity.

The existence of a well-established social protection system that was in place before the COVID-19 pandemic was crucial to cushion the shock to poor households. Our study shows that 4Ps has again proven to be an important instrument in alleviating the COVID-19 shock through timely distribution of benefits. Although the overall impact of COVID-19, especially with respect to the labor market outcomes, was equally significant for 4Ps and non-4Ps households, 4Ps households were able to fare better. In particular, the role of subsidies through 4Ps was more prominent among households in the lower end of the earnings distribution.

Looking forward, the government's efforts to ameliorate the negative impacts of crises through emergency cash transfers to poor and vulnerable households could be enhanced by promoting Adaptive Social Protection with a two-pronged approach (figure 9). The first is to make 4Ps (and existing social assistance programs) more efficient and adaptive (i.e. vertical expansion to provide top-ups in a timely manner). The other is to develop and enhance the ability to expand the support to households which are not currently part of any existing social assistance programs but are in need of support during shocks including health crises and natural disasters (i.e. horizontal expansion).

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Figure 9. Adaptive Social Protection to Expand Vertically and Horizontally
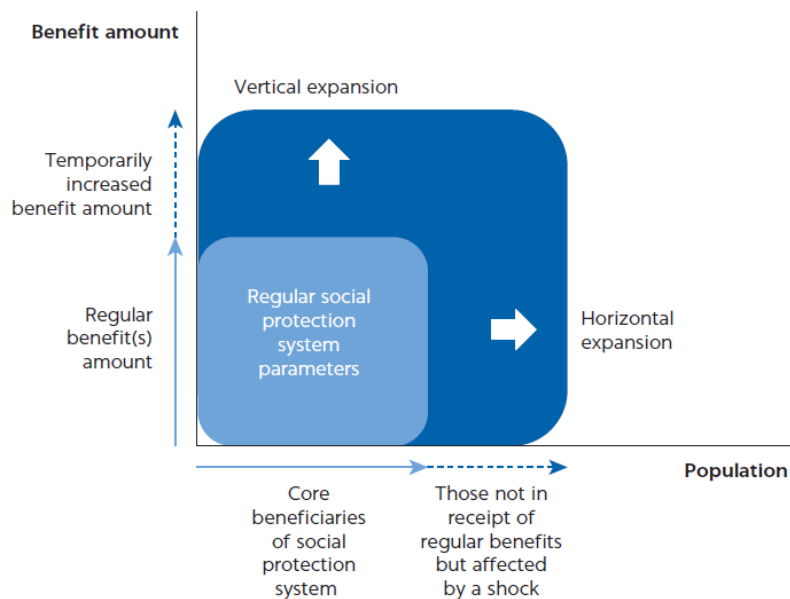
Source: World Bank.

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Appendix 1: Description of Sample Households

Sample composition by Wave (Appendix table 1) shows that the attrition rate is less than 10 percent, and does not vary by 4Ps status.

Appendix table 1. Sample Composition by Wave

	Pre-ECQ F2F survey Nov 2019-Jan 2020 (Wave 0)			Post-ECQ follow-up phone survey Apr-May 2020 (Wave 1)		
	4Ps	Non-4Ps	Total	4Ps	Non-4Ps	Total
Number of households [Response rate]	292	288	580	268 [91.8%]	259 [89.9%]	527 [90.9%]
Number of individuals	865	743	1,608	701	786	1,487

Note: 4Ps status is self-reported in each survey. Households who reported as 4Ps in Wave 0 were automatically tagged as 4Ps in Wave 1.

The demographic and socio-economic characteristics remain similar between 4Ps and non-4Ps households before COVID-19 crisis (Appendix table 2). In particular, the earnings distribution based on pre-pandemic per capita household earnings is quite similar between the two groups.

Appendix table 2. Summary Statistics from Wave 0 by 4Ps Status

	4Ps	Non-4Ps
Number of observations	291	288
Average household size	6.06	5.24
Has child 0-5 years old	46%	45%
Has child 6-17 years old	99%	99%
Number of children 0-5 years	0.64	0.56
Number of children 6-17 years	2.47	2.10
Urban	31%	27%
Rural	69%	73%
Island		
Luzon	34%	34%
Visayas	36%	35%
Mindanao	31%	32%
Education		
Max education in household is primary	27%	21%
Max education in household is secondary	57%	60%
Max education in household is tertiary	15%	18%
Share of adults working	29%	29%
Likelihood of having secondary occupations	25%	17%
Own or access to farm	22%	16%
Weekly earnings per capita	PhP 472	PhP 454
Quintile 1	20.5%	22.7%
Quintile 2	20.2%	16.7%
Quintile 3	19.2%	20.9%
Quintile 4	21.2%	18.8%
Quintile 5	18.9%	20.9%

Appendix 2: Tables of Regression Analyses

Appendix Table A2. Pantawid and change in labor supply

Δ share of working adults in the household	Wave 0 – Wave 1 (December 2019 – April/May 2020)		
	(1)	(2)	(3)
Pantawid	0.0329	0.0360	
	(0.0290)	(0.0295)	
Urban		-0.0919*	-0.0645
		(0.0478)	(0.0546)
Male HH Head		0.0491	0.0484
		(0.0470)	(0.0467)
Max HH Education – Primary or Less		0.0183	0.0192
		(0.0433)	(0.0436)
Max HH Education - Secondary		-0.0193	-0.0181
		(0.0331)	(0.0328)
Luzon		-0.143**	-0.129*
		(0.0580)	(0.0640)
Mindanao		-0.00300	0.0168
		(0.0615)	(0.0818)
Pantawid x Urban			-0.0530
			(0.0562)
Pantawid x Luzon			0.0462*
			(0.0263)
Pantawid x Visayas			0.0728
			(0.0563)
Pantawid x Mindanao			0.0350
			(0.0817)
_cons	-0.272***	-0.225***	-0.244***
	(0.0321)	(0.0549)	(0.0647)
N	527	527	527

Notes: Standard errors in parentheses. *, ** and *** denote significance at the 10%, 5% and 1% level, respectively.

Base category of the island group is Visayas.

Appendix Table A3. Pantawid and Food Insecurity

	Wave 1 Food Insecurity – Probit Regression (Marginal Effects)			
Indicator of experiencing food insecurity	(1)	(2)	(3)	(4)
Pantawid	-0.0723*	-0.0977**	-0.162	
	(0.0400)	(0.0418)	(0.107)	
Urban		0.103*	0.0911	0.0993*
		(0.0590)	(0.0719)	(0.0567)
Male HH Head		-0.0694	-0.0693	-0.0718
		(0.0513)	(0.0507)	(0.0517)
Max HH Education –Primary or Less		0.110	0.109	0.113
		(0.0698)	(0.0693)	(0.0717)
Max HH Education - Secondary		0.124*	0.122*	0.121*
		(0.0705)	(0.0694)	(0.0707)
Luzon		-0.125	-0.126	-0.123
		(0.0826)	(0.0939)	(0.0818)
Mindanao		-0.00364	0.00435	-0.00666
		(0.0865)	(0.0969)	(0.0871)
Share of HH members employed - Dec 2019		0.0396	0.0475	-0.0157
		(0.142)	(0.141)	(0.159)
Number of Children 3 or more		0.209***	0.174**	0.209***
		(0.0597)	(0.0706)	(0.0586)
HH size – Dec 2019		-0.00758	-0.00768	-0.00777
		(0.0144)	(0.0140)	(0.0144)
Pantawid x Urban			0.0335	
			(0.0984)	
Pantawid x Luzon			0.0234	
			(0.0878)	
Pantawid x Visayas			0.0165	
			(0.114)	
Pantawid x Number of Children 3 or more			0.0782	
			(0.0820)	
Bottom 40 percent of pre-COVID earnings distribution				-0.142***
				(0.0543)
Top 60 percent of pre-COVID earnings distribution				-0.0713
				(0.0541)
N	527	527	527	526

Notes: Standard errors in parentheses. *, ** and *** denote significance at the 10%, 5% and 1% level, respectively.
Base category of the island group is Visayas.