



POLICY BRIEF

No. 2020-03 (March 27, 2020)

#StayAtHome #Bayanihan: Understanding the Profile of Displaced Workers due to ECQ

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The rationale behind the imposition of the enhanced community quarantine (ECQ) to Luzon island is that it is a substitute to other measures requiring stronger institutions or more sophisticated technologies that we currently lack. It entails suspension of business activities and therefore stopping work of millions of workers in the entire island. During the first week of the ECQ, many daily wage earners were faced with the prospects of no income due to the lack of complementary safety nets for the program.

As the government rolled out its initial financing support, the first set of cash assistance programs came from the Department of Labor and Employment (DOLE) last week for its CAMP or COVID Adjustment Measures Program focusing on 250,000 affected workers with a budget of P1.3Bn. Last Tuesday, the President signed Republic Act (RA) No. 11469 or the “Bayanihan to Heal as One Act” addresses this further by providing a two-month emergency subsidy of Php 5,000 to Php 8,000 a month to some 18 million low-income households. We estimate this to cost P117Bn per month. There remains a question though of who will be requiring income support and if the budget will be enough.

The succeeding calculations below show a way to understand profile of workers requiring income subsidies. The estimates come from the 2018 Labor Force Survey which includes information on the primary occupation and sector where a worker is employed. However, the lack of data cannot allow us to estimate who amongst the displaced workers due to ECQ are currently subsidized by their employers.

Our estimates show that around 4 million out of the 5 million employed persons in NCR must be unable to work due to the restrictions on business activities set by ECQ as well as the directive to ensure that allowed operations maintain only a skeletal workforce. Another 10.9 million are also not allowed to go to work from the Luzon provinces. While lockdown has not been imposed in the entirety of Visayas and Mindanao, if the same ECQ guidelines are imposed upon the rest of the country, it is estimated that there will be 4.3 million workers from Visayas and another 4.3 million workers from Mindanao who will not be allowed to go to work.

	Employed (000 persons)	Skeletal employees (000 persons)	Displaced Employees due to ECQ (000 persons)	% Displaced due to ECQ to total employed
Philippines	41,157	17,675	23,482	57.05
NCR	5,171	1,186	3,985	77.07
Luzon (excl. NCR)	18,249	7,349	10,900	59.73
Visayas	8,091	3,761	4,330	53.52
Mindanao	9,646	5,380	4,266	44.23
Source of basic data: 2018 Labor Force Survey				

Based on estimated monthly income among these workers and regional-level percentage of food expenditures, a total of Php 67 billion for NCR and the rest of Luzon—Php 20 billion for NCR and Php 47 billion for Luzon provinces—would be required (either from government or the private employers) to assist affected households

with their food expenditures in a month. In the instance that the ECQ is imposed upon the entire country, Visayas would require Php 16.4 billion and Mindanao would require Php 17.6 billion or a total of Php101Bn per month.

	Estimated Monthly Income per Displaced Worker (Php)	Total Earnings among Displaced (billion Php)	Percent Food Expenditure (%)	Estimated Cash Assistance Required either from Government or Employers (billion Php)
Philippines		238.22	42.36	100.91
NCR	13,200	55.62	38.12	20.06
Luzon (excl. NCR)	9,700	110.61	42.42	49.92
Visayas	8,600	37.68	43.43	16.36
Mindanao	8,700	37.30	47.11	17.57

Source of basic data: 2018 Labor Force Survey

Furthermore, the income profile between skeletal employees and displaced workers reveal to us how different workers must be coping with the suspension of work during the past two weeks. In NCR, it is estimated that the average basic pay per day among workers displaced due to ECQ is Php 590. This translates to a monthly income of around Php 13,200 considering an average of 22.5 days worked in a month. In Luzon, average basic pay per day is around Php 450 (Php 9,700 per month) with the displaced workers estimated to work for an average of 22 days a month. For the case of skeletal employees in NCR however, the average basic pay among the skeletal workforce is estimated to be Php 670 per day or Php 15,800 a month. On the other hand, the average basic pay of workers from Luzon provinces is at around Php 360 or Php 7,900 a month.

Given these calculations, the emergency subsidy as provided by RA 11469 seems reasonable to help affected households augment their budget. However, with an estimate of 14.9 million workers displaced due to ECQ in Luzon alone, there remains questions on the process of selection and disbursement of this emergency subsidy. It is important to distinguish those who are part of the skeletal force and therefore continues to get full salary and those that are displaced. Thus, the priority of the funding assistance must go to the displaced workers. To the extent that there will be savings as based on our estimates only about Php101Bn is needed versus the Php117Bn that the law may provide, it should be given as an incentive or hazard pay for the skeletal force.

With the government's call for *bayanihan* with the passage of RA 11469, these estimates should not be taken as another critique to the current provisions already set into law. Rather, in the spirit of *bayanihan*, these estimates call unto the government officials to ensure that no one gets left behind.

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