

THE IMPACT OF COVID-19 PANDEMIC ON THE CENTRAL VISAYAS

ECONOMY

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ABSTRACT

Covid- 19 pandemic has massively impacted different sectors in the world, not only did the virus take lives but it also affected socially and economically all countries across the globe. This study looks into the economy of Central Visayas, the Philippines in times of pandemic, specifically looking into the risk and vulnerabilities of the economic sector. Data collection was done through a review of records from government agencies and presented descriptively. The results show that the economy of Central Visayas was thriving despite the threatening pandemic. In terms of trade, the region remains one of the top contributors in terms of Gross Domestic Product, however, labor has been greatly affected due to the displacement of workers which led to unemployment and increased poverty incidence. Social amelioration was given for the affected labor force however at a limited budget. Finally, the health expenditure also remained a concern comparing the country among ASEAN communities. A tailored fit policy is recommended to ensure responsiveness to the economic need not only of Central Visayas but more importantly the Philippines as a whole.

Keywords: Economic, Gross Domestic Product, Employment, Covid-19

1. INTRODUCTION

The disruption caused by the COVID 19 pandemic affected both developed and less developed countries. While it has affected almost all countries, the ability of the country to respond to the crisis varied significantly. Highly developed countries were more likely to respond faster and laid the foundation for recovery, this is true considering that they have readily available resources compared to developing countries including the ASEAN (Indonesia, the Philippines, Malaysia, Thailand, and Vietnam) were left out at the disadvantage amid the crisis, and Covid- 19 worsen their situation [1](Daly et al., 2020). Lockdown measures including the shutdown of business operations, alternative work arrangements affected movements of goods and services thus resulting in reduced sales, significant losses, and liquidity issues. World Bank estimated in June 2020 that the pandemic was expected to cause a 5.2 % contraction of global GDP [2] (World Bank 2020). Among the ASEAN economies, the Philippines has seen a considerable decline in GDP growth. The Philippines' GDP growth fell from 6.7 percent to 0.7 percent in the first quarter, then to 16.5 percent in the second quarter. However, the Philippines is the only country that is geographically distant, which results in a low intra-member trade volume compared, to other ASEAN countries that are close to one another, facilitating intra-member trade [3](Chong et al.,2021). The economy's performance in 2020 represents a deep recession unprecedented in history. Output slowdowns in the Philippines were not as severe as they were during the Global Financial Crisis of 2008/2009 or the Asian Financial Crisis of 1997/1998, both of which were caused by disruptions in the financial sector. It was also not very

deep during the 1991 recession, which was caused by power outages, natural disasters, and political unrest. The current crisis, on the other hand, is more severe than the situation in the mid-1980s, when the country faced both a debt crisis and a drastic political upheaval [4] (Gonzales, 2020). For Central Visayas in particular, its Gross Domestic Product growth rate, based on the Regional Development Plan Target, is expected to be between 7.7% -8.3% for the years 2017-2022. This target growth rate is higher than the expected national GDP growth rate. This expected growth will be driven by – travel and tourism, IT-BPM, manufacturing, and construction. Based on the 2019 PSA Regional Accounts Releases, the Service Industry in Central Visayas sustained its largest share of the region’s economy accounting for 56%, the manufacturing industry followed with a share of 38.8% while Agriculture, Hunting, Forestry, and Fishing (AHFF) shared 5.2%. In March 2020, the President declared a state of national emergency. In line with the declaration, the country had been placed under a strict community quarantine, travels were restricted, and commercial activities were limited to those that are considered essential goods and services. These resulted in a drop in sales, liquidity issues, default in repayment, increased debt, and a surge in the unemployment rate. The pandemic did not only stall economic growth but it caused the economy to decline to its lowest level with GDP decreasing by 9.5%. At the regional level, the decrease in economic performance was from 1.9% to 13.9%, with Central Visayas registering a decline of 9.9%. It is the interest of this study to analyze the situation of the economy of Central Visayas amidst the pandemic and to investigate the risk and vulnerabilities that may come to alight in the Covid-19 situation. This study presents the situation of the economy of Central Visayas amidst the pandemic. Furthermore, this looks into the risks and vulnerabilities using the identified economic indicators which will help to future-proof the region from future pandemics through formulation of strategies.

2. MATERIALS AND METHODS

2.1. Sample and data

The present study was conducted in Central Visayas (Region 7). The region has a land area of 15,875 km² and is in the central part of the Visayas island group in the Philippines. It is bounded to the north by the Visayan Sea and the province of Masbate, to the south by the Mindanao Sea, to the west by the Negros Occidental, and the east by the island of Leyte. It is made up of four (4) provinces: Cebu, Bohol, Negros Oriental, and Siquijor. It consists of three (3) separate cities: Cebu City, Mandaue City, and Lapu-Lapu City. Cebu City serves as its regional hub. Central Visayas, is among the regions with the most number of Covid -19 cases reported in the Philippines. The data collected were presented in the graph, and tables to present the condition of the region and how the risks and vulnerabilities affect the key indicators identified in this study.

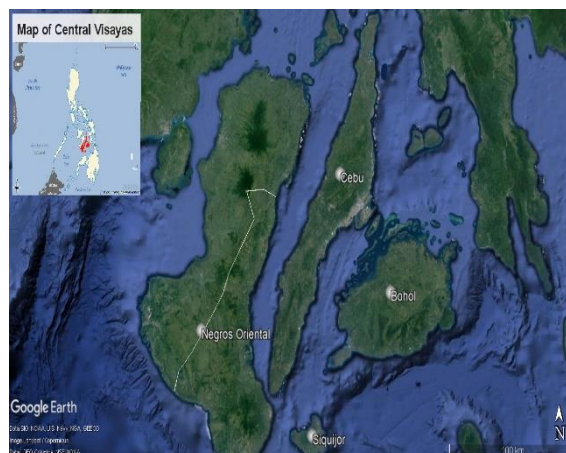


Figure 1. Map Central Visayas, Philippines which is taken from Googleearth PhilAtlas

2.2. Measures of Variables

The study applied a descriptive method of analysis using current and historical data. The study identified economic key indicators which include the Gross Domestic Product, Gross Regional Domestic Product, Tourist Arrivals both Domestic and International, Employment, Inflation Rate, Poverty Incidence, Magnitude of Poor Families, and Health Expenditure. This study utilized secondary data sources from a review of records from government agencies both the National and Regional accounts.

2.3. Data Analysis

The quantitative data obtained from the review of records was analyzed by comparing the trends of the identified economic indicators. The data were also compared among regional and national accounts.

2.1.2. Ethics approval of research

This study utilized secondary sources from relevant government agencies. The study does not involve human subjects; therefore, it does not necessitate ethical approval. The data for this study was obtained through the agency websites and formal requests. All government agencies in the Philippines are bound by the Freedom of Information.

3. RESULTS

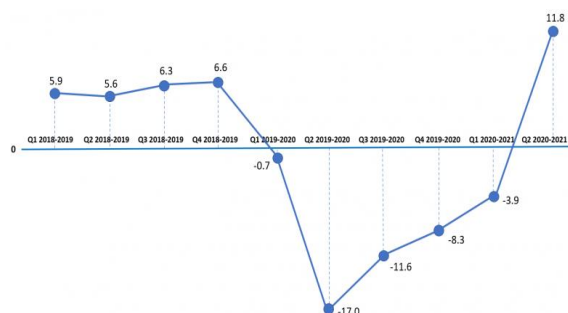


Figure 2. GDP (Gross Domestic Product)
Source: Philippines Statistics Authority

The Gross Domestic Product (GDP) of the Philippines posted 11.8 percent growth rate in the second quarter of 2021. This is notably the highest since the year 1988's fourth quarter of 12.0 percent growth rate. Manufacturing – 22.3 percent, Construction – 25.7 percent, Wholesale, and retail trade; repair of motor vehicles and motorcycles – 5.4 percent were the main contributors to the growth. At the onset of the Pandemic, the Philippines experienced one of the most difficult times in economic history as the country's economic model makes it vulnerable, which is founded greatly in Tourism which requires mobility. The upward trend in the GDP as observed in the figure above shows that the country is thriving towards bouncing back. According to the Asian Development Bank, sustained growth in public infrastructure spending, improved consumer confidence, and progress in the national coronavirus disease (COVID-19) vaccination program will support the Philippines' economic growth in 2021 and 2022. The Philippines 'growth forecast at 4.5 percent in the year 2021 and 5.5 percent in 2022 as maintained by the Asian Development Bank (ADB) in its 2021 Asian Development Outlook. The country's economy as reported show signs of gradual economic recovery, with domestic demands steadily increasing and favorable external trends are in alignment with the ADO's April projections [5] (Asian Development Bank, 2021).

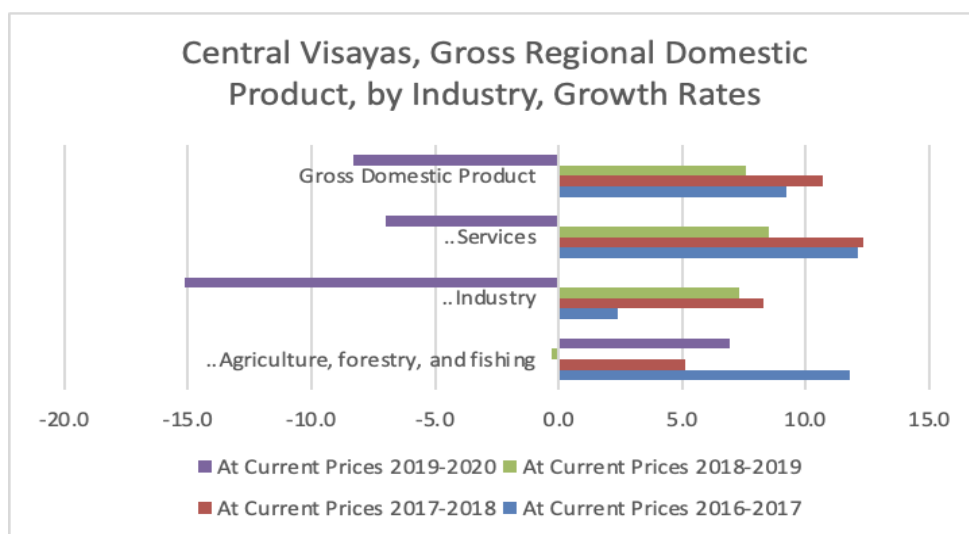


Figure 3. Gross Regional Domestic Product by Industry, Growth Rates

Source: Open Stat. Philippine Statistics Authority, 2021

The above figure shows the Gross Regional Domestic Product per industry. The figure denotes that reduction in volume of domestic trade and its corresponding growth was attributed to heightened restrictions in mobility and trade. The closure of seaports and airports impedes the increasing trend in domestic and international passenger arrival causing a drastic effect on the service industry in the economic activities in Central Visayas. The service industry has felt the big impact of the border control and safety measures, for example, tourism which is service driven sector were affected

due to the decline of tourist arrivals in the region.

Table 1. Central Visayas Aggregated GRDP Growth Rate

Growth Rate	2016	2017	2018	2019	2020
Economic Acceleration	8.8%	5.2%	7.6%	5.9%	-9.9%

Source: Philippine Statistics Authority R7, 2021

As reflected in Table 1, the report from Philippine Statistics Authority Region 7 reveals that in 2020 a decline of -9.9% on growth rate was observed in the Central Visayas Gross Regional Domestic Product. The service sector growth rate comprising of both accommodation and foodservice industry were among the industries with the highest decline at negative 43.4%. This can be attributed to the lockdown imposed by the national government to mitigate the spread of the virus in the region. The very nature of the accommodation and food beverage industries makes them more vulnerable to the pandemic as businesses under these industries require interaction with guests. Additionally, the travel restrictions both for local and foreign visitors resulted in either temporary or permanent closure of accommodation and food and beverage businesses. Construction, mining, and quarrying were among the industry sectors that also present a remarkable decline in growth rate, while AFF shows a growth rate of 4.2 percent. The unprecedented crisis revealed the vulnerabilities of various industries. The service industry was among the most vulnerable. However, despite its economic impact, Central Visayas remained the 4th largest contributor to the national account of Gross Domestic Product.

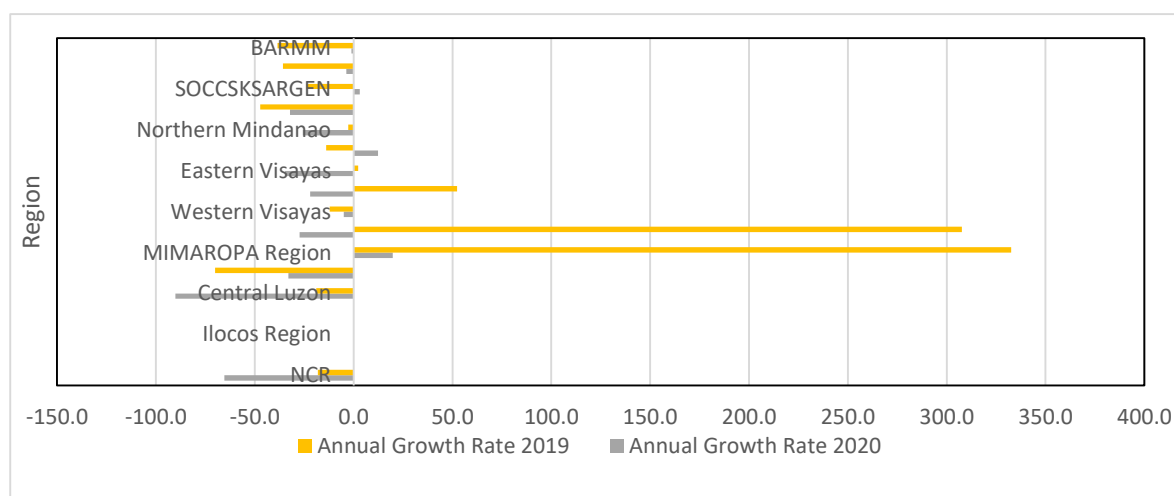


Figure 4. Growth Rate of Domestic Trade per Regions 2019- 2020

Source: Philippine Statistics Authority

Figure 4, shows a comparison of the growth rate of domestic trade per region between 2019- 2020. As reflected, Central Visayas, is the third in terms of growth of domestic trade with a value of 52.4, however, in 2020 plummeted to -22.00 primarily attributed to the lockdown implemented by the local government in compliance with the Inter-Agency Tasks Force for the Management of Emerging Infectious Diseases.

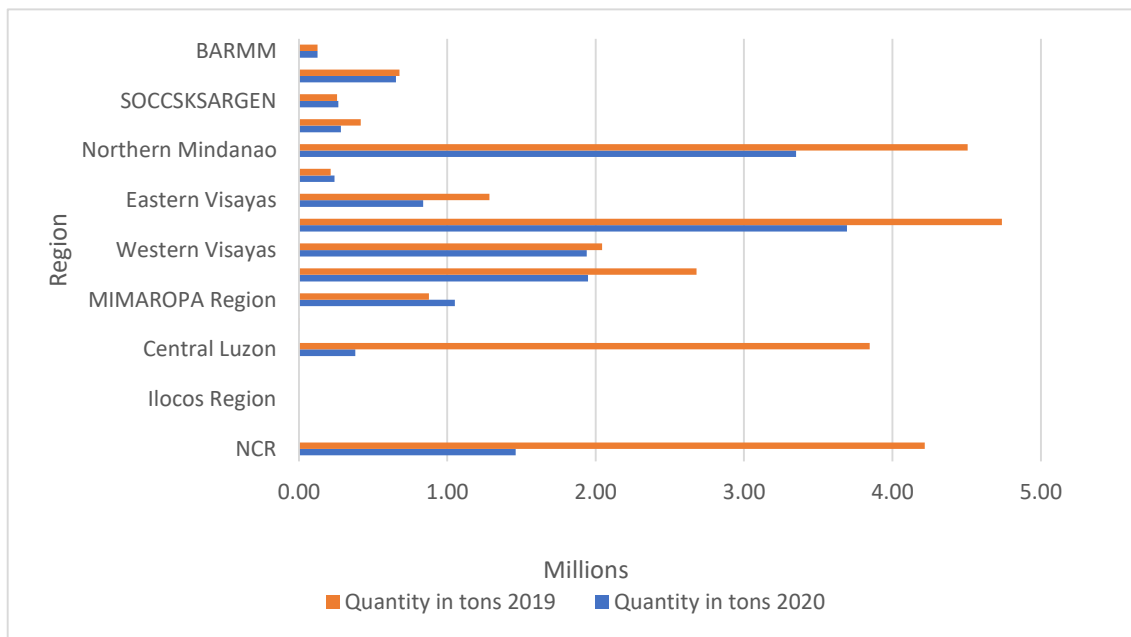


Figure 5. Quantity of Tons of Domestic Trade Per Region

Source: Philippine Statistics Authority R7

Figure 5. shows regional accounts of Tons of Domestic Trade per region in the Philippines. The figure shows that in 2019, Central Visayas, has a trade value of 4,737,073 which makes the Central Visayas, the highest among the other regions in the Philippines, however, in 2020 there was a decline to 3,693,968 trade value, however, despite the decline, it remained the top among regions in the Philippines.

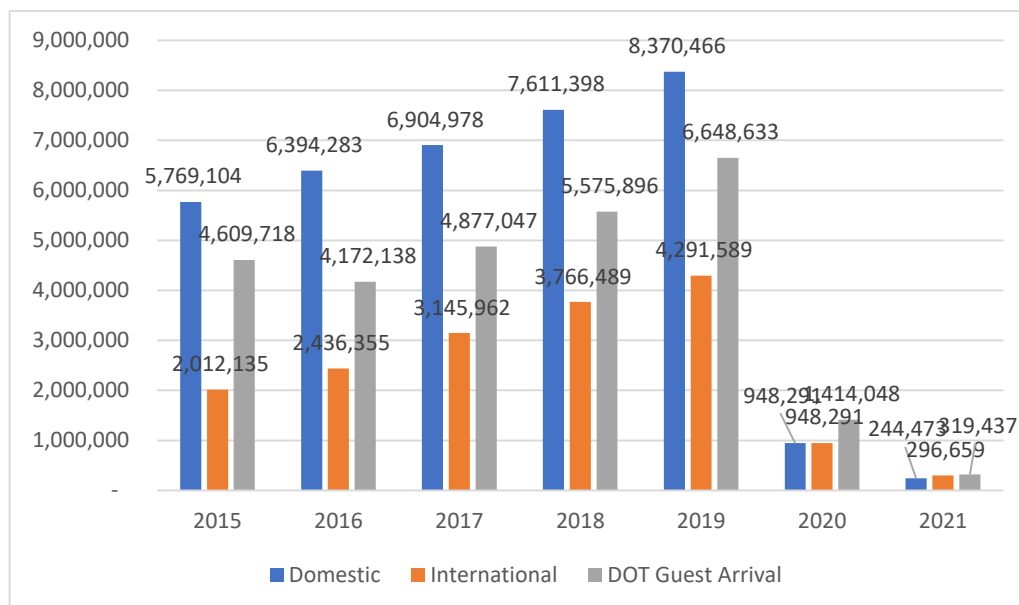


Figure 6. MCI AA Passenger Arrival and DOT 7 Arrival in Cebu (2015-2021)¹
 Source: Mactan- Cebu International Airport Authority, Department of Tourism RO7

As reflected in Figure 6, in terms of domestic passengers there was a big decrease in arrivals in 2020, which comes as expected due to the lockdown imposed not only in the Philippines but also in the greater market of the Philippines. The table also shows accommodation guest arrivals, plummeted in 2020 and 2021. This would mean that hotel accommodation is greatly affected by this decrease in arrivals. In March 20, 2020, the Philippines closed its Luzon airport as part of the country’s Enhanced Community Quarantine (ECQ), which started in March 16. The tourism industry felt the negative impact of the pandemic as seen on its performance. Safety protocols and travel restriction in other countries started as early as January of 2020, resulted to the decline of Philippines tourist arrivals. Meanwhile, domestic tourists have imposed restriction to travel due to risks of contracting the virus. In its report, the Department of Tourism, stated that international tourist receipts fell to PHP 85 billion if the first quarter of the year which is 36% decrease from the same period in the previous year [6] (Price Water House Coopers, 2020).

¹ MCI AA (Mactan Cebu International Airport Authority) Passenger arrivals classified into Domestic and International while DOT-7 Guest arrivals are classified into Philippine Resident, Non-Philippine Resident and Overseas Filipino clustered together in this graph.

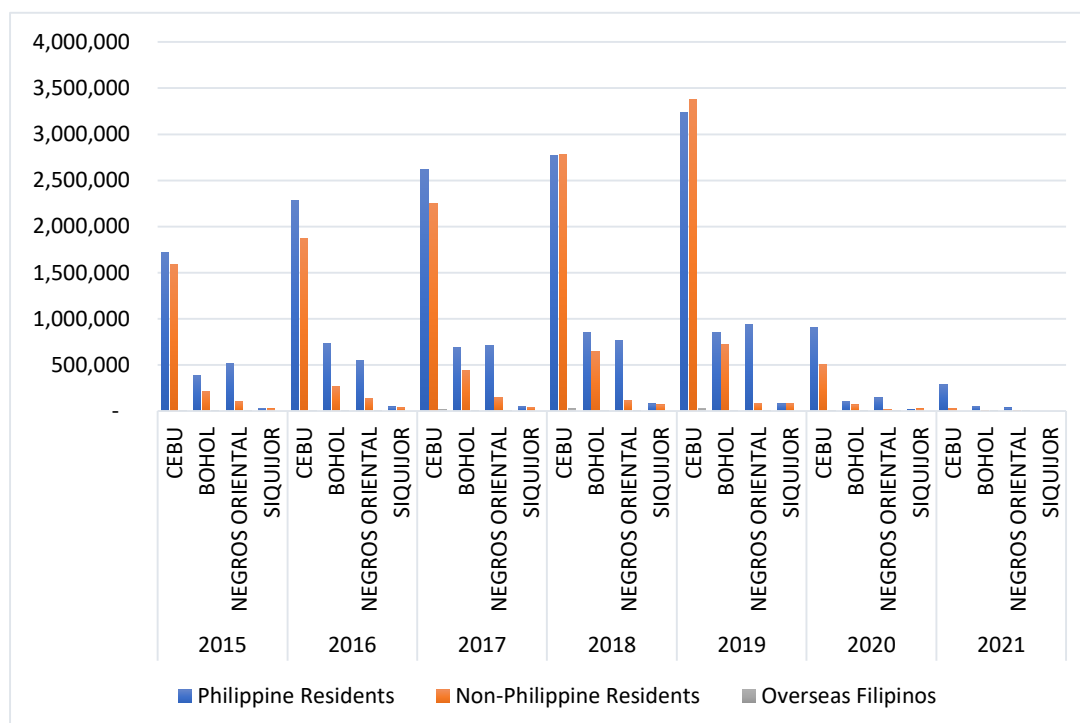


Figure 7. Guest Arrivals per Province in Region 7 from 2015-2021*

Source: Department of Tourism RO7

Notes: DOT-7 2021 data as of January to June 2021 (Partial Report) from Report of the Regional Distribution of Travelers' Central Visayas

The graph shows, guest arrivals per region 7 dropped dramatically as the onset of the pandemic led to the closure of air and seaports. International market arrivals were also halted as countries around the globe implemented border closure. Flight cancellations from and to ASEAN have had a significant impact on the airline industry. Cancellations have had a significant impact on the industry, with airlines' sales and profits suffering significantly. If travel is halted for a period of time, these businesses will suffer financially [7] (Beh and Woon,2021).

Employment

Human resources are key drivers of economic growth. With nearly 5.433M workers with ages ranging from 15 years old and over, the labor force participation rate was at 62.1% in 2019 and it dropped to 58.7% at the height of the pandemic. The employment rate dropped from 94.8% to 89.7% with unemployment and underemployment increased to 10.2% and 15.8% respectively. The increase in unemployment and underemployment were attributable to a considerable number of companies adopting either a flexible work arrangement, temporary or permanent closure. Entertainment/ cultural and tourism/ hotel sectors have the most significant job losses, and it is expected that recovery to its normalcy will take some time for these

sectors. A surprising large decline was observed in utility employment (gas, electricity, water), information and communication (ITC). These industries have felt the effect of the pandemic as observed in their work arrangements (skeleton or leaner workforce), [8] (Lim, 2020).

Table 2. Annual Labor Force Survey 2020 and 2019

Central Visayas	2019	2020	Jan 2021
Population 15 Years Old and Over (in 000)	5,322	5,433	5,509
Labor Force Participation Rate (%)	62.1	58.7	61.0
Employment Rate (%)	94.8	89.7	92.9
Unemployment Rate (%)	5.2	10.3	7.1
Underemployment (%)	14.7	15.8	13.2

Source: Philippine Statistics Authority

The 2020 annual Labor Force Survey (LFS), Central Visayas has a total population of 5,433,000 people aged 15 and up, of which 58.7 percent are employed otherwise known as Labor Force Participation rate. The January 2021 Labor Force Survey (LFS) noted 5,509,000 total population of 15 years old and over wherein 61.0 percent were engaged in the Labor Force in Central Visayas.

Table 3. Number of Establishments and Number of Workers Affected due to COVID-19.

Form of Displacement	No. of Establishments	Percentage	No. of Workers Affected	Percentage
Implemented FWA	2,858	30%	111,003	42%
Temporary Closures	6,661	70%	150,825	58%
Total	9,519	100%	261,828	100%

Source: Department of Labor and Employment Central Visayas

Table 3 shows that there are 9,519 affected establishments with 261,828 affected workers whose cause of displacement is due to temporary closures (70%). This accounts for 58% of the affected workers while establishment implementing flexible work arrangement is only 30% of the establishments with 42% affected workers.

Table 4. Number of affected establishments and affected workers implemented flexible work arrangements (FWA) per province.

Field Offices	Total Establishments	Percentage	Total Workers	Percentage
Bohol	600	21%	19,067	17%
Cebu	339	12%	11,721	11%
Province				
Negros Oriental	384	13%	13,061	12%
Siquijor	130	5%	1,578	1%
Tri-Cities (Cebu, Mandaue, & Lapu-Lapu)	1,405	49%	65,576	59%
Total	2,858	100%	111,003	100%

Source: Department of Labor and Employment Central Visayas

Table 4 presents that majority of the affected establishments implementing flexible work arrangements are found in the Tri-Cities composed of Cebu City, Mandaue City, & Lapu-Lapu City which has also the highest affected workers. Bohol is second in the highest number of affected establishments and affected workers. The Tri-Cities is known for the presence of industrial hubs, manufacturing zones, commercial and entrepreneurial areas. Mandaue is home to over 50 percent of the Philippines' furniture export companies. It is also known to be the springboard for many Filipino industries that have dominated the world market. Lapu-Lapu City, on the other hand, is home to three (3) government-regulated Economic Zones name; Cebu Light Industrial Park, Mactan Economic Zone (MEZ) I, and Mactan Economic Zone (MEZ) II. The eastern side of the island is considered the tourism zone due to the presence of several 3-5 stars resorts and hotels that boosted economic development on the island. While Cebu City is a highly urbanized city in the Central Visayas it serves as the gateway in the region to other parts of the country. One of the economic drivers of Cebu is tourism, Cebu City accounts for 35. for of the 76% tourist arrivals based on the 2016 data. Likewise, Business Process Outsourcing (BPO) industry also boosts the economic activity region of the Region due to the presence of the five biggest locators in early 2012. Export-oriented companies are visible in Cebu due to its strategic location and access to both international airports and seaports. This data presented implies that provinces or cities with major economic enterprises were greatly affected by the pandemic, however, as a resiliency action, businesses were forced to adapt flexible working arrangements not only to mitigate the likelihood of contracting the virus but also to keep the business operation afloat. The COVID-19 pandemic has broad immediate and short-term effects on employment such as a shift from regular employment to flexible work arrangements. People are now observing remote work arrangements that adapted working hours [9] (Spurk & Straub, 2020).

Table 5. Number of affected establishments and affected workers implemented

temporary closure per provincial field office.

Field Offices	Total Establishments	Percentage	Total Workers	Percentage
Bohol	1,207	18%	17,751	11%
Cebu	809	12%	15,934	11%
Province				
Negros	987	15%	15,270	10%
Oriental				
Siquijor	176	3%	1,349	1%
Tri	3,482	52%	100,521	67%
Cities				
Total	6,661	100%	150,825	100%

Source: Department of Labor and Employment Central Visayas

Similar to Table 4, this table shows that most of the affected establishments implementing temporary closures are found in the Tri-Cities of Cebu, Mandaue, and Lapu-Lapu which has also the highest number of affected workers. Bohol is second in the highest number of affected establishment and affected workers. This high number of establishments in Tri – cities implementing temporary closure can be attributed to their industries which have been greatly affected.

Table 6. Number of affected establishments and number of affected workers per industry.

Industry	Total Establishments	Percentage	Total Workers	Percentage
Accommodation and Food Service Activities	2,382	25.02%	46,854	17.89%
Administrative and Support Service Activities	930	10.00%	27,959	10.67%
Agriculture, Forestry, and Fishing	35	0.37%	1,239	0.47%
Arts, Entertainment, and Recreation	170	1.78%	2,870	1.09%
Construction	261	2.74%	13,896	5.30%
Education	367	3.85%	12,720	4.85%
Electricity, Gas, Steam and Air Conditioning Supply	30	0.32%	748	0.28%
Financial and Insurance Activities	475	5.00%	8,832	3.37%

Human Health and Social Work Activities	477	5.00%	8,366	3.19%
Information and Communication	74	0.78%	1,422	0.54%
Manufacturing	533	5.60%	63,099	24.10%
Mining and Quarrying	9	0.10%	324	0.12%
Other Service Activities	699	7.34%	8,336	3.18%
Professional, Scientific and Technical Activities	271	2.84%	7,349	2.80%
Real Estate Activities	281	2.95%	3,917	1.49%
Transportation and Storage	296	3.1%	9,753	3.72%
Water Supply, Sewerage, Waste Management, and Remediation Activities	20	.21%	468	0.17%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	2,209	23.00%	43,676	16.68%
Total	9,519	100%	261,828	100%

Source: Department of Labor and Employment, Central Visayas

Table 6 on the other hand shows that the most affected establishments are those that belong to the Accommodation and Food Service Activities while most affected workers are those working in the Manufacturing Industry with 63,099 workers.

Table 7. Number of affected establishments and number of affected workers which implemented flexible working arrangements per industry.

Industry	Total Establishments	Percentage	Total Workers	Percentage
Accommodation and Food Service Activities	755	26.41%	20,927	18.85%
Administrative and Support Service Activities	332	11.61%	16,361	14.73%

Agriculture, Forestry, and Fishing	15	0.52%	815	0.73%
Arts, Entertainment, and Recreation	24	0.84%	828	0.74%
Construction	67	2.34%	4,563	4.11%
Education	125	4.40%	5,459	4.91%
Electricity, Gas, Steam and Air Conditioning Supply	21	0.73%	613	0.55%
Financial and Insurance Activities	128	4.50%	4,205	3.79%
Human Health and Social Work Activities	95	3.32%	3,325	3.00%
Information and Communication	42	1.50%	944	0.85%
Manufacturing	144	5.00%	18,703	16.90%
Mining and Quarrying	5	0.20%	241	0.22%
Other Service Activities	144	5.00%	2,014	1.81%
Professional, Scientific, and Technical Activities	93	3.25%	3,958	3.56%
Real Estate Activities	92	3.21%	2,073	1.87%
Transportation and Storage	135	4.72%	6,236	5.62%
Water Supply, Sewerage, Waste Management, and Remediation Activities	5	0.20%	63	0.06%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	636	22.25%	19,675	17.72%
Total	2,858	100%	111,003	100%

Source: Department of Labor and Employment Central Visayas

This table shows that the most affected establishments implementing flexible work arrangements with the highest affected workers belong to the Accommodation and Food Service Activities. The said industry was heavily affected by the implementation of flexible work arrangements during the start of the pandemic. Border restrictions implemented in the entire country and the closure of international and domestic flights led to the cancellation of inbound and outbound flights. In the early months of the pandemic, several Business Processing Outsource (BPO) companies continued their

operation in some hotels and accommodation facilities due to their strong internet connection. This resulted in continuous operation by some hotel and accommodation facilities under limited manpower. Similarly, the Department of Labor and Employment (DOLE) issued Labor Advisory No. 09-20 that allows the company to adopt flexible work arrangements as a remedy in addressing the financial condition of the company and a better alternative to outright termination of the employees. However, not all accommodation facilities were able to sustain their operation due to financial burdens. When the government allowed Returning Overseas Filipino (ROF) workers to enter the country and undergo mandatory quarantine some accommodation facilities continue to operate and adopted the flexible working arrangement. COVID-19 has wreaked havoc on the labor market, disproportionately affecting workers with lower levels of education and income. Business closures and capacity management have had unintended consequences on the hospitality labor market [10] (Huang et. al, 2021). A sectoral employment analysis reveals changes that reflect a significant reduction in working hours. This is reflected in an increase in the proportion of part-time workers and a decrease in the proportion of full-time workers[11] (ILO, 2020).

Table 8. Number of affected establishments and number of affected workers which implemented temporary closure per industry.

Industry	Total Establishments	Percentage	Total Workers	Percentage
Accommodation and Food Service Activities	1,627	24.43%	25,927	17.20%
Administrative and Support Service Activities	598	8.98%	11,598	7.69%
Agriculture, Forestry, and Fishing	20	0.30%	424	0.28%
Arts, Entertainment, and Recreation	146	2.19%	2,042	1.35%
Construction	194	2.91%	9,333	6.19%
Education	242	3.63%	7,261	4.81%
Electricity, Gas, Steam and Air Conditioning Supply	9	0.14%	135	0.09%
Financial and Insurance Activities	347	5.21%	4,627	3.07%
Human Health and Social Work Activities	382	5.73%	5,041	3.34%
Information and Communication	32	0.48%	478	0.32%

Manufacturing	389	5.84%	44,396	29.44%
Mining and Quarrying	4	0.06%	83	0.06%
Other Service Activities	555	8.33%	6,322	4.20%
Professional, Scientific, and Technical Activities	178	2.67%	3,391	2.25%
Real Estate Activities	189	2.83%	1,844	1.22%
Transportation and Storage	161	2.42%	3,517	2.33%
Water Supply, Sewerage, Waste Management, and Remediation Activities	15	0.23%	405	0.27%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,573	23.62%	24,001	15.91%
Total	6,661	100%	150,825	100%

Source: Department of Labor and Employment, Central Visayas

This table shows that most affected establishments implementing temporary closures belong to the Accommodation and Food Service Activities while the highest affected workers belong to the Manufacturing. Despite the governments' efforts to mitigate the impact of the pandemic on the labor sector, several establishments were able to sustain by adopting flexible work arrangements. However, the manufacturing sector incurs the highest affected workers by temporary closures since these manufacturing companies are labor-intensive and their products target specific markets. The pandemic disrupted the global value chain of goods and services, similarly, the manufacturing demands for non-essential goods decline. Essential goods and services were the only establishments that continue to operate during the pandemic. Most of these essential goods manufacturing companies are fully automated especially food and medical supplies that require less human contact and limited number of personnel.

Table 9. Number of affected establishments and number of affected workers per size of the establishments.

Establishment Sizes	Total Establishments	Percentage	Total Workers	Percentage
Large	235	2.47%	92,123	35.18%
Medium	253	2.66%	32,480	12.41%
Small	4,181	43.92%	111,093	42.43%
Micro	4,836	50.80%	26,123	9.98%
No Data Supplied	14	0.15%	9	0.003%
Total	9,519	100%	261,828	100%

Source: Department of Labor and Employment Central Visayas

This table shows that the majority of the affected establishments belong to the micro size businesses while most of the affected workers belong to small size businesses.

Table 10. Number of Establishments & Number of Workers Benefited and Total Disbursement per provincial field office. (CAMP)²

Provincial Field Office	Total Benefited Establishments	Total Benefited Workers	Male	Female	Total Disbursed	%
Bohol	194	3,475	1,873	1,602	17,375,000	11%
Cebu Province	207	4,782	3,005	1,777	23,910,000	15%
Negros Oriental	182	5,648	3,450	2,198	28,240,000	18%
Siquijor	144	1,745	927	818	8,725,000	5.50%
Tri-City (Cities of Cebu, Mandaue, & Lapu-Lapu)	676	15,968	9,246	6,722	79,840,000	50.50%
Total	1,403	31,618	18,501	13,117	158,090,000	100%

Source: Department of Labor and Employment Central Visayas

This table shows that 1,403 establishments benefited from the CAMP with 31,618 workers for a total amount of P158,090,000.00. The majority of the beneficiaries are establishments and workers located in the Tri-Cities of Cebu, Mandaue, and Lapu-Lapu. Covid-19 Adjustment Measures Program (CAMP) is an augmentation of the government through the Department of Labor and Employment (DOLE) to affected workers in the private sector regardless of their status in the company, provided the company can submit the necessary documents to the agency.

Table 11. Number of establishments benefited and number of workers benefited per size. (CAMP)

Establishment Sizes	Establishments	Percentage	Workers	Percentage
Large	15	1.07%	5,421	17.14%
Medium	42	3.00%	5,592	17.69%
Small	661	47.11%	17,261	54.59%
Micro	685	48.82%	3,344	10.58%
Total	1,403	100%	31,618	100%

Source: Department of Labor and Employment Central Visayas

Table 11 shows that in terms of number, micro-businesses were mostly benefited by the CAMP with 3,344 worker-beneficiaries while small businesses have the most worker beneficiaries with 17, 261 workers accounting for more than 50% of the total

beneficiaries. On a per industry outlook, Table 13 reveals that most of the worker beneficiaries are working in the Accommodation and Food Service Activities followed by those working in the Wholesale and Retail Trade.

Table 12. Number of establishments benefited and number of workers benefited per industry

Industry	Total Establishments	Percentage	Total Workers	Percentage
Accommodation and Food Service Activities	457	32.57%	9,970	31.53%
Administrative and Support Service Activities	115	8.20%	1,833	5.80%
Agriculture, Forestry, and Fishing	1	0.07%	360	1.14%
Arts, Entertainment, and Recreation	23	1.64%	775	2.45%
Construction	34	2.42%	2,389	7.56%
Education	52	3.71%	1,568	4.96%
Electricity, Gas, Steam and Air Conditioning Supply	0	0.00%	0	0.00%
Financial and Insurance Activities	39	2.78%	722	2.28%
Human Health and Social Work Activities	95	6.77%	1,363	4.31%
Information and Communication	3	0.21%	36	0.11%
Manufacturing	85	6.06%	2,934	9.28%
Mining and Quarrying	1	0.07%	47	0.15%
Other Service Activities	63	4.50%	638	2.02%
Professional, Scientific, and Technical Activities	40	2.85%	744	2.35%
Real Estate Activities	39	2.78%	758	2.40%

Transportation and Storage	32	2.28%	1,464	4.63%
Water Supply, Sewerage, Waste Management, and Remediation Activities	1	0.07%	50	0.16%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	323	23.02%	5,967	18.87%
Total	1,403	100%	31,618	100%

Source: Department of Labor and Employment Central Visayas

The table shows that in terms of. Industry classification, the accommodation, and service sectors have the most number of establishments that benefited from the CAMP disbursement. This can be attributed to the economic model of Central Visayas which is leaning on the Tourism Industry. In Central Visayas, Cebu particularly houses many accommodation and Foodservice establishments in which some establishments were able to benefit from the CAMP disbursement. The absence of universal social protection and support measures in the present Covid-19 situation affected minimum income earners. It is also a challenge for the informal economy as they are relying only on conditional cash benefits. It is also important to note, that there is immediate assistances need for workers with moderate earnings who have also lost their job and livelihood as consequence of the pandemic, unless the social protection support is extended to them [11] (ILO-OECD,2020).

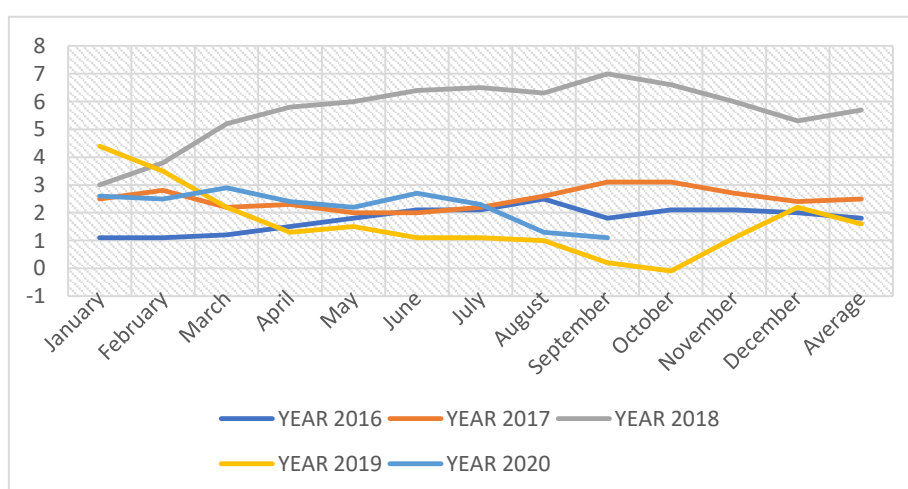


Figure 8. Year-on-Year Inflation Rates in Central Visayas, All Items in Percent January 2016 – October 2020 (2012 = 100)

Source: Philippine Statistics Authority, 2020

Figure 8 depicts the Central Visayas' year-on-year inflation rate between 2016 and 2020. The inflation rates in the Association of Southeast Asian Nations (ASEAN), ranges from 3.32 percent in Myanmar to 0.42 percent in Brunei. Only few countries have an inflation of 2 to 5 percent range which economists would consider to be optimal for emerging. Vietnam on one hand and others are enjoying more stable inflation as previously observed.

In general, high inflation is bad for the economy. Prices tend to rise faster than wages, implying that individuals and businesses have less purchasing power. As a result, the gross domestic product grows at a slower rate (GDP). It also causes the currency to fall in value. This can be advantageous for countries with a positive trade balance because exports are relatively cheaper to foreign buyers. Net importers suffer from a weaker currency through the same mechanism. Furthermore, if a country's national debt is denominated in the local currency, inflation reduces the cost of the debt. However, because the majority of this debt is in US dollars, inflation makes it more difficult to service and repay[12] (O'Neill, 2021).

**Table 13. Year-on-Year Inflation Rates in Central Visayas, All Items
January 2016- September 2020, 2012 = 100**

MONTH	YEAR				
	2016	2017	2018	2019	2020
January	1.1	2.5	3.0	4.4	2.6
February	1.1	2.8	3.8	3.5	2.5
March	1.2	2.2	5.2	2.2	2.9
April	1.5	2.3	5.8	1.3	2.4
May	1.8	2.0	6.0	1.5	2.2
June	2.1	2.0	6.4	1.1	2.7
July	2.1	2.2	6.5	1.1	2.3
August	2.5	2.6	6.3	1.0	1.3
September	1.8	3.1	7.0	0.2	1.1
October	2.1	3.1	6.6	-0.1	
November	2.1	2.7	6.0	1.1	
December	2.0	2.4	5.3	2.2	
Average	1.8	2.5	5.7	1.6	

Source: Philippine Statistics Authority, 2020

PSA reported that the recreation and culture index continued to fall, with the annual rate falling to -0.5 percent during the month. Following the national trend, inflation in Areas Outside NCR (AONCR) remained at 4.7 percent in May 2021, the same as it had been since March 2021. In May 2020, AONCR inflation was recorded at 2.3 percent. Region V (Bicol Region) in AONCR still had the highest inflation rate during the month, at 7.5 percent. Meanwhile, the lowest inflation rate remained at 2.1 percent in Region VII (Central Visayas), [13] (PSA, 2021).

According to National Economic Development Authority, the stable inflation rate for three successive months in 2021 is attributed to policy interventions crafted to stabilize

the prices of commodities. It is essential that in managing inflation, priority should be given to domestic production and providing needed support to farmers and producers. In Central Visayas, amid certain restrictions at the height of the pandemic, prices remain low and manageable because of sufficient supply thus households have access to affordable food.

Central Visayas Poverty Incidence ³

According to the Philippine Statistics Authority in April, the number of Filipinos living below the poverty line fell to 21 percent in the first half of 2018 compared to 27.6 percent in the first half of 2015. For Central Visayas in particular, there is a considerable decline in poverty incidence among families in terms of percentage with Siquijor showing the most significant decrease based on the 2015 and 2018 reports. The Covid-19 pandemic has caused massive economic shock around the world, this includes many businesses having to shut down or alternative work arrangements were the consequences of the social distancing measures. A model of microeconomy was developed to estimate the impact of the minimum health standards on household income, savings, and consumption as well as the poverty incidence to look into the socio-economic impact of the pandemic [14] (Martin et al, 2020).

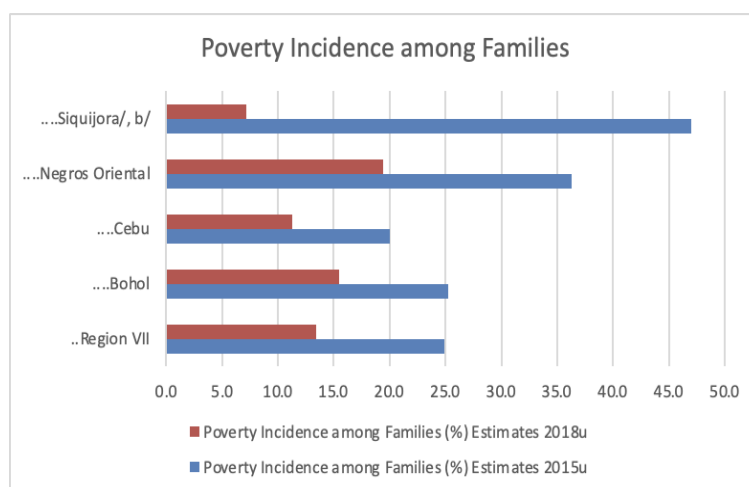


Figure 9. Poverty Incidence among Families
Source: Philippine Statistics Authority
Notes: Poverty incidence report is done every 3 years

Figure 9 shows poverty incidence in Central Visayas from the 2018 survey, the estimates show that the poverty incidence among provinces in 2018 is higher as compared to 2015 estimates. The SWS survey results in May 2021 revealed that at

³ Poverty Threshold are P20,000.00 NCR P 15,000.00 Balance Luzon P 10,000.00 Visayas and P 12,000.00 Mindanao

least 39% of all families in the National Capital Region (NCR) were poor. The rates were higher outside of the NCR. It was 45 percent of all families in Luzon, 56 percent in the Visayas, and 59 percent in Mindanao. The increased percentage in the poverty threshold in the 2021 survey indicated worsening self-rated poverty[15] (PSA, 2021). According to a World Bank report, 11 million people in East Asia and the Pacific could fall into poverty (World Bank, 2020). According to [16] (Buheji et al. 2020) estimates of the pandemic's impact on poor communities across four continents, 49 million people will be forced into extreme poverty by 2020.

Understanding poverty as a multidimensional phenomenon with multiple aspects that are not controlled by only economic factors is important when dealing with the Pandemic of life-freezing temperatures. Poverty affects both the level and the quality of life. in terms of education, occupation, and health This comprehension would assist us in visualizing the magnitude of the effects of the crisis and the scope of the pandemic's impact [16] (Buheji et al., 2020). We can see a lack of sensitivity to the needs and circumstances of poorer citizens in various responses to the COVID-19 pandemic. Policymakers, particularly in a context of high inequality, must engage the wider public in debates and consultations to gain a better understanding of the realities of the poorest in their jurisdiction [17] (Timmermann, 2020).

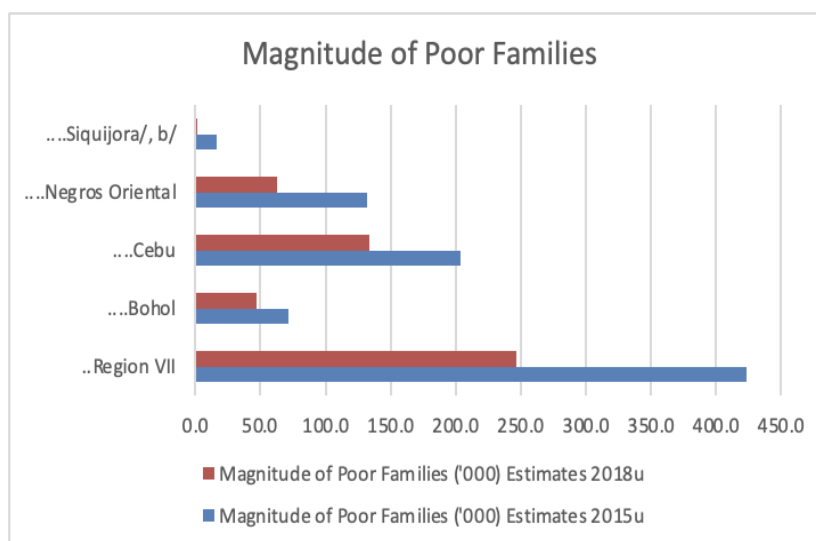
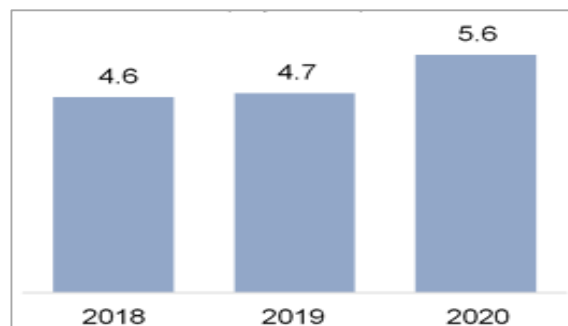


Figure 10. The magnitude of Poor Families

Source: Philippine Statistics Authority

The figure depicts the magnitude of poverty in Central Visayas; estimates show that the number of poor families increased over three years. The COVID-19 pandemic has inhibited poverty reduction progress in 2021. As a result, an additional 120 million people are now living in poverty, with a further 150 million expected by the end of 2021 [18] (World Bank, 2021).

Figure 11. Share of Total Health Expenditure (THE) to Gross Domestic Product (GDP) (in percent)



Source: Philippine Statistics Authority

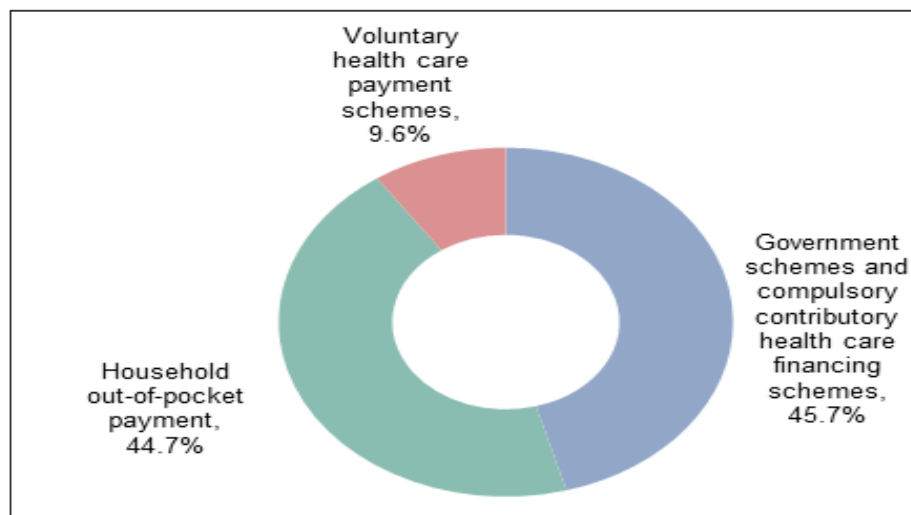
In 2020, the Total Health Expenditure (THE), which includes CHE (89.2%) and Health Capital Formation Expenditure (10.8%), was worth PHP 1.00 trillion. Compared to PHP 909.50 billion in 2019, it increased by 10.4 percent. THE contributed 5.6 percent to GDP at current prices, up from 4.7 percent in the previous year.

Public spending on healthcare accounts for less than half of total expenditure in Laos, the Philippines, Cambodia, and Myanmar. Myanmar's government covers only about 15% of total expenditure, while Laos' government covers only a third. Citizens and residents are responsible for the remainder, either through private insurance or out of pocket. Although funding remains a challenge, Indonesia, the Philippines, and Vietnam are making progress toward full coverage. Each of the three countries spends slightly more than \$350 per person on healthcare. Cambodia and Vietnam both spent a decreasing share of GDP on healthcare from 2013 to 2017 [19] (Usita, 2020).

The Total Health Expenditure in 2020 is 10.8 percent in the Health Capital Formation Expenditure and 89.2 percent in the CHE amounting to PHP 1.00 Trillion. An increase of 10.4% from the 909.50 billion in 2019. At current prices, the contribution of the total health expenditure was 5.6 percent which is higher than in 2019 (4.7 percent).

The Department of Health and PhilHealth provided a budget of which the majority was dedicated to the United Health Care (UHC) funding. Over the last half-decade, the DOH's budget has seen an increase of budget from PHP 87 billion (\$ 1.73 billion) in 2015 to PHP 112.3 billion (\$ 223 billion) in 2016 but fell to PHP 95.3 billion (\$1.90 billion) in 2017. The funding recovered in 2018 to PHP 100.6 billion (\$ 2 billion) in 2020. Meanwhile, PhilHealth had a budget of PHP 71.4 billion (\$ 1.4 billion) for a year which was the same in 2019. The coming of the pandemic, the national budget for 2021 was approved in December 2020 (increased of DOH's allocation to a record PHP 203.1 billion (\$ 4 billion), while PhilHealth's budget remained at PHPH 71.4 billion (1.4 billion) [20] (Oxford Business Group, 2021).

Figure 12. Percent Share to Current Health Expenditure by Health Care Financing Scheme: 2020



Source: Philippine Statistics Authority

In 2020, the major source of health financing in the country will be through government schemes and obligatory contributing health care financing schemes, with a total of PhP 409.39 billion, or 45.7 percent of CHE. With a contribution of PhP 400.10 billion (44.7 percent), household out-of-pocket payments (OOP) came in second, followed by voluntary health-care payment systems, which gave PHP 86.39 billion (9.6 percent).

4. Discussion

The unprecedented crisis exacerbated the already vulnerable sectors in the Region. The concentration of development and trade particularly in the Tri-Cities increases the risks and vulnerabilities of the Region such as Areal density and crowding due to industry agglomeration increases the risks of exposure to the virus and poses issues on social adaptation. Incapacity of the geographical location to traffic infrastructure development Increases the risk of the area to environmental hazards, Most of the displaced workers resorted to informal economies to sustain their day-to-day spending and they cannot simply be ignored because of the risks caused by lack of social protection, Lack of policies in mainstreaming the informal economies like taxation, reporting, and monitoring of their economic activities, The lack of social protection to mitigate the adverse economic impact of the pandemic on the workers and establishments and businesses, Growth in labor force participation versus growth in jobs, Who will fund for the social protection. The adverse impact on the economy in the region is caused by the measures imposed to mitigate the negative effects of the pandemic on the life and health of individuals. While data on trade will show that its reduction is generally due to restrictions, the fact remains that trade in Region VII accelerates the overall economic growth of the country. This is explained by its

strategic location coupled with the presence of both domestic and international airports and seaports.

5. Conclusions

It can be concluded that Central Visayas is one of the thriving regions in the Philippines despite the pandemic. Economically, it remains one of the biggest contributors in terms of GDP in the country. However, Covid 19 pandemic has generally affected the economy of Central Visayas, which can be attributed to its economic model which is leaning primarily on tourism. This resulted in the displacement of workers and establishments of different industries across the region as they are labor-intensive. This displacement may lead to higher poverty and increased informality. Concrete response management through policy is needed to equip the region should a pandemic may happen in the future. The COVID-19 pandemic revealed the vulnerabilities of Central Visayas that affected greatly the economic sector. It is recommended that policies must be created to better respond to the need of the situation, this includes social amelioration program that may cater to all affected, stimulus assistance for MSMEs, a well-defined border control, and lastly adaptation of policy suggestions from the International Labor Organization on facilitating informal sector back to the formal economy and to reduce informality.

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Conflict of interest

The authors declare no conflict of interest.

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