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## **THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON POVERTY IN THE PHILIPPINES**

**Celia Reyes, Alellie Sobreviñas and Jeremy de Jesus**

### **ABSTRACT**

The recent global financial and economic crisis which started in the United States and expanded to other developed countries has, to some extent, affected developing countries as well. Given the vulnerability of most developing countries, it is important to monitor the impact of this global crisis on poverty. This study, therefore, aims to assess the impact of the crisis on poverty in the Philippines. The result of this study would serve as inputs to policymakers in prioritizing mitigating measures that would address the impact of the crisis.

In this study, monitoring is done primarily through the conduct of CBMS surveys in selected sentinel sites. Household- and community-level data were collected to capture the different dimensions of poverty. In addition to the CBMS core indicators, specific indicators (including the outcome and impact indicators) were monitored to determine the impact of the global crisis. These indicators were identified based on the relevant key transmission channels for the Philippines including overseas employment and remittances, and local employment.

Thirteen (13) barangays all over the Philippines were selected to serve as poverty observatories or sentinel sites for monitoring the impact of the global crisis. Selection of these sites was also based on the relevant transmission channels for the Philippines. Results reveal that although the impact of the crisis is generally minimal, the crisis has affected some specific sectors in the economy and with varying degrees. For instance, workers in the manufacturing sector are most likely to be displaced or could experience reduction in wage or number of working hours. Households who largely depend on remittances as a source of income could also be adversely affected when remittances decline.

In response to the crisis, the affected households adopted various coping strategies, some of which may be detrimental in the long-run. There are also discernable differences in the way poor and non-poor households cope with the crisis. The government also implemented several interventions to mitigate the impact of the crisis on these affected sectors and groups of households. However, results reveal the recurring problem on program targeting. This is where CBMS data can be useful. In terms of monitoring the impacts of economic shocks (such as the recent global crisis), CBMS data can be used in enriching information in terms of identifying who will be affected. CBMS data can also be used to validate the macro level data, including the results from other sources and vice versa. Indeed, results from CBMS survey can be used as basis for doing simulations at the national level.

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# **THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON POVERTY IN THE PHILIPPINES<sup>1</sup>**

**Celia Reyes, Alellie Sobreviñas and Jeremy de Jesus<sup>2</sup>**

## **1. INTRODUCTION**

The recent global financial and economic crisis which started in 2007 in the United States and expanded to other developed countries has, to some extent, affected developing countries as well. In particular, developing countries could be affected by the financial crisis in two possible ways: 1) financial contagion and spillovers for stock and bond markets in emerging markets; and 2) economic downturn in developed countries. Economic downturn in developed countries may have significant impact on developing countries through the following channels: a) trade and trade prices; b) remittances, c) foreign direct investment and equity investment; d) commercial lending; e) aid; and f) other official flows. Although the economic impact of the global financial crisis would vary across different countries, it is expected that, in general, there would be further pressures on current accounts and balance of payment. The crisis could also result in weaker export revenues, lower investment and GDP growth rates and loss of employment. In terms of social impact, the lower growth would translate into higher poverty and even slower progress toward the Millennium Development Goals (MDGs) (Velde, 2008).

Since some of the Philippines' major trading partners, including the United States, Japan, Taiwan, and HongKong<sup>3</sup> have experienced a recession during the crisis period, it is possible that the country may be affected through reduction in demand for our exports to these countries. It is important to note that the Philippines' exports accounted for about 46.7 percent of the country's total GDP in 2008. Characterized by heavy dependence on exports for growth, the Philippines may be considered vulnerable to external demand shocks. During the economic crisis, it is expected that income transfers from workers employed in affected countries would be reduced. Since the Philippines also relies substantially on overseas deployment of workers, the economic slowdown in affected countries could lead to a decline in their demand for foreign workers in order to protect their domestic labor.

Since the Philippines may be one of the vulnerable countries, it is deemed important to determine the potential impact of this global crisis on poverty. This study, therefore, aims to assess the impact of the crisis on poverty in the Philippines. In particular, the study aims to determine which sectors of the economy are affected by the crisis. The study also looks at the different coping mechanisms adopted by the households, as well as the programs implemented by the government, in response to the crisis. The result of this study would serve as inputs to policymakers in prioritizing mitigating measures that would address the impact of the crisis on poverty. It could help in identifying and designing the necessary social protection programs, as well as in refining program targeting, and in addressing the incidence as well as stimulus of the taxes and expenditures. The need for improved social protection programs had already become clear in the course of the food and energy price rises just preceding the financial crisis and global slowdown.

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<sup>1</sup> Paper to be presented during the PEP Policy Conference in Dakar, Senegal on 15 June 2010.

<sup>2</sup> Director, Research Associate and Research Assistant, respectively, of the CBMS Philippines Team. The authors are grateful to Steffie Joi Calubayan for her excellent research assistance.

<sup>3</sup> Annex A presents a list of the Philippines' major trading partners and their economic situation during the period of the crisis.

## 2. REVIEW OF RELATED LITERATURE

The global financial and economic crisis which started in the developed countries may impact on developing countries through several transmission channels, including the following: a) trade and trade prices; b) remittances, c) foreign direct investment and equity investment; d) commercial lending; e) aid; and f) other official flows. Countries which may be more vulnerable to the crisis are those with rapid labor force growth and those whose growth depends greatly on exports to the United States and the European Union.

According to Zaman (2008), the most vulnerable countries to the crisis are those emerging economies which rely heavily on external borrowing and other capital inflows for their economic growth (i.e., remittances). Countries depending more on external consumption will suffer more if their exports are going predominantly to trading partners affected by the crisis. Countries where growth comes from higher oil prices are also vulnerable. Those which are heavily indebted should expect to see their debt financing cost increase making debt payment more difficult.

Bashkaran, M. and Ghosh, R. (2010) identified several key transmission mechanisms that link Asian economies (including the Philippines) to the G3 economies (US, Japan and EU). They grouped the transmission channels into two phases as follows: 1) immediate impacts; and 2) lagged/indirect impacts. Mechanisms under the immediate impact include portfolio capital flows, credit extension, trade financing, trade, oil/gas prices and commodity prices. Meanwhile, under the second phase, the following transmission mechanisms were identified: 1) financial stresses; 2) trade sector impact; 3) tourism; 4) foreign direct investment; 5) exchange rate changes; 6) protectionism; 7) real estate market dynamics; 8) fiscal dynamics; 9) domestic financial stresses; 10) remittances from urban to rural households within Asian economies; 11) corporate sector responses; and 12) deflationary process. They mentioned that the fate of Asian economies remains heavily affected by what happens in developed countries which makes it difficult to argue for meaningful decoupling in the overall sense.

As in the previous crises, a dramatic increase in unemployment is expected as a result of the global crisis. UNESCAP's (2009) preliminary estimates also indicated that unemployment in Asia-Pacific could increase by 7 to 23 million workers. According to the International Labour Office (ILO, 2010), the number of unemployed worldwide was about 212 million in 2009 as it increased by 34 million as compared to 2007 figures.

The micro-simulation study conducted by Habib, B., et.al. (2010) also showed that the global crisis has increased both the level and the depth of aggregate poverty. In particular, their estimate for 2009 revealed that headcount rate would increase by 1.45 percent in 2009 and 2.07 in 2010. Meanwhile, poverty gap and severity of poverty will slightly increase by 0.71 and 0.1 percent, respectively, in 2009. A higher increase is estimated for 2010 with poverty gap and severity of poverty to increase by 1.02 and 0.59, respectively. They also found out that those at the middle of the income distribution experienced relatively larger income shocks.

Using pre-crisis household data and aggregate outcomes in Eastern and Central Europe, the former Soviet Union and Turkey, Tiongson, et.al (2010) estimated that the crisis threatens the welfare of more than 160 million people who are poor or are just above the poverty line in these countries. Simulating the impact of the crisis on households through credit markers, price shocks and income shocks, they estimated that by 2010, some 11 million more people in the region will become poor and more than 23 million additional people will be just above the poverty line due to the crisis.

Son and San Andres (2009) study revealed that the crisis has a relatively small impact on the economic growth and employment in the Philippines. There was also no apparent shift in employment from industry to either service or agriculture sector although a significant increase (i.e., 2.6%) in agricultural employment was reported in the second quarter of 2009. They also estimated that without the crisis, they could have experienced earned additional 420,000 jobs in the fourth quarter of 2008 and an additional 530,000 jobs during the first quarter of 2009. Their study also confirmed that the crisis did not have significant impact on the type of employment in the country. Although a shift toward unpaid family work due to the crisis was recorded, this was statistically insignificant. Among the major sectors, the employment in the industrial sector (which can be considered formal sector) fell.

The food and fuel crisis in 2008 have also caused an increase in poverty incidence. Reyes, C., Sobreviñas, A. and de Jesus, J. (2008) estimated that the simultaneous increase in the prices of rice and fuel would increase poverty incidence by about 2 to 2.5 percentage points. This would mean that about 1.8 to 2.2 million people would be forced to fall the poverty threshold as a result of the food and fuel crisis. Poverty gap and severity of poverty also worsen as a result of the crisis. The lingering effects of the food and fuel crisis may have also caused some households to continue to adopt some coping strategies.

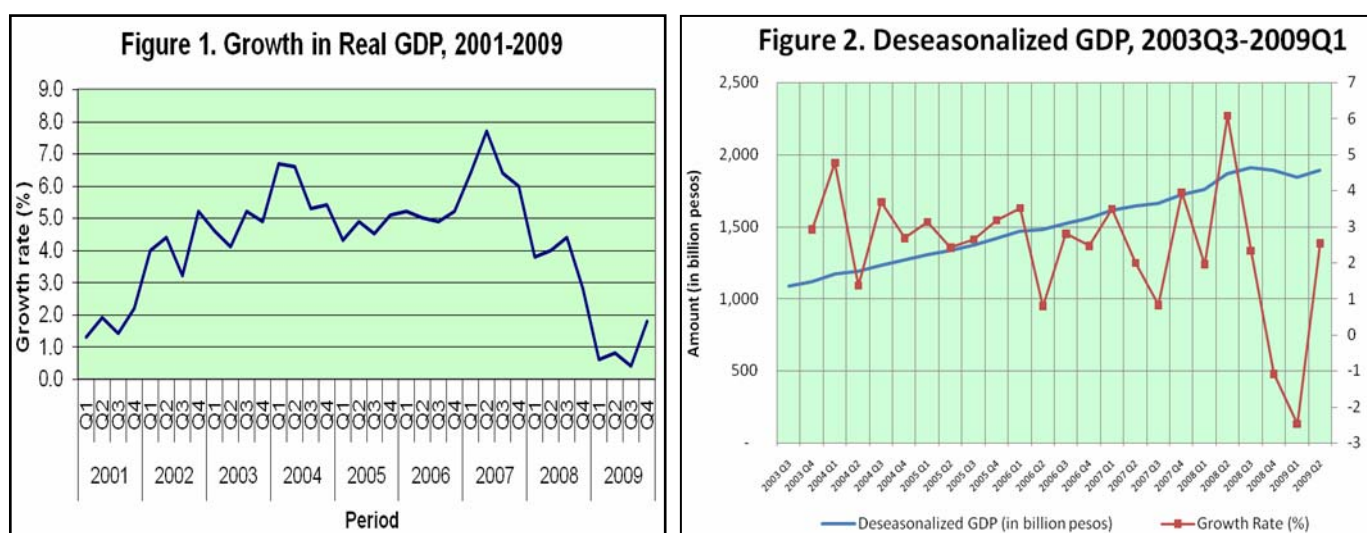
Brahmbhatt et. al, (2008), Fukuda-Parr (2008), and Ravallion (2008) had also listed some coping strategies adopted by households in times of crisis most of which according to the authors have negative consequences on well-being of individuals and households and counter-productive in the long-run. According to the reports in order for households to mitigate the impact of macroeconomic shocks to income, they sell key productive assets like livestock or household inventories and reduce food consumption which may lead to weight loss and malnutrition for young children. Besides being harmful for household's welfare, some of these coping strategies are gender-biased. The most glaring example is parents pulling their children from school with a much higher chance of withdrawing girls than boys. Brahmbhatt et. al, (2008) also mentioned that plenty of evidence suggests an increase in gender disparities in food consumption during shortages. Fukuda-Parr (2008) also pointed out households send out children and the elderly to work to augment the family's income. This would mean that in times of crisis, the poor and other vulnerable groups (including women, children and the elderly) are generally the most at risk. The poor generally have limited resources that could absorb some of the impact of the shocks.



### 3. MACRO IMPACTS OF THE GLOBAL CRISIS

The impact of the global crisis<sup>4</sup>, though minimal, has been felt in various sectors of the economy. Given the nature of the Philippine economy, the following presents some background on the Philippine economy and discusses how the country has been affected by the crisis at the macro level.

**Slower economic growth.** In terms of economic growth, the Philippines posted an annual rate of 3.8 percent in 2008 which is down from 2007's 31-year high of 7.1 percent (Figure 1). In 2009, the country posted a relatively lower GDP growth at an annual growth of 0.9 percent. In fact, the country posted a GDP growth of less than 1.0 percent for each of the first three quarters in 2009 (0.6%, 0.8% and 0.4%, respectively) although a little bit higher during the fourth quarter at 1.77 percent. Note that the 2009 figures are still lower than the revised official government target of 0.8 to 1.8 percent for the year. Growth targets for the Philippines have been trimmed down due to potentially lower exports and foreign direct investments, among others. The deseasonalized GDP also confirmed that the economy was somewhat affected given the slow growth in GDP since the fourth quarter of 2008 (Figure 2).



Source: National Statistical Coordination Board (NSCB)

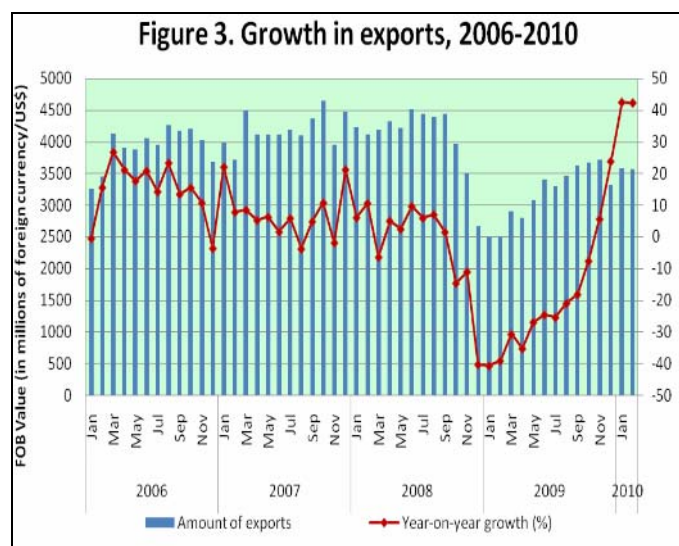
**Decline in total exports.** The United States, where the crisis started, is one of the Philippines' major trading partners even before the global crisis. In fact about 17.1 percent of the Philippines' export income in 2007 is accounted for by the United States (Table 1). The country's total exports to the United States, however, started to decline since 2007 and with a significant decrease of 17.4 percent in 2009. Given the fact that the Philippines' exports accounted for a huge proportion of its total GDP, a reduction in the demand for exports in developed countries (particularly electronics and components which is the country's major export product accounting for more than half of the country's total exports), may have also affected domestic labor demand. The share of exports to total GDP declined by 2.8 percentage points and 6.9 percentage points in 2008 and 2009, respectively. The country experienced a negative year-on-year growth in exports starting October 2008 until October 2009 which can be attributed largely to the lower demand from advanced economies (Figure 3). During the period, the largest decline was recorded in January 2009 at 40.6 percent. Positive growth was, however, reported starting November 2009 (5.7%) until February 2010 (42.3%).

<sup>4</sup> Annex B presents some relevant articles on the impact of the global financial and economic crisis.

**Table 1. Total Philippine exports, 2007-2009**

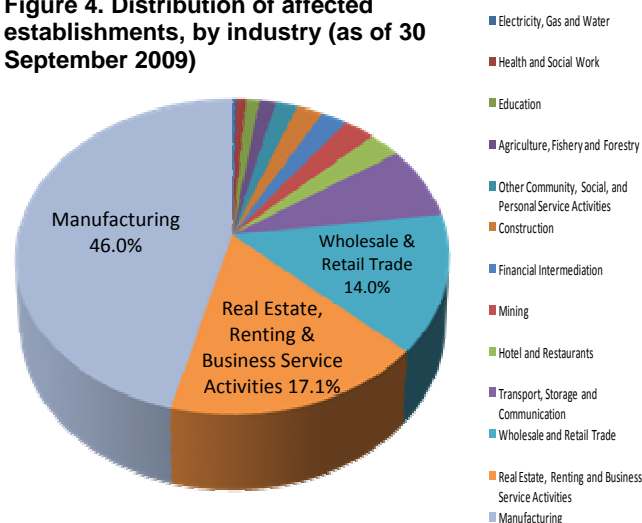
Year	2007	2008	2009
Total exports (F.O.B value, in million dollars)	42,509	40,975	32,172
Share to GDP (%)	49.5	46.7	39.8
<b>Exports to US</b>			
Amount (F.O.B value, in million dollars)	8,587	8,205	6,779
Share to Total exports (%)	17.1	16.7	17.7
Growth Rate (%)	-0.2	-4.5	-17.4

Source: NSCB



Source: National Statistics Office (NSO)

**Figure 4. Distribution of affected establishments, by industry (as of 30 September 2009)**



**Manufacturing sector suffers during the crisis.** During the period October 2008 to 30 November 2009, a total of 1,833 establishments were affected by the crisis (Table 2). These establishments either displaced some workers or implemented flexible work arrangements. These establishments represent 5.4 percent of the total establishments covered in the report<sup>5</sup> of the Bureau of Labor and Employment Statistics (BLES). It is important to note that the 843 establishments in the manufacturing sector were affected out of the total of 1,833 affected establishments. This represents about 10.3 percent of all establishments covered in the report. Most of the affected industries in the manufacturing sector are those involved in electronics. In fact, more than half of the electronics establishments included in the report were affected by the crisis. Looking at the distribution by industry, it is clear that among all affected establishments, the manufacturing sector recorded the highest proportion of affected establishments at 46.0 percent (Figure 4). This is followed by the Real Estate, Renting and Business Service Activities at 17.1 percent. Among all industries, it seems that establishments involved in the business related to electricity, gas and water industry are not significantly affected with only 0.3 percent of all the establishments covered.

<sup>5</sup> The data included in the report are sourced from the Establishment Employment Reports submitted by employers to the Department of Labor and Employment (DOLE) Regional Offices. Establishments of all sizes are required to submit a report on termination to DOLE one month prior to the date of actual retrenchment.

**Table 2. Affected establishments and workers, by industry (as of 30 November 2009)**

Industry	Establishments Affected	Total Establishments <sup>1</sup>	Establishments Affected as % of Total
<b>All Industries</b>	<b>1,833</b>	<b>34,153</b>	<b>5.4</b>
Agriculture, Fishery and Forestry	26	2,125	1.2
Mining	49	74	66.2
Manufacturing	843	8,192	10.3
<i>Electronics</i>	149	291	51.2
<i>Garments</i>	78	975	8.0
<i>Metal Components</i>	21	300	7.0
<i>Textile</i>	33	346	9.5
<i>Paper and Paper Products</i>	6	237	2.5
<i>Electrical Machinery and Apparatus</i>	31	208	14.9
<i>Rubber and Plastic Products</i>	43	559	7.7
<i>Wood and Wood Products</i>	21	252	8.3
<i>Mfg. of Motor Vehicles, Trailers &amp; Semi-Trailers</i>	20	148	13.5
<i>Mfg. &amp; repair of Furniture</i>	111	407	27.3
<i>Other Manufacturing</i>	330	4,469	7.4
Electricity, Gas and Water	6	607	1.0
Construction	41	909	4.5
Wholesale and Retail Trade	257	7,325	3.5
Hotel and Restaurants	50	3,954	1.3
Transport, Storage and Communication	137	1,839	7.4
Financial Intermediation	41	1,430	2.9
Real Estate, Renting and Business Service Activities	313	3,166	9.9
Education	21	2,828	0.7
Health and Social Work	15	743	2.0
Other Community, Social, and Personal Service Activities	34	961	3.5

<sup>1</sup> Data from the 2008 BLES Sampling Frame, which covers establishments with 20 or more workers

Source: Bureau of Employment and Labor Statistics, Department of Labor and Employment

**Displacement of workers and implementation of flexible work arrangements.** Data from the BLES also estimated that there are 213,420 workers in the Philippines who were affected by the global crisis (Table 3) during the period October 2008 to 30 November 2009. This includes workers who are either permanently displaced, temporarily laid off or with flexible work arrangements (i.e., reduction in working hours and/or working days, job rotation). These workers represent about 6.3 percent of the total number of employed<sup>6</sup>. It was reported that many employers have resorted to have flexible working arrangements in order to retain their employees instead of permanently laying them off. In fact, based on the available data, there are at least 123,761 workers had flexible working arrangements while there are at least 89,659 workers who were displaced amid the global crisis, representing 55.7 percent and 44.3 percent of the total number of affected workers, respectively. Among those who are displaced, about 57.1 percent are terminated permanently while 42.9 percent experienced temporary displacement (Figure 5). Data also showed that as of 30 November 2009, 57.9 percent of the affected workers were rehired, recalled or back to normal while 42.1 percent have not be rehired or recalled. The latter represents a total of 89,823 workers.

<sup>6</sup> Total employment data is based on the 2008 BLES Sampling Frame which covers establishments with 20 or more workers.

**Table 3. Number of affected workers in the Philippines by month, October 2008 - November 30, 2009**

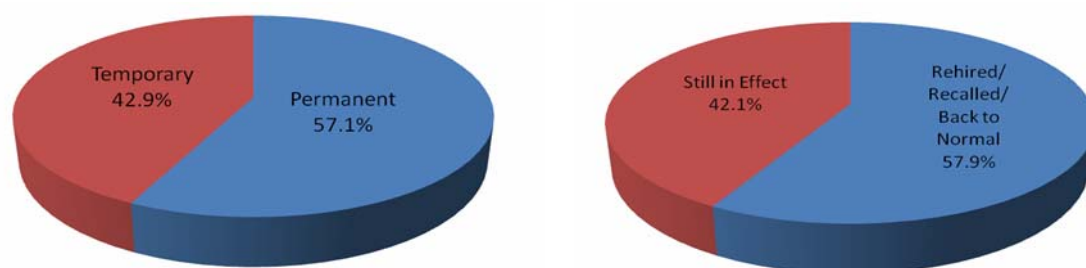
Year/Month	Total Affected	Displaced (Permanent and Temporary)	With Flexible Work Arrangements
<b>2008</b>	<b>35,586</b>	<b>24,310</b>	<b>11,276</b>
October	7,188	4,224	2,964
November	13,101	9,448	3,653
December	15,297	10,638	4,659
<b>2009</b>	<b>152,440</b>	<b>58,190</b>	<b>94,250</b>
January	41,211	13,348	27,863
February	31,087	9,575	21,512
March	32,877	17,802 <sup>a</sup>	15,075
April	12,827	4,016	8,811
May	9,743	2,523	7,220
June	9,660	2,716	6,944
July	10,747 <sup>b</sup>	4,759	5,988
August	2,943	2,143	800
September	587	579	8
October	625	596	29
November	133	133	
<b>No Effectivity Date</b>	<b>25,394</b>	<b>7,159</b>	<b>18,235</b>
<b>TOTAL</b>			
<b>Magnitude</b>	<b>213,420</b>	<b>89,659</b>	<b>123,761</b>
<b>Proportion (%)</b>		<b>44.3</b>	<b>55.7</b>

<sup>a</sup> Upsurge due to inclusion of late reports from DOLE ROs IVA and VII.

<sup>b</sup> Upsurge due to inclusion of late reports from DOLE RO III.

Source: Establishment Employment Reports submitted by employers to DOLE Regional Offices, Bureau of Labor and Employment Statistics

**Figure 5. Distribution of displaced workers due to the global crisis by status as of November 30, 2009**



Source: CBMS Survey 2009

Based on the available data from BLES, the affected establishments are mostly located in the National Capital Region (NCR), Central Visayas (Region VII) and Calabarzon (Region IVA) with 887, 360 and 304 affected establishments, respectively (Table 4). However, in terms of number of affected workers, Calabarzon, located in the south of NCR and with one of the highest concentration of export zones and industrial estates in the country, reported the highest number at 71,580, followed by Central Visayas (53,083) and NCR (39,410). Most of the workers had flexible work arrangements which were implemented by their respective employers during the crisis period.

**Table 4. Distribution of affected establishments and workers, by region, October 2008- 30 November 2009**

Region	Establishments Affected	Total Affected	Workers Displaced			Flexible Work Arrangements
			Total	Permanent	Temporary	
<b>ALL REGIONS</b>	<b>1,833</b>	<b>213,420</b>	<b>89,659</b>	<b>51,162</b>	<b>38,497</b>	<b>123,761</b>
NCR	887	39,410	15,590	12,224	3,366	23,820
CAR	16	2,654	976	976	-	1,678
Region I	1	14	14	-	14	0
Region II	1	304	304	304	-	0
Region III	120	32,313	9,329	4,894	4,435	22,984
Region IVA	304	71,580	33,539	23,890	9,649	38,041
Region IVB	10	1,262	1,262	1,262	-	0
Region V	18	797	644	606	38	153
Region VI	23	651	591	591	-	60
Region VII	360	53,083	20,900	5,311	15,589	32,183
Region VIII	2	74	-	-	-	74
Region IX	16	1,843	879	79	800	964
Region X	16	1,833	1,369	68	1,301	464
Region XI	3	379	179	-	179	200
Region XII	19	322	269	220	49	53
Caraga	37	6,901	3,814	737	3,077	3,087

Source: Establishment Employment Reports submitted by employers to DOLE Regional Offices; Bureau of Labor and Employment Statistics, DOLE

A majority of the affected workers in all sectors experienced flexible work arrangements. In fact, there were 123,761 workers who reported to have flexible work arrangements with their employers while there were about 89,659 workers who were displaced either temporarily or permanently. It is important to note, however, that there are more workers who were permanently displaced (57.1%) as compared to those who were temporarily displaced (42.9%).

Data on the number of affected workers also reveal that that a majority of them are working in the manufacturing industry, particularly in the electronics sector. About 82.7 percent of the affected workers in the manufacturing sector as of 30 September 2009 were working in the manufacturing industry (Table 5). This represents a total of 176,522 workers. Moreover, electronics industry is the most affected sub-sector as revealed by the large proportion of affected workers of about 43.6 percent of the total number of affected workers in the manufacturing industry. A majority of the affected workers in the manufacturing sector had flexible work arrangements, representing about 60.2 percent.

**Increase in employment levels but only minor change in unemployment rate.** During the period 2005 to 2010, there was an increasing trend in employment levels (Figure 6). Despite the global crisis, estimates for the 3rd quarter of 2008 revealed that employment level increased by 3.8 percent as compared to the previous year's employment level. However, only minimal change in unemployment rate is recorded. Although unemployment rate increased in October 2008 as compared to October 2007, it only rose slightly from 6.3 percent to 6.8 percent.

**Table 5. Number of workers affected by the global crisis, by industry**

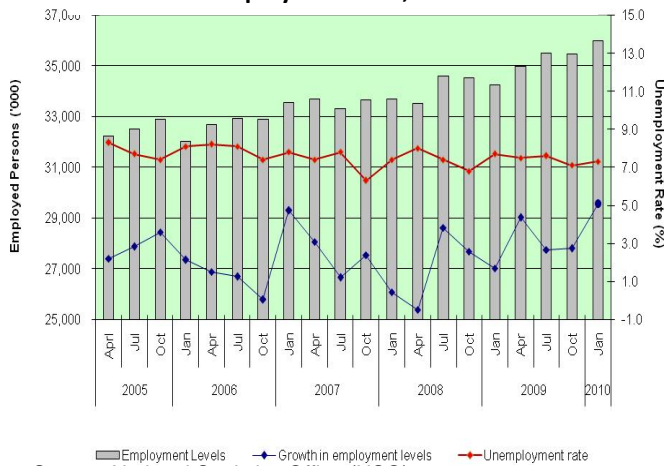
Industry	Total Workers Affected		Workers Displaced						Flexible Work Arrangements	
			Total		Permanent		Temporary			
	No.	%	No.	%	No.	%	No.	%	No.	%
All Industries	213,420		89,659		51,162		38,497		123,761	
Agri. Fishery & Forestry	909	0.4	429	0.5	147	0.3	282	0.7	480	0.4
Mining	7,158	3.4	4,697	5.2	2,292	4.5	2,405	6.2	2,461	2.0
Manufacturing	176,522	82.7	70,271	78.4	36,356	71.1	33,915	88.1	106,251	85.9
Electronics	77,026	43.6	25,790	36.7	15,223	41.9	10,567	31.2	51,236	48.2
Garments	24,712	14.0	12,968	18.5	5,303	14.6	7,665	22.6	11,744	11.1
Metal Components	8,684	4.9	4,144	5.9	3,510	9.7	634	1.9	4,540	4.3
Textile	3,288	1.9	2,521	3.6	1,766	4.9	755	2.2	767	0.7
Paper & Paper Products	540	0.3	270	0.4	242	0.7	28	0.1	270	0.3
Electrical Machinery and Apparatus	3,382	1.9	915	1.3	424	1.2	491	1.4	2,467	2.3
Rubber & Plastic Products	4,599	2.6	1,871	2.7	1,472	4.0	399	1.2	2,728	2.6
Wood & Wood Products	4,974	2.8	1,691	2.4	123	0.3	1,568	4.6	3,283	3.1
Mfg. of Motor Vehicles, Trailers & Semi-Trailers	5,976	3.4	1,853	2.6	367	1.0	1,486	4.4	4,123	3.9
Mfg. & repair of Furniture	9,353	5.3	4,331	6.2	1,790	4.9	2,541	7.5	5,022	4.7
Other Manuf.	33,988	19.3	13,917	19.8	6,136	16.9	7,781	22.9	20,071	18.9
Elec., Gas & Water	122	0.1	122	0.1	122	0.2	-	-	-	-
Construction	975	0.5	770	0.9	552	1.1	218	0.6	205	0.2
Wholesale & Retail Trade	4,744	2.2	2,348	2.6	2,058	4.0	290	0.8	2,396	1.9
Hotel & Restaurants	1,180	0.6	869	1.0	771	1.5	98	0.3	311	0.3
Transport, Storage & Communication	3,744	1.8	1,775	2.0	1,685	3.3	90	0.2	1,969	1.6
Financial Intermediation	401	0.2	377	0.4	346	0.7	31	0.1	24	0.0
Real Estate, Renting & Business Service Activities	14,424	6.8	7,359	8.2	6,238	12.2	1,121	2.9	7,065	5.7
Education	1,835	0.9	203	0.2	180	0.4	23	0.1	1,632	1.3
Health & Social Work	220	0.1	97	0.1	97	0.2	-	-	123	0.1
Other Community, Social & Pers. Service Activities	1,186	0.6	342	0.4	318	0.6	24	0.1	844	0.7

<sup>1</sup> Data from the 2008 BLES Sampling Frame, which covers establishments with 20 or more workers

Source: Bureau of Labor and Employment Statistics

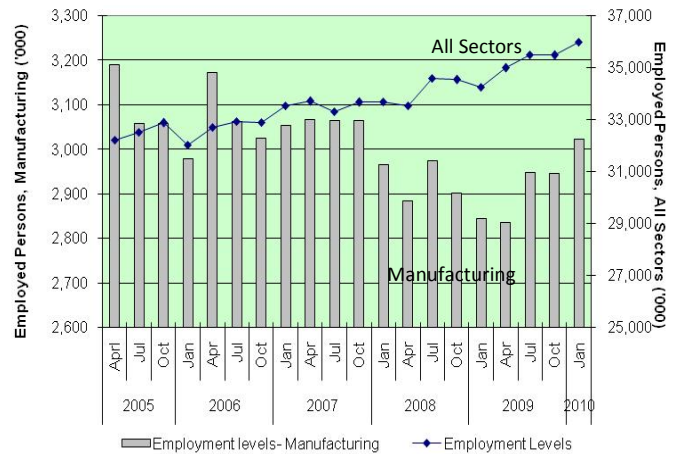


**Figure 6. Employment levels and growth and unemployment rate, 2005-2010**



Source: National Statistics Office (NSO)

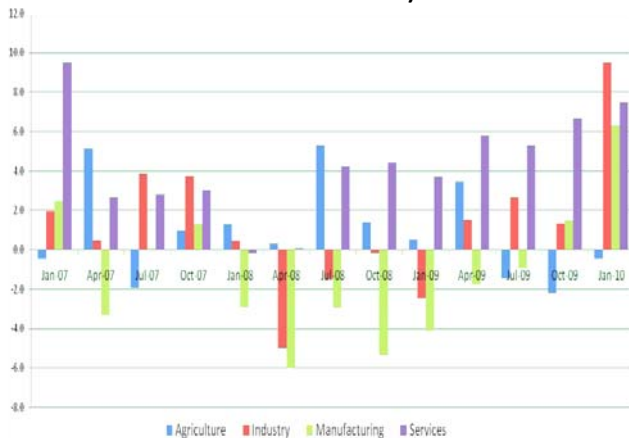
**Figure 7. Employment levels: manufacturing sector and all sectors, 2005-2010**



Source: National Statistics Office (NSO)

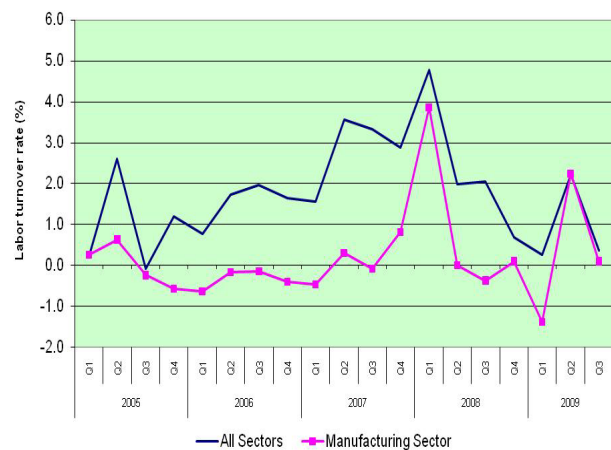
Although the total employment continued to increase, the employment levels in the manufacturing sector experienced a decline from the 4<sup>th</sup> quarter of 2008 until the 2<sup>nd</sup> quarter of 2009 (Figure 7). The reported displacement of workers during the period, particularly in the manufacturing sector, have contributed to the decrease in the employment levels. Looking at the growth in employment levels across major sectors, it can be observed that the manufacturing sector (a component of the industry sector) suffered a negative year-on-year growth from the first quarter of 2008 until the second quarter of 2009 (Figure 8).

**Figure 8. Growth in employment, by industry (Jan. 2007-Jan. 2010)**



Source: Bureau of Labor and Employment Statistics (BLES)

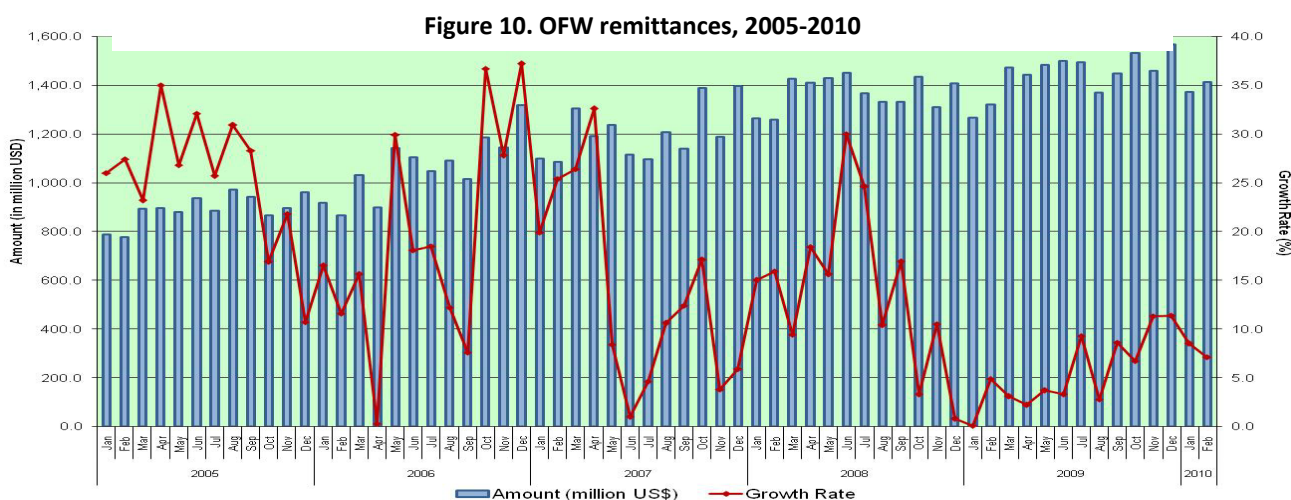
**Figure 9. Labor turnover rate, 2005-2009**



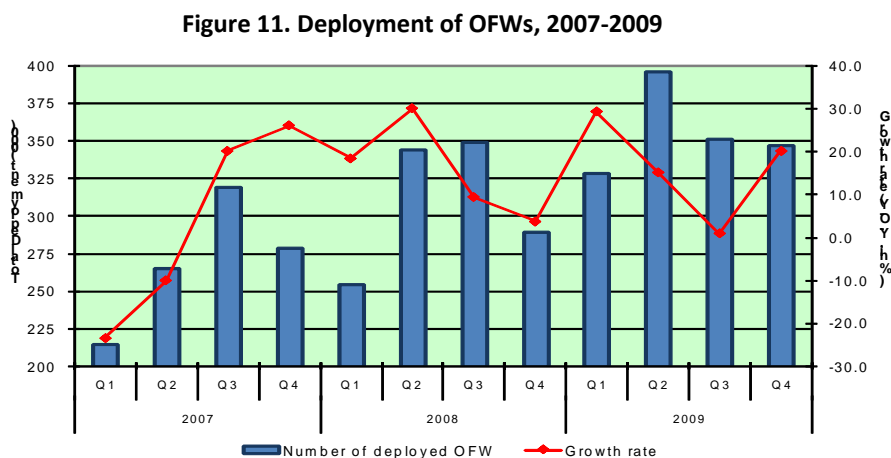
Source: National Statistics Office (NSO)

**Decline in labor turnover rates.** Employment growth, measured in terms of labor turnover rates started to decline significantly for all sectors during the second quarter of 2008 (Figure 9). However, it improved considerably to 2.2 percent in 2009 as compared to the 2008 figure of nearly zero growth rate (0.27%). It is also important to mention that the manufacturing sector recorded a negative labor turnover rate during the first quarter of 2009. This means that in the manufacturing sector, the separation rate (or terminations of employment or quits that occurred during the period) was higher than the accession rate (or the additions to employment)

**Lower growth in remittances from overseas Filipino workers (OFWs).** Based on the 2006 FIES data, about a quarter of Filipino households receive cash assistance from abroad<sup>7</sup>. The total amount of remittances adds up to as much as 10.8 percent of GDP in 2008. According to the reports of the Bangko Sentral ng Pilipinas (BSP), remittances coursed through banks grew by 5.6 percent in 2009. Although the total amount of remittances increased to about US\$17.348 billion, its average growth is lower when compared to the rate of growth in the previous years. For instance, remittances grew by 13.7 percent and 13.2 percent in 2008 and 2007, respectively. Data show that growth in remittances started to slowdown since December 2008 when a 0.8 percent growth was recorded (Figure 10). However, it seems that that the global crisis has limited impact on remittance flows as the total amount of remittances continued to increase even during the crisis period. Based on the data from the Philippine Overseas Employment Administration, deployment of OFWs also continued to increase during the period (Figure 11). In particular, a total of 1,236,013 OFWs were deployed in 2008 which is 14.7 percent higher compared to the 1,077,622 in 2007. In 2009, the total number of deployed OFWS still increased by about 15.1 percent as compared to the previous year.



Source: Bangko Sentral ng Pilipinas



Source: Philippine Overseas Employment Administration (POEA)

<sup>7</sup> Cash assistance from abroad includes the following components: 1) cash received from family members who are contract workers; 2) cash received from family members who are working abroad; 3) pensions, retirement, workmen's compensation and other benefits; 4) cash gifts, support relief from abroad; and 5) dividends from investments abroad)



**Displacement of OFWs in affected countries.** Based on POEA data, at least 6,957 displaced OFWs in 327 companies in 16 countries were affected as of 30 September 2009, most of the reported displaced workers used to work in Taiwan and United Arab Emirates (Table 6). There were at least 4,428 displaced workers in Taiwan and about 96.0 percent of them have returned to the Philippines. Most of these workers used to be employed in the manufacturing industry, including electronics, metal works and semi-conductors. There is also a significant number of affected workers in the United Arab Emirates with a record of 1,351 displaced workers who used to work in the service industry, construction industry, advertising, architecture and engineering. Other countries, including Brunei, Korea, Macau and Canada also recorded a relatively large number of displaced workers who used to work in the industries of garments, electronics, construction, hotel, oil and gas. Some of the main reasons provided for the displacement are bankruptcy of the companies, slowdown in operation and suspension of some projects. It should be noted that Taiwan, which has the most number of displaced workers based on the report, plunged into recession in as its economy contracted to a record of 8.4 percent in three months to December 2008. This figure is the biggest slump since 1961. Moreover, Singapore is reported to be the first Asian country to slip into recession since the credit crisis began.

**Table 6. Number of OFWs displaced by the global crisis by country and industry ( as of 30 September 2009)**

Country	No. of Affected Companies	No. Of Displaced Workers		Industry	Reason
		Total	Returned to the Phils.		
Taiwan	93	4,428	4,251	Electronic, metal works, semi-conductor	Bankruptcy and retrenchment
UAE <sup>1</sup>	53	1,357	NR	Service; construction; advertising; architecture; engineering	Operation slowdown; redundancy
Brunei	7	245	NR	Garments	Restructuring
Korea	135	227	6	Electronics	Laid-off/decided to go home
Macau <sup>2</sup>	15	195	126	Construction; hotel	Suspension of construction projects; cost cutting in operational cost
Canada	1	180	NR	Oil and gas	Retrenchment
Australia	2	81	50	Shipbuilding; construction	Redundancy
Saudi Arabia	3	74	2	Construction	Workforce reduction
Greece	5	47	NR	Service; Cruise Vessel	Retrenchment
Malaysia	4	32	25	Garments	Retrenchment
UK	4	20	16	Electrical/telecom	Reduction in workload
Russia <sup>3</sup>	1	19	NR	Building construction	Suspension of construction project
Singapore <sup>3</sup>	1	19	19	Metal work	Retrenchment
Japan	1	14	NR	Information Technology	Retrenchment
Poland <sup>3</sup>	1	11	NR	Metalwork	Retrenchment
Qatar <sup>3</sup>	1	8	NR	Various (e.g., construction, engineering)	Retrenchment
<b>Total</b>	<b>327</b>	<b>6,957</b>	<b>4,495</b>		

<sup>1</sup> Based on report of Mission Team NR- no report

<sup>2</sup> Forty (40) hotel workers were promised to be rehired in company's project in Singapore

<sup>3</sup> Based on recruitment agency report

Source: Philippine Overseas Employment Administration

#### 4. SIMULATION OF THE POTENTIAL IMPACT OF THE CRISIS AT THE NATIONAL LEVEL

As mentioned earlier, the impact of the global financial and economic crisis may have channeled through remittances and domestic employment. This section attempts to simulate the potential impact of the lower growth in remittances received by households. In addition, a separate simulation was conducted to determine the impact of wage reduction among household heads who were working in the manufacturing sector. The simulation exercises aim to capture only the direct impact on households which passes through the two transmission channels mentioned above.

##### 4.1 Impact through Remittance

Based on the data from BSP, remittances grew by only 5.6 percent in 2009 as compared with the 13.2 percent and 13.7 percent growth in 2007 and 2008, respectively (Table 7). The actual growth in remittances is used in estimating the baseline scenario. On the other hand, the counterfactual scenario assumes remittance growth of 13.7 percent in 2009 (i.e., same as in previous year).

**Table 7. Amount and growth in remittances and GDP in the Philippines, 2006-2009**

Year	Total Remittance		Gross Domestic Product	
	Amount (P)	Growth Rate (%)	Amount (P)	Growth Rate (%)
2006	12,761,308		6,031,164	
2007	14,449,928	13.2	6,647,338	10.22
2008	16,426,854	13.7	7,423,213	11.67
2009	17,348,052	5.6	7,669,144	3.31

Source: Bangko Sentral ng Pilipinas (BSP) and National Statistical and Coordination Board (NSCB)

Based on the simulation results, it seems that the slower growth in remittance have a minimal impact on households in the Philippines, in general. Results show that poverty incidence could have declined by 0.14 percent if the growth in remittances was maintained at 13.7 percent in 2009 (Table 8). This could translate to more or less 120,000 affected population (under the medium assumption for population) or about 25,000 households. Furthermore, the slower growth in remittances leads to a minimal increase in poverty gap and severity of poverty by 0.06 percent and 0.05 percent, respectively.

**Table 8. Results of counterfactual simulation: Slower growth in remittance**

Change in poor population	~120,000
Change in poverty incidence	0.14
Change in poverty gap index	0.06
Change in poverty severity index	0.05

Source: Authors' calculations

## 4.2 Impact through Domestic Employment: Wage Reduction

As discussed earlier, the global crisis may have affected the manufacturing sector more as shown by the relatively large proportion of establishments and workers who were affected by the crisis either by displacement or by having flexible work arrangements. Based on the CBMS survey covering the 13 sentinel sites, workers who experienced wage reduction during the crisis period had an average of 35.2 percent decrease in their wages or salaries. The CBMS data shows that about 1.1 percent of the total labor force could be affected by the global crisis through wage reduction.

Furthermore, based on the CBMS data for the 13 sites, about 2.7 percent of the households with at wage earners or salaried workers had at least one member who experienced wage reduction. This simulation exercise, therefore, looks at how the 35.2 percent decrease in wages/salaries could have directly affected the poverty situation. This was done by selecting a random sample (2.7%) of all households with income from salaries or wages.

Based on the results of the simulation, wage reduction could lead to an increase in poverty incidence by about 0.22 percent (Table 9). This could translate to approximately 201,000 population or around 40,200 households (under the medium assumption for population). Furthermore, poverty gap and severity could slightly worsen as shown by the increase in these poverty indices by 0.08 percent and 0.01 percent, respectively. It is important to note that this simulation captures only the direct impact of wage reduction and not the indirect effects that may pass through other channels. Other households may even be affected through the domestic employment channel in terms of having flexible work arrangements.

**Table 9. Results of counterfactual simulation: Wage reduction**

Indicator	Among All Households	Among Households with income from wages/salaries
Change in poor population	~201,000	
Change in poverty incidence	0.22	0.26
Change in poverty gap index	0.08	0.11
Change in poverty severity index	0.01	0.04

Source: Authors' calculations

Focusing only on households which rely on wages and salaries as source of income, estimates reveal that poverty incidence among them would increase by 0.26 percent. Other poverty measures also reveal worsening condition as a result of wage reduction. In fact, poverty gap index among these households could increase by 0.11 percent while severity of poverty may increase by 0.04 percent.

## 5. MICRO IMPACTS OF THE GLOBAL CRISIS

Given the objectives of the study, the impact at the household and community level was analyzed using the data on the different dimensions of poverty obtained from community-based monitoring systems being implemented in the Philippines. Based on the review of the literature and further discussions, the relevant channels by which the impact of the global crisis could affect households were identified. In the case of the Philippines, these channels include overseas employment and remittances, and local employment. Under local employment, there were two categories as follows: 1) entrepreneurial activities; 2) wage earners and salaried workers. The micro-level study, therefore, focuses only on these channels. These key transmission channels helped in the identification of the poverty observatories or sentinel sites for monitoring the impact of the crisis, as well as the additional indicators that were monitored at the household- and community levels. In addition to the existing CBMS core indicators (which are being considered as the impact indicators), specific outcome indicators were monitored to determine how households are affected by the global crisis. Indicators of coping mechanisms were also monitored to determine how households were adopting in response to the crisis.

Under this study, thirteen (13) barangays distributed all over the Philippines were selected to serve as poverty observatories or sentinel sites for monitoring the impact of the crisis (Table 10 and Figure 12). These include eight (8) sites in rural areas, four (4) sites in urban areas outside NCR and one (1) site in urban NCR. Consistent with the CBMS methodology, all households in the selected sites were included in the survey. These selected barangays under this study consist of about 4,954 households with 21,454 members. As mentioned earlier, identification of these sites was based on the relevant transmission channels for the country. Note that for this round of data collection, the reference period used is 6 months (i.e., from November 2008 to April 2009).

Aside from the CBMS Core questionnaires (*Household Profile Questionnaire* and *Barangay Profile Questionnaire*), rider questionnaires were prepared and were administered to selected sentinel sites in order to collect the additional information required for monitoring the indicators. The two new rider questionnaires that were developed are as follows: 1) *HPQ Global Crisis Rider* (CBMS Form 5); and 2) *BPQ Global Crisis Rider* (CBMS Form 6). These rider questionnaires were designed particularly to collect information on the indicators of outcome and impact of the crisis, as well as the different coping mechanisms adopted by the households in response to the crisis. Since the rider questionnaires contain additional questions, they were pre-tested in a few households and the lessons learned from the pre-test were considered in improving the data collection instruments. As part of the CBMS methodology, a follow-up survey will be conducted within the year to capture information on how households were able to recover from the crisis.

Figure 12. Map of sentinel sites

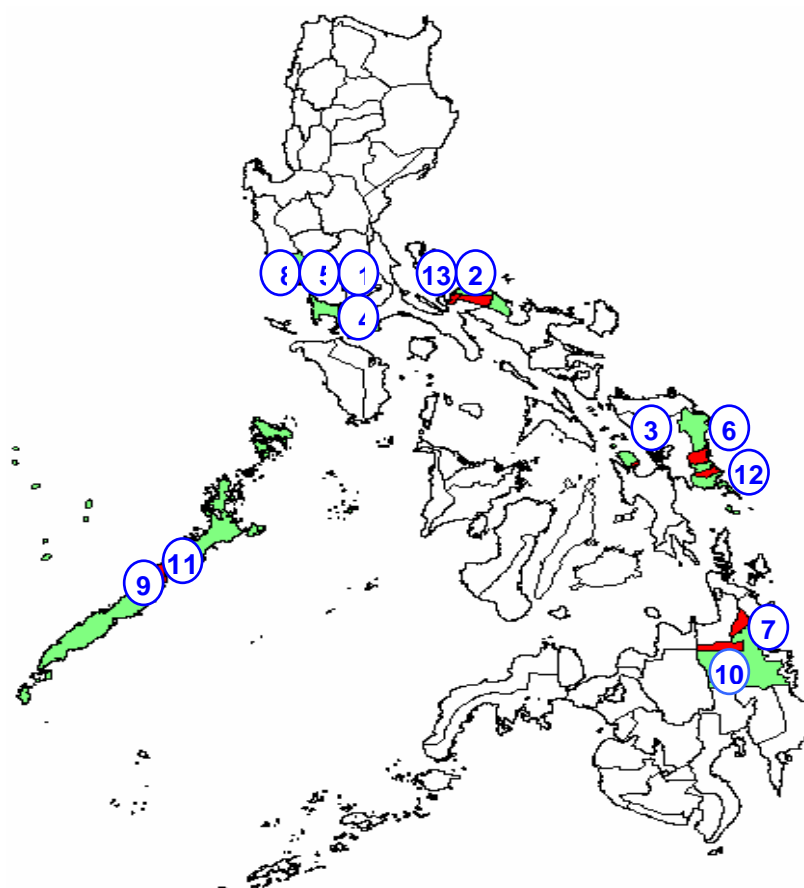


Table 10. Total number of households and total population per barangay

Barangay	Municipality/City	Province	Households		Population	
			Magnitude	Proportion	Magnitude	Proportion
Urban NCR			856	17.3	2,941	13.7
1 - 192	Pasay City	NCR-4	856	17.3	2,941	13.7
Urban Outside NCR			1,511	30.5	6,777	31.6
2 - Gumamela	Labo	Camarines Norte	432	8.7	2,060	9.6
3- Magbangon	Cabucgayan	Biliran	259	5.2	1,230	5.7
4- Poblacion III	Santo Tomas	Batangas	466	9.4	2,086	9.7
5- Villa Angeles	Orion	Bataan	354	7.1	1,401	6.5
Rural			2,587	52.2	11,736	54.7
6 - Ando	Borongan	Eastern Samar	174	3.5	892	4.2
7 - El Rio	Sibagat	Agusan del Sur	244	4.9	1,180	5.5
8 - Maligaya	Mariveles	Bataan	938	18.9	3,661	17.1
9 - Masikap	Puerto Princesa City	Palawan	227	4.6	952	4.4
10 - Piglawigan	Esperanza	Agusan del Sur	273	5.5	1,452	6.8
11 - Salvacion	Puerto Princesa City	Palawan	237	4.8	1,084	5.1
12 - San Miguel	Llorente	Eastern Samar	269	5.4	1,372	6.4
13 - San Vicente	Santa Elena	Camarines Norte	225	4.5	1,143	5.3
Total			4,954	100.0	21,454	100.0

## 5.1 Impact through Overseas Employment and Remittances

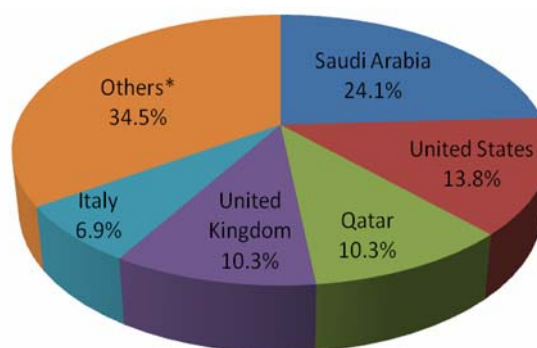
**Returning OFWs Due to Retrenchment.** As presented earlier, there were some OFWs in affected countries who were, in some way, affected by the global crisis. The CBMS data confirm that indeed there were some OFWs who were retrenched during the period November 2008 to April 2009. About 499 of the 4,954 surveyed households have at least one previous member who was working abroad which translates to about 10.1 percent of all households interviewed. Although 212 households or 42.5 percent of the respondents with OFW reported that they had an OFW who returned during the period, only 25 households (or about 11.8%) were affected through OFW retrenchment. This translates to a total of 29 OFWs who pointed to retrenchment or lay-off as the reason for the homecoming.

A large proportion of retrenched OFWs used to work in crisis-affected countries. Data for the thirteen (13) sentinel sites revealed that about 24.1 percent of OFWs who were retrenched came from Saudi Arabia, followed by the United States with 13.8 percent. Data disaggregation also revealed that most of the retrenched OFWs are male (72.4%). (Table 11 and Figure 13)

**Table 11. Distribution of retrenched OFWs, by country**      **Figure 13. Distribution of retrenched OFWs, by country**

Country	No. of retrenched OFWs
Saudi Arabia	7
United States	4
Qatar	3
United Kingdom	3
Italy	2
Others*	10
<b>Total</b>	<b>29</b>
Male	21
Female	8

\*includes Australia, Austria, Central African Republic, Israel, Japan, Kuwait, Mexico, Oman, and Singapore  
Source: CBMS Survey 2009



Source: CBMS Survey 2009

Most of the retrenched OFWs used to work in private households with employed persons. In fact, these workers represent about 20.7 percent of the retrenched OFWs (Table 12 and Figure 14). A relatively large proportion of retrenched OFWS came from health and social work (17.2%) and financial intermediation (17.2%). The manufacturing sector also recorded a relatively high percentage at 13.8% percent.

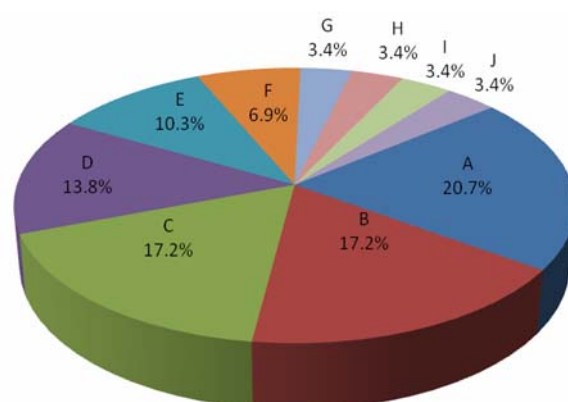
**Table 12. Retrenched OFW by industry**

B. Health and social work	5	17.2
C. Real estate, intermediation and business activity	5	17.2
D. Manufacturing	4	13.8
E. Hotel and restaurants	3	10.3
F. Transport, storage, and communication	3	10.3
A. Private households with employed person	6	20.7
<b>Total</b>	<b>29</b>	<b>100.0</b>

H. Wholesale & retail trade, repair of motor vehicles, motorcycles, and personal household goods	1	3.4
I. Other community, social and personal service activities	1	3.4
J. Construction	1	3.4
<b>Total</b>	<b>29</b>	<b>100.0</b>
Male	21	72.4
Female	8	27.6

Source: CBMS Survey 2009

**Figure 14. Retrenched OFW by industry**



Source: CBMS Survey 2009

**Wage Reduction among OFWs.** Rather than going back home to the Philippines, some OFWs agreed to wage cuts during the reference period. About 8.6 percent of the households (or 43 households) with OFW reported that their OFW experienced wage reduction during the period November 2008-April 2009. This represents 44 OFWs who experienced a reduction in wage. Some of the major reasons mentioned by the OFWs for the decrease in wage are the following: 1) reduced working hours (31.8%); 2) the firm where the OFW works is cutting costs (27.3%); and 3) the firm where the OFW works is incurring losses (13.6%).

Most of the OFWs who experienced wage reduction are working in Asian countries. A significant proportion of OFWs are, in fact, working in the Middle East. In particular, about 36.4 percent of the affected OFWs are working in Saudi Arabia. This was followed USA (9.1%) and HongKong SAR (9.1%). Disaggregation by sex reveals that male workers dominate the group of OFWs who experienced a reduction in wage or salary. (Table13)

**Table 13. OFW who experienced wage reduction, by country**

Country	Total		Male		Female	
	No.	%	No.	%	No.	%
Saudi Arabia	16	36.4	15	93.8	1	6.2
USA	4	9.1	4	100.0	0	0.0
Hong Kong SAR	4	9.1	1	25.0	3	75.0
Qatar	3	6.8	2	66.7	1	33.3
Singapore	2	4.5	2	100.0	0	0.0
Others*	11	25.0	6	54.5	5	45.5
Unspecified**	4	9.1	3	75.0	1	25.0
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>33</b>	<b>75.0</b>	<b>11</b>	<b>25.0</b>

\*includes Australia, Brazil, China, Italy, South Korea, Malaysia, Mexico, Norway, and Spain

\*\*one observation for validation

Source: CBMS Survey 2009

Most of the OFWs who experienced wage reduction are service workers and shop and market sales worker (Table 14). About 29.5 percent of affected OFWs work in this type of job. This is followed by those who work in trades and related work (13.6%), technicians and associates (13.6%), and laborers and skilled workers (13.6%). The rest works in other types of occupation. Still, male workers dominate the group of affected workers.



**Table 14. OFW who experienced wage reduction, by occupation**

Type of job	Total		Male		Female	
	No.	%	No.	%	No.	%
<b>All Occupations</b>	<b>44</b>	<b>100.0</b>	<b>33</b>	<b>75.0</b>	<b>11</b>	<b>25.0</b>
Service workers and shop and market sales worker	13	29.5	9	69.2	4	30.8
Trades and related workers	6	13.6	5	83.3	1	16.7
Technicians and associate professionals	6	13.6	5	83.3	1	16.7
Laborers and skilled workers	6	13.6	4	66.7	2	33.3
Plant and machine operators and assemblers	5	11.4	4	80.0	1	20.0
Professionals	3	6.8	2	66.7	1	33.3
Officials of government and special interest organization, corporate executives, managers, managing proprietors and supervisors	2	4.5	2	100.0	0	0.0
Farmers, forestry workers and fisherfolk	1	2.3	1	100.0	0	0.0
Special occupations	1	2.3	1	100.0	0	0.0
Unspecified	1	2.3	0	0.0	1	100.0

Source: CBMS Survey 2009

**Decline in the Amount and Frequency of Remittances Received.** As mentioned earlier, data from the BSP indicate that remittances continue to increase, although the pace slackened. Based on the CBMS data, however, not all of the households with OFW actually received remittances during the 6-month period covered by the study. In fact, about 24.2 percent of them reported that they did not receive remittance. In addition, about 12.1 percent of the households with OFW experienced reduction in amount of remittances received during the period (Table 15). An estimated 9.1 percent of all households experienced a decline in the frequency of receipt of remittances.

The largest proportion of households which experienced decline in the amount and frequency of receipt of remittance is recorded for urban NCR. About 18.3 percent of households with OFW in urban NCR experienced a decline in the amount of remittance they received during the period which is higher compared to the reported figures for households in rural and urban outside NCR amounting to 5.8 percent and 8.3 percent, respectively.



**Table 15. Households affected by the crisis through remittances**

Indicator	Total		Rural		Urban NCR		Urban Outside NCR	
	No.	%	No.	%	No.	%	No.	%
<b>Households</b>	<b>4,954</b>		<b>2,587</b>		<b>856</b>		<b>1,511</b>	
HHs with OFW	499	10.1	151	5.8	71	8.3	277	18.3
Received remittances during the past 6 months	372	74.5	105	69.5	54	76.1	219	79.1
Experienced a decline in amount of remittances received	45	12.1	16	10.6	13	18.3	16	5.8
Experienced a decline in frequency of receipt of remittances	34	9.1	7	4.6	9	12.7	18	6.5

Source: CBMS Survey 2009

Deriving the proportion of remittances received to total income can give information on the dependency of households on remittances. Results show that the proportion of remittance to total income among the households is on the average more than 47 percent. About 34.9 percent of households derived at least 61 percent of their income on remittances alone (Table 16). This situation makes them vulnerable and less able to hedge against changes in income. The higher the dependence of households on remittances the greater risk for the household to lose a substantial part of its income because of OFW wage reduction or retrenchment. This has implications on households in terms of over-all welfare. For a typical household, income from remittances is an important source of income usually used to finance daily household expenses, education of children, and purchase of durable goods.

**Table. 16 Dependency of Households on OFW remittances**

Remittances as proportion of income*	Magnitude	Proportion
1-20	209	25.6
21-40	162	19.9
41-60	160	19.6
61-80	120	14.7
81-100	165	20.2
Total	816	100.0

\*Calculated by multiplying the quotient of total remittances to total income by 100

Source: CBMS Survey 2009

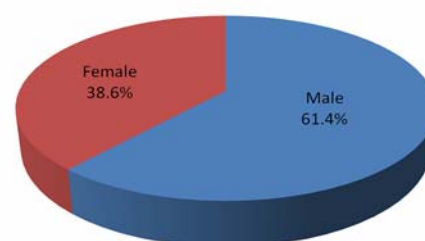
## 5.2 Impact through Local Employment

The study also tried to determine how households were affected through local employment by looking at those who are involved in entrepreneurial activities and those who are wage earners and salaried workers. Based on the CBMS data, there are 8,047 members of the labor force, 88.4 percent of which are employed during the reference period (Table 17). This translates to unemployment rate of 11.6 percent. Also notable is the higher labor force participation rate and employment rate among male population as compared to female population. Moreover, about 61.4 percent of employed individuals are male while the rest are female (Figure 15).

**Table 17. Labor force statistics by sex (13 Sites)**

Statistics	Total		Male		Female	
	No.	%	No.	%	No.	%
Proportion of population 15 years old and above	14,619	68.1	7,128	66.5	7,491	69.8
Labor force participation rate	8,047	55.0	4,845	68.0	3,202	42.7
Employment rate	7,114	88.4	4,365	90.1	2,749	85.9
Unemployment rate	933	11.6	480	9.9	453	14.1

**Figure 15. Distribution of employed population by sex**



Source: CBMS Survey 2009

### Entrepreneurial Activities

**Opening of New Business and Closing of Existing Business.** Only a few households engaged in a new business during the period (Table 18). Results showed that a meager 2.4 percent of the households surveyed actually engaged in new entrepreneurial activity during the 6-month period. This translates to 116 new businesses set up in all the barangays covered by the study. A majority (i.e., about 49.3%) of these new businesses are related to wholesale and retail trade and repair of motor vehicles. However, most of the households which engaged in a new business are those living in urban areas. A few households also closed their existing business during the period. In fact, 28 households (or 1.1%) reported that they closed their business during the period. These results confirm the minimal effect of the crisis in the selected sites in terms of households' engagement in a business or entrepreneurial activity.

**Table 18. Outcome indicators: Entrepreneurial Activities, 2009**

Indicator	Magnitude	Proportion
HHs engaged in new entrepreneurial activity	116	2.4
HHs engaged in an entrepreneurial activity	2548	51.4
HHs which closed business	28	1.1
HHs with significant change in the monthly income from business	169	6.6
Increase	35	20.7
Decrease	134	79.3
HHs with significant change in the no. of employed persons in the business*	8	0.3
Increase	4	50.0
Decrease	3	37.5

\*disaggregation do not sum up to total because of missing value

Source: CBMS Survey 2009

### **Change in the Number of Employed Persons and Amount of Monthly Income from the Business.**

About 6.6 percent (or 169) of households engaged in entrepreneurial activity experienced a significant change in their monthly income from their business (Table 18). A majority of these households reported a decline in their monthly income from the business. In particular, 79.3 percent of these households reported that they suffered a decrease in income while the remaining 20.7 percent experienced an increase in income from their business. Most of the households which suffered a decline in the monthly income from a business are located in the rural areas (56.6%) as compared to those households living in urban areas (43.4%). Furthermore, a meager 0.3 percent of households engaged in at least one entrepreneurial activity reported a significant change in the number of employed persons in their business, 50.0 percent of which said that they decreased the number of their employees during the period covered by the study.

### **Wage Earners and Salaried Workers**

**Loss of Job.** The global crisis could have potentially affected local employment given the reduction in exports, including exports of electronics. Unemployment rate, using the data from NSO, went up with employment level in the manufacturing sector declining. Based on the CBMS data, 98 households reported job loss of at least one of their members during the period November 2008 to April 2009, representing 2.0 percent of all households surveyed (Table 19). This translates to a total of 115 persons who lost their job during the period. This means that about 1.6 percent of the employed persons were displaced. Most of the affected individuals used to work as service workers and shop and market sales workers accounting for 23.5 percent of all affected members (Table 20). In addition, many of the affected individuals used to work in the manufacturing industry which account for about 19.1 percent of the total number of persons who lost their job (Table 21). This supports the earlier observation that the manufacturing sector could potentially be affected by the crisis through the employment channel. Note that no individual from the agriculture sector has lost his/her job due to the crisis.

**Table 19. Outcome indicators, Wage Earners and Salaried Workers**

<b>Indicator</b>	<b>No.</b>	<b>%</b>
HH with member who lost job	98	2.0
Members who lost job	115	1.6
HH with member who experienced wage reduction	79	1.6
HH with member who experienced reduction in number of working hours	72	1.5
HH with member who experienced reduction in employment benefits	8	0.2

Source: CBMS Survey 2009

**Table 20. Member who lost job, by occupation**

Type of job	No.	%
Service workers and shop and market sales worker	27	23.5
Professionals	21	18.3
Laborers and skilled workers	21	18.3
Plant and machine operators and assemblers	15	13.0
Technicians and associate professionals	8	7.0
Clerks	8	7.0
Others	15	13.0
<b>Total</b>	<b>115</b>	<b>100.0</b>

Source: CBMS Survey 2009

**Table 21. Members who lost job, by industry**

Industry	No.	%
Manufacturing	22	19.1
Private households with employed person	15	13.0
Education	12	10.4
Other community, social and personal service activities	10	8.7
Wholesale & retail trade, repair of motor vehicles, motorcycles, and personal household goods	10	8.7
Hotel and restaurants	8	7.0
Transport, storage, and communication	8	7.0
Public administration and defense; compulsory social security	7	6.1
Financial intermediation	5	4.4
Health and social work	5	4.4
Construction	5	4.4
Electricity, gas and water supply	3	2.6
Mining and quarrying	2	1.7
Real estate, renting and business activities	2	1.7
Extra-territorial organizations and bodies	1	0.9
<b>Total</b>	<b>115</b>	<b>100.0</b>

Source: CBMS Survey 2009

**Reduction in Wage, Number of Working Hours and Employment Benefits.** Some of the employed individuals also experienced a reduction in wage, number of working hours and employment benefits (Table 22). These employed persons would prefer working in the same job despite these reductions rather than moving to another job or being unemployed. Based on the responses given during the survey, about 1.2 percent (or 88 persons) suffered a decline in wage. In addition, 80 persons experienced a reduction in working hours while 8 persons suffered from a reduction in benefits. Although there are more employed men than women, the reported proportion of employed women affected through reduced wage (1.2%) and working hours (1.5%) is slightly higher as compared to men (with 1.2 percent and 0.9 percent, respectively).

**Table 22. Members who experienced reduction in wage, working hours or employment benefits**

	No. of Employed Persons	With Reduced Wage		With Cut in Working Hours		With Reduced Benefits	
		No.	%	No.	%	No.	%
Male	4,365	52	1.2	40	0.9	5	0.1
Female	2,749	36	1.3	40	1.5	3	0.1
<b>Total</b>	<b>7,114</b>	<b>88</b>	<b>1.2</b>	<b>80</b>	<b>1.1</b>	<b>8</b>	<b>0.1</b>

Source: CBMS Survey 2009

Looking at the sectoral distribution, results show that most of the workers who experienced reduction in wages and/or working hours are in the manufacturing sector. In fact, 64.1 percent of the total number of workers with wage reduction were working in the manufacturing sector, followed by the transportation, storage and communication sector with 10.2 percent (Table 23). The same trend is observed for those who suffered reduction in the number of working hours. In particular, among those workers with reduced working hours, about 67.5 percent were working in the manufacturing sector followed by the transportation, storage and communication sector (10.0%).

**Table 23. Distribution of workers who experienced wage reduction by sector**

Sector code	Wage Reduction		Reduction in Working Hours	
	Magnitude	Proportion	Magnitude	Proportion
Manufacturing	54	61.4	54	67.5
Transportation, Storage & Communication	9	10.2	8	10.0
Wholesale and Retail Trade, Vehicle Rep	5	5.7	3	3.8
Hotel and Restaurants	3	3.4	2	2.5
Other community, Social or Personal Act	3	3.4	3	3.8
Private Households with Employed Person	3	3.4		
Electricity, Gas and Water Supply	2	2.3	1	1.3
Real Estate, Renting and Business Activities	2	2.3	2	2.5
Construction	1	1.1	1	1.3
Public Administration & Defense	1	1.1	1	1.3
Health and Social Work	1	1.1		
Education			1	1.3
Agriculture, Mining & Forestry			1	1.3
Unspecified	4	4.5	3	3.8
All Sectors	88	100.0	80	100.0

Source: CBMS Survey 2009

### 5.3 Profile of Affected Households

Based on the CBMS results, only 375 households in 13 sites were directly affected by the global financial crisis through the two major transmission channels identified earlier. This represents about 7.6 percent of all households covered by the survey. Data showed that the directly affected households are characterized by a relatively larger household size (i.e., 4.6 persons per household) as compared to those who are not directly-affected (Table 24). The higher average per capita reported among the affected households is also observed which can be partly explained by the fact that they have more employed members, in general. In addition, there are more OFWs in this group of households. In fact, the proportion of income derived from remittances is higher among them as compared to those who are not affected. As mentioned earlier, the affected households are not very dependent on agricultural as a source of income. Furthermore, as confirmed earlier, the affected households could be those who rely on remittance as a major source of income. Dependency ratio (i.e., proportion of members 15 years old and below) is also slightly higher for those affected by the crisis. Having a higher dependency ratio may mean increased vulnerability to the adverse impacts of the crisis. The following sections discuss further the characteristics of the affected households.

**Table 24. Characteristics of the affected households**

Characteristics	HHs Directly Affected <sup>1</sup>	Other Households <sup>2</sup>
Average household size	4.6	4.3
Mean per capita income	Php 61,327	Php 53,290
Proportion of income derived from agricultural activities to total income*	6.3% (ave.)	12.6% (ave.)
Proportion of income derived from remittances to total income*	18.4% (ave.)	7.0% (ave.)
Urbanity	Most likely in urban	Most likely in rural
Dependency ratios	0.30	0.27

<sup>1</sup> Includes those which are directly affected through the two major transmission channels

<sup>2</sup> Includes those which are not affected directly but could be affected indirectly or even through other transmission channels

\*difference is statistically significant

Source: CBMS Survey 2009

**Agriculture vs. Non-Agriculture-Dependent Households.** As mentioned earlier, this study focused only on the direct impact of the global crisis through overseas employment and remittances and domestic employment. Among all sites included in the study, Villa Angeles (Orion, Bataan) recorded the highest proportion of households affected by the global financial crisis (Table 25). In particular, about 22.3 percent of the households living in Villa Angeles were affected by the crisis which channels through overseas employment and remittance or through local employment. Note that only 5.4 percent of households in the barangay are engaged in an agricultural activity. Disaggregation of affected households in the barangay revealed that most of the affected workers in the barangay are employed or used to be employed in the manufacturing sector, representing about 19.7 percent of all the affected workers. Factory workers accounted for about 46.2 percent of the affected individuals in the manufacturing sector. The rest are working as laborers, accountant, and welders, among others.

The results for each site imply that those which are mostly agriculture-based may be insulated from the direct impact of the global crisis. For instance, the very low proportion of affected households in San Miguel may be partly due to the fact that about 69.9 percent of its households are engaged in an agricultural activity. Meanwhile, the high proportion of affected households in Villa Angeles can be partly explained by the small share of households involved in agriculture (i.e., 5.4%) within the barangay. In other words, about 94.6 percent of its households are engaged in non-agricultural activity making them more vulnerable to the impact of the crisis.

The abovementioned results are further supported by the fact that no individual from the agriculture sector has lost his/her job due to the crisis. Out of the 4,954 households included in the survey, 1,408 (28.4%) were involved in the agriculture sector. Only 29 (of the 1,408 households involved in agriculture) or 2.1 percent reported a decline in their income from their agricultural business. The decrease is mainly due to damages caused by natural calamities or inclement weather and not necessarily related to the global crisis.

**Table 25. Households affected by the global financial crisis (GFC) through overseas employment and remittance and local employment, by site**

Barangay	Affected by GFC		Affected through Overseas Employment and Remittance		Affected through local employment		HHs Engaged in any Agriculture Activity	
	No.	%	No.	%	No.	%	No.	%
<b>Urban NCR</b>								
Barangay 192	65	7.6	22	2.6	46	5.4	3	0.4
<b>Urban Outside NCR</b>	<b>196</b>	<b>8.3</b>	<b>64</b>	<b>2.7</b>	<b>138</b>	<b>5.8</b>	<b>244</b>	<b>10.3</b>
Villa Angeles, Orion, Bataan	79	22.3	33	9.3	50	14.1	19	5.4
Poblacion III, Sto. Tomas, Batangas	68	14.6	17	3.6	52	11.2	8	1.7
Gumamela, Labo, Camarines Norte	39	9.0	12	2.8	28	6.5	78	18.1
Magbangon, Cabucayan, Biliran	10	3.9	2	0.8	8	3.1	139	53.7
<b>Rural</b>	<b>114</b>	<b>4.4</b>	<b>29</b>	<b>1.1</b>	<b>86</b>	<b>3.3</b>	<b>1161</b>	<b>44.9</b>
Masikap, Puerto Princesa City, Palawan	27	11.9	7	3.1	20	8.8	10	4.4
San Vicente, Sta. Elena, Camarines Norte	23	10.2	1	0.4	12	5.3	155	68.9
Salvacion, Puerto Princesa City, Palawan	13	5.5	0.0	0.0	23	9.7	213	89.9
El Rio, Sibagat, Agusan del Sur	13	5.3	1	0.4	12	4.9	199	81.6
Maligaya, Mariveles, Bataan	11	1.2	3	0.3	8	0.9	48	5.1
San Miguel, Llorente, Eastern Samar	11	4.1	10	3.7	1	0.4	188	69.9
Piglawigan, Esperanza, Agusan del Sur	10	3.7	3	1.1	8	2.9	223	81.7
Ando, Borongan, Eastern Samar	6	3.4	4	2.3	2	1.1	125	71.8
<b>TOTAL</b>	<b>375</b>	<b>7.6</b>	<b>115</b>	<b>2.3</b>	<b>270</b>	<b>5.5</b>	<b>1408</b>	<b>28.4</b>

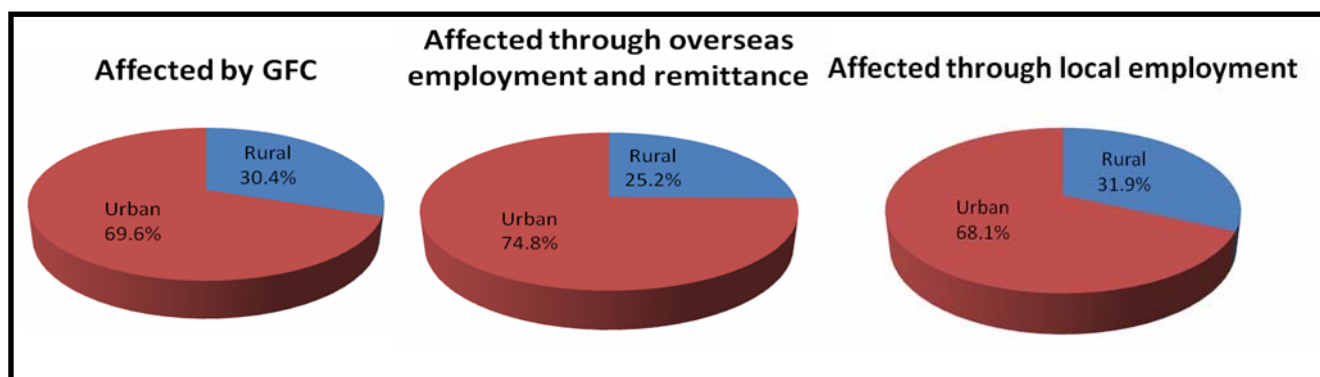
Source: CBMS Survey 2009



**Urban vs. Rural.** Results further reveal a higher proportion of affected households in urban areas than in rural areas. The urban poor, who usually cannot rely on subsistence farming like their rural counterparts could be the most vulnerable. Urban barangays, particularly Villa Angeles and Poblacion III recorded the highest proportions of affected households with 22.3 percent and 14.6 percent, respectively (Table 25). Meanwhile, Maligaya, which is one of the rural barangays, is the least affected in terms of proportion of affected households with only 1.2 percent. The highest proportion of households affected through overseas employment and remittance is reported for Villa Angeles while Salvacion has no reported cases. In terms of the employment channel, Villa Angeles remains to be the most affected while San Miguel is the most immune from the crisis.

Among all households covered by the 2009 CBMS survey, 52.2 percent are living in the rural areas while 47.8 percent are in the urban sites. Looking at the distribution of affected households based on urbanity, CBMS data confirmed that the global crisis may have affected more those in the urban areas. In fact, about 69.9 percent of affected households are in the urban sites while only 30.4 percent are rural households (Figure 16). The same trend can be observed when we look at households affected by a specific transmission channel. These results may reflect that the crisis could have greater effect on households located in the urban areas where manufacturing industries are mostly located. About 91.3 percent of the displaced workers during the period are in the urban areas. The urban areas have a relatively higher proportion of households with OFWs at 14.7 percent as compared to the rural areas with only 5.8 percent. This might also explain the larger impact on urban households than on rural households. Furthermore, as indicated earlier, about 19.1 percent of the displaced workers used to work in the manufacturing sector while 63.5 percent of members who suffered wage reduction are working in this sector.

**Figure 16. Distribution of affected households by urban-rural**

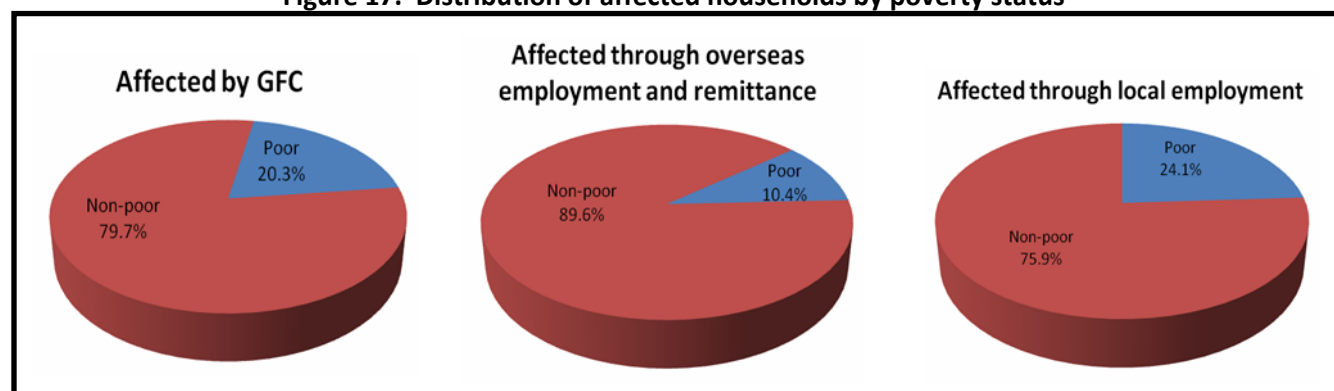


Source: CBMS Survey 2009

**Poor vs. Non-poor.** As mentioned earlier, a total of 375 households in 13 sites, representing about 7.6 percent of all households covered, were directly affected by the global financial crisis through the two major transmission channels identified earlier. Ten (10) of the households were affected through the two channels. Only 2.3 percent of households were affected overseas employment and remittances alone while about 5.5 percent were affected through local employment alone. It is also important to note that about 20.3 percent of the affected households are considered income poor. Furthermore, about 24.1 percent of those households affected through local employment are poor while only 10.4 percent of households affected through overseas employment and remittance are income poor (Figure 17). The lower proportion for the latter may also be related to the fact that most of the households with OFWs are already non-poor. In fact, among all households with OFWs, 89.0 percent are non-poor.



**Figure 17. Distribution of affected households by poverty status**



Source: CBMS Survey 2009

## 5.4 Impact on Women and Children

The crisis could affect men and women differently. As shown by the CBMS results, a relatively higher proportion of women were affected through the local employment channel as compared to men, particularly in terms of reduction in wage and working hours. About 1.3 percent of employed women suffered a decline in wages which is slightly higher than the men's record of 1.2 percent (Table 26). Women are also relatively more prone in terms of reduction in working hours than men. In fact, about 1.5 percent of them suffered a cut in working hours, which may also mean slightly higher in underemployment rate among women as compared to men.

**Table 26. Affected men and women and children**

	Male	Female	Total
<b>Local employment</b>			
With reduced wages	1.2	1.3	1.2
With cut in working hours	0.9	1.5	1.1
With reduced benefits	0.1	0.1	0.1
Women			
<b>Overseas employment</b>			
Retrenched OFWs	6.2	3.4	5.0
OFW wage reduction	9.7	4.6	7.6
<b>Affected children</b>			
Children 6-16 years old withdrawn from school			0.6
Children 6-16 years old to be withdrawn from school in the coming school year			0.4
Children transferred from private to public school			1.6
Children to be transferred from private to public school in the coming school year			0.4

Source: CBMS Survey 2009

In terms of overseas employment, however, CBMS data revealed a higher proportion of affected male OFWs as compared to female. This might be due to the fact that men are usually the ones who work abroad. The CBMS survey shows that 58.9 percent of OFWs are male while 41.1 percent are female.

The global crisis could also impact women and most specially the children in terms of their health and nutrition. CBMS data revealed that 89.3 percent and 62.4 percent of the households modified their food and health expenses, respectively, in order to cope with the crisis. Households resorting to cutting back the quantity or quality of food could mean poorer nutrition among its members, including children. Poorer nutrition in children could have permanent effects on their intellectual capacity, which in the long-run could also mean lower educational completion rates for children. In terms of health, some households (i.e., about 5.4%) did not even seek medical treatment when sick. These actions could have negative consequences on their well-being in the long run.

Children could also be affected when households decide on modifying their educational expenses. Some households which are affected through reduced remittances and/or wages would have to cope by reducing their expenses, including expenses on education. For instance, about 1.6 percent of enrolled children of affected families/households were withdrawn from school during the reference period. About 0.4 percent of the children of affected household will also be transferred from private to public school in the next school year following the survey period. This decision by the households is usually done in order to cope with the increasing prices of school fees, particularly in private schools. Private schools, in general, charge higher fees than public schools in exchange for better facilities and better quality education (although not in all cases). More worrisome, however, is the withdrawal of children from school which is estimated to be about 0.6 percent during the period. Meanwhile, about 0.4 percent of the children of affected households will be withdrawn from school in the coming school year.

If no appropriate response is given, these crisis consequences on women and children could reverse the progress in the MDGs, particularly in terms of gender equality and women empowerment, as well as in achieving universal primary education. This, in the long-run, could also increase poverty. Hence policy responses focusing on women's empowerment and on child's well-being could greatly help in mitigating these negative effects.

## **5.5 Impact on Poverty Situation**

Annex C shows the CBMS core indicators reflecting the potential impact of the global crisis (and possibly, of other shocks) on poverty in the thirteen (13) selected GFC sites. However, out of the 13 sites covered, baseline data is available only for 10 sites including the following barangays: 1) Barangay 192 (Pasay City); 2) Villa Angeles (Orion, Bataan); 3) Magbangon (Cabugcayan, Biliran); 4) Gumamela (Labo, Camarines, Norte); 5) El Rio (Sibagat, Agusan del Sur); 6) Piglawigan (Esperanza, Agusan del Sur); 7) Maligaya (Mariveles, Bataan); 8) San Vicente (Sta. Elena, Camarines Norte); 9) Ando (Borongan, Eastern Samar); and 10) San Miguel (Llorente, Eastern Samar).

Results for the 10 sites show that poverty incidences in most of the sites have increased in 2009 as compared to their previous CBMS round. For instance, an increase in the proportion of income poor households was observed in Brgy. Piglawigan (Esperanza, Agusan del Sur) from 56.4 percent in 2005 to 79.1 percent in 2009, translating to 22.7 percentage points increase. There was also a significant increase in income poverty in Magbangon (Cabugcayan, Biliran) from 42.2 percent in 2005 to 56.8 percent in 2009, a jump of 14.6 percentage point. Increase in income poverty incidence is also

observed in San Vicente (5.6 percentage points), in Maligaya (3.9 percentage points) and in Ando (2.6 percentage points) when compared to the baseline period.

In terms of employment, four of the sites (i.e., Maligaya, San Vicente, San Miguel and Piglawigan) recorded an increase in unemployment rate, which may be partly due to the impact of the crisis on local employment. Results also show worsening of poverty situation in terms of other dimensions, including health and nutrition, shelter, water and sanitation, among others. Although the change in the poverty indicators could not be attributed solely to the global crisis, the interactions of different shocks which the households faced in between periods have definitely contributed to the worsening condition, and hence, increasing poverty. It should also be noted that these estimates do not necessarily include the same set of households, primarily because of attrition.

Considering the ten (10) sites for which baseline data is available, results generally show an increase in income poverty and subsistence poverty. In particular, income poverty incidence increased by 2 percentage points while food poverty incidence increased by 5.2 percentage points. There was also a worsening condition in terms of the proportion of households which are squatters and proportion of households living in makeshift housing which increased by 1 and 5.7 percentage points, respectively. There was also deterioration in terms of the education dimension. Estimates suggest an increase in the proportion of children 6 to 12 years old who are not attending elementary school and proportion of children 13 to 16 years old who are not attending secondary school during the reference period.

## **6. COPING MECHANISMS ADOPTED BY HOUSEHOLDS**

Households usually cope with shocks (e.g., the global crisis) by increasing receipts, reducing consumption or shifting to cheaper substitutes. During the period covered by the study, a majority of the affected households (i.e., 89.3%) reported that they modify their consumption of food (Table 27). In particular, most of the households tried to reduce consumption of relatively expensive food items. Another common strategy adopted by the households is by buying food in retail and smaller portions/packages. Next to food, clothing is another major expense affected when households try to cope with the shocks.

Another major coping strategy adopted by households is in terms of tapping various fund sources. In fact, about 49.1 percent of the affected households reported that they borrowed money from various fund sources while 23.2 percent used their existing savings. Another 11.7 percent of the households either pawned or sold their assets. Furthermore, another major strategy of households is to seek additional source of income. About 13.9 percent of households said that at least one member of their household looked for work in addition to their existing job. However, not all of them were able to find and do the additional job. In fact, only 8.3 percent of the households reported that at least one of their members actually did additional work during the period. A few households, representing 2.9 percent of the affected households, also reported that at least one member of their household not previously working got a job in order to cope with the crisis. Some also tried to look for a work abroad (4.0%).

However, comparing the results, the impact of the global crisis is not as severe as was seen due to impact of food and fuel price shocks. Annex D presents some details of the different coping strategies adopted by the households by location. Note that some of the coping strategies adopted by the households may differ by location. For instance, in terms of health, a majority of households in the rural area and urban areas outside NCR adapted by using medicinal plants or herbal medicines while more households in urban NCR shifted to generic brands or cheaper drug brands. In terms of

education, more households in the rural area and urban areas outside NCR reduced allowance for members who are studying while a large share of households in urban NCR used second-hand uniforms or shoes.

**Table 27. Coping strategies adopted by affected households**

<b>Coping strategy</b>	<b>No.</b>	<b>%</b>
<b>1) Modified the ff. Types of Expenses</b>		
Food	335	89.3
Clothing	324	86.4
Electricity	321	85.6
Communication	281	74.9
Fuel	268	71.5
Health	234	62.4
Water	209	55.7
Transportation	176	46.9
Recreation	163	43.5
Education	90	24.0
<b>2) Tapped various fund sources</b>		
Borrowed money	184	49.1
Used savings	87	23.2
Pawned assets	29	7.7
Sold assets	15	4.0
<b>3) Sought additional source of income</b>		
Looked for additional work	52	13.9
Did additional work	31	8.3
Employed member not previously working	11	2.9
Looked for work abroad	15	4.0

Source: CBMS Survey 2009

## 6.1 Household Coping Strategies among Poor and Non-Poor Households

In times of crisis, do poor and non-poor households adopt different sets of coping strategies? Based on the results of the CBMS survey, it suggests that there are indeed discernable differences in the way poor and non-poor households cope with crisis. In this section, analysis of each coping strategies clustered into categorical groups had been carried out and the authors had identified patterns indicating that different type of households (i.e., based on income) tend to adopt certain coping mechanisms.

### Food Purchase, Preparation, and Consumption

Table 28 summarizes disaggregated information on the coping strategies adopted by households in relation to food purchase, preparation, and consumption based on income. Results show that poor households (those belonging to the bottom 40%) have the tendency to reduce food consumption levels and substitute cheaper food products. On the other hand, non-poor households (those belonging to the top 60%) tend to reduce expenses on food but not necessarily consumption level. Unsurprisingly, the most common strategy adopted by poor households is substituting cheaper foodstuff with 43.3 percent reporting doing so in the period November 2008 to April 2009. Meanwhile, an equal proportion of non-poor households cut amount of expensive food consumed during the reference period.

**Table 28: Adoption of coping strategies related to food consumption, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>\b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Reduced expensive food	42.4	<b>43.3</b>	40.7	39.3	42.0	42.2	45.7	42.1
Recooked/reheated leftovers	40.3	38.7	<b>42.9</b>	41.0	44.5	38.6	42.3	35.2
Shifted to cheaper food	37.2	33.6	<b>43.3</b>	42.4	44.1	38.3	35.0	27.3
Consumed staple food only	24.9	21.3	<b>30.8</b>	30.2	31.4	25.1	20.9	18.1
Bought from government stores	23.8	19.3	<b>31.4</b>	27.9	34.6	25.7	18.0	14.1
Bought in retail	22.6	20.4	<b>26.5</b>	25.9	27.0	21.9	21.1	18.1
Consumed same dish for days	22.6	20.0	<b>27.1</b>	27.5	26.8	21.3	21.9	16.6
Lessened dining out	21.8	<b>25.0</b>	16.2	11.4	20.5	22.4	24.4	28.3
Combined meals	21.4	19.8	<b>24.2</b>	26.7	21.8	22.6	20.2	16.4
Reduced portion	20.8	19.1	<b>23.6</b>	27.5	20.1	20.8	19.7	16.9
Consumed own harvest	16.6	10.6	<b>26.8</b>	31.8	22.4	14.7	9.5	7.3
Skipped meals	10.4	9.4	<b>12.2</b>	12.9	11.5	11.0	9.1	8.0
Reduced parents' share	7.6	6.2	<b>10.1</b>	11.4	8.9	7.8	5.6	5.3

There are striking differences between income quintiles and consequently income groups when it comes to consuming own harvest (16.2%), buying from government-run stores (12.1%), shifting to cheaper food products (9.7%), having only staple food for a meal (9.5%), and cutting expenses on food eaten outside of home (8.8%). The information suggests that poor households are utilizing existing household resources to compensate for lower income to buy food (e.g., eating vegetables harvested from backyard), maximizing the benefits of lower food prices offered in government-run stores, rationalizing food choices based on prices, and to a lesser extent prioritizing hunger over nutrition - calorie intake over nutritional intake. Regarding the last point, this is particularly worrisome because pregnant women and young children in poor households become increasingly vulnerable to health complications and other negative health outcomes as result of malnutrition.

### Clothing

Based on CBMS data, results suggest that poor households are not willing to spend money on clothing and if they have the money, it will be spent on *ukay ukay* (cheap secondhand clothes) (Table 29). On the other hand, non-poor households are still buying clothes but they are more conscious about the price tag and how often they purchase clothes.

Substitution of cheaper clothes is a prevalent coping strategy among poor and non-poor households. Among poor households, 42.2 percent said that they shifted to purchasing secondhand clothes, while 47.7 percent of non-poor households reported that they shifted to cheaper brands of clothes.

Significant differences between poor and non-poor households had been observed in several coping mechanisms namely repairing old clothes (12.7%), foregoing purchase of clothes (11.5%), buying clothes during sales (9.3%), and shifting to cheaper brands (7.5%).

**Table 29. Adoption of coping strategies related to clothing, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile\^b				
		Top 60	Bottom 40	1	2	3	4	5
Shifted to cheaper brands	44.9	<b>47.7</b>	40.2	37.6	42.6	48.2	48.8	46.1
Shifted to <i>ukay ukay</i> (secondhand clothes)	40.8	39.9	<b>42.2</b>	39.4	44.9	42.0	42.9	34.6
Lessened frequency of buying	35.5	<b>37.3</b>	32.3	29.1	35.1	34.9	38.7	38.4
Did not buy clothes	27.5	23.3	<b>34.8</b>	38.1	31.9	27.4	23.7	18.7
Repaired old clothes	27.4	22.7	<b>35.4</b>	39.5	31.8	26.4	23.2	18.6
Purchased clothes during sales	20.6	<b>24.0</b>	14.7	14.3	15.1	19.9	23.9	28.4
Made own clothes	6.6	4.6	<b>10.0</b>	12.2	8.2	6.0	5.2	2.6

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5% level

Source: CBMS Survey, 2009

### Cooking Fuel and Utilities

In general, more non-poor households had made changes in their cooking fuel, electricity, and water consumption compared to poor households during the period November 2008-April 2009 (Table 30). The most common coping strategies adopted by non-poor households are unplugging appliances that are not being used (80.7%), turning off lights (71.4%), lessening the frequency of cooking food (50.5%), cutting use of appliances (44.4%), using water storage containers (43.0%), and cutting time allotted to activities consuming water (32.0%). Likewise, the mentioned coping mechanisms were the top choices for poor households.

Tabulations revealed that considerable differences between poor and non-poor households had been observed for several coping strategies related to consumption of cooking fuel, electricity, and water consumption. These are cutting number of times washing clothes (19.5%), using containers to store water (15.1%), reducing the number of time cooking food (10.2%), and cutting use of appliances (9.9%). However, there are no significant differences observed between poor and non-poor households in terms of replacing bulbs with lower wattage, disconnecting electricity services, cutting use of water from faucet, recycling water, and skipping baths.

### Education and Health

Broadly speaking, more poor households had made adjustment to their education and health-related expenses compared to non-poor households during the reference period (Table 31). Results revealed that the most common strategies adopted by poor households in terms of education-related expenses are using secondhand uniforms and shoes (37.7%), using secondhand books (28.6%), and reducing allowances of members who are going to school (28.6%). Similar coping mechanisms were also common among non-poor households. In addition to changes made to education-related expenses, poor households also implemented changes to their health-seeking behavior and expenses on health. For instance, 43.5% of poor households reported using medicinal plants/herbal medicine to cut costs. Furthermore, 37.7% of poor households said they shifted to government health centers and hospitals to seek medical attention. There is also a significant proportion (21.2%) of poor households who shifted to alternative medicine (*albularyo* or quack doctor, faith healer, etc.). In contrast, 44.6% of non-poor households shifted to generic/cheaper branded drugs as a coping strategy. Moreover, 31.3% used medicinal plants or herbal medicines. A sizable proportion (28.1%) shifted to government-run health centers or hospitals and 23.2% resorted to self-medication.

**Table 30. Adoption of coping strategies related to cooking fuel and utilities, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>1b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Cooking Fuel								
Reduced times cooking food	46.9	50.5	40.3	38.5	41.9	48.9	53.0	49.6
Reduced times heating water	29.7	31.8	25.8	25.1	26.5	30.3	33.0	32.2
Bought cooked food	21.4	24.1	16.6	12.5	20.2	20.8	23.4	28.0
Shifted to alternative cooking fuel	17.5	18.4	15.9	12.5	18.9	20.6	20.2	14.3
Electricity								
Unplugged appliances when not being used	78.2	80.7	72.9	70.4	74.6	78.7	83.9	79.4
Turned off lights	70.4	71.4	68.4	65.2	70.7	70.0	74.1	70.0
Lessened use of appliances	41.3	44.4	34.5	26.2	40.3	43.3	47.5	42.4
Replaced bulbs with lower wattage	26.2	26.5	25.5	23.4	27.0	26.9	27.1	25.6
Had electricity disconnected	5.0	5.4	4.0	3.4	4.4	5.2	5.9	5.2
Water								
Used water containers	38.3	43.0	27.9	22.6	32.7	39.1	43.0	46.7
Lessened times of washing clothes	33.7	39.9	20.4	13.5	26.6	36.3	42.4	40.7
Shortened time allotted to activities using water	29.1	32.0	22.7	18.9	26.1	34.4	32.6	29.3
Lessened use of water from faucet	22.8	22.6	23.3	21.3	25.4	27.9	21.4	18.8
Used water from washing dishes to plants	14.0	13.6	14.7	14.6	14.7	14.1	13.5	13.3
Used rainwater	13.3	11.0	18.3	21.4	15.4	12.8	10.4	10.1
Lessened times bathing/skipped bathing	4.0	4.5	3.1	2.7	3.4	4.3	4.7	4.4

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5% level except for items H, I, N and P

Source: CBMS Survey, 2009

There are additional findings that are worth mentioning in relation to education. Pulling of children out of school and planning to withdraw children from school were mostly reported by poor households (2.0% and 1.8% respectively). In contrast, transferring of children from private school to public school and planning in doing so were typically reported by non-poor households (1.3% and 1.0% respectively).

No significant differences between poor and non-poor households and income quintiles in terms of shifting from private vehicle/school bus to commuting, discontinuing intake of prescribed medicine, and lessening availment of medical treatment. However, completely opposite results were observed in reference to reducing allowances of members studying (14.1%), using medical plants or herbal medicines (12.2%), shifting to alternative medicine (10.9%), and shifting to government health centers or hospitals (9.6%).

**Table 31. Adoption of coping strategies related to education and health, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Education								
Used secondhand uniforms/shoes	34.3	31.7	37.7	40.6	34.9	32.4	35.1	26.0
Used secondhand books	26.9	25.7	28.6	31.6	25.8	26.0	29.4	20.2
Reduced allowance	20.7	14.5	28.6	35.3	22.0	16.5	14.6	11.5
Shifted from private/school bus to commuting	2.9	2.5	3.5	2.8	4.2	3.3	1.8	2.2
Planned to withdraw children from school	2.6	1.7	3.8	4.4	3.1	2.2	1.4	1.4
Withdrawn children from school	1.5	1.1	2.0	2.6	1.4	1.8	1.0	0.3
Members skipped classes	1.4	1.1	1.8	3.5	0.2	1.9	0.6	0.8
Transferred children from private to public	0.8	1.3	0.2	0.0	0.4	0.7	1.4	1.9
Planned to transfer children from private to public	0.7	1.0	0.3	0.3	0.3	0.5	0.6	2.2
Transferred children from daycare to homecare	0.7	0.4	1.0	2.0	0.2	0.4	0.8	0.0
Health								
Shifted to generic drugs/cheaper drug brands	42.9	44.6	39.9	38.5	41.1	41.7	48.0	44.2
Used medicinal plants/herbal medicines	35.8	31.3	43.5	49.8	37.7	34.2	31.1	28.3
Shifted to government health centers and hospitals	31.7	28.1	37.7	37.6	37.9	33.3	29.4	21.1
Resorted to self-medication	21.3	23.2	17.9	16.7	19.1	22.0	22.8	24.9
Did not buy medicine	15.2	14.9	15.8	17.3	14.6	18.2	14.0	12.4
Shifted to alternative medicine	14.2	10.3	21.2	23.6	19.1	13.8	10.3	6.5
Discontinued intake of prescribed medicine	6.5	6.7	6.2	6.5	5.9	7.3	6.1	6.6
Lessened the availment of medical treatment	6.0	6.1	5.9	5.5	6.2	7.2	6.1	5.1
Reduced prescribe drug intake	6.0	5.5	6.9	6.0	7.7	6.8	5.6	4.0
Did not seek medical treatment	5.4	4.7	6.5	8.1	5.1	5.4	5.4	3.3

<sup>\a</sup> - Percentage of households using them in each group or quintile<sup>\b</sup> - difference between quintiles is significant at 5% level except for items D, Q, and R

Source: CBMS Survey, 2009

## Transportation and Communication

In terms of changes to transportation-related expenses, 32.7 percent of households reported they shifted to cheaper mode of transportation during the reference period (Table 32). Not surprisingly, results show that more non-poor households are adopting this certain strategy than poor households, the difference being 5.3 percent. More than 47 percent of households that reported shifting to cheaper means of transportation were previously using public transportation (jeepney, bus, tricycle, pedicab, MRT/LRT) but going to work or school by bicycle or on foot now. Furthermore, 13 percent of this same set of households said they are taking taxi or their car to work or school previously but had shifted to public transportation now.



Unexpectedly, it also appears that more non-poor households had made changes to communication-related expenses than poor households. A larger proportion (70.7%) of non-poor households reported subscribing to call and text promotional services. Moreover, 60.1 percent of non-poor households said they send text messages less frequently. But 23.4 percent of poor households had foregone cell phone load which is 3.3 percentage points higher compared to non-poor households.

**Table 32. Adoption of coping strategies related to transportation and communication, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Transportation								
Shifted to cheaper mode of transportation	30.9	32.7	27.4	26.8	27.9	32.8	33.7	31.7
Lessened consumption of fuel for vehicle	11.0	12.0	8.9	7.9	9.7	12.1	12.8	11.2
Shifted to cheaper fuel	3.2	3.7	2.2	1.8	2.5	2.5	4.1	4.3
Communication								
Subscribed to promotions	66.9	70.7	57.5	55.0	59.5	67.6	71.4	72.9
Lessened frequency of texting	58.7	60.1	55.1	52.2	57.4	59.2	61.8	59.4
Stopped buying load	21.1	20.1	23.4	26.0	21.4	21.4	21.4	17.9
Shifted from postpaid to prepaid	11.5	10.9	13.0	13.5	12.6	10.7	11.1	11.0
Reduced number of phone lines	6.0	6.3	5.1	4.2	5.8	7.0	6.7	5.3
Shifted to cheaper phones	5.2	5.2	5.2	4.9	5.5	6.2	6.4	3.2
Lessened use of internet	4.1	4.5	3.1	3.1	3.2	3.6	4.9	5.0
Disconnected service	3.3	3.2	3.3	2.1	4.2	3.4	3.4	3.0

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5% level except for items G, H, J, and K. Items A and B are significant at 10%

Source: CBMS Survey, 2009

## Recreation and Vices

Among non-poor households, almost half of them said recreational activities of the household had become less frequent (Table 33). In addition, 37.8 percent of non-poor households had postponed a planned trip or vacation during the period November 2008-April 2009. Results show that more non-poor households are coping in terms of recreation than poor households. The reason may be attributed to the difference in income and expenditure pattern. Poor households don't have the money to spend on recreational activities and viewing this kind of expenditure as a luxury not a necessity. An equally interesting finding is the degree to which poor households consider cutting their expenses for alcoholic beverages and gambling as a coping strategy.

## Tapping Various Fund Sources

About 39.7 percent of poor households reported that they borrowed money during the period November 2008-April 2009. Poor households sourced their loans from relatives (31.3%), friends (28.3%), and neighbors (27.4%) (Table 34). During the same period, 15.5 percent of poor households have made use of their savings and 3.6% of poor households sold their properties or assets. It is important to note that among the poor households who sold properties, 33.9% reported selling their farm animal. Bearing in mind that farm animals are productive assets, especially for rural poor households, selling these assets has a significant impact on household.

**Table 33. Adoption of coping strategies related to recreation and vices, by income group and quintile<sup>\a</sup>**

Coping Strategy		Total	Income Group		Income Quintile <sup>1b</sup>				
			Top 60	Bottom 40	1	2	3	4	5
Recreation									
Lessened times doing recreation		45.4	49.9	32.6	27.0	36.8	47.8	49.8	51.6
Postponed vacation		35.5	37.8	29.3	26.9	31.1	38.7	37.5	37.3
Shifted to cheaper activities		12.4	14.3	7.0	3.5	9.6	14.3	14.9	13.7
Disconnected cable services		9.5	10.6	6.3	4.2	7.8	10.6	10.3	10.9
Vices									
Cut expenses for alcoholic beverages		42.5	38.2	46.7	48.9	44.5	40.2	38.8	34.0
Cut expenses for gambling		39.5	32.5	46.3	48.5	43.5	38.5	28.4	27.8
Cut expenses for cigarettes		34.7	36.4	32.9	35.1	30.6	37.6	39.0	31.1

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5%

Source: CBMS Survey, 2009

**Table 34. Adoption of coping strategies related to tapping various fund sources, by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>\b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Borrowed money	37.1	35.4	<b>39.7</b>	37.8	41.5	37.9	39.6	28.5
Used savings	13.8	12.7	<b>15.5</b>	16.4	14.6	13.0	12.7	12.6
Pawned assets	4.1	<b>4.8</b>	3.0	2.1	3.9	4.7	5.6	4.1
Sold assets	2.6	1.9	<b>3.6</b>	3.6	3.6	2.2	1.9	1.5

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5% except for item A which is significant at 10%

Source: CBMS Survey, 2009

### Seeking Additional Sources of Income

When it comes to seeking job as a coping strategy, higher proportion of poor households said that they have additional job seekers compared to non-poor households (Table 35). The same trend had also been observed for carrying out an additional job and having previously unemployed members work. However, seeking work outside the country as a coping strategy is more prevalent among non-poor households.

**Table 35. Adoption of coping strategies related to employment , by income group and quintile<sup>\a</sup>**

Coping Strategy	Total	Income Group		Income Quintile <sup>\b</sup>				
		Top 60	Bottom 40	1	2	3	4	5
Looked for additional work	5.6	4.5	<b>7.2</b>	5.7	8.7	5.3	5.2	3.1
Did additional work	4.5	3.6	<b>5.9</b>	4.7	7.0	4.9	3.6	2.2
Employed members not previously working	1.6	1.3	<b>2.1</b>	1.7	2.6	1.1	1.8	0.8
Looked for work abroad	1.4	<b>1.8</b>	0.7	0.6	0.7	1.5	1.6	2.3

\a - Percentage of households using them in each group or quintile

\b - difference between quintiles is significant at 5%

Source: CBMS Survey, 2009

## Summary of Results on Specific Coping Strategies

A summary of the major coping mechanisms adopted by households based on income in response to the recent shocks is presented in Table 36. Note that energy-saving strategies are the most common coping strategy among households. About 78.2 percent of the surveyed households resorted to unplugging of appliances when not in use while 70.4 percent turned off lights also when not in use. These coping strategies are the most common among all income quintiles. Also included in the top list of coping strategies are those relating to communication, food, clothing, health and recreation, among others.

**Table 36. Specific coping strategies adopted by households, by income group and quintile\***

Coping Strategy	Total	Income Group		Income Quintile				
		Top 60	Bottom 40	1	2	3	4	5
Unplugged appliances when not being used	78.2	<b>80.7</b>	72.9	70.4	74.6	78.7	83.9	79.4
Turned off lights	70.4	<b>71.4</b>	68.4	65.2	70.7	70.0	74.1	70.0
Subscribed to promotions (communication)	66.9	<b>70.7</b>	57.5	55.0	59.5	67.6	71.4	72.9
Lessened frequency texting	58.7	<b>60.1</b>	55.1	52.2	57.4	59.2	61.8	59.4
Reduced times cooking food	46.9	<b>50.5</b>	40.3	38.5	41.9	48.9	53.0	49.6
Lessened times doing recreation	45.4	<b>49.9</b>	32.6	27.0	36.8	47.8	49.8	51.6
Shifted to cheaper brands (clothing)	44.9	<b>47.7</b>	40.2	37.6	42.6	48.2	48.8	46.1
Shifted to generic drugs/cheaper drug brands	42.9	<b>44.6</b>	39.9	38.5	41.1	41.7	48.0	44.2
Reduced expensive food	42.4	<b>43.3</b>	40.7	39.3	42.0	42.2	45.7	42.1
Lessened use of appliances	41.3	<b>44.4</b>	34.5	26.2	40.3	43.3	47.5	42.4
Shifted to <i>ukay ukay</i>	40.8	39.9	<b>42.2</b>	39.4	44.9	42.0	42.9	34.6
Recooked/reheated leftovers	40.3	38.7	<b>42.9</b>	41.0	44.5	38.6	42.3	35.2
Used water containers	38.3	<b>43.0</b>	27.9	22.6	32.7	39.1	43.0	46.7
Shifted to cheaper food	37.2	33.6	<b>43.3</b>	42.4	44.1	38.3	35.0	27.3
Borrowed money	37.1	35.4	<b>39.7</b>	37.8	41.5	37.9	39.6	28.5
Used medicinal plants/herbal medicines	35.8	31.3	<b>43.5</b>	49.8	37.7	34.2	31.1	28.3
Postponed vacation	35.5	<b>37.8</b>	29.3	26.9	31.1	38.7	37.5	37.3
Lessened frequency of buying	35.5	<b>37.3</b>	32.3	29.1	35.1	34.9	38.7	38.4
Used secondhand uniforms/shoes	34.3	31.7	<b>37.7</b>	40.6	34.9	32.4	35.1	26.0
Lessened times of washing clothes	33.7	<b>39.9</b>	20.4	13.5	26.6	36.3	42.4	40.7
Shifted to government health centers and hospitals	31.7	28.1	<b>37.7</b>	37.6	37.9	33.3	29.4	21.1
Shifted to cheaper mode of transportation	30.9	<b>32.7</b>	27.4	26.8	27.9	32.8	33.7	31.7
Reduced times heating water	29.7	<b>31.8</b>	25.8	25.1	26.5	30.3	33.0	32.2
Shortened time allotted to activities using water	29.1	<b>32.0</b>	22.7	18.9	26.1	34.4	32.6	29.3
Used secondhand books	26.9	25.7	<b>28.6</b>	31.6	25.8	26.0	29.4	20.2

Source: CBMS Survey, 2009

Based on previous discussions of survey results, household coping strategies of poor and non-poor households were identified. Some of the results are as follows.

- 43 percent of non-poor households said they have reduced amount of expensive food eaten by the household, while 40.7 percent of poor households reported the same coping strategy. Higher proportion of poor households which reported cooking dishes using leftovers as ingredients or reheating compared to non-poor households.
- Across all of the sentinel sites, results show that poor households are more predisposed to change food consumption pattern. The proportion of poor households that modified the way they purchase, prepare, and eat food is higher compared to non-poor households.
- Withdrawing children from school is more prevalent among poor households across the sites. More poor households reported that at least one of their children was pulled out of school.
- Changes in health-seeking behavior are more common among poor households. About 42.6 percent of poor households reported implementing changes to their health-seeking behavior. On the other hand 37.6% of non-poor households had to adopt the same strategy.
- Higher proportion of borrowers can be found in the poor households. Higher proportion of pawnors can be found among non-poor households
- Unexpectedly, survey results show that higher proportion of poor households have either used their savings or sold properties as a coping strategy.
- Higher proportion of non-poor households altered the way they carry out recreational activities compared to poor households. In contrast, higher proportion of poor households has made changes to expenses on vices.
- Lastly, the proportion of poor households who said that they sought jobs, performed additional work, and have one of their previously unemployed got work during the reference period is higher compared to non-poor households.

## **6.2. Household Coping Strategies Adopted by Affected Households**

As an extension of previous discussions on differences between households based on income in terms of coping strategies employed, it is imperative to explore if there are also differences in how households cope in terms of being directly affected by the global financial and economic crisis. CBMS survey results revealed noticeable patterns in how households directly affected by the global crisis particularly through local employment and remittances channels are coping with the crisis. Table 37 summarizes the most significant coping mechanisms adopted by households in response to the crisis in terms of proportion of affected households that practices a specific strategy.

**Table. 37 Adoption of coping strategies by households**

Coping strategy	% All HHs	% Affected HHs <sup>\a</sup>
Shifted to cheaper mode of transportation	30.9	44.7
Increase in times praying	27.6	42.1
Resorted to self-medication	21.3	39.9
Lessened dining out	21.8	30.7
Reduced portions of food prepared	20.8	30.3
Shifted to alternative cooking fuel	17.5	28.9
Used savings	13.8	23.5

\a – directly affected through 2 transmission channels namely local employment and remittances

Source: CBMS Survey 2009

CBMS data show that during the period November 2008 to April 2009, a larger proportion of affected households have been choosing to self-medicate, dining out less frequently, reducing portions of food being prepared at home, and using their savings. Furthermore, larger proportions of affected households had also shifted to cheaper means of transportation and shifted to alternative cooking fuel during the same reference period. Perhaps, the most interesting finding is the apparent increase in how often members of affected households pray in April 2009 compared to November 2008. Results also indicate that affected households are trying to save money primarily because these households experienced a decline in income as a result of a member losing his/her job or reduced remittances received from member working abroad. Comprehensive tabulations also indicate that affected households had different sets of coping strategies compared to other households (see Annex E).

### **6.3. Impact on the MDGs**

Although the impact of the global financial crisis has not been as large as initially anticipated, the slowdown in the economy and the resulting lower incomes and coping strategies of groups of households would translate into higher poverty and even slower progress toward the Millennium Development Goals (MDGs).

#### Increased poverty

The global financial crisis led to layoffs and reduced wages for those working in the affected sectors. In addition, remittances also did not grow as fast as in previous years as foreign employers grappled with the adverse impacts of the crisis. These are expected to lead to a slight increase in the poverty incidence as only a few sectors of the economy were affected negatively. The food and fuel price shocks in 2008, however, are estimated to have a more significant impact on poverty. Even some of the rice farmers suffered from higher rice prices as they were net consumers of rice. Thus, the combined effects of the food and fuel price shocks, the global financial crisis and the typhoons in the latter half of 2009 are likely to increase the poverty incidence.

#### Lower school participation rates

Households coped with the price shocks and financial crisis by reducing expenses. They shifted children from private to public schools, resorted to hand-me-down uniforms, and at worst, withdrew children from school. Some of the children who were withdrawn from school worked to augment family income. This could have serious implications in the long-run since these children may no longer

return to the formal educational system, which may result to lower labor productivity in the future. More importantly, the lack of education will make it more difficult to break intergenerational poverty.

#### Lower health status

Some households have responded to the shocks by resorting to self-medication, foregoing medical treatment or buying generic drugs. The first two coping strategies may adversely affect the health status of the affected households. Child mortality rates and maternal rates may be more difficult to reduce under these circumstances.

Some households have also shifted to cheaper food items or less meals to reduce expenditures on food. This may affect nutritional status of children as some of the cheap noodles may not provide all the nutritional requirements.

## **7. MITIGATING THE IMPACT OF THE GLOBAL CRISIS**

Given the recent global crisis, the government put in place programs or expanded existing programs to mitigate the impact of the shocks. These programs included CLEEP, 4Ps and NFA rice program, among others. The succeeding sections present a brief description of some of the relevant programs and provide some updates on the status of implementation.

### **Economic Resiliency Plan**

In response to the global financial crisis, the Philippine government started to implement the Economic Resiliency Plan (ERP). The Plan aims to cushion the impact of the crisis and jumpstart the economy through a mix of accelerated government spending, tax cuts and public-private sector investments in infrastructure projects. It also seeks to prepare the country for the eventual global upturn. The total budget for the ERP amounts to P330 billion, the breakdown of which is shown in Table 38.

**Table 38. Economic Resiliency Fund**

Item	Allocation (P billion)	Obligation	% Utilization
1. Increase in budget from 2008-2009	160	151	94.4
2. Tax Relief from legislative law for individual and corporate income players	40	40	100.0
3. Additional Infrastructure Fund Thru Bond Issue	100	95	95.0
4. Additional benefits for SSL's	30		0.0
<b>Total</b>	<b>330</b>	<b>286</b>	<b>86.7</b>

Source: National Economic and Development Authority

Several specific programs have been identified and implemented by the Philippine government. Some of these programs (such as NFA rice access program and 4Ps), however, were already existing even before the crisis. For instance, the conditional cash transfer program (4Ps) was stepped up in response to the crisis. It is important to mention that there are two key questions that need to be considered in implementing a targeted program. First, whether the poor are reached and second, are there any benefits that are leaking to non-poor or non-eligible persons or households. Hence, identification of poor households is critical. Some of the specific programs implemented are discussed below.

### **Pantawid Pamilyang Pilipino Program (4Ps)**

This is one of the poverty alleviation programs of the government (through the Department of Social Welfare and Development –DSWD) that were launched to shield the people from the effects of the world problem on high prices of oil and commodities. The local government units will comply with the conditions of the program to provide basic facilities and supplies for health, like vaccines and family planning services, and education. Under the program, a family beneficiary with maximum of three children will receive a monthly allowance of P1,400, a P500 monthly allowance for nutrition and health expenses, and P3,000 for one school year or P300 per month for educational expenses per child. The beneficiaries have to comply with certain conditions to continue receiving the cash grants. These conditions include parents ensuring that their children attend school at least 85 percent of the time and receive vaccinations and health care. This is formerly called the Ahon Pamilyang Pinoy Program.

As of June 2009, 4Ps is benefiting 695,746 poor households nationwide. The program targets to provide a total of 700,000 households starting June 2009. The expansion was approved by President Arroyo last December 2008 with corresponding additional budget of P5.0 billion. The areas included in the 2nd set of implementation were selected from the 100 poorest municipalities from the poorest provinces based on 2003 Small Area Estimates (SAE) of the National Statistical and Coordination Board (NSCB).

Among all sites covered by this study, two barangays in Agusan del Sur were identified to be the beneficiaries of 4Ps, including barangays El Rio and Piglawigan. Results from the CBMS survey reveal that 130 of the 244 households (or 53.3%) in El Rio benefited from the program while 148 of the 273 households (or 54.2%) in Piglawigan were identified beneficiaries (Table 39). These represent about 53.8 percent of all households in the two barangays. In the case of El Rio, although the poorest quintile has the largest proportion of households who were able to access 4Ps at 63.3 percent, still, a significant proportion of households in the upper quintiles benefited from the program. For instance, about 47.9 percent of the richest households were identified to be beneficiaries of the program. The same generalization can be made in the case of Piglawigan with 46.3 percent of its richest households having access to the program.

Furthermore, based on per capita income, exclusion and leakage rates among households in El Rio is at 45.2 percent and 25.4 percent, respectively (Table 40). These rates are slightly higher than those estimated for Piglawigan at 43.8 percent and 17.6 percent, respectively. The total leakage and exclusion rates for the two barangays are 21.2 percent and 44.4 percent, respectively.

**Table 39. Households who were able to access the Pantawid ng Pamilyang Pilipino Program in Brgy. El Rio and Piglawigan**

Income Quintile	Magnitude	% of HHs in the Income Quintile who were able to access
<b><u>El Rio</u></b>		
1	31	63.3
2	26	53.1
3	23	46.9
4	27	55.1
5	23	47.9
<b>TOTAL</b>	<b>130</b>	<b>53.3</b>
<b><u>Piglawigan</u></b>		
1	29	52.7
2	33	60.0
3	29	52.7
4	32	59.3
5	25	46.3
<b>TOTAL</b>	<b>148</b>	<b>54.2</b>
<b><u>ALL BARANGAYS</u></b>		
1	60	57.7
2	59	56.7
3	52	50.0
4	59	57.3
5	48	47.1
<b>TOTAL</b>	<b>278</b>	<b>53.8</b>

Source: CBMS Survey 2009

**Table 40. Leakage and exclusion rates for 4Ps**

Estimates	Based on per capita income	Based on PMT			
		Cut-off value			
		0.5	0.6	0.7	0.8
El Rio					
Leakage Rate	25.4	83.1	76.9	65.4	50.0
Exclusion Rate	45.2	38.9	37.5	40.8	42.5
Piglawigan					
Leakage Rate	17.6	43.9	35.8	26.4	19.6
Exclusion Rate	43.8	32.0	33.1	33.1	35.7
TOTAL					
Leakage Rate	21.2	62.2	55.0	44.6	33.8
Exclusion Rate	44.4	33.5	34.2	35.6	38.3

Source: CBMS Survey 2009



## Philhealth Sponsored Program

This program aims to provide medical privileges to the marginalized sector of the Philippine society. This program is open to qualified indigents belonging to the lowest 25% of the Philippine population. Under this program, the government shoulders the monthly contribution of the qualified beneficiaries. The goal of this program is to achieve universal health insurance coverage by enrolling 4.7 million indigent families or 23.5 million poor beneficiaries. As of March 2009, there are about 3.4 million indigent families enrolled or about 17 million beneficiaries.

Based on the results of the CBMS survey in 13 sites, only 21.9 percent of all households were covered by the PhilHealth program (Table 41). Looking at the income quintiles, it can be observed that those at the highest quintile have the largest proportion of households who are able to access the PhilHealth program. It is important to note that only 16.2 percent of those in the poorest quintile have access to the program. The estimated exclusion rate is also very high. Exclusion rate among income poor households is at 81.8 percent while exclusion of PMT-poor households is at 82.2 percent (Table 42).

**Table 41. Households who have access to PhilHealth program (13 sites)**

Income Quintile	Magnitude	% of HHs in the Income Quintile who were able to access
1	161	16.2
2	178	17.9
3	188	18.6
4	247	24.9
5	311	32.1
<b>Total</b>	<b>1,085</b>	<b>21.9</b>

Source: CBMS Survey 2009

**Table 42. Exclusion Rates for PhilHealth Program**

	Number of poor HHs without access	Exclusion Rate
<b>Based on Income</b>		
All Sites	1375	81.8
Rural	1012	88.2
Urban NCR	42	73.7
Urban AONCR	321	67.6
<b>Based on PMT</b>		
All Sites	733	82.2
Rural	600	86.8
Urban NCR	16	80.0
Urban AONCR	117	64.6

Note: The cut-off value used for PMT is 0.7

## NFA Rice access program

This program offers NFA rice at subsidized prices which can be bought through NFA rolling stores, Tindahan Natin outlets and other government-run stores. In 2008, 14 million families have availed the subsidized NFA rice. During the year, NFA has distributed 13,108,343 bags to Tindahan Natin Outlets (TNOs) and 953,972 bags of rice to the Bigasan sa Parokya outlets (BPOs) with a total of 14,062,315 bags at P16.75 per kg or P837.50 per bag of 50 kg. The worldwide crisis of the rice supply in 2008 resulted in high acquisition cost of imported rice by NFA at P34.00 per kg or P1,700 per bag. Given this, the agency has incurred total losses of P12.1 billion exclusive of the cost of Iron Coated Rice Premix. From January to November 16, 2009, NFA has already distributed a total of 32,217,942 bags of 50 kg rice with daily average sales of 146,445 bags nationwide. The average acquisition cost of NFA rice is P31.80 per kg or P1,590 per bag for 2009 rice importation. These stocks were sold to accredited retailers at a highly subsidized price.

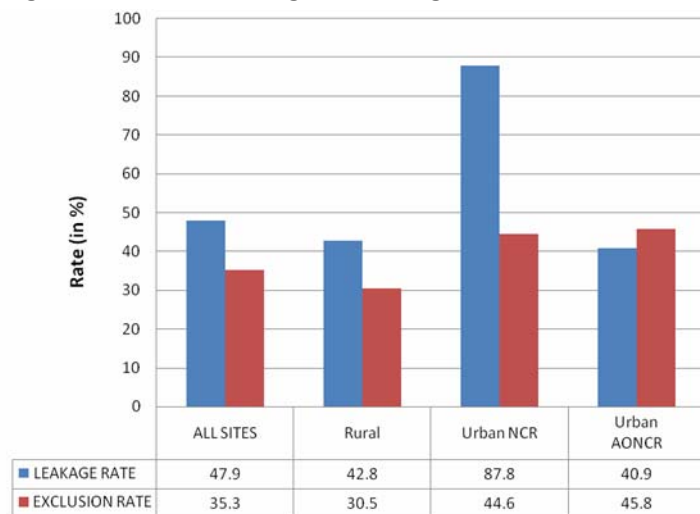
Based on the findings from the 13 sites, the long-running NFA program, despite the issuance of family access cards to address mistargeting still suffers from significant leakage and exclusion. Among all households belonging to the first income quintile, 68.1 percent were able to access the NFA rice program (Table 43). Note that even the households in highest income quintile were also able to access the NFA rice program reflecting poor targeting of the program.

**Table 43. Households who were able to access the NFA rice program (13 sites)**

Income Quintile	Magnitude	% of HHs in the Income Quintile who were able to access
1	676	68.1
2	554	55.8
3	436	43.1
4	269	27.2
5	143	14.8
<b>Total</b>	<b>2,078</b>	<b>41.9</b>

Note: Poverty status is based on income  
Source: CBMS Survey 2009

It is also important to highlight that there are relatively high leakage and exclusion rates for all sites covered in the study. In fact, about 47.9 percent of all households who access the program are considered income non-poor (leakage rate) (Table 44). In addition, 35.3 percent of all income poor households were not able to access the program (exclusion rate). The highest leakage rate is reported for urban NCR while the largest exclusion rate is observed in urban areas outside NCR (AONCR). This reflects weak targeting of the program. If poor households are identified based on the Proxy Means Testing (PMT) Model, the leakage rate is higher. Highest leakage and exclusion rate is recorded for urban NCR based on the PMT model.

**Figure 18. NFA Rice Program: leakage and exclusion rates**

Note: Poverty status is based on PMT model. The cut-off value used for PMT is 0.7  
Source: CBMS Survey 2009

**Table 44. Leakage and Exclusion Rates for NFA**

	NFA	
	Leakage Rate	Exclusion Rate
<b>Based on Income</b>		
All Sites	47.9	35.3
Rural	42.8	30.5
Urban NCR	87.8	44.6
Urban AONCR	40.9	45.8
<b>Based on PMT</b>		
All Sites	69.0	27.3
Rural	63.0	25.4
Urban NCR	96.5	52.6
Urban AONCR	71.7	31.7

Note: Poverty status is based on PMT model. The cut-off value used for PMT is 0.7

### Self-Employment Assistance-Kaunlaran (SEA-K)

This is a capability-building program in coordination with the Local Government Units (LGUs) which is designed to enhance the socio-economic skills of poor families to establish and self-manage a sustainable community-based micro-credit organization for entrepreneurial development. The target beneficiaries of this program are unemployed and under-employed families. As of press release last 27 August 2009, 1172 individuals were employed under the SEA-K program. The regions covered, so far, were the following: CAR, ARMM and Region XII.

## Comprehensive Livelihood and Emergency Employment Programs (CLEEP)

This program aims to provide emergency employment and income-generating services for the poor, returning expatriates, workers in the export industry, and out-of school youth. It aims to protect these vulnerable sectors from threats and consequences of reduced or lost income as a consequence of the global economic crisis. President Arroyo has made it clear that CLEEP is to be implemented nationwide as long as the world is in recession. Government department heads have been instructed specifically to 1) hire for emergency employment; and 2) fund and supervise livelihood projects.

The total budget allocated for this program is Ph13.69 billion to ensure jobs and employment opportunities are available for poor and underprivileged Filipinos during the crisis. Based on a report on October 2009, the programs/activities/projects (PAPs) under CLEEP intend to employ 466,644 individuals nationwide. It is estimated that 333,088 Filipino workers have been given jobs (or 71.4% accomplished as of October 2009) under the CLEEP program since its implementation in January this year. So far, about PhP8.37 billion has already been obligated for the implementation of CLEEP from the total budget allocation committed by the agencies for the various programs/activities/projects.

### Assistance provided to the affected workers

Based on the available data from BLES, about 38.8 percent of the affected workers during the period October 2008 to 30 November 2009 were assisted (Table 45). This translates to a total of 82,912 workers. Majority of the assisted workers are in Calabarzon (Region IVA) where about 34,110 affected workers were provided assistance. Furthermore, although Region VII (Central Visayas) also recorded a large number of affected workers at 53,083, only 1.8 percent of them were provided assistance.

**Table 45. Number of workers affected and assisted by region: October 2008 to 30 November 2009**

Region	Total Affected	Total Assisted	Assisted as % of Total Affected
<b>ALL REGIONS</b>	<b>213,420</b>	<b>82,912</b>	<b>38.8</b>
NCR	39,410	24,434	62.0
CAR	2,654	2,464	92.8
Region I	14	14	100
Region II	304	97	31.9
Region III	32,313	10,947	33.9
Region IVA	71,580	34,110	47.7
Region IVB	1,262	1,253	99.3
Region V	797	797	100
Region VI	651	418	64.2
Region VII	53,083	970	1.8
Region VIII	74	66	89.2
Region IX	1,843	1,132	61.4
Region X	1,833	145	7.9
Region XI	379	179	47.2
Region XII	322	57	17.7
Caraga	6,901	5,829	84.5

Source: BLES

## Assistance provided to affected OFWs

The government also provided assistance to OFWs affected by the crisis through the Technical Education and Skills Development Authority (TESDA), Overseas Workers Welfare Administration (OWWA) and Philippine Overseas Employment Administration (POEA). The assistance provided may be in the form of training, scholarships, counseling and legal assistance, among others. Table 46 shows the number of OFWs assisted during the crisis period. The assistance provided to affected OFWs might have also help in mitigating the impact of the crisis.

**Table 46. Assistance provided by TESDA, OWWA and POEA to OFWs affected by the global crisis**

TRAINING/ASSISTANCE PROVIDED	NUMBER ASSISTED
<b><i>TESDA (as of October 2009)</i></b>	
1. For Training under Pangulong Gloria Scholarship (PGS)	308
2. Graduates of TVET Programs	115
3. Undergoing Training	251
4. Free Assessment Service of TESDA (FAST)	5
5. Youth Profiling for Starring Careers (YP4SC)/ Career Profiled	129
6. Certification, Authentication, Verification (CAV) issued	11
7. Completed Pro-speak	2
8. Referred to TESDA Training Institutions	129
<b><i>OWWA (as of November 2009)</i></b>	
A. PHASE I	
1. EDWs Provided Prequalification Orientation/Counselled	10,791
2. Workers Referred for Assistance	7,588
B. PHASE II	
1. Workers Endorsed to Phase II <sup>1</sup>	5,188
2. Workers Who Availed Filipino Expatriate Financial Livelihood Support Fund (FELSF)	4,162
3. Application in Pipeline	1,026
C. REGULAR PROGRAMS	
1. Skill for Employment Scholarship Program (SESP)	328
2. OWWA-Microsoft Tulay Program <sup>2</sup>	373
D. REPATRIATION ASSISTANCE	
1. Workers Provided Assistance	143
<b><i>POEA (as of September 2009)</i></b>	
Legal Assistance	1,125
Referral to Agencies	2,646

<sup>1</sup>Included those with existing business or non-ACP covered displaced workers needing additional capital

<sup>2</sup>Amount not reckoned since this is an OWWA continuing computer literacy training offered in all regional offices

Sources of data: Technical Education and Skills Development Authority, Overseas Workers Welfare Administration, Philippine Overseas Employment Administration

## 8. RECOVERING FROM THE CRISIS

Given the minimal impact of the global crisis, the country has been able to recover from the crisis sooner. The Philippines' gross domestic product (GDP) in the last quarter of 2009 increased by 1.8 percent as compared to less than 1.0 percent growth during the first three quarters of the same year. Based on the most recent data, GDP grew by 7.3 percent in the first quarter of 2010 from 0.5 percent in the previous year (NSCB, 2010). All subsectors of the economy, except for agriculture and communication subsectors, benefitted from the global economic recovery, election related stimuli and growth in OFW remittances. The manufacturing sector has rebounded mainly due to the hefty contributions from trade and private services, particularly recreational and business services. As mentioned earlier, the growth in the country's total exports has also recovered with the reported positive growth starting November 2009. Although the total value of exports has not yet reached its pre-crisis level, there were indications of an increasing trend with positive year-on-year growth rates starting November 2009 until February 2010. In fact, exports grew by 42.3 percent in February 2010.

Moreover, the most recent BSP report indicated that remittances from OFWs coursed through banks grew by 5.6 percent in March 2010 reaching US\$1.6 billion, which is the second highest ever monthly remittance level recorded. The registered three month period year-on-year growth, however, is 7.0 percent which was supported by the higher remittances from both sea-based and land-based workers, according to the report. It was also mentioned that the prospects for global deployment of OFWs remain positive, given the expected increase in employment opportunities as the global economy recover from the crisis.

The most recent World Bank (2010) forecast for the Philippines indicated that the economy will grow at 3.5 percent this year. This is primarily due to the stronger global outlook, rising OFW deployment that will boost remittances, recovery in private consumption and robust public spending. Although labor market indicators remain weak, OFW deployment remained strong despite rising global unemployment which shows a high demand for and supply of Filipino workers in the global labor market. According to the Philippine Quarterly Updates (World Bank, 2010), the magnitude of the fiscal stimulus implemented by the government in 2009 was "unprecedented in recent Philippine history." The huge fiscal stimulus helped buffer overall economic activity in 2009, but at the same time "pushed the national government's primary fiscal balance into its first deficit since 2002, the estimated public sector balance into its first deficit since 2005, and led to its first increase in the non-financial public sector debt-to-GDP ratio since 2003." In fact, in 2009, fiscal deficit reached 3.9 percent of GDP which is the highest level since the implementation of fiscal reforms in 2005-2006. This, therefore, requires a strong revenue base to increase fiscal space needed to support sustained growth and greater spending on health, education and social protection. Meanwhile, the forecast for 2010 budget deficit is still high at about 4.3 percent of the country's GDP for the year.

In terms of domestic employment, record shows that unemployment rate remains at 7.3 percent in January 2010. Although negative year-on-year growth in employment levels in the manufacturing sector is reported from the first quarter of 2008 until the 3<sup>rd</sup> quarter of 2009, recent data show that employment levels in the sector started to increase since October 2009 until January 2010. Data from BLES revealed that as of 30 November 2009, about 57.9 percent of the affected workers were already rehired, recalled or were back to normal. This represents about 123,597 workers. Some of the affected OFWs were also provided assistance the form of training, scholarships, counseling or legal assistance. The government provided assistance to affected OFWs through TESA, OWWA and POEA.

Based on the CBMS survey, about 84.0 percent of affected households were able to access at least one of the three government programs mentioned earlier, including the NFA rice access program, PhilHealth program and 4Ps. Access to these programs have helped these households weather the crisis and might have helped mitigate the potential long-term negative impacts of the global crisis.

## **9. CONCLUSION AND RECOMMENDATIONS**

This study aims to monitor the economic and social impact of the global financial and economic crisis in the Philippines. Although the impact was not as large as initially expected, modest increase in poverty is found. Moreover, coupled with the impact of price shock in 2008 and the recent natural calamities, poverty incidence is expected to go up significantly in the future. This is more worrisome given the recent reversal in poverty incidence observed in 2006, when poverty incidence went up for the first time since 1985.

The study focused on two major transmission channels by which the global crisis could impact on households. These include overseas employment and remittances and domestic employment. Simulation exercises which capture only the direct impact through these channels reveal an increase in poverty incidence by 0.14 percent which would translate to approximately 120,000 people. Poverty gap and severity of poverty also increases by 0.06 percent and 0.05 percent, respectively. Meanwhile, wage reduction among affected households could lead to a 0.22 percent increase in poverty rate (representing about 201,000 households) with poverty gap index and severity of poverty index increasing slightly by 0.08 and 0.01, respectively. These simulation exercises capture only the direct impact of the crisis through the two major channels, holding other factors constant.

CBMS survey results show that at about 7.6 percent of the households would be directly affected by the global crisis through the two major transmission channels mentioned earlier. About 2.3 percent were directly affected through overseas employment and remittance while 5.5 percent were affected through domestic employment. The most likely affected households are those living in the urban areas. Households which are highly dependent on agriculture may not be directly affected by the global crisis.

Results of the CBMS survey showed that the potential impact of the crisis on poverty varies across different groups of households. In fact, certain groups of households or individuals were affected more as compared to the other groups. The crisis has affected the households in terms OFW remittances and local employment. For instance, households which are highly dependent on remittances as a source of income would be adversely affected through reduced remittance receipts. In addition, households with members who are working in the affected sectors (e.g., manufacturing) could be negatively affected through reduced income. Results at the macro and micro level reveal that the manufacturing sector is one of the most affected sectors as shown by the relatively high proportion of affected workers in terms of displacement, wage reduction and flexible work arrangements. This would mean that the total income of households with affected members could decline which would eventually impact on their poverty situation.

In response to the crisis, households adopted various coping strategies. Some groups of households are in a better position to respond and to cope with the crisis while others maybe not. For instance, results across all sentinel site show that poor households are more predisposed to change food consumption pattern, withdraw children from school and change health-seeking behavior. These coping strategies may be damaging and counter-productive in the medium- and long-run. Some coping mechanisms, in fact, may have negative long-term consequences on the vulnerable groups, including women and children. For instance, one of the coping mechanisms adopted by the households is in terms of withdrawal of their children from school which may have negative long-term consequences. The health status of the affected households could also be adversely affected in the long-run if they do not seek medical attention.

In response to the crisis, the government has identified and implemented some programs that could mitigate the impact of the crisis. Several government agencies also played a role in assisting those which are directly affected by the crisis. This might have helped the affected individuals or households from falling into poverty or taking decisions that could have long-term detrimental effects.

Although recent estimates reveal that the Philippines and the global economy have started recovering from the crisis, there must be a continuing effort to improve targeting of government programs. Given the tight fiscal space, improving the targeting schemes of programs could ensure that the poorest and most eligible households benefit from the available resources. As shown by the CBMS results, leakage and exclusion rates are still high for programs such as the NFA rice access program and 4Ps. High exclusion rate is also recorded for the PhilHealth program. The recurring problem of targeting in social protection programs highlights the need for a good targeting mechanism in order to minimize leakages and exclusion. Household-level data, such as those being generated by the community-based monitoring system, are very useful in identifying eligible beneficiaries. Hence, evaluation of current programs is needed so that we could identify those which are ineffective and need not be implemented anymore, and improvements in others that should be kept.

Aside from being useful in improving the targeting system, CBMS data could be useful in many other ways. This study, in fact, was able to demonstrate how the CBMS data can be used in monitoring the impacts of economic shocks (such as the recent global crisis), as well as in enriching information in terms of identifying who will be affected. In particular, CBMS data was used to validate the results at the macro level, including the results from other sources and vice versa. Indeed, results from CBMS survey can be used as basis for doing simulations at the national level, especially if there is enough sample.

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**ANNEX A**  
**Economic Situation of Top 10 Major Trading Partners\* in 2008**

Country	Economic Situation
1. US	(December 1, 2008) The U.S. economy has been in recession since Dec. 2007, the National Bureau of Economic Research said. The bureau is a private research institute widely regarded as the official arbiter of U.S. economic cycles. It said a 73-month economic expansion had come to an end.
2. Japan	(November 17, 2008) The world's second-biggest economy slides into recession, its first in seven years. Its GDP contracts 0.1 percent in the July-September quarter, as the financial crisis curbs demand for its exports. It shrank 0.9 percent in the previous quarter.
3. China	(April 16, 2009) Annual growth in China's gross domestic product (GDP) slowed in the first quarter of 2009 to 6.1%. This is the weakest growth since quarterly records began in 1992. China experienced double-digit growth from 2003 to 2007, and recorded 9% growth in 2008.
4. Singapore	(October 10, 2008) First Asian country to slip into a recession since the credit crisis began. Singapore's export-dependent economy shrinks annualized rate of 6.8 percent in the third quarter after a 6.0 percent contraction in the second quarter, its first recession since 2002.
5. Taiwan	(February 18, 2009) Taiwan plunged into recession as the economy contracted a record 8.36 percent in the three months to December due to the global economic meltdown. The figure "marked the biggest slump since 1961" when the government started compiling quarterly figures.
6. Hong Kong	(November 14, 2008) -- Hong Kong becomes the second Asian economy to tip into recession, its exports was hit by weakening global demand. Third-quarter GDP drops a seasonally adjusted 0.5 percent after a 1.4 percent fall in the previous quarter.
7. Korea, Republic of	(April 24, 2009) South Korea has narrowly avoided entering recession after its economy grew by 0.1% between January and March compared with the last quarter of 2008. South Korea's economy suffered its second-biggest contraction on record in the final quarter of 2008. The South Korean economy was last in recession in 1998.
8. Thailand	(May 25, 2009) Thailand's economy stepped into recession at the end of the first quarter of the current financial year 2009 as the country's growth contracted by a huge 7.1 per cent due to tumbling exports and imports.
9. Germany	(November 13, 2008): Europe's largest economy contracted by 0.5 percent in the third quarter after GDP fell 0.4 percent in the second quarter, putting it in recession for the first time in five years.
10. Netherlands	(February 13, 2009) The Dutch economy has been in recession since April 2008. The Central Bureau of Statistics (CBS) announced Friday that the economy in the fourth quarter of 2008 has shrunk by 0.9 percent, and that in the second and third quarter, there were minor contractions.

\*As identified by NSO as of 2008

Note: A country is generally considered to be in recession following two consecutive quarters of economic contraction.

Sources: "World economies slide into recession" as compiled by Gillian Murdoch, Singapore Editorial Reference Unit, Reuters, BBC News, The Business Edition

**ANNEX B**  
**Some relevant news articles, October 2008- March 2010**

<b>OFW</b>	
<b>Date</b>	<b>Highlights</b>
October 2008	PGMA ordered for a contingency plan for OFWs who might be affected by GFC.
	Labor Secretary Marianito Roque said that there will be no mass lay-offs of Filipino workers around the world despite the GFC.
	Filipino families with OFW were expected to tighten belts in the coming holiday season as remittances were expected to shrink by half.
	Roque said that there is no cutback in demand for OFWs based from the report of DOLE's 37 labor officers abroad.
	VP Noli de Castro assured that the government is ready for OFWs that might be displaced due to GFC. He added that DOLE and TESDA had already prepared contingency measures to address the needs of these OFWs.
	The government through DOLE and DFA had started monitoring job losses of OFWs worldwide.
	A report said that RP workers in Dubai may face lay-offs as the construction industry in the country is also in danger of being affected by the global financial slowdown.
	Due to the global financial crisis, Spain suspended its renewal of a labor agreement that would continue a pilot project that two years ago sent 150 Filipino caregivers to work in health institutions.
November 2008	The Asia Pacific Mission for Migrants (APMM) said that Roque misreported the number of OFWs who lost job in Taiwan from 1,000 to 300.
January 2009	Local recruitment agencies that send Filipino workers to Taiwan factories said that they had started the redeployment process for workers displaced by the financial crisis plaguing the island
	At least 2,500 Filipino workers lost their jobs in Taiwan amid a global economic slowdown, and more are expected to be sent home in the coming months
	Saudi Prince Khalid Saud bin Khalid gave assurances that there will be no job losses for more than 1 million OFWs in the Middle East Kingdom.
	Roque said that some displaced overseas Filipino workers from Taiwan will soon organize themselves and set up businesses under the government's contingency plan for workers affected by the global financial crisis.
	Australian Ambassador to the Philippines Rod Smith said that the demand for Filipino workers in Australia remains but will slow down due to the continuing global financial crunch.
	A lawmaker urged the Arroyo administration to make available to laid-off OFWs an unemployment package that would consist of, among others, a onetime grant of P50, 000 cash, to see them through while looking for new jobs.
	OFWs in Saudi were reported to be increasingly worried about their job security after a local labor official there reportedly advised companies affected by the global financial crisis to sack their foreign workers first.
February 2009	74 OFWs lost their jobs in South Korea as a direct result of the global financial crunch.

September 2009	RP and Taiwan extended their hiring agreement to March 2010 that would have expired in 2009. A Philippine representative office there had noted that hiring in that foreign market had begun to make up for the 4,740 workers retrenched recorded in the fourth quarter of 2008.
<b>JOB LOSSES</b>	
<b>Date</b>	<b>Highlights</b>
October 2008	RP labor had started to feel the crisis as numerous garments factories in the Cavite Export Processing Zone were either slowing down or closing shop, according to the Ecumenical Institute for Labor Education and Research (EILER).
November 2009	Roque agreed with the chief executive officers of the country's biggest companies that there might be job losses in 2009 but said his office has not yet received any reports of layoffs.
	Mactan Export Processing Zone and other industrial estates in the Visayan province had either reduced their work force or their working hours because of reduced orders from the United States.
December 2008	Local recruiters appealed to DOLE to strengthen its efforts to help OFWs who have been retrenched abroad.
	One of the big three cement firms operating in the country laid-off 45 employees in its Mindanao operation and 20 others in its Luzon plant.
	Cemex Philippines reduced its workforce by three percent in November to cope with a depressed market. The firm also shut down kiln operations in its plants in Antipolo City and Naga, Cebu.
	80 workers of Lear Automotive Services (Netherlands) B.V. in Mactan Economic Zone I were laid off.
January 2009	Two export companies in Mactan Economic Zone, Maithland Smith Ltd. and Taiyo Luden Philippines Inc., retrenched a total of 275 workers.
	Texas Instruments Philippines Inc. based in Baguio City laid-off 392 workers from different divisions.
	Intel announced that it is closing its manufacturing plant in General Trias, Cavite and is offering severance packages to 1,800 employees.
	Roque mentioned in an article that as the export sector shrinks with its markets, some 34,000 jobs in factories throughout the Philippines have been affected,
	Mitsumi Philippines Inc. dismissed 2,400 workers in its plant in Bataan and 2,000 in Cebu.
	Panasonic Corp. was reported to shut down its factory in the Philippines. Some 60 Filipino employees at Panasonic's battery factory in Taytay, Rizal will lose their jobs.
	Amkor Technology Inc. laid-off 3,000 female contractual workers and 2,000 more scheduled in February 2009
	Some 12,500 workers were retrenched at Philippine Economic Zone Authority (PEZA) zones since October.
	DOLE's regional office in Tacloban had allocated P17 million to help the workers in the coconut processing industry who might be displaced due to the global economic crisis.
April 2009	Mindanao Textile Corp. laid off nearly a thousand workers due to a shortfall in orders for export.
	Mindanao Textile Corp. announced that it will shutdown on May 15, 2009 laying off 1600 more workers.

June 2009	Moog Controls Philippines reduced employment by 293 of its personnel.
	Canadian electronics firm Celestica Inc. stopped its operation resulting to 1,000 job losses.
	Triumph International Philippines planned on shutting down in July 2009 which will result to 1,600 retrenched workers.
August 2009	PAL had started considering on trimming staff and operations to prevent the company from incurring further losses and to preserve its remaining assets.
September 2009	PAL union official stopped attending board meetings in protest to management moves on trimming staff and operations.
	PAL employees were reported to seek the Labor department's help to stop the company's plan to out-source non-core services, which they claim could leave 4,000 jobless. It was also mentioned that there is already an on-going offer for all the employees to avail an early retirement package to achieve the reduction in the work-force.
<b>EXPORTS</b>	
<b>Date</b>	<b>Highlights</b>
October 2008	Exporters started to brace themselves for tougher times ahead.
November 2008	The Philippine electronics industry, the country's single largest export sector, warned that it would likely see a decline in 2009 due to the worldwide financial turmoil.
February 2009	The Association of Negros Producers (ANP) braced for an expected 50 percent drop in exports in 2009 because of the world financial crisis.
	Tuna industry in Gen. San also felt the crisis as the demand from the crisis-hit United States, which used to account for more than 50 percent of General Santos City's tuna market, slowed down.
March 2009	Listed firms that export food, services and patented electronics were reported to weather economic downturn. These are Alliance Tuna International, Inc., Universal Robina Corp., and Music Semiconductors Corp.
September 2009	Local furniture manufacturers believed that the worst of crisis is over as demand from hotels and resorts domestically and internationally have picked up and are averting further retrenchment in factories. There have been reports of recovery in the housing sector of the US which constitutes Philippine exporter's top market.
December 2009	Celloom Furniture Corp., a Cebu-based furniture exporter, saw a \$4 million decline in sales in 2009. Its biggest market, the US, which accounts for 65 % of sales, still continues to reel from an economic and financial crisis.
<b>GOVERNMENT'S RESPONSE</b>	
<b>Date</b>	<b>Highlights</b>
October 2008	PGMA had ordered economic experts to prepare a contingency plan to cushion the impact of an economic recession in the underdeveloped world.
	Finance secretary, Margarito Teves said that the government is prepared to provide financial assistance to sectors that may be severely affected by the financial meltdown in the United States
	PGMA called for an ASEAN meeting to devise a plan to cushion the region from the impact of GFC.
	Alternative stimulus package was proposed by former speaker Jose de Venecia that would include the establishment of anti-poverty fund and loan facility for microfinance.

	An economic adviser to PGMA had called for a realignment of P33 billion in the 2009 budget from capital spending to direct subsidies for education, health, and food to shield the poor from GFC.
	PGMA supported a plan to create a P100-billion fund to help insulate the economy from a recession in United States.
	PGMA said the government would set up a P250-million livelihood fund in case OFWs will be displaced.
	PGMA had ordered all Cabinet agencies to draft employment and livelihood programs for the poor and the middle class to cushion the impact of the global financial crisis.
	A report said that the government is completing a digitized poverty-information bank that will help it track the activities and condition of every poor Filipino once the effects of a world recession hit in 2009 or 2010
	The private sector had responded to a call of PGMA to help the government put up a P100-billion crisis fund to finance projects aimed at keeping the Philippines away from an economic meltdown. The said sector will contribute P50 billion to the fund.
November 2008	Governments top economic officials planned to increase the budget for Conditional Cash Transfer (CCT) to help more poor families cope with difficulties that may be caused by the global financial crisis.
	ADB said that it was willing to provide financial assistance to the Philippines if the credit crunch being experienced in advanced economies would spill over to the domestic financial system.
December 2008	The government had doubled the CCT fund to P10 billion because of the global financial crisis. This is to benefit an additional one million schoolchildren across the country.
January 2009	DOLE opened its National Reintegration Center and all regional offices of the Overseas Workers Welfare Administration for retrenched overseas Filipino workers seeking to avail themselves of government livelihood assistance and job placement programs.
	DILG stepped up its anti-poverty programs aimed at providing more jobs to Filipinos. This is to insulate the country from the effects of the global financial crisis
	The Social Security System (SSS) chipped in P12.5 billion to the P300-billion economic stimulus fund meant to help tide the Philippines over this year when the global downturn is anticipated to worsen.
	The government drafted the Economic Resiliency Plan which is its response to the global financial crisis. It called for a P330 billion budget, most of which will be spent on infrastructure projects in the first half of 2009.
	Labor and economic experts said that the P330 billion-economic stimulus package approved by Congress should be spent in modernizing the agricultural sector instead of building new highways and roads.
	It was reported that laid-off OFWs can avail of up to P50,000 loan from the Overseas Workers Welfare Administration to start or expand a livelihood project
	Trainings under DTI were set in Visayas for the workers who lost their jobs.
	DOLE geared up efforts to efforts to help displaced workers cope with the economic downturn starting with financial assistance to small businesses in danger of closure and an aggressive profiling of retrenched employees.
	The regional head of the Department of Labor and Employment said the department would tap the top businessmen in this northern city to share business tips with workers laid off by Texas Instruments Philippines Inc. and with local miners.
February 2009	OWWA urged displaced OFWs to avail of grants amounting to P10, 000 and loans and become entrepreneurs.

	<p>The government's livelihood fund for OFWs who could lose their jobs amid the global economic crisis was increased to P1 billion from P250 million</p> <p>PGMA said that the government will pool its environment and energy independence projects under its P330-billion economic resiliency package to create "green collar jobs."</p> <p>DOLE sent a three-man team to South Korea to help Filipino workers there at risk of losing their jobs find other work or source of income.</p>
March 2009	<p>SSS was reported to be offering P500 million in emergency loans to members who have lost their jobs since the beginning of the year.</p> <p>PGMA approved PhP 100 million subsidies for electronics industry workers to help them deal with the economic downturn. It involved free technical training, a daily stipend equivalent to PhP 200, and transportation and food allowance.</p>
April 2009	SSS in Eastern Visayas provided an emergency loan for displaced workers due to the global financial crisis.
May 2009	The government gave out P4.09 billion in subsidies to 27 state-owned and -controlled corporations in the first four months of 2009 to boost spending and stimulate economic activity.
August 2009	DTI was reportedly set to release the remaining P800 million from the P1 billion subsidy set aside by government to help exporters survive the economic crisis.
December 2009	The World Bank's Board of Executive Directors approved a \$405-million loan to support the Philippines' Pantawid Pamilyang Pilipino Program. The government expanded the program to cover 1 million households in response to the global food crisis in the succeeding months.
January 2010	A PhP 1 Billion subsidy promised to exporters amid the economic downturn generally went unused in 2009, with government having released roughly 1% of the fund by end-2009.
March 2010	The government had set aside at least P100 billion for stimulus spending this year as the economy remains "fragile" given the lingering effects of the global financial crisis.
<b>OTHERS</b>	
<b>Date</b>	<b>Highlights</b>
October 2008	PGMA, in an article, said that, women as household heads trying to make ends meet would take a "harder hit" from the global economic crisis. She assured them that government was taking steps to cushion the blow.
September 2009	According to BBC World Service-commissioned survey, a large majority (76%) of Filipinos are dissatisfied with how the government has responded to the global economic crisis placing their disappointment level as the third highest among 20 countries.
October 2009	Bank employees urged the government and banks to convene and draft a contingency plan, in case shocks from the global financial meltdown force lay-offs in the local banking sector.
December 2009	International Labor Organization (ILO) said in a report that employment in developing countries, including the Philippines, will continue to drop in the near term despite early signs of economic recovery. The report also stated that the Philippines will likely take two years to recover.
February 2010	At least three petitions for wage hikes are being reviewed but the government has yet to see whether the crisis is definitely over.
March 2010	Jobs posted online shrank in February despite signs of global economic recovery. Data from Jobstreet.com showed that there were 17, 505 job vacancies announced by domestic firms via the Internet in February, 1,822 lower than the 19,327 jobs offered last year. The Agriculture sector took the biggest hit.

Sources: Philippine Daily Inquirer and Business World (October 2008-March 2010)

## ANNEX C. CBMS core indicators for the 13 selected sites

	URBAN NCR						URBAN OUTSIDE NCR						RURAL																		TOTAL (10 BARANGAYS ONLY EXCLUDING BARANGAYS POBLACION III, MASIKAP, AND SALVACION)									
	Brgy. 192 (Pasay City)	Villa Angeles (Orion, Bataan)					Pob. III (Sto.Tom as, Batangas)	Magbangon (Cabucgayan, Biliran)				Gumamela (Labo, Camarines Norte)				El Rio (Sibagat, Agusan del Sur)				Piglawigan (Esperanza, Agusan del Sur)				Maligaya (Mariveles, Bataan)				San Vicente (Sta. Elena, Camarines Norte)							Ando (Borongan, Eastern Samar)				San Miguel (Llorente, Eastern Samar)	
CBMS Core Indicators	2005	2009	Change	2006	2009	Change	2009	2005	2009	Change	2006	2009	Change	2005	2009	Change	2005	2009	Change	2006	2009	Change	2006	2009	Change	2005	2009	Change	2005	2009	Change	2005	2009	Change	2005	2009	Change	2005/06	2009	Change
<b>Health and Nutrition</b>																																								
Proportion of children aged 0-4 years old who died	0.0	0.0	0.0	0.0	0.9	-0.9	0.4	1.1	0.0	1.1	0.4	0.4	0.0	1.5	0.6	0.9	0.4	0.5	-0.1	0.0	0.0	0.0	0.6	0.8	-0.2	0.0	2.4	-2.4	0.8	2.2	-1.4	1.1	1.3	0.4	0.5	-0.1				
Proportion of women who died due to pregnancy related causes	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	1.2	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	1	-1				
Proportion of children aged 0-5 years old who are malnourished	0.0	2.0	-2.0	1.7	0.0	1.7	0.3	0.0	0.7	-0.7	4.0	0.4	3.6	4.1	6.3	-2.2	0.9	9.4	-8.5	1.8	0.5	1.3	12.8	4.1	8.7	3.1	0.0	3.1	1.6	0.0	1.6	8.1	4.5	2.4	2.2	0.3				
<b>Shelter</b>																																								
Proportion of households living in makeshift housing	0.2	1.9	-1.7	1.4	0.6	0.8	0.9	1.0	0.8	0.2	1.0	7.2	-6.2	5.3	3.9	1.4	2.6	8.6	-6.0	3.7	0.5	3.2	0.9	0.0	0.9	9.7	2.3	7.4	0.0	13.8	-13.8	0.4	1.7	2.2	3.2	-1				
Proportion of households that are squatters	0.1	30.1	-30.0	0.0	0.3	-0.3	0.7	1.3	0.8	0.5	5.5	0.2	5.3	2.0	2.3	-0.3	3.3	2.2	1.1	1.1	1.4	-0.3	0.0	0.4	-0.4	5.7	0.0	5.7	2.0	3.4	-1.4	0.0	0.8	1.7	7.4	-5.7				
<b>Water and Sanitation</b>																																								
Proportion of households without access to safe water supply	2.4	1.1	1.3	6.0	0.9	5.1	0.9	1.7	2.3	-0.6	3.3	2.1	1.2	18.3	18.3	0.0	0.4	1.8	-1.4	15.3	15.0	0.3	20.9	14.7	6.2	0.6	1.2	-0.6	6.0	1.1	4.9	0.4	58.2	7.7	6.3	1.4				
Proportion of households without access to sanitary toilet facilities	0.0	0.0	0.0	0.4	4.5	-4.1	0.2	18.9	3.9	15.0	8.3	11.3	-3.0	15.0	14.5	0.5	15.8	4.8	11.0	3.1	0.3	2.8	13.6	19.1	-5.5	0.6	6.9	-6.3	21.5	20.5	1.0	0.0	13.9	7.3	5.9	1.5				
<b>Education</b>																																								
Proportion of children aged 6-12 years old who are not attending elementary school	13.6	16.3	-2.7	16.2	24.6	-8.4	17.5	27.5	23.2	4.3	16.7	21.7	-5.0	25.9	31.9	-6.0	17.5	30.3	-12.8	15.8	38.3	-22.5	16.0	22.6	-6.6	28.4	23.3	5.1	20.6	15.6	5.0	20.3	20.0	17.9	25.5	-7.6				
Proportion of children aged 13-16 years old who are not attending secondary school	23.3	24.4	-1.1	14.1	38.4	-24.3	36.1	35.8	29.4	6.4	30.9	40.2	-9.3	43.0	55.7	-12.7	48.2	56.5	-8.3	28.4	42.7	-14.3	41.5	38.4	3.1	51.2	39.4	11.8	34.2	43.9	-9.7	32.9	45.6	33.4	40.6	-7.2				
<b>Income</b>																																								
Proportion of households with income below the poverty threshold	7.1	6.7	0.4	18.7	12.2	6.5	20.0	42.2	56.8	-14.6	45.6	44.4	1.2	78.9	72.5	6.4	56.4	79.1	-22.7	19.1	23.0	-3.9	68.2	73.8	-5.6	49.7	52.3	-2.6	78.9	75.1	3.8	10.6	29.5	35.4	37.4	-2				
Proportion of households with income below the food (subsistence) threshold	1.8	1.8	0.0	9.5	3.7	5.8	9.2	23.9	47.5	-23.6	27.5	27.3	0.2	68.7	59.4	9.3	33.0	72.2	-39.2	7.2	16.5	-9.3	55.0	56.9	-1.9	35.4	36.8	-1.4	69.3	69.9	-0.6	4.4	16.0	23.3	28.5	-5.2				
Proportion of households that experienced food shortage	0.7	1.2	-0.5	0.0	0.3	-0.3	3.0	24.3	0.0	24.3	0.8	0.2	0.6	36.6	38.6	-2.0	8.1	25.3	-17.2	0.3	0.1	0.2	0.0	0.0	0.0	1.1	10.4	-9.3	5.6	6.7	-1.1	0.4	16.0	5.5	5.2	0.3				
<b>Employment</b>																																								
Proportion of persons who are unemployed	17.3	8.3	9.0	24.3	12.8	11.5	8.1	16.2	8.1	8.1	9.0	5.6	3.4	15.5	6.8	8.7	13.6	14.5	-0.9	11.6	17.0	-5.4	7.4	7.8	-0.4	11.5	7.2	4.3	36.1	36.7	-0.6	13.5	2.8	14.9	13.1	1.9				
<b>Peace and Order</b>																																								
Proportion of persons who were victims of crimes	1.0	0.5	0.5	0.8	0.9	-0.1	0.2	0.0	0.0	0.0	1.3	2.0	-0.7	4.7	4.0	0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.0	0.6	-0.6	0.0	0.0	0.0	0.0	0.5	-0.5	6.7	3.0	0.6	0.6	0.1				

Source: 2009 CBMS Survey

**ANNEX D. Coping strategies adopted by affected households in the 13 selected sites, by location, 2009**

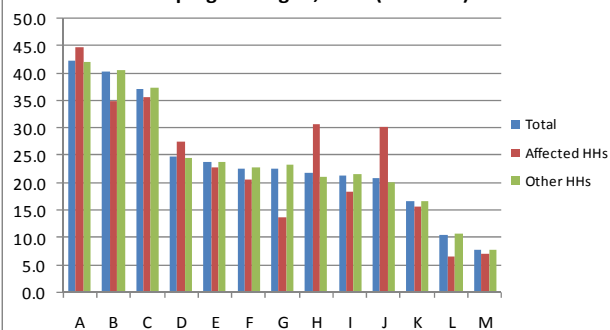
Coping Strategies	Total		Rural		Urban NCR		Urban AONCR	
	No.	%	No.	%	No.	%	No.	%
<b>Tapped various fund sources</b>								
<b><i>Borrowed money</i></b>	<b>184</b>	<b>49.1</b>	<b>65</b>	<b>57.0</b>	<b>40</b>	<b>61.5</b>	<b>79</b>	<b>40.3</b>
Used savings	87	23.2	32	28.1	15	23.1	40	20.4
Pawned assets	29	7.7	11	9.6	8	12.3	10	5.1
Sold assets	15	4.0	6	5.3	3	4.6	6	3.1
<b>Sought additional source of income</b>								
<b><i>Looked for additional work</i></b>	<b>52</b>	<b>13.9</b>	<b>27</b>	<b>23.7</b>	<b>6</b>	<b>9.2</b>	<b>19</b>	<b>9.7</b>
Did additional work	31	8.3	17	14.9	3	4.6	11	5.6
Looked for work abroad	15	4.0	2	1.8	3	4.6	10	5.1
Employed members not previously working	11	2.9	2	1.8	4	6.2	5	2.6
<b>Coping strategies in terms of health</b>								
<b><i>Shifted to generic drugs/cheaper drug brands</i></b>	<b>125</b>	<b>33.3</b>	29	25.4	<b>27</b>	<b>41.5</b>	69	35.2
Resorted to self-medication	117	31.2	17	14.9	18	27.7	<b>82</b>	<b>41.8</b>
Used medicinal plants/herbal medicines	112	29.9	<b>32</b>	<b>28.1</b>	7	10.8	73	37.2
Shifted to government health centers and hospitals	91	24.3	27	23.7	10	15.4	54	27.6
Shifted to alternative medicine	51	13.6	9	7.9	2	3.1	40	20.4
Lessened the availment of medical treatment for any illness	44	11.7	6	5.3	3	4.6	35	17.9
Did not seek medical treatment for any illness	30	8.0	7	6.1	3	4.6	20	10.2
Reduced prescribe drug intake	28	7.5	1	0.9	2	3.1	25	12.8
Did not buy medicine	23	6.1	9	7.9	1	1.5	13	6.6
Discontinued intake of prescribed medicine	15	4.0	3	2.6	0	0.0	12	6.1
Others	11	2.9	3	2.6	1	1.5	7	3.6
<b>Coping strategies in terms of education</b>								
<b><i>Members who are studying used second-hand uniforms/shoes</i></b>	<b>48</b>	<b>12.8</b>	<b>16</b>	<b>14.0</b>	<b>17</b>	<b>26.2</b>	15	7.7
Reduced allowance for members who are studying	39	10.4	15	13.2	8	12.3	16	8.2
Members who are studying used second-hand books	37	9.9	8	7.0	10	15.4	<b>19</b>	<b>9.7</b>
Others	11	2.9	4	3.5	5	7.7	2	1.0
Shifted from private vehicle/school bus to commuting	9	2.4	1	0.9	1	1.5	7	3.6
Transferred children from private school to public school	6	1.6	1	0.9	3	4.6	2	1.0
Withdrawn children from school	6	1.6	4	3.5	1	1.5	1	0.5
Transferred children from daycare to homecare	4	1.1	1	0.9	0	0.0	3	1.5
Members who are studying skipped classes	3	0.8	0	0.0	0	0.0	3	1.5

Source: 2009 CBMS Survey



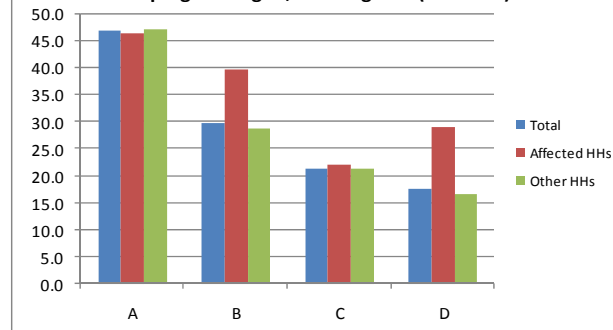
## ANNEX E. Coping strategies adopted by affected households and other households, 2009

**Coping Strategies, Food (% of HHs)**



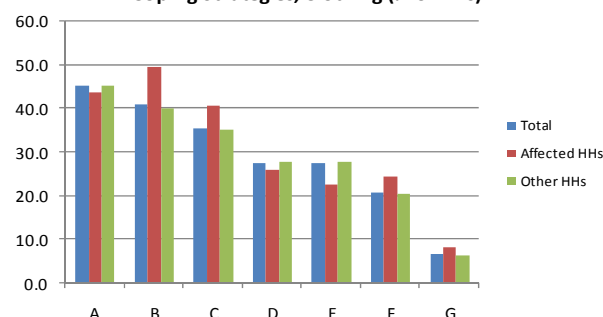
Code	Coping strategy
A	Reduced expensive food
B	Recooked/reheated leftovers
C	Shifted to cheaper food
D	Consumed staple food only
E	Bought from government stores
F	Bought in retail
G	Consumed same dish for days
H	Lessened dining out
I	Combined meals
J	Reduced portion
K	Consumed own harvest
L	Skipped meals
M	Reduced parents' share

**Coping Strategies, Cooking Fuel (% of HHs)**



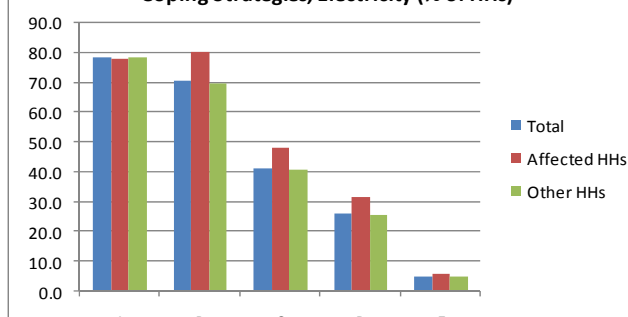
Code	Coping strategy
A	Reduced times cooking food
B	Reduced times heating water
C	Bought cooked food
D	Shifted to alternative cooking fuel

**Coping Strategies, Clothing (% of HHs)**



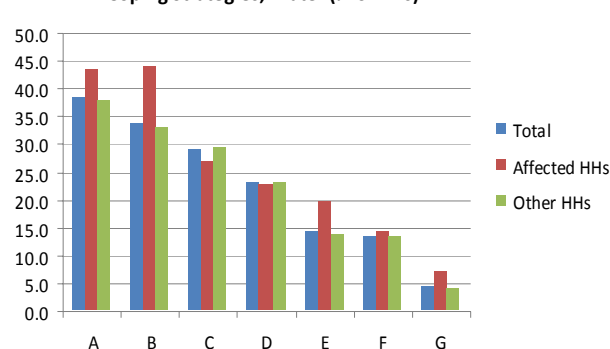
Code	Coping strategy
A	Shifted to cheaper brands
B	Shifted to <i>ukay ukay</i>
C	Lessened frequency of buying
D	Did not buy clothes
E	Repaired old clothes
F	Purchased clothes during sales
G	Made own clothes

**Coping Strategies, Electricity (% of HHs)**



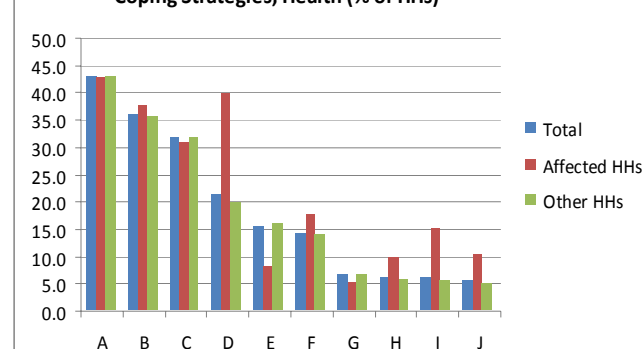
Code	Coping strategy
A	Unplugged appliances when not being used
B	Turned off lights
C	Lessened use of appliances
D	Replaced bulbs with lower wattage
E	Had electricity disconnected

**Coping Strategies, Water (% of HHs)**

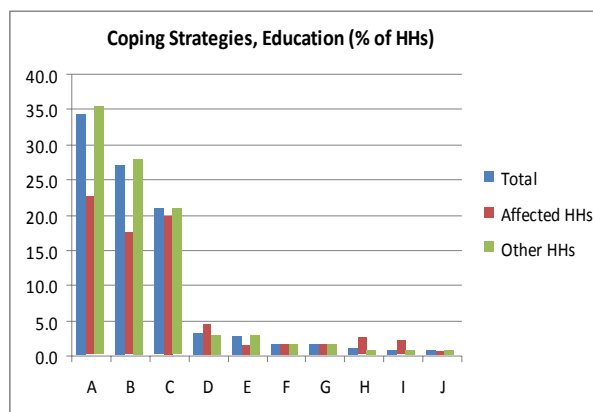


Code	Coping strategy
A	Used water containers
B	Lessened times of washing clothes
C	Shortened time allotted to activities using water
D	Lessened use of water from faucet
E	Used water from washing dishes to plants
F	Used rainwater
G	Lessened times bathing/skipped bathing

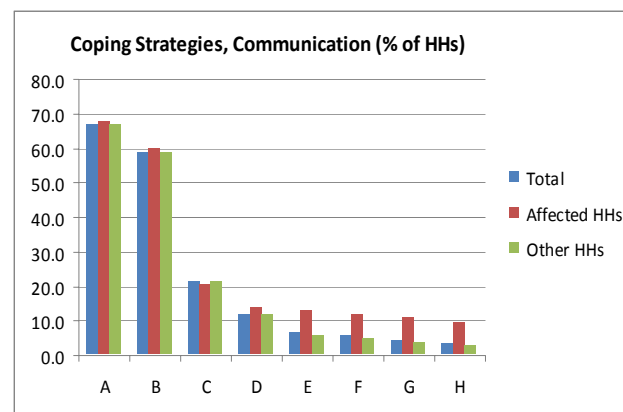
**Coping Strategies, Health (% of HHs)**



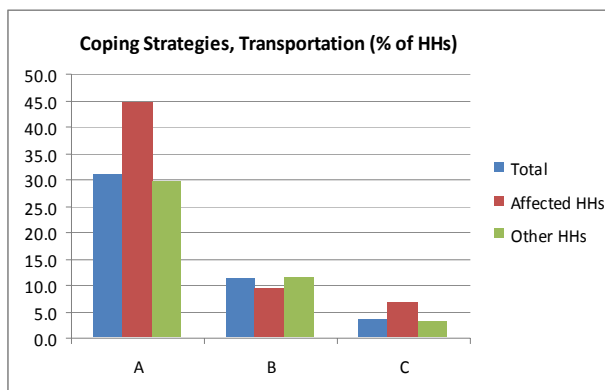
Code	Coping strategy
A	Shifted to generic drugs/cheaper drug brands
B	Used medicinal plants/herbal medicines
C	Shifted to government health centers and hospitals
D	Resorted to self-medication
E	Did not buy medicine
F	Shifted to alternative medicine
G	Discontinued intake of prescribed medicine
H	Reduced prescribe drug intake
I	Lessened the availment of medical treatment
J	Did not seek medical treatment



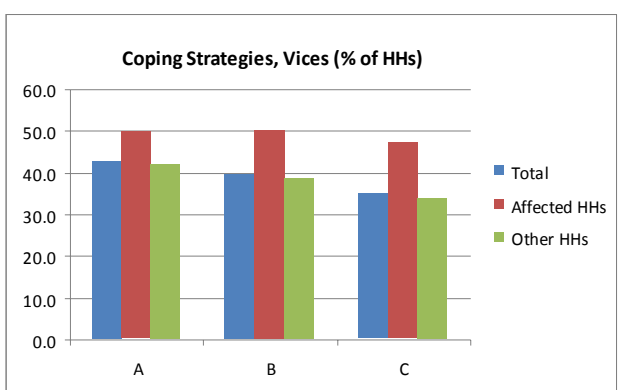
Code	Coping strategy
A	Used secondhand uniforms/shoes
B	Used secondhand books
C	Reduced allowance
D	Shifted from private/school bus to commuting
E	Planned to withdraw children from school
F	Withdrawn children from school
G	Members skipped classes
H	Transferred children from private to public
I	Transferred children from daycare to homecare
J	Planned to transfer children from private to public



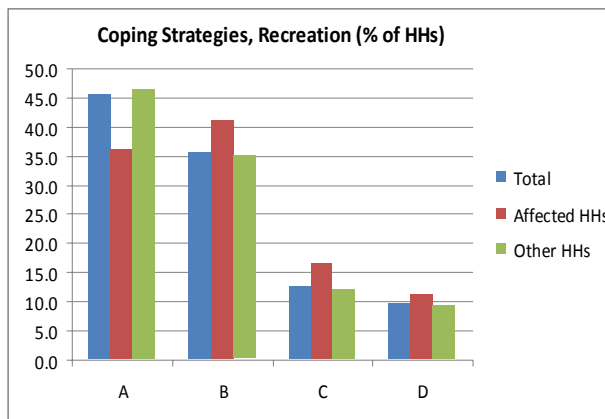
Code	Coping strategy
A	Subscribed to promotions
B	Lessened times texting
C	Stopped buying load
D	Shifted from postpaid to prepaid
E	Reduced number of phone lines
F	Shifted to cheaper phones
G	Lessened use of internet
H	Disconnected service



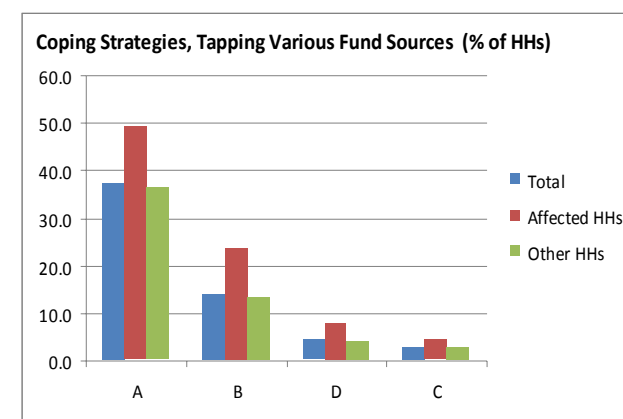
Code	Coping strategy
A	Shifted to cheaper mode of transportation
B	Lessened consumption of fuel for vehicle
C	Shifted to cheaper fuel



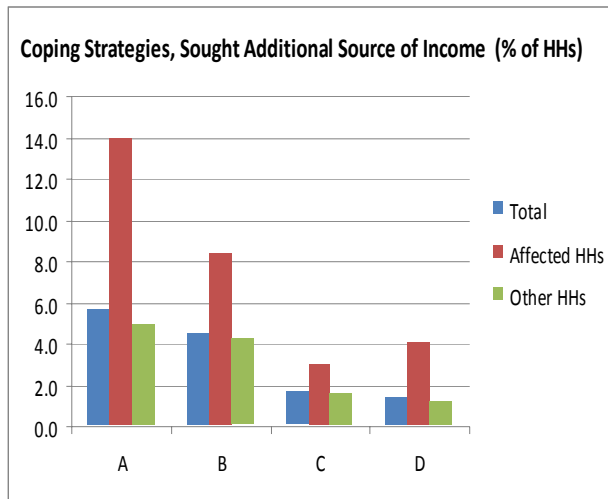
Code	Coping strategy
A	Cut expenses for alcoholic beverages
B	Cut expenses for gambling
C	Cut expenses for cigarettes



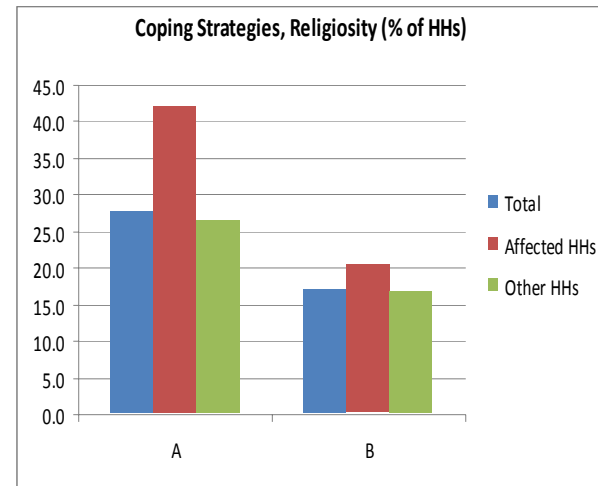
Code	Coping strategy
A	Lessened times doing recreation
B	Postponed vacation
C	Shifted to cheaper activities
D	Disconnected cable services



Code	Coping strategy
A	Borrowed money
B	Used savings
D	Pawned assets
C	Sold assets



Code	Coping strategy
A	Looked for additional work
B	Did additional work
C	Employed members not previously working
D	Looked for work abroad



Code	Coping strategy
A	Increase in times praying
B	Increase in visit to place of worship