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Mitigating the impact of COVID-19 pandemic on poverty

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Mitigating the Impact of COVID-19 Pandemic on Poverty

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and Anna Rita P. Vargas*



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Mitigating the Impact of COVID-19 Pandemic on Poverty

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Abstract

Poverty simulations suggest that the COVID-19 pandemic and the measures implemented by the government to contain the spread of the virus will increase the number of poor in the country. As such, various social safety nets were implemented by both the national and local government agencies to help the affected individuals, families, and enterprises cope with the economic effects of COVID-19 and to smoothen their consumption particularly during the initial stages of the national lockdown, albeit temporarily.

Keywords: COVID-19, poverty, social amelioration program, Philippines

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Mitigating the impact of COVID-19 pandemic on poverty

*Celia M. Reyes, Ronina D. Asis, Arkin A. Arboneda, and Anna Rita P. Vargas**

1. Introduction

In December 2019, a novel strain of coronavirus, known as COVID-19, was first detected in Wuhan, China. In general, the virus is known to attack the respiratory system of the infected individual and is commonly associated with the following symptoms: fever, cough, fatigue, and shortness of breath, among others. People infected with the disease were observed to either exhibit no symptoms or have a range of minor to severe symptoms. This is transmitted mainly through droplets generated by an infected person when they are coughing or sneezing. As such, people are forced to adapt to the new normal, practicing physical distancing and regular handwashing, to lessen the risk of transmission.

Following evidences of sustained community transmission of the disease, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) has raised the COVID-19 threat in the Philippines to the highest alert level (i.e. Code Red Sublevel 2) on March 12, 2020. Three days later, the Philippine government carried out a series of community-wide quarantine protocols, first covering the National Capital Region (NCR) on March 15 and then the whole area of Luzon on March 17, then restricting the movements in Visayas as well as Mindanao. Moreover, a state of calamity was declared throughout the country following the issuance of Presidential Proclamation No. 929 on March 17. These measures, particularly the enhanced community quarantine (ECQ) and stringent social distancing protocols, are designed to curb transmission through minimizing unnecessary physical contact. As such, only individuals working in essential sectors, such as health care, food supply, and banking services, can maintain operations during the said period.

Even though there is an ongoing outbreak, numerous Filipinos do not have the privilege to stockpile resources and miss a day of work. The stringent ECQ measures of the country, although critical in controlling the pandemic, have left more people vulnerable to poverty. Lower income households often lack disposable cash necessary to survive the entire period of the ECQ. Moreover, for some daily wage earners, the threat of losing their source of income far outweighs the risk of contracting the virus. Thus, there is an urgent need for the government to support the country's most vulnerable sector through financial assistance and other relevant programs.

This paper aims to look at the impacts of COVID-19 on the poverty situation in the Philippines and how the government has responded to mitigate these impacts. The next section shows a simulation of impacts of poverty in the country under different scenarios. Different emergency assistance programs implemented by both the national and local governments in response to the pandemic will then be highlighted in the succeeding sections.

2. COVID-19 impacts in the Philippines

The COVID-19 pandemic has led to a contraction of the Philippine economy. During the second quarter, the economy has declined by 16.5% as the country-imposed community

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quarantines were implemented to contain the spread of the virus. Hardest hit was the accommodation and food service activities, and transportation sectors, which contracted by 68% and 59%, respectively. This was followed by construction, mining, manufacturing and real estate. On the other hand, a few sectors posted positive growth. Public administration and defense posted 8.0% growth, which means that there were no layoffs in government, followed by information and communication at 6.6%, as everyone turned to online streaming platforms for entertainment and many had to work from home. Agriculture grew by 1.6% as the rural areas were not as affected by the community quarantines as the urban areas. Consequently, the economy contracted by 9.0% during the first semester.

As a result of the lockdown, household incomes went down, mainly due to suspension and closure of non-essential work. As of October 25, 2020, the Department of Labor and Employment has recorded a total of 285,650 displaced workers from 17,300 establishments nationwide since January 2020. Of these establishments, 15,549 or 89.8% have reduced their workforce while the remaining 1,751 or 10.2% have reported permanent closure. Most affected are workers from the National Capital Region (53.5%), CALABARZON (15.6%), Central Luzon (9.7%), and Central Visayas (9.3%). Among the sectors, workers in the administrative and support service activities (20.3%), manufacturing (14.0%), other service activities (12.6%), construction (10.3%), and accommodation and food service activities (9.2%) are mostly affected. In addition to these, a total of 86,954 establishments, majority of which were microenterprises (57.8%), covering 2,094,036 workers reported to have temporarily closed. Meanwhile, 36,851 establishments, most of which are micro (40.4%) and small enterprises (45.9%), covering 1,484,285 workers reported to have adopted flexible working arrangements (DOLE 2020c).

At the onset of ECQ implementation, unemployment rate was estimated at 17.6% in April 2020, which translates to about 7.2 million unemployed persons. This was about three times higher compared to the recorded unemployment rate in the same quarter of the previous year. Latest labor estimates show a slowly improving employment statistics. Unemployment rate in October 2020 was estimated at 8.7%, equivalent to about 3.8 million people. This was mainly due to the gradual opening of some sectors following the easing restrictions of the community quarantine.

Table 1. Philippine labor and employment situation, 2019-2020

Employment Statistics	2019				2020			
	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct
Labor force participation rate	60.2	61.3	61.9	61.4	61.7	55.7	61.9	58.7
Employment rate	94.7	94.8	90.0	95.4	94.7	82.4	90.0	91.3
Underemployment rate	15.4	13.3	13.6	12.8	15.4	18.9	17.3	14.4
Unemployment rate	5.3	5.2	5.4	4.6	5.3	17.6	10.0	8.7

Source: Labor Force Survey, Philippine Statistics Authority

As the increase in income poverty will only be captured by official government data by the next Family Income and Expenditure Survey in 2021, poverty simulations in two scenarios were done to estimate the impact of the pandemic on poverty. In both scenarios, it is assumed that the income of the family is linked to the sector of employment of the household head. For the first scenario, no emergency cash subsidies were provided for affected families and individuals. Meanwhile, the second scenario considered a government-provided emergency cash transfers, through the Social Amelioration Program (SAP), which will be discussed in the succeeding section, to smoothen the consumption of the poor and vulnerable. This SAP

provided emergency subsidies to 18 million low-income households in the amount of at least PHP 5,000 to a maximum of PHP 8,000 per month, depending on the region where the beneficiary was located. In this scenario, it was assumed that SAP will cover the poorest 73% of the households, as the 18 million beneficiaries targeted by the program represents 73% of the total number of families.

In both scenarios, it is assumed that there will be a difficult economic recovery, wherein the economic contraction experienced in the first semester of 2020 would persist. This is based on the projection that the economy would slowly pick up in the second semester given the slow reopening of the economy. Moreover, the second semester performance is assumed to see a decline in output compared to the same period in 2019 but the contraction would be less than during the second quarter of 2020, which is -16.9% growth. For these simulations, it is assumed that annual GDP for 2020 would decline by 9%. Note that this is also the midpoint of the latest government's projection for 2020, which assumes a contraction of between 9.5% to 8.5%.

The poverty simulation results show that if the government did not implement an emergency subsidy program, an additional of 1.44 million families or 7.53 million individuals will become poor as a result of the pandemic. Implementation of the SAP reduces the number of Filipinos who will become poor to about 410 thousand families or 2.82 million individuals. Given the projected economic performance for 2020, poverty is projected to still increase despite the implementation of the SAP.

Table 2. Simulation of the impact of COVID-19 on the magnitude and incidence of poverty in different scenarios, Philippines

Scenarios	Estimates		Increase / (Decrease)	
	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)
<i>Poverty incidence among families</i>				
Before COVID-19*	3,004.6	12.1	..	..
During COVID-19 – without SAP	4,447.4	18.0	1,442.8	5.8
During COVID-19 – with SAP	3,405.0	13.8	400.4	1.6
<i>Poverty incidence among population</i>				
Before COVID-19*	17,670.2	16.7	..	..
During COVID-19 – without SAP	25,204.9	23.8	7,534.7	7.1
During COVID-19 – with SAP	20,485.9	19.4	2,815.7	2.7

Note: *Official poverty estimates in 2018

Source: Authors' estimates

Estimated impact of the pandemic on poverty is almost the same for urban and rural areas, wherein an additional 700 thousand families or 3.8 million individuals will fall out of poverty. when no emergency assistance was implemented. With SAP, however, the impact is estimated to be greater in urban areas with about 300 thousand families or 2 million people becoming the new poor, compared to only 70 thousand families or 800 thousand individuals in rural areas.

Among regions, COVID-19 is estimated to mostly affect people residing in the National Capital Region, CALABARZON and Central Luzon to fall into poverty. Being the center of economic activity, the imposed community quarantine and the stringent physical distancing protocols affects industries and establishments in these regions, leaving its workers with less or more income than usual.

Table 3. Simulation of the impact of COVID-19 on the magnitude and incidence of poverty in different scenarios, by urban/rural areas

Scenarios	Urban Areas				Rural Areas			
	Estimates		Increase / (Decrease)		Estimates		Increase / (Decrease)	
	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)
Poverty incidence among families								
Before COVID-19*	840.6	6.5	..	..	2,164.0	18.3	..	..
During COVID-19 – without SAP	1,548.3	12.0	707.7	5.5	2,899.1	24.5	735.1	6.2
During COVID-19 – with SAP	1,167.4	9.0	326.8	2.5	2,237.6	18.9	73.6	0.6
Poverty incidence among population								
Before COVID-19*	5,021.3	9.3	..	..	12,649.0	24.5	..	..
During COVID-19 – without SAP	8,810.4	16.3	3,789.1	7.0	16,394.5	31.8	3,745.6	7.3
During COVID-19 – with SAP	7,037.0	13.0	2,015.8	3.7	13,448.9	26.1	799.9	1.6

Note: *Official poverty estimates in 2018

Source: Authors' estimates

Table 4. Simulation of the impact of COVID-19 on the magnitude and incidence of poverty in different scenarios, by region

Region	Before COVID-19*		During COVID-19 – without SAP				During COVID-19 – with SAP			
			Estimates		Increase / (Decrease)		Estimates		Increase / (Decrease)	
	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)
Poverty incidence among families										
National Capital Region	47.6	1.4	172.5	5.2	124.9	3.8	110.3	3.3	62.7	1.9
Cordillera Administrative Region	36.3	8.6	49.8	11.8	13.4	3.2	35.9	8.5	(0.5)	(0.1)
Ilocos Region	85.2	7.0	162.9	13.4	77.8	6.4	114.7	9.5	29.6	2.4
Cagayan Valley	106.3	12.5	136.6	16.0	30.3	3.6	97.1	11.4	(9.2)	(1.1)
Central Luzon	143.4	5.2	299.0	10.7	155.6	5.6	208.8	7.5	65.4	2.4
CALABARZON	190.4	5.1	392.2	10.4	201.7	5.4	285.0	7.6	94.6	2.5
MIMAROPA	77.4	10.5	116.9	15.9	39.5	5.4	89.1	12.1	11.7	1.6
Bicol Region	256.3	20.0	353.9	27.6	97.6	7.6	285.2	22.3	28.9	2.3
Western Visayas	218.3	11.9	342.4	18.7	124.1	6.8	247.3	13.5	29.0	1.6
Central Visayas	246.2	13.4	378.0	20.5	131.8	7.2	280.9	15.3	34.7	1.9
Eastern Visayas	253.3	23.9	330.0	31.2	76.6	7.2	265.1	25.0	11.8	1.1

Region	Before COVID-19*		During COVID-19 – without SAP				During COVID-19 – with SAP			
			Estimates		Increase / (Decrease)		Estimates		Increase / (Decrease)	
	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)	Magnitude ('000)	Incidence (%)	Magnitude ('000)	Incidence (%-point)
Zamboanga Peninsula	213.0	25.4	273.4	32.6	60.5	7.2	224.9	26.8	11.9	1.4
Northern Mindanao	194.2	17.3	279.6	25.0	85.4	7.6	209.8	18.7	15.6	1.4
Davao Region	178.5	13.9	251.6	19.6	73.1	5.7	187.7	14.6	9.3	0.7
SOCCSKSARGEN	252.8	22.4	322.0	28.5	69.2	6.1	258.0	22.8	5.2	0.5
Caraga	149.4	24.1	198.1	32.0	48.7	7.9	158.6	25.6	9.3	1.5
Bangsamoro Autonomous Region in Muslim Mindanao	356.2	54.2	388.6	59.1	32.4	4.9	346.6	52.7	(9.6)	(1.5)
Poverty incidence among population										
National Capital Region	302.2	2.2	1,003.2	7.5	701.0	5.2	685.8	5.1	383.6	2.9
Cordillera Administrative Region	213.8	12.0	285.4	16.1	71.5	4.0	218.0	12.3	4.1	0.2
Ilocos Region	510.1	9.9	941.5	18.2	431.3	8.3	714.9	13.8	204.8	4.0
Cagayan Valley	583.0	16.3	740.1	20.7	157.1	4.4	559.6	15.6	(23.4)	(0.7)
Central Luzon	836.6	7.0	1,671.5	14.1	835.0	7.0	1,242.6	10.5	406.1	3.4
CALABARZON	1,102.0	7.1	2,187.8	14.2	1,085.8	7.0	1,692.1	11.0	590.1	3.8
MIMAROPA	466.7	15.1	680.5	22.0	213.8	6.9	543.3	17.6	76.6	2.5
Bicol Region	1,621.0	27.0	2,155.6	35.9	534.6	8.9	1,830.8	30.5	209.8	3.5
Western Visayas	1,266.9	16.3	1,883.1	24.3	616.2	7.9	1,473.8	19.0	206.9	2.7
Central Visayas	1,370.6	17.7	2,035.9	26.3	665.3	8.6	1,611.9	20.8	241.3	3.1
Eastern Visayas	1,420.3	30.7	1,783.3	38.6	363.1	7.9	1,526.7	33.1	106.4	2.3
Zamboanga Peninsula	1,217.8	32.7	1,518.5	40.8	300.7	8.1	1,309.9	35.2	92.1	2.5
Northern Mindanao	1,129.2	23.1	1,553.5	31.8	424.3	8.7	1,239.4	25.3	110.2	2.3
Davao Region	978.2	19.1	1,338.5	26.1	360.3	7.0	1,064.1	20.7	86.0	1.7
SOCCSKSARGEN	1,348.3	28.2	1,689.0	35.4	340.7	7.1	1,415.2	29.6	66.9	1.4
Caraga	822.2	30.5	1,056.8	39.3	234.7	8.7	888.3	33.0	66.1	2.5
Bangsamoro Autonomous Region in Muslim Mindanao	2,481.5	61.8	2,680.7	66.8	199.2	5.0	2,469.6	61.5	(11.9)	(0.3)

Note: *Official poverty estimates in 2018

Source: Authors' estimates

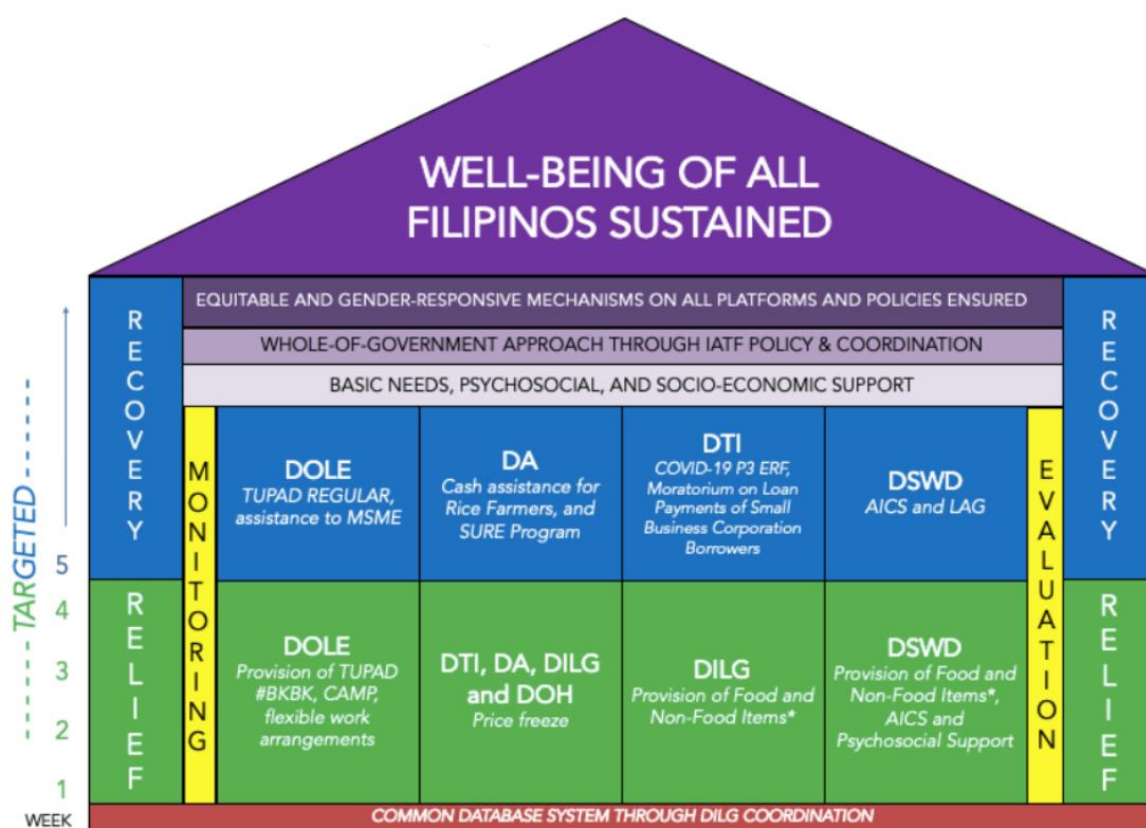
3. Safety nets in mitigating the impact of COVID-19 on poverty

On March 24, 2020, Republic Act No. 11469 or the Bayanihan to Heal as One Act was passed by the government in response to the continuing rise of confirmed COVID-19 cases, and to the severe disruption of the economy due to the imposition of community quarantine measures across the country.

By virtue of RA 11469, the President was provided with emergency powers to carry out various emergency measures to respond to the crisis brought about by the pandemic. Included in this response was the provision of emergency subsidies and other assistance to low income households. National government agencies, including the Department of Social Welfare and Development (DSWD), Department of Labor and Employment (DOLE), Department of Trade and Industry (DTI), Department of Agriculture (DA), Department of Finance (DOF), and the Department of the Interior and Local Government (DILG), were tasked to implement various social protection programs and projects to mitigate the effects of the current crisis.

To address food insecurity, loss of income, and unemployment brought about by the pandemic, a whole-of-nation approach as detailed in the operational framework of the government's social protection policy was adopted (**Figure 1**). Government programs and services to be provided were clustered into (a) relief programs aimed to provide basic needs and other immediate responses to the needs of the people, and (b) recovery programs composed of financial assistance enabling a long-term mitigation or reduction in the economic effects of the quarantine.

Figure 1. Social Amelioration Framework



Source: DILG-DBM-DOLE-DSWD-DA-DTI-DOF Joint Memorandum Circular No. 1, Series of 2020

The emergency assistance programs, as enacted by the Bayanihan to Heal as One Act, and other safety nets implemented to address the effects of COVID-19 will be discussed in the succeeding subsections. Descriptions of each program are largely based on different government issuances and joint memorandum circulars involving all concerned national government agencies.

3.1. Social Amelioration Program (SAP) – Emergency Subsidy Program (ESP)

By virtue of RA 11469, social amelioration programs through the Emergency Subsidy Program (ESP) are to be provided to identified low income households. Through the SAP-ESP, a monthly emergency subsidy in the amount of at least PHP 5,000 to a maximum of PHP 8,000, either in the form of cash or kind, were provided in two months from April and May 2020 to cover for basic food, medicine, toiletries and other basic necessities of affected household-beneficiaries. The actual amount of emergency subsidies varies depending on the prevailing minimum wage rates of the households' region of residence (**Table 5**).

Table 5. Monthly subsidies (in PHP) under the Emergency Subsidy Program, by region

Region	Daily minimum wage	Monthly subsidy
National Capital Region	537.00	8,000.00
Cordillera Administrative Region	350.00	5,500.00
Ilocos Region	340.00	5,500.00
Cagayan Valley	370.00	5,500.00
Central Luzon	420.00	6,500.00
CALABARZON	400.00	6,500.00
MIMAROPA	320.00	5,000.00
Bicol Region	310.00	5,000.00
Western Visayas	395.00	6,000.00
Central Visayas	404.00	6,000.00
Eastern Visayas	315.00	5,000.00
Zamboanga Peninsula	316.00	5,000.00
Northern Mindanao	365.00	6,000.00
Davao Region	396.00	6,000.00
SOCCSKSARGEN	326.00	5,000.00
Caraga	320.00	5,000.00
Autonomous Region in Muslim Mindanao	325.00	5,000.00

Source: DSWD Memorandum Circular No. 04, s. 2020

Section 4c of the Bayanihan to Heal as One Act states that a total of 18 million low-income households or those with members in the subsistence and informal economy were eligible to receive emergency subsidies. This includes 4.4 million households who are existing beneficiaries of the Expanded *Pantawid Pamilyang Pilipino* Program (4Ps), workers from the informal economy (e.g. occasional workers, subcontracted workers, homeworkers, house helpers, public utility vehicle drivers, micro-entrepreneurs and operators, owners of family enterprises, sub-minimum wage earners, farmers, stranded workers, and employees affected by a “no work, no pay” policy), and households with members from vulnerable sectors (e.g. senior citizens, persons with disability, pregnant women, solo parents, indigenous peoples, and homeless individuals).

Emergency subsidies provided for by the SAP-ESP were distributed through the various social amelioration programs of the DSWD and other government agencies, as discussed below. These social amelioration programs include both cash and in-kind assistance, loans, and other forms of support for the affected populace. Each of the identified targeted beneficiaries may avail of any of these programs, provided that they are qualified and that the total amount to be received would not exceed the prescribed thresholds.

3.1.1. Emergency assistance programs for households/families

Social amelioration programs provide both in kind assistance, in the form of food packs, and cash assistance to affected families, particularly if at least one member belongs to the identified vulnerable sectors.

3.1.1.1. Food and Non-Food Items (FNI) Distribution. The DSWD, in coordination with the concerned local government units, have provided food and essential personal hygiene item packs to augment and sustain the basic needs of affected families. Food packs were distributed until such time that the imposed enhanced community quarantine is lifted. Given the restrictions brought by the quarantine, the DSWD coordinated with the DTI in procuring the necessary volume of items for the food packs, the DA in ensuring the supply of rice buffer stock and other food items, and with the Armed Forces of the Philippines and the Philippine National Police in hauling of the FNIs.

3.1.1.2. Assistance to Individuals in Crisis Situation (AICS). Although an ongoing program of the DSWD as part of the protective services of the department for the poor, marginalized and vulnerable individuals, the AICS program served as a social safety net during the COVID-19 response to aid in the recovery and rehabilitation of individuals adversely affected. Assistance under the AICS is the form of outright cash amounting to PHP 3,000 is provided to families with at least one member, or PHP 5,000 to families with two or more members belonging to the following vulnerable or disadvantaged sectors to assist them in providing the basic needs of their families:

- Senior citizens,
- Persons with disability,
- Pregnant and lactating women,
- Solo parents,
- Overseas Filipinos in distress,
- Indigent indigenous peoples,
- Underprivileged sector and homeless citizens, and
- Informal economy workers.

In addition to the abovementioned assistance, families with deceased indigent COVID-19 confirmed cases and PUIs were also granted a cash aid of PHP 25,000 per deceased person to cover for burial expenses. However, those who have already received assistance from DOLE, particularly under the CAMP and TUPAD programs, and other assistance programs by the national government will no longer be able to acquire aid from the AICS (Luci-Atienza 2020).

3.1.1.3. Livelihood Assistance Grants (LAG). The LAG is a financial assistance provided by the DSWD to beneficiaries of the Sustainable Livelihood Program (SLP) whose microenterprises or livelihoods were affected by the community quarantine

implemented by the government. Through the LAG, SLP beneficiaries may recover from their economic losses during the pandemic, as they may use the assistance as seed capital to start a new or enhance an existing microenterprise/s, or as payment for employment-related activities. A maximum of PHP 15,000, in the form of cash or individual check, may be given to an affected SLP beneficiary family, provided that at least one member is a displaced informal economy worker. A family is only qualified to avail of the assistance under the LAG only once, regardless of the number of family members who fit the eligibility criteria.

3.1.1.4. Expanded and Enhanced Pantawid Pamilyang Pilipino Program (4Ps). The conditional cash transfer program of the DSWD regularly provided to poor households was expanded and enhanced to adapt to the situation brought by the enhanced community quarantine. As schools across the country were closed during the lockdown, each beneficiary of the Pantawid program only receives PHP 750 for the health and nutrition grant, and PHP 600 for the rice subsidy for a total of PHP 1,350 monthly subsidy for the months of April and May. This amount were augmented by a top-up monthly emergency subsidy amounting to PHP 3,650 to PHP 6,650 from the SAP-ESP to reach the mandated thresholds, depending on the region of residence, as listed in **Table 5**. Conditionalities of the 4Ps program such as the attendance to Family Development Sessions and other gatherings were suspended. This is in compliance with the physical distancing protocols, and in accordance with Section 16 of the Implementing Rules and Regulations of the 4Ps Act states that full compliance to the conditionalities of the program are deemed waived during force majeure.

3.1.2. Emergency assistance programs for individuals

Aside from family- or household-level assistance through various emergency programs of DSWD, some of the social amelioration programs of the government provide for cash aids, wage subsidies and temporary employment to eligible individuals from identified sectors.

3.1.2.1. COVID-19 Adjustment Measures Program (CAMP). A program spearheaded by DOLE, CAMP offers support to individuals working in the formal sector affected by the crisis to mitigate the economic impacts of the reduction of their income. Through the CAMP, a one-time non-conditional financial assistance of PHP 5,000 will be granted to affected formal sector workers, regardless of their employment status. Moreover, affected workers will also be given access to available labor opportunities through referral, job matching, employment coaching, and placement services (DOLE 2020). In order to be eligible, workers must be employed in a private establishment implementing flexible work arrangements or experiencing momentary closure because of the pandemic. Moreover, concerned establishments must submit the following documents to the DOLE: (1) establishment report on COVID-19 pursuant to Labor Advisory No. 9, series of 2020, and (2) company payroll for the month before the application for flexible work arrangement or temporary closure.

3.1.2.2. Tulong Panghanapbuhay sa Ating Displaced/Disadvantaged Workers Barangay Ko, Bahay Ko Disinfection/Sanitation Project (TUPAD #BKBK). The TUPAD #BKBK is a community-based program of the DOLE that provides temporary wage employment for uprooted informal economy workers, particularly those underemployed, self-employed, seasonal workers, and marginalized workers, who have lost their earning potential and/or livelihoods because of the implementation of the

community quarantine. However, those who are under the Expanded 4Ps, those who have availed of the assistance from the CAMP and AICS, and rice farmers who have already received cash assistance from the DA are no longer eligible for TUPAD #BKBK. Meanwhile, beneficiaries of other cash and non-cash assistance from the national and local government may still qualify for the TUPAD #BKBK, provided that the combined amount received by the beneficiary would not exceed the prescribed threshold as specified in **Table 1**. The nature of work provided for by the TUPAD #BKBK program consists of disinfection/sanitation of the beneficiaries' living quarters including those in the immediate vicinity. The duration of work is designed to last for a minimum of 10 days but not exceeding 30 days. The following assistance are also included in the package: (a) wages equivalent to the prevailing highest minimum wage in the region; (b) enrolment to group micro-insurance; and (c) conduct of basic orientation on safety and health through distribution of brochures.

3.1.2.3. Cash assistance for rice farmers. Smallholder rice farmers with farm sizes of one hectare and below who are listed under the Registry System for Basic Sectors in Agriculture (RSBSA) will be given a one-time monetary assistance amounting to PHP 5,000 under the Financial Subsidy for Rice Farmers (FSRF) of the DA. For the first weeks of April, the Land Bank of the Philippines was assigned to distribute the FSRF cash aid to 600,000 farmers (DA 2020). Aside from small farmers, 600,000 farmers who are tilling up to two hectares, were also given a cash assistance worth of PHP 5,000 under the Rice Farmers Financial Assistance (RFFA) program.

3.1.2.4. Survival and Recovery (SURE) Assistance for Marginalized, Small Farmers and Fishers. Marginalized small farmers and fisherfolk whose livelihood and income were affected by the government-enforced quarantine measures may avail of a zero percent interest loan amounting to PHP 25,000 per borrower. This loan assistance is payable up to ten years, and does not require any collateral or security requirement. The purpose of this program is to provide emergency and production assistance so that beneficiaries can continue operations, ultimately ensuring that food sufficiency is not compromised given prolonged periods of lockdown (Agricultural Credit Policy Council [ACPC] 2020). In order to be eligible, beneficiaries must be registered in the RSBSA and must also be included in the validated list as endorsed and certified by the Municipal Agriculture Office (MAO).

3.1.3. Emergency assistance programs for enterprises

Other social amelioration programs, particularly those provided for by the DTI, offer loans, moratoriums and other types of assistance to affected micro and small enterprises.

3.1.3.1. COVID-19 Pondo para sa Pagbabago at Pag-asenso Enterprise Rehabilitation Fund (P3-ERF). Micro and small enterprises (MSEs) whose businesses have suffered a reduction in sales during the current crises may avail of the COVID-19 P3-ERF, which is a PHP 1 billion financing program established by the Small Business Corporation of the DTI. Eligible enterprises must have at least a year of continuous operation prior to March 2020. Loan amounts that can be availed through the COVID-19 P3-ERF program range from PHP 10,000 to PHP 200,000 for micro enterprises, and from PHP 10,000 to PHP 500,000 for small enterprises with asset size not exceeding PHP 10 million. Loans under this program have a 0.5% monthly interest rate. Proceeds of the loan must only be used by the availing affected MSEs for updating their loan

amortizations for their fixed asset loans, for inventory replacement for their damaged perishable stocks, or for replacement of their working capital to restart the enterprise.

3.1.3.2. Moratorium on Loan Payments of Small Business Corporation Borrowers. Borrowers of loan programs of the Small Business Corporation, whether regular of P3 loan programs, are entitled to a payment moratorium, provided that they are situated in areas declared under community quarantine. Through this moratorium, affected borrowers are allowed to only pay for their loans interests that were due for the succeeding six months. However, the accrual of the interest rate will continue throughout the moratorium, and the loan term will also be extended based on the number of months covered by the moratorium.

3.1.3.3. Recovery Package for Micro and Small Enterprises Engaged in Agriculture and Fisheries Food Production, and other Supply Chain Activities in Accordance with the Agripreneurship Development Fund/Program of the ACPC. This recovery package taps both government and non-government financial institutions to offer another loan assistance for micro and small enterprises engaged in agricultural and other supply chain activities. Borrowers may avail of loan amounting to PHP 300,000 up to 90% of the projected costs of the enterprises or PHP 15 million, whichever is lower. This loan aims to ensure the availability and continuous food supply, and to help owners of these microenterprises to recover their losses brought by the quarantine measures.

3.1.3.4. Livelihood Seeding Program/Negosyo Serbisyo sa Barangay (LSP-NSB). Microentrepreneurs affected by the pandemic may avail of assistance from the Department of Trade and Industry under the LSP-NSB. Assistance under this program are in the form of livelihood kits amounting to PHP 5,000 to PHP 8,000, enterprise development training, and business counselling or mentoring.

Most of these programs, such as the AICS, 4Ps, and TUPAD, are existing programs of national government agencies, which were only modified for COVID-19 response. For instance, assistance under the regular AICS were in the form of financial and/or material assistance which can be used for transportation, hospitalization, funeral, and school-related expenses of individuals adversely affected from any sudden crises. As modified for COVID-19 response, these programs are more into the provision of outright cash, with the exception of FNI distribution, for households with at least one member from the identified vulnerable and/or eligible sectors. Meanwhile, some of these assistance, particularly the loans provided for enterprises, were created and designed as a recovery program to enable a long-term mitigation or reduction in the economic effects of the quarantine.

3.2. Small Business Wage Subsidy (SBWS)

The national government, through the Social Security System, is providing a wage subsidy to affected private sector employees of small businesses to augment loss of income experienced during the quarantine imposed in Luzon and various other local government units. Based on the prevailing regional minimum wage rates, the SSS, under the SBWS program, is providing a wage subsidy of between PHP 5,000 to PHP 8,000 for up to two months per eligible employee (**Table 6**). The amount is similar to the subsidy thresholds provided by the SAP-ESP except for Central Luzon and CALABARZON. This is because many of the workers in the National Capital Region, which are provided with the maximum amount, reside from these regions.

Table 6. Wage subsidy amount per employee provided by the SBWS program

Region	Monthly subsidy
National Capital Region	8,000.00
Cordillera Administrative Region	5,500.00
Ilocos Region	5,500.00
Cagayan Valley	5,500.00
Central Luzon	8,000.00
CALABARZON	8,000.00
MIMAROPA	5,000.00
Bicol Region	5,000.00
Western Visayas	6,000.00
Central Visayas	6,000.00
Eastern Visayas	5,000.00
Zamboanga Peninsula	5,000.00
Northern Mindanao	6,000.00
Davao Region	6,000.00
SOCSESKSARGEN	5,000.00
Caraga	5,000.00
Autonomous Region in Muslim Mindanao	5,000.00

Source: Department of Finance, Small Business Wage Subsidy (SBWS) Program

Application for the wage subsidy under the SBWS need to be accomplished by the employers on behalf of their employees. Applying businesses must not be listed in the Large Taxpayer Service list of the Bureau of Internal Revenue. Moreover, “non-essential” businesses¹ that were forced to stop their operations either through temporary closure or work suspension, or “quasi-essential” businesses² that were allowed to continue operations under a skeleton workforce are eligible to the program. Priority, however, will be given to small businesses that are registered in the BIR and SSS, have complied with their tax obligations and have paid SSS contributions during the past three years. On the other hand, employees must satisfy the eligibility requirements listed in **Table 7** to receive wage subsidies.

Eligible employees who have received a one-time cash assistance worth PHP 5,000 through the CAMP program may still receive the wage subsidy provided for by the SBWS. In this case, employees will receive the full amount of PHP 5,000 to PHP 8,000 during the first tranche, and will receive a top-up amount to the PHP 5,000 of CAMP to reach the prescribed subsidy threshold under SBWS in the second tranche.

¹ Non-essential businesses are involved in non-food raw materials, non-essential manufacturing, tobacco, construction, airlines, non-essential services, hotels and restaurants, rental and leasing of personal goods, and entertainment sectors (<https://sites.google.com/dof.gov.ph/small-business-wage-subsidy>).

² Quasi-essential businesses are involved in electronics manufacturing, retail trade, public transportation, trucking and cargo handling, business process outsourcing, banks, personal service and domestic activities, and textiles, wearables and leather for export (<https://sites.google.com/dof.gov.ph/small-business-wage-subsidy>).

Table 7. Eligibility criteria for employee beneficiaries of the Small Business Wage Subsidy program

Who is eligible?	Who is not eligible?
<p>An employee who fulfills all of the following criteria is eligible:</p> <ul style="list-style-type: none"> • Must be an employee of an eligible small business • Must be employed and active as of March 1, 2020 but unable to work due to the ECQ • Did not get paid by their employer for at least two weeks during the temporary closure or suspension of work in accordance with Labor Advisory No. 1, Series of 2020 • Can be of any contract status (e.g., regular, probationary, regular seasonal, project-based, fixed-term) • Must be certified by the employer in the application as having met all the above criteria 	<p>The following employees are not eligible:</p> <ul style="list-style-type: none"> • Working from home or part of the skeleton force • Those who voluntarily went on the following types of leave – maternity leave, paternity leave, study leave, sabbatical leave, and leaves of the same type – for the entire duration of the ECQ, whether with or without pay • Already a recipient of SSS unemployment benefits due to COVID-19, to avoid duplication • Those who have settled or in-process SSS final claims (funeral, retirement, death, and total disability)

Source: Department of Finance

3.3. Programs of local governments

In comparison to the sector-specific action of the national government when it comes to distributing assistance, LGUs are given the freedom to address what they perceive as the immediate concern of their constituents and decide on what measures they will employ. During the COVID-19 pandemic, LGUs can access the funding in their Local Disaster Risk Reduction and Management Fund (LDRRMF) and their Local Development Fund (LDF). These can be utilized to finance assistance programs, produce timely responses, as well as procure the necessary materials related to COVID-19. In case the abovementioned allotment is still insufficient, LGUs are given the option to get a loan from domestic banks or government financial institutions.

Most common assistance provided by LGUs is the distribution of relief packages consisting of canned goods and rice, while some have also provided financial assistance for low income families. Furthermore, a few LGUs also arranged necessary services such as community kitchen, mobile and online market, transportation services, relief packages, and disinfection services.

Some local financial assistance, as listed in **Table 8**, mainly focus on providing aid for the vulnerable sectors, such as workers of the informal economy, solo-parents, and senior citizens, among others. Students were also target beneficiaries for a few LGUs, particularly in Taguig City and Makati City. Although the national government has provided a separate aid for low-income families, local governments have opted to provide similar aid since not all qualified citizens have benefitted from the national-level program.

Table 8. Financial assistance programs of selected local government units

Local Government Unit	Coverage	Target number of beneficiaries	Financial assistance provided
Pasig City	All households not covered by the SAP-ESP ^{1/}	160,000 families	PHP 8,000
	Public Utility Vehicle (PUV) drivers ^{2/}	5,800 jeepney drivers, 12,000 tricycle drivers, 700 UV drivers	PHP 3,000
	Market stall owners ^{3/}		PHP 4,000
	Barangay Health Workers (BHW), Pasig Health Aid (PHA), and Barangay Tanod ^{4/}		PHP 2,000
Quezon City	PUV drivers, market vendors, and those belonging in vulnerable sector ^{5/}	100,000	PHP 2,000
	SAP-qualified residence not covered by SAP ^{6/}		PHP 4,000
Taguig City ^{7/}	Market vendors, senior citizens, and persons with disability (PWDs)	68,000 senior citizens, 12,000 PWDs, 2,800 vendors	
	12,000 PWDs,		
	2,800 vendors	PHP 4,000	
Makati City	Residents of Makati ^{8/}	500,000 residents	PHP 5,000 to PHP 20,000
	Public Utility Vehicle (PUV) drivers ^{9/}	1,826 jeepney drivers, 5,952 tricycle drivers, 598 pedicab drivers	PHP 2,000
	PWDs ^{10/}	13,181	PHP 1,000
	Solo parents ^{11/}	2,049	PHP 1,000
	Public school graduates (elementary and high school) ^{12/}	11,713 students	PHP 1,000 to 5,000
Manila City	Eligibility assessed by the barangay ^{13/}	First tranche: 568,000 Second tranche: 680,000	PHP 1,000
Tanauan City	Families that did not receive any monetary assistance ^{14/}		PHP 3,000
Cebu City	Senior citizens ^{15/}	82,000	PHP 3,000

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3.4. Other assistance programs to combat effects of COVID-19

Given the imposition of a nationwide state of calamity, basic necessities were frozen at their prevailing prices as provided for by the Joint Memorandum Circular No. 1 signed by the DTI, DA and DOH on March 18, 2020. Also, in accordance with the Price Act, this measure was to protect the consumers against hoarding and profiteering with respect to the supply, distribution, marketing and pricing of goods. Starting on the declaration of a state of calamity on March 16, 2020, the prize freeze for basic necessities and prime commodities are to be implemented until May 15, 2020, unless the state of calamity is sooner lifted by the President.

Meanwhile, the national government initiated the *Balik Probinsya, Bagong Pag-asa* program to decongest highly populated urban areas, particularly the National Capital Region, in order to lessen the risk posted by COVID-19 and future infectious diseases. As a step towards the New Normal initiative, this program, as institutionalized in Executive Order (EO) 114, aims to address the uncontrolled upsurge in urban population by promoting a more equitable distribution of opportunities and social services for both urban and rural areas. The program’s main objective is to encourage individuals in Metro Manila, especially informal settlers, to return to their home provinces, wherein they will be provided with the necessary support and incentives on transportation, family, livelihood, housing, subsistence, and education, among others. Interested applicants may apply online or through the nearest *Balik Probinsya* center. Upon their return to their respective provinces, those qualified are to be offered with housing units and will be assisted with livelihood/employment opportunities, skills training, and health needs support. As of May 20, around 33,000 Metro Manila residents have enrolled in the

program. In the upcoming six months, around one million residents in Metro Manila are expected to join the program (Gonzales 2020).

4. Program implementation: guidelines and issues

The Bayanihan to Heal as One Act provides for emergency subsidies through various social amelioration programs for a total of 18 million low-income families nationwide. The total budget for SAP, as provided for by the Department of Budget and Management, was PHP 196.0 billion. In addition, the DSWD has modified its budget, adding PHP 10.6 billion to the SAP budget, bringing the total budget allocation of PHP 206.7 billion for SAP (Social Amelioration Program-Emergency Subsidy Program Status of Implementation FY 2020).

The 18 million target number of family-beneficiaries for the SAP-ESP was based on the number of poor households listed in the National Household Targeting System for Poverty Reduction or *Listahanan* 2015. This list, which was also being used as a targeting tool for other poverty reduction programs of the government, has identified about 15 million poor families. Factoring in the population growth based on the official data from the Philippine Statistics Authority, another 3 million families were added to the target, bringing the total target beneficiaries of the emergency subsidies to 18 million (Report to the Joint Congressional Oversight Committee, April 13). Local government units were then assigned to identify and list family-beneficiaries within their jurisdictions, to be submitted to the DSWD for validation.

Table 9. Target number of families for the social amelioration programs, by region

Region	Total number of families	Informal and poor/near poor
PHILIPPINES	24,550,003	17,956,093
National Capital Region	3,260,399	1,788,604
Cordillera Administrative Region	434,209	318,707
Ilocos Region	1,263,607	999,531
Cagayan Valley	881,440	698,042
Central Luzon	2,707,342	1,807,929
CALABARZON	3,511,076	2,249,567
MIMAROPA	752,804	614,100
Bicol Region	1,362,596	1,146,914
Western Visayas	1,835,555	1,472,683
Central Visayas	1,806,056	1,346,613
Eastern Visayas	1,053,680	875,246
Zamboanga Peninsula	890,346	721,841
Northern Mindanao	1,111,803	892,577
Davao Region	1,248,805	953,521
SOCCSKSARGEN	1,139,025	953,853
Caraga	625,663	492,758
Bangsamoro Autonomous Region in Muslim Mindanao	665,597	623,607

Source: Report to the Joint Congressional Oversight Committee, 13 April 2020

The specific documentary requirements for each beneficiary to avail of the social amelioration programs are listed in **Table 10**. Beneficiaries must also bring a photocopy of their valid identification, and the original or certified true copy of the other applicable documentary requirements to their respective barangays in order to avail of any assistance under the SAP-ESP.

Table 10. Documentary requirements to avail of the social amelioration programs

Beneficiary	Specific Documentary Requirements
Senior citizen	Senior Citizen's ID
Persons with disability	PWD ID, or; Certificate of separation from or suspension of work
Pregnant/lactating women	Valid ID; Certificate from Rural Health Unit, or; Birth certificate of child, if available
Solo parents	Solo parent's ID, or; Certificate of employment, separation from or suspension of work
Overseas Filipinos in distress	Valid passport bio page, and a copy of any of the following: <ul style="list-style-type: none"> ▪ Passport arrival stamp; ▪ Proof of departure ticket; ▪ Overseas Employment Certificate; ▪ Employment contract, or; ▪ Any other documents to prove repatriation or being banned from traveling outside the Philippines within the prescribed period
Underprivileged sector and homeless families, indigent indigenous peoples, and other vulnerable groups	As applicable: <ul style="list-style-type: none"> ▪ Certification from barangay or from the P/M/CSWDO ▪ Certificate from NCIP or the tribal chieftain/council of elders that the beneficiaries are IPs and are on subsistence economy
Workers in the informal workers, and self-employed	As applicable: <ul style="list-style-type: none"> ▪ Driver's license; ▪ TODA ID; ▪ Certification of membership from the organization/association; ▪ Certificate of Public Convenience; ▪ Certification from the barangay/municipality (for TODA only); ▪ Employment ID; ▪ Kasambahay ID; ▪ Certificate of employment, separation from or suspension of work from the employer; ▪ Proof of business; ▪ Any other document showing employment/occupation/enterprise
Employers	Establishment report and company payroll
Rice farmers	<ul style="list-style-type: none"> ▪ RSBSA enrollment stub (for cash assistance) ▪ Notice of cash grant (for cash assistance) ▪ Loan application (for SURE aid) ▪ Any government-issued ID with picture ▪ Duly accomplished simplified promissory note
Service-conduit borrower	Pre-release: <ul style="list-style-type: none"> ▪ Loan application ▪ List of eligible rice farmers ▪ Board resolution for financial assistance and designating at least two authorized signatories to execute loan documents with identified government financial institution ▪ Standard promissory note ▪ Authority to debit deposit account

Beneficiary	Specific Documentary Requirements
	Post-release: <ul style="list-style-type: none"> ▪ Liquidation report on the disbursed loans ▪ Deed of assignment of sub-promissory notes
Funeral support for COVID-19 related deaths	Death certificate; and certificate of indigency

Source: DSWD Memorandum Circular No. 04, s. 2020; DILG-DBM-DOLE-DSWD-DA-DTI-DOF Joint Memorandum Circular No. 1, Series of 2020

Each barangay shall identify and list all qualified family-beneficiaries within their jurisdiction based on the eligibility requirements for each emergency assistance program. Social Amelioration Card (SAC) forms were to be distributed to each household in the barangay. This form shall serve as a mechanism for both the barangay and the various government agencies providing emergency assistance to identify and profile all the beneficiaries of any of the social amelioration programs. This will also help ensure that there will be no duplication of assistance provided to a single family.

While the targets and implementation guidelines are well detailed in various government issuances and other circulars from the implementing agencies, the distribution of emergency assistance has experienced various issues.

Although the IATF-EID has approved the Joint Memorandum Circular No. 1, which details the implementation guidelines for the distribution of the SAP-ESP, as early as March 28, the actual distribution encountered a slight delay, which started on April 2. First to be given assistance, which was distributed through bank accounts, was the 3.7 million beneficiaries of the *Pantawid* program. Physical distribution started that following day.

As of November 23, a total of 17.6 million families were provided with emergency assistance during the first tranche release of SAP-ESP, which is equivalent to about 98.1% of the target. Of these, 4.3 million are also 4Ps beneficiaries, while 13.3 million are non-4Ps beneficiaries. A total of PHP 99.2 billion were disbursed for the first tranche of assistance (DSWD 2020a).

However, similar to a quota system, the number of beneficiaries were pre-allocated per LGU. This system of distribution has met numerous complaints from LGUs seeing as it was unsuccessful in capturing the actual number of individuals within their jurisdiction who are qualified for the program (Chiu 2020). This created a new category called “waitlisted beneficiaries”, which are families with eligible members as per guidelines but were not included in the first tranche of distribution.

Along the distribution of SAP-ESP, some duplicates and ineligible beneficiaries were identified, despite the implementation of the SAC. Therefore, the target for the second tranche of distribution was trimmed down to 14.3 million to account for duplication, ineligible beneficiaries, and families who voluntarily returned the cash assistance that they received. In a virtual presser on the status report of the SAP-ESP distribution, the DSWD has reported 675,933 duplicate recipients, 239,859 ineligible beneficiaries, and 58,725 families who returned their cash aids (Cudis 2020). Moreover, the trimming down of the target was also due to a shortage of waitlisted beneficiaries submitted by the local government units. The DSWD has reported that only 3.2 million waitlisted families were submitted by the LGUs, which is way below the 5 million target.

Latest report of the DSWD shows that about 14.1 million families were provided with the second tranche of emergency cash assistance. This is equivalent to 97.7% of the 14.3 million target. A total of PHP 83.8 billion was disbursed for the second tranche (DSWD 2020a).

Table 11. Summary of selected national government programs under Bayanihan 1

Program	Agency	Target beneficiary	Total allocated amount (in billion PHP)	Number of target beneficiaries
SAP-ESP	DSWD	Low income households	1 st tranche: 101.5 2 nd tranche: 83.5	1 st tranche: 17,946,554 2 nd tranche: 14,117,957
CAMP	DOLE	Formal sector workers	3.2	657,201
CAMP - AKAP	DOLE	OFWs	2.5	250,000
TUPAD #BKBK	DOLE	Informal sector workers	1.2	337,198
Expanded SURE Aid and Recovery Project	DA-ACPC	Marginal small farmers and fishers (MSFF) and Agri-fishery based MSEs	2.5	40,150
Financial Subsidy to Rice Farmers	DA	Rice farmers	3	591,246
SBWS	SSS/DOF	Formal sector workers	51	1 st tranche: 3.09M 2 nd tranche: 3.05M

Source: Report to the Joint Congressional Oversight Committee

In addition to these issues, distribution also encountered major delays. While the law and issued guidelines mandate that the SAP-ESP was set to cover the months of April and May, both the first and second tranche distribution have yet to finish as of November 2020. This delay defeats the purpose of the emergency cash assistance which is to temporarily provide relief from the impacts of the pandemic, particularly during the earlier stages of the community quarantine where the impact is most felt.

DSWD field offices cited the following issues that contributed to the delay: (1) some LGUs persistently requested adjustments in the list of beneficiaries, to increase the number of beneficiaries and/or to include a number of sectors; (2) encountered problems with LGUs wherein some would refuse to help in the distribution of the SAP; (3) DSWD and LGU personnel experienced threats and harassment from constituents, and; (4) exposure to COVID cases among staff and personnel including those in the community (Report to the Joint Congressional Oversight Committee, June 22).

5. Moving forward

The poverty simulations suggest that the COVID-19 pandemic will increase the number of poor. Social safety nets implemented by the government, in coordination with national and local government agencies, will therefore help the families cope with the effects of COVID-19 and smoothen their consumption particularly during the initial stages of the national lockdown, albeit temporarily. Since these emergency assistance programs are only temporary, other measures such as wage subsidies or low-interest loans are needed to enable those who lost their

jobs or closed their businesses to bounce back from the crisis. If they do not recover quickly, the new poor can become part of the chronic poor. The new poor may also adopt coping mechanisms that may have adverse impact on other dimensions of welfare. For instance, some of the new poor may withdraw their children from school and this would have longer-term implications on the welfare of the household. Therefore, it is important to ensure that the recovery process for the economy is inclusive.

Although availability of funding is especially significant, other factors such as leadership and data-driven decision-making is necessary in moving ideas forward and executing effective local programs and assistance. While emergency assistance programs implemented have provided temporary relief to affected individuals, there is a need for decisionmakers to think about the long-term impacts of the pandemic, including chronic poverty, school drop-outs, and other non-COVID health concerns.

Moving forward from the current crisis, a universal health insurance with greater benefits, including testing and vaccination, will help in future health-related public emergencies. Being one of the building blocks of a health system, having stronger health financing is a step towards greater healthcare access, leading to an improved health status and financial protection, which is particularly important in the face of hazards. Moreover, as the country is commonly burdened with various disasters, it is important for government to think of more sustainable, sufficient and efficient response and recovery packages. The government must establish stronger infrastructure so that response to future shocks and hazards of any nature will be done more efficiently. Establishing interoperable databases across all government departments and agencies will help in identifying and targeting potential beneficiaries easier and more accurately. Current databases of all agencies providing support programs may be utilized to create a consolidated database. Lastly, expanding, modifying or improving current assistance programs with established implementation processes might be a more efficient approach rather than creating new programs and laying out new mechanisms for implementation.

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