

6th Mindanao Policy Research Forum

Bouncing Back in the New Normal through
Countryside Development and
Agricultural Resilience

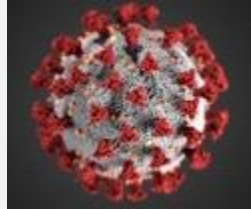
SOCIO-ECONOMIC IMPACT OF COVID-19

DR. ENRICO L. BASILIO

18 September 2020



COVID-19: PHILS



Is the curve flattening?

Reproductive Rate: **0.96**
Positivity Rate: down to **12%**
(from 19%)

Nationwide Cases Data



Daily Cases by Date of Onset of Illness

For 70.4% or 163,300 of cases where date of onset of illness is unreported, date of specimen collection was used as proxy.

- Cases
- Recoveries
- Deaths

We urge caution when interpreting data during the highlighted period below, which may be incomplete because of delays in reporting.



Note: There are still 13384 cases with unreported date of onset of illness and date of specimen collection.

Top Regions

Total Cases

| | |
|-----------------------------|---------|
| NCR | 129,552 |
| Region IV-A: CALABARZON | 35,743 |
| Region VII: Central Visayas | 20,101 |
| ROF | 10,364 |
| Region III: Central Luzon | 9,268 |

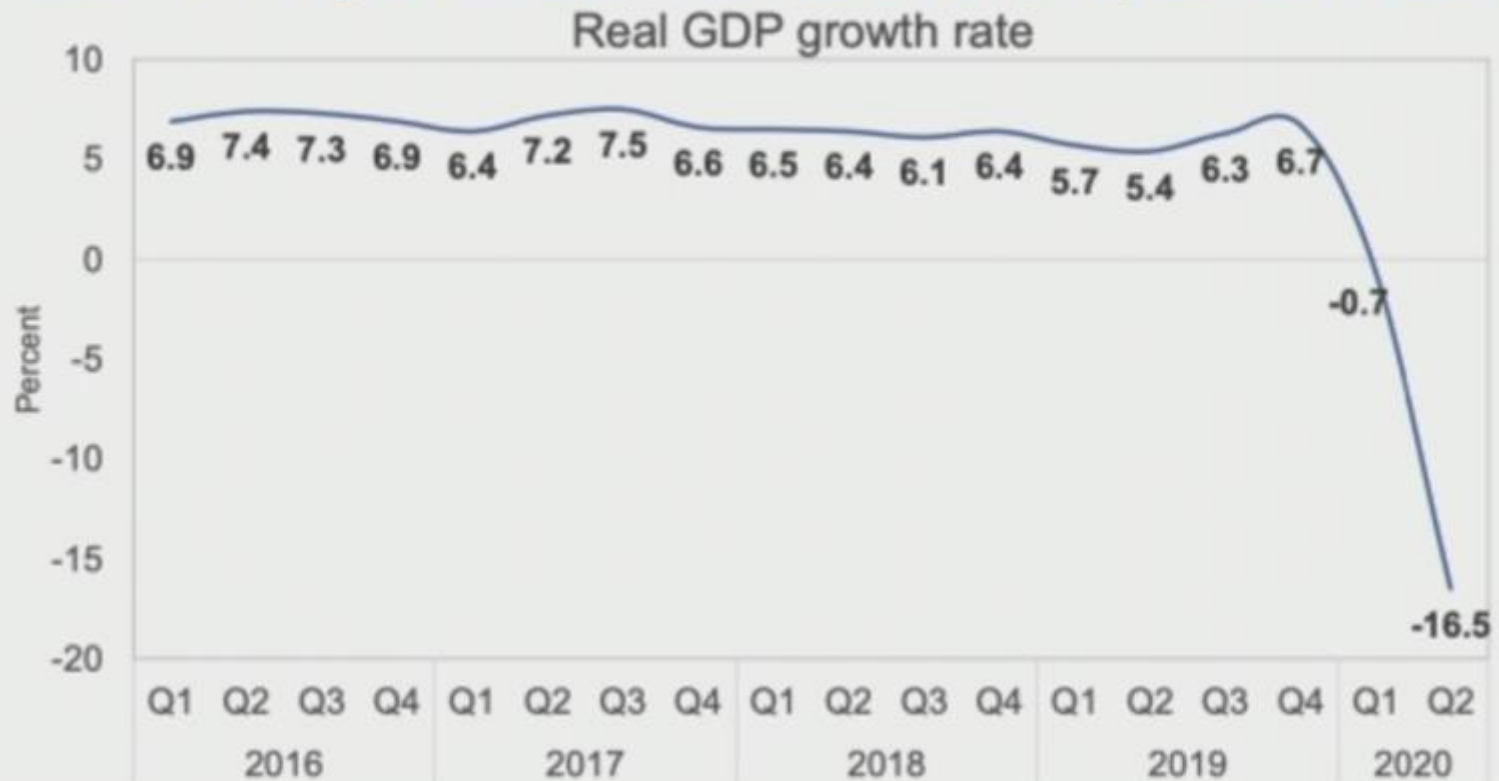
New Cases in the last 14 Days by Date of Onset of Illness

(or by date of specimen collection when by Date of Onset of Illness is not available)

| | |
|----------------------------|--------|
| NCR | 15,972 |
| Region IV-A: CALABARZON | 6,091 |
| Region III: Central Luzon | 2,146 |
| Region VI: Western Visayas | 1,985 |
| ROF | 1,235 |

THE PHILIPPINE ECONOMY: COVID 19 Pandemic

Economic growth declined as a consequence of ECQ.



Source: PSA

Source: NEDA Presentation, PCCI Visayas Area Business Conference (August 27, 2020)

THE PHILIPPINE ECONOMY: COVID 19 Pandemic

The main contributors to the decline were:

- Manufacturing - 21.3%
- Construction - 33.5%
- Transportation and Storage - 59.2%

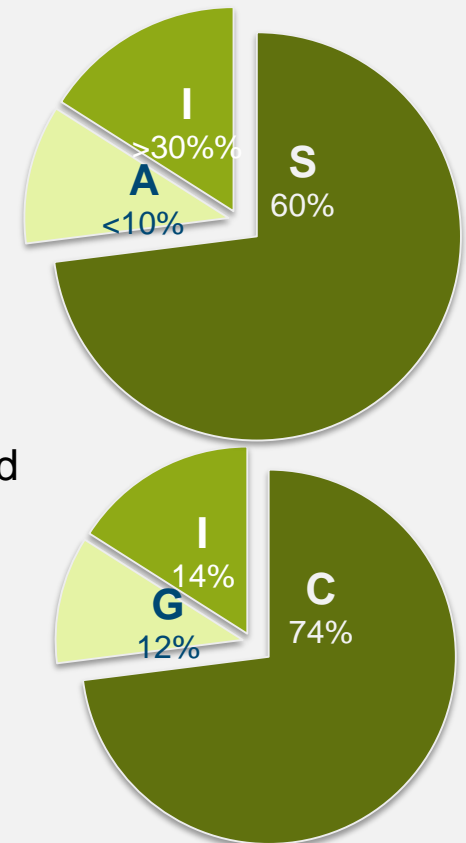
SUPPLY SIDE: Among the major economic sectors –

- **Agriculture** + 1.6%
 - sugarcane 76%, corn 15.6%, rubber 12.1%, and palay, 7.2%
- Industry - 22.0%
- Services - 15.8%

DEMAND (EXPENDITURE) SIDE: major items that declined were:

- Household Final Consumption Exp - 15.5%
- Gross Capital Formation (GCF) - 53.5%
- Exports - 37.0%
- Imports - 40.0%
- **Govt Final Consumption Exp** + 22.1%

Net Primary Income (NPI) from ROW - 22%
 NGI - 17%



Source: PSA (6 August 2020)

THE PHILIPPINE ECONOMY: COVID 19 Pandemic

Economic Growth Forecasts

| Institutions | 2020 | 2021 | 2022 |
|--------------------------------|--------------|------------|------------|
| IMF Forecast (June 2020) | | | |
| 1. World economy | -4.9 | 5.4 | |
| 2. ASEAN-5 | -2.0 | 6.2 | |
| Philippine economy | | | |
| 3. Government | -2.0 to -3.4 | 7.1 to 8.1 | |
| 4. IMF (June 2020) | -3.6 | 6.8 | |
| 5. ADB (June 2020) | -3.8 | 6.5 | |
| 6. WB (June 2020) | -1.9 | 6.2 | 7.2 |
| 7. CNBC (May 2020) | -2 to -3.4 | | |
| 8. HSBC (July 2020) | -3.9 | 7.0 | |
| 9. ING Manila | -2.9 | | |
| 10. RESPOND (July 2020) | -5.6 | 2.7 | 4.5 |

Source of Data: Various sources



ADB (Revised) 2020 - 7.3%
Eagle Watch - 7.26%

THE PHILIPPINE ECONOMY: COVID 19 Pandemic



Socio-economic Cost/day during Quarantine

- ECQ: March 16-May 15. 90 days, **P14.6B/day**
- MECQ: May 15-May 31, 16 days, **P9.9B/day**
- GCQ: June 1-August 3, 64 days, **P8.6B/day**
- MECQ: August 4-18, 14 days, **P9.9B/day**
- GCQ: August 19- present, 26 days, **P8.6B/day**

Source: Sescon et al (2020)

THE PHILIPPINE ECONOMY: COVID 19 Pandemic



P1.1 Trillion loss per month of lockdown (NEDA)

| Regions | Losses in Agriculture (in PHP million) | Losses in Industry (in PHP billion) | Losses in Services (in PHP billion) | Total Losses (in PHP billion) | % of GDP/ GRDP* |
|---------------------|---|--|--|----------------------------------|--------------------|
| Philippines | 94.30 | 537.72 | 589.72 | 1,107.54 | 5.56 |
| NCR | 0.45 | 134.41 | 454.84 | 589.25 | 7.89 |
| CAR | 7.56 | 5.99 | 3.61 | 9.61 | 2.76 |
| Ilocos Region | 3.69 | 7.02 | 6.69 | 13.72 | 2.19 |
| Cagayan Valley | 6.35 | 9.05 | 3.80 | 12.86 | 3.71 |
| Central Luzon | 24.84 | 68.70 | 14.87 | 83.59 | 4.51 |
| CALABARZON | 26.33 | 244.48 | 20.62 | 265.13 | 9.02 |
| MIMAROPA | 1.52 | 4.58 | 4.58 | 9.16 | 2.92 |
| Bicol Region | 2.32 | 4.31 | 10.27 | 14.57 | 3.41 |
| Western Visayas | 3.52 | 7.81 | 9.81 | 17.62 | 2.09 |
| Central Visayas | 1.96 | 25.10 | 12.55 | 37.65 | 2.85 |
| Eastern Visayas | 0.62 | 5.58 | 3.92 | 9.50 | 2.34 |
| Zamboanga Peninsula | 5.88 | 1.81 | 3.09 | 4.91 | 1.26 |
| Northern Mindanao | 2.56 | 4.24 | 5.87 | 10.11 | 1.28 |
| Davao Region | 0.91 | 6.13 | 7.39 | 13.52 | 1.45 |
| SOCCSKSARGEN | 1.52 | 3.60 | 4.66 | 8.27 | 1.53 |
| BARMM | 1.55 | 0.34 | 0.55 | 0.89 | 0.61 |
| Caraga | 2.73 | 4.57 | 2.60 | 7.17 | 3.23 |

Source: NEDA-Regional Development Staff estimates.

*2020 GRDP estimates were generated based on the regional growth targets on the 2017-2022 Philippine Development Plan.

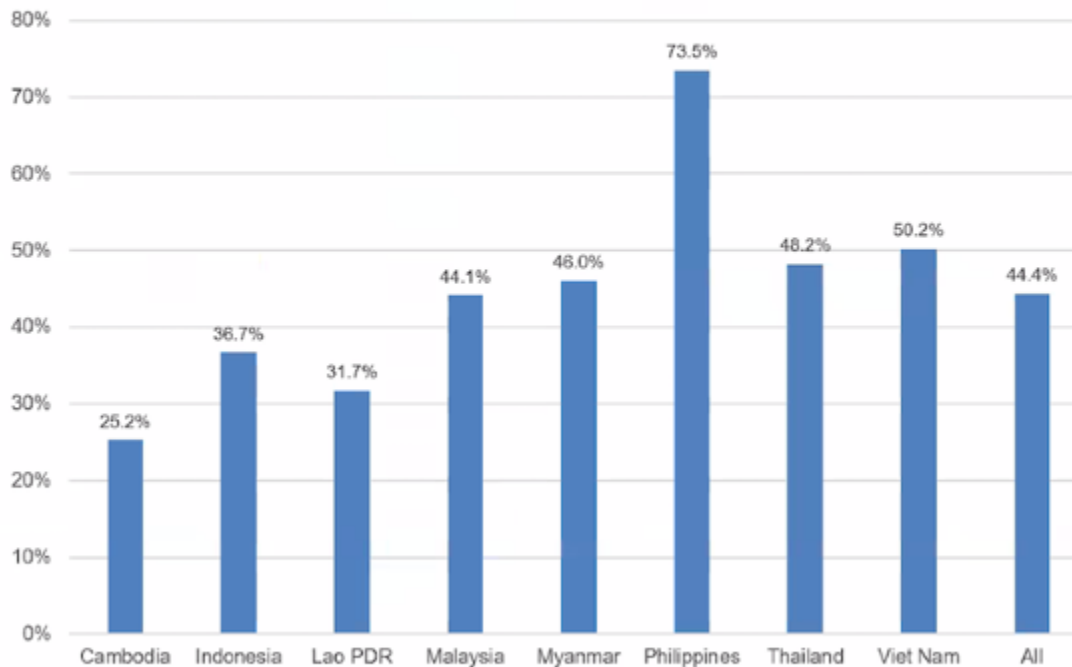
Source: Presentation of Dr. N. Aldaba (SCAn e-Forum, 15 Sept 2020)

THE PHILIPPINE ECONOMY: COVID 19 Pandemic

ADB Institute e-Forum, 16 Sept 2020

Job loss/workload reduced

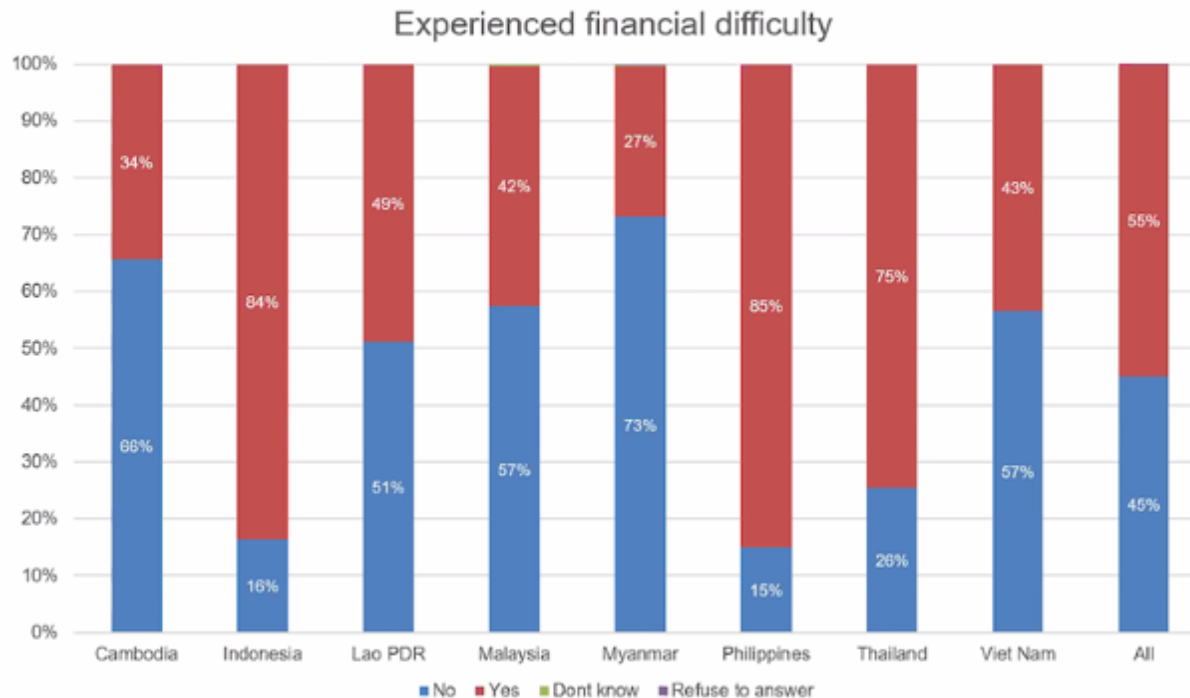
- % Households with at least one person who lost job/experienced workload reduced



THE PHILIPPINE ECONOMY: COVID 19 Pandemic

ADB Institute e-Forum, 16 Sept 2020

5. Financial difficulty during the pandemic

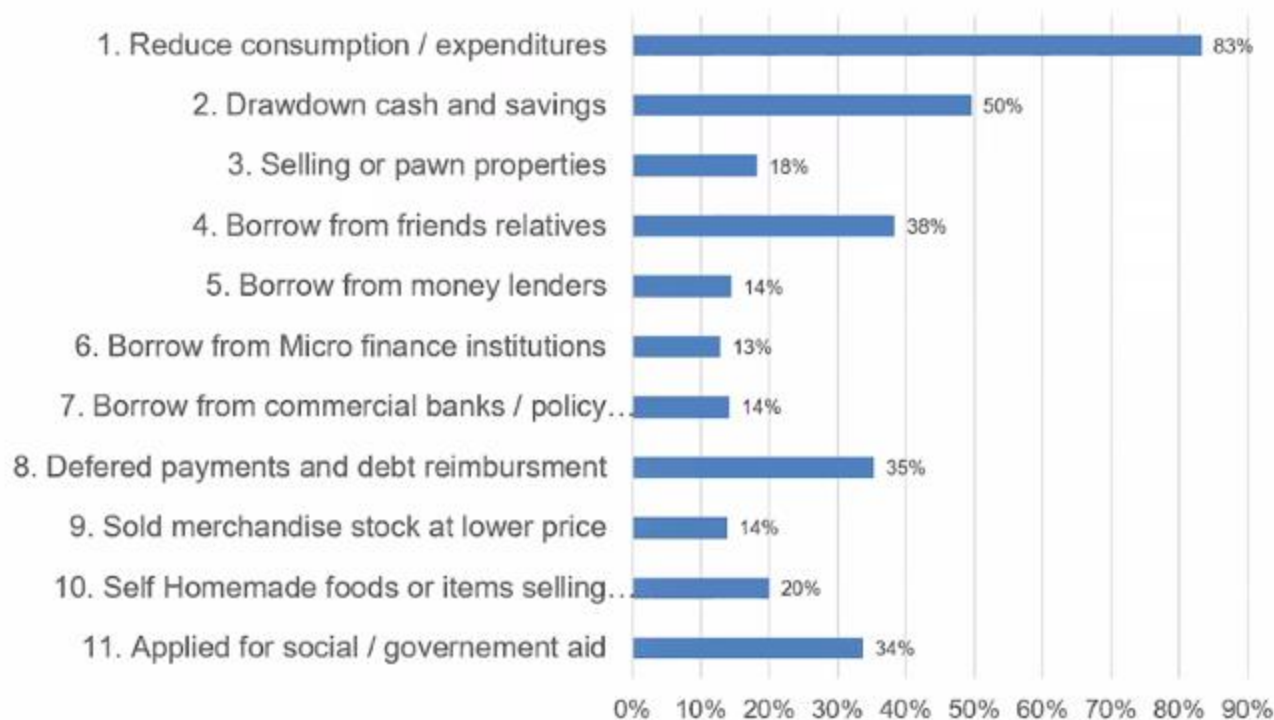


THE PHILIPPINE ECONOMY: COVID 19 Pandemic

ADB Institute e-Forum, 16 Sept 2020

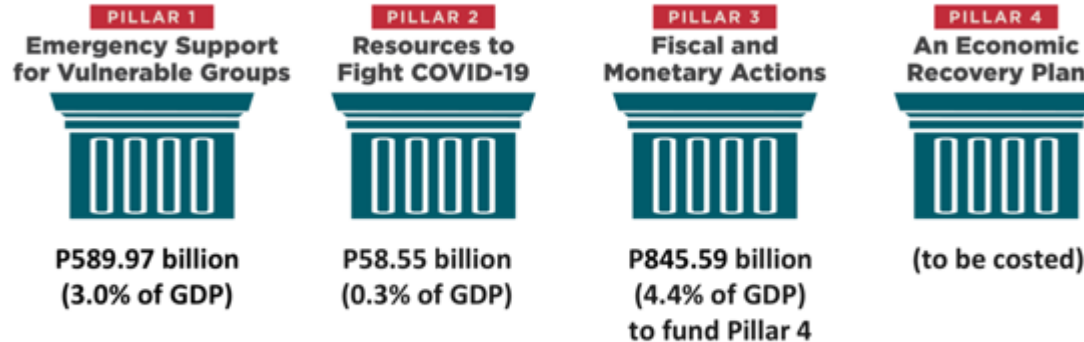
Coping strategies for financial difficulty

- Given having financial difficulty



THE PHILIPPINE ECONOMY: COVID 19 Pandemic

Four-pillar strategy to respond to the COVID-19 crisis



Grand total: P1.49 trillion (7.8% of GDP) as of May 12, 2020

RECOVERY PROGRAM

- Bayanihan Act (1 and 2)
- Build, Build, Build Program
- 2020 / 2021 Budget

Source: NEDA
Presentation, Sulong
Pilipinas e-Forum on
May 14, 2020

Source: NEDA
Presentation, PCCI
Visayas Area Business
Conference
August 27, 2020

A total of 655 billion pesos have been allocated to help the people cope with the pandemic (596 billion) and improve the healthcare system (59 billion).



➔ This includes ramped up spending to protect some **18 million low income households** and **3.1 million workers** of small businesses.

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Bayanihan 1

- **P374.89 billion spent:**
 - P 200.98 billion DSWD SAP
 - P 88.5 billion DOF
 - P 48.23 billion DOH
 - P 12.5 billion DOLE TUPAD
 - P 11 billion DA
 - P 10.9 billion DEPED
 - P 1.1 billion DND
 - P 747 million DILG
 - P 400 million UP-PGH
 - P 203 million DTI
 - P 53.2 million DOST
- Sources: Discontinued government programs (P 266.2 billion), special purpose funds (P 98.4 billion), and regular budget of agencies (P 10.2 billion)

Source: Presentation of Dr. N. Aldaba (SCAn e-Forum, 15 Sept 2020)

THE PHILIPPINE ECONOMY: COVID 19 Pandemic



Bayanihan 2

- Provides a **P165.5 billion fund**, including P140 billion in regular appropriation with P25.5 billion in standby funds
 - capital infusion for government financial institutions (P39.5B)
 - assistance to the agricultural sector (P24B)
 - emergency hiring of health workers (P13.5B)
 - cash for work programs (P13B)
 - assistance to transportation sector (P9.5B)

Source: Presentation of Dr. N. Aldaba (SCAn e-Forum, 15 Sept 2020)

- Ten Leading Emerging Markets that will dominate the Global Economy in the Next Decade – **Oxford Economics 2019**



1. India
2. Philippines
3. Indonesia
4. China
5. Malaysia
6. Turkey
7. Thailand
8. Chile
9. Poland
10. South Africa

“In these very uncertain times, we have to focus on lasting trends instead of getting distracted by temporary blips.”

Dr. Bernardo M. Villegas
Asia CEO Forum
3 September 2020

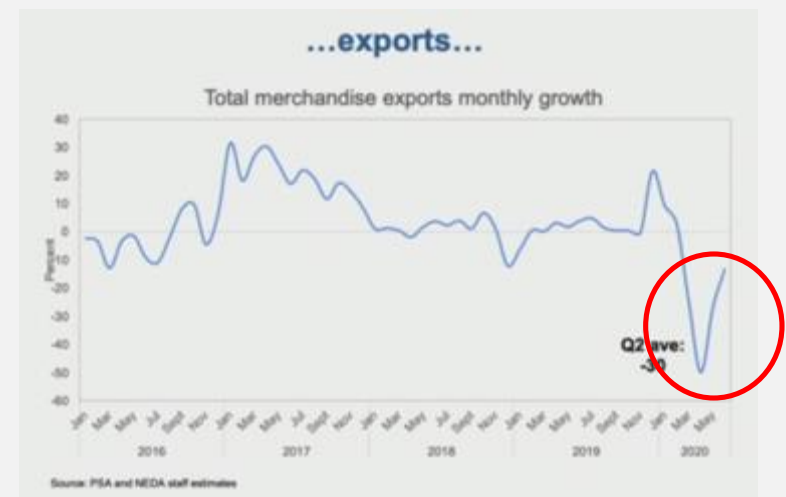
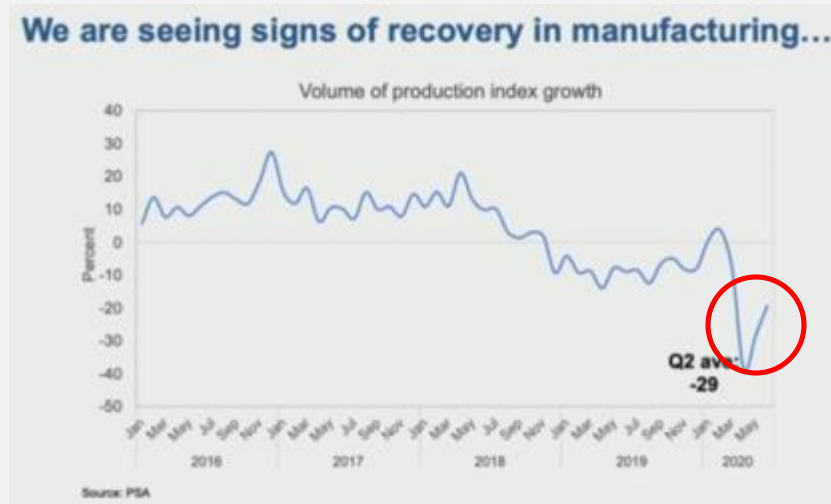
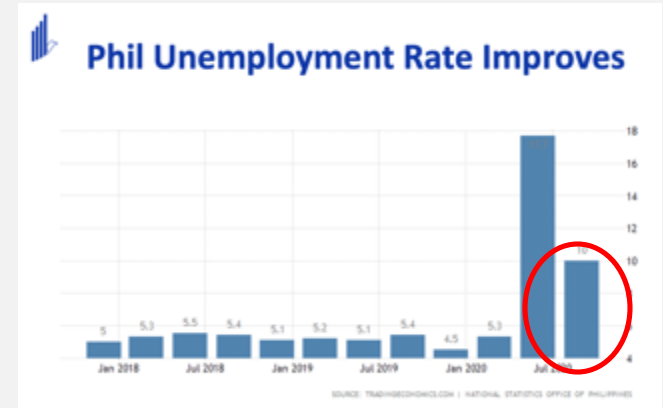


- HSBC's Top Economies by 2050 (Philippines – 16th)
- The Economist's Emerging Economies ranked by Financial Strength (Philippine – 6th)

Source: Presentation of Dr. Bernardo Villegas (Asia CEO Forum, September 2020)

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- Macro-fiscal framework has weakened but fundamentals still ok
- Debt-to-GDP ratio may go up to 55% but still manageable
- Historical lows in price environment
- There are signs of recovery in manufacturing and exports
- Improvement in unemployment rate



RESPOND Economic Assessment Study (Aldaba, April 2020)

PROSPECTIVE VIABLE INDUSTRIES

| INDUSTRY/SECTOR | SHARE OF REAL GDP (2019) | NUMBER OF EMPLOYED | BACKWARD MULTIPLIER | FORWARD MULTIPLIER | INFECTION RISKS | TESTING REQUIRED |
|--|--------------------------------|-----------------------|------------------------|-----------------------|--------------------|---------------------|
| Agriculture and Fishery | 7.7% | 9,998,247 | 1.5 | 1.5 | Low | None |
| Food Manufacturing | 7.9% | 1,068,805 | 2.2 | 8.1 | Medium | Periodic Random |
| Basic Health Services | 1.6% | 517,583 | 2.3 | 1.2 | High | Regular Testing |
| Pharmaceutical Products | 0.8%* | 39,349 | 2.6 | 1.4 | Medium | Periodic Random |
| Chemical products (for cleaning and related chemicals) | 0.2%* | 14,280 | 2.4 | 3.2 | Medium | Periodic Random |
| Wearing Apparels (incl. PPE sector) | 0.4% | 610,650 | 1.7 | 1.2 | Medium | Periodic Random |
| Financial Services | 7.7% | 437,123 | 1.8 | 2.3 | Medium | Periodic Random |
| Utilities (Electricity, Gas, and Water) | 3.2% | 16,882 | 2.0 | 2.3 | Medium | Periodic Random |
| Communications | 4.3% | 202,724 | 1.7 | 1.6 | Medium | Periodic Random |
| Land Transport | 1.5% | 2,721,687 | | | High | Regular Testing |
| Logistics (Storage and Services) | 1.0% | 3,106,182 | 2.3 | 2.2 | High | Regular Testing |
| Retail Trade (Supermarkets/drugstores) | 13.5% | 5,995,435 | 1.7 | 11.8 | High | Regular Testing |
| Restaurants (converted to take out) | 1.40%* | 1,381,952 | 1.1 | 1.3 | High | Regular Testing |
| Public & limited Private Construction | 10.6% | 3,865,472 | 1.0 | 1.2 | High | Regular Testing |
| TOTALS | 61.8% | 27,354,684 | | | | |

Source: ACERD (2020); Calculations from Philippine Statistics Authority data and risk classifications as discussed in Solon, et al. (2020) cited in the Economic Assessment Report of Dr. F. Aldaba for the RESPOND Project, April 2020.

* - Extrapolated from 2012 I-O Tables

MINDANAO'S POTENTIAL



Marine and Inland Fish Production in Mindanao per Region (2019)

| Region | Value (in metric tons) | Share to Mindanao production |
|------------|------------------------|------------------------------|
| BARM | 127,651 MT | 32.77% |
| Region IX | 123,737 MT | 31.76% |
| CARAGA | 45,887 MT | 11.78% |
| Region X | 45,223 MT | 11.61% |
| Region XII | 25,364 MT | 6.51% |
| Region XI | 21,705 MT | 5.57% |
| Total | 389,567 MT | |

BARM and Region IX contribute 64.5% to the total marine and inland fish production in Mindanao

Source: Philippine Statistics Authority | Data processed by MinDA



THIS IS MY MINDANAO

Mindanao is the country's food basket



36%
of the country's
farm area

43%
of the country's
total farm produce

However, only **49.5%** of the roads in Mindanao are paved.



www.minda.gov.ph | fb.com/MinDAGovPH | @mindagovph | info@minda.gov.ph

National share of Mindanao for different agricultural commodities



| Corn | |
|----------|-----|
| Mindanao | 51% |
| Luzon | 42% |
| Visayas | 6% |



| Goat | |
|----------|-----|
| Mindanao | 37% |
| Luzon | 40% |
| Visayas | 23% |



| Cattle | |
|----------|-----|
| Mindanao | 35% |
| Luzon | 46% |
| Visayas | 19% |



| Swine/Hog | |
|-----------|-----|
| Mindanao | 27% |
| Luzon | 53% |
| Visayas | 20% |



| Palay | |
|----------|-----|
| Mindanao | 22% |
| Luzon | 61% |
| Visayas | 17% |

Mindanao's Top Exports



Mindanao's Top Export Markets



Source: Philippine Statistics Authority | Data processed by MinDA

Mindanao has been growing faster!

GRDP Growth Rate at Constant Prices (2016-2017)

7.1%
Mindanao

6.7%
National Average

Investment Inflow to Mindanao

\$120-125
Million



\$1.2
Billion

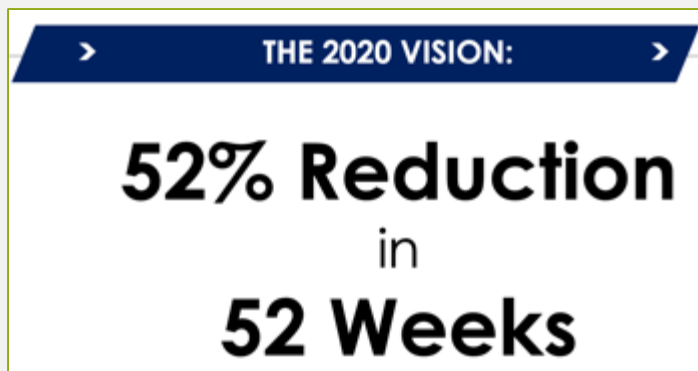
Annual Average Investment Inflow
(2001-2010)

Annual Average Investment Inflow
(2011-2016)






CHALLENGES

- Improve the regulatory environment

- Strengthen regulatory governance by separating the regulatory and commercial functions of regulatory agencies



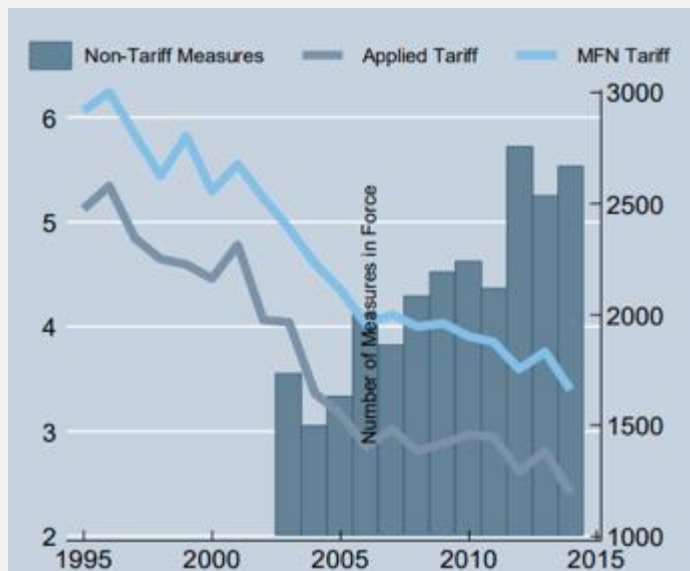
PRIORITY SECTORS

-  **Connectivity (Telecommunications)**
-  **Housing and Construction**
-  **Food and Pharma**
-  **Logistics**
-  **Power/Energy**

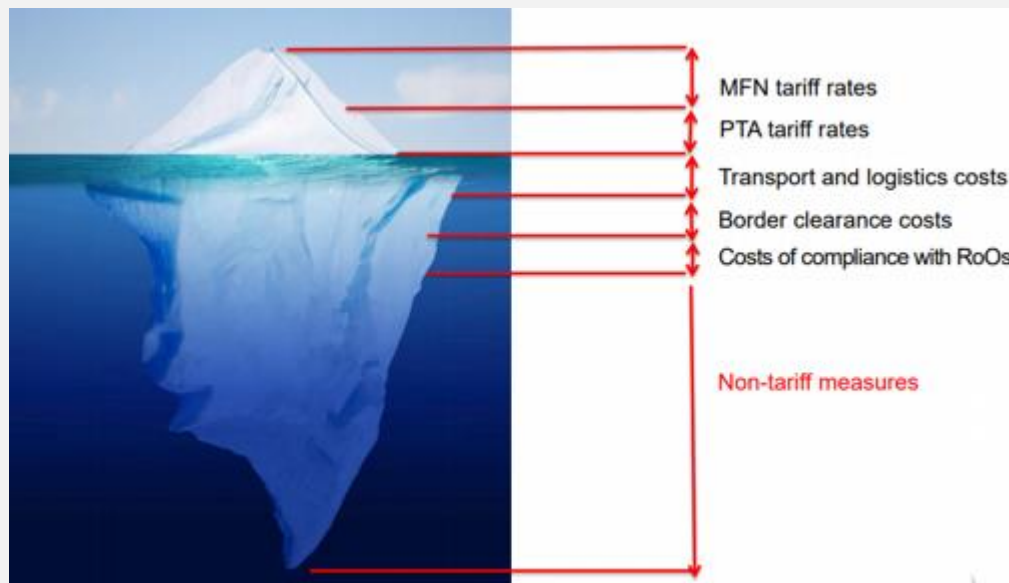
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- Address Non-Tariff Measures (NTMs)

Tariff levels have gone down, NTMs increasing



Source:
<https://www.unescap.org/sites/default/files/Session4-Overview%20of%20NTMs.pdf>

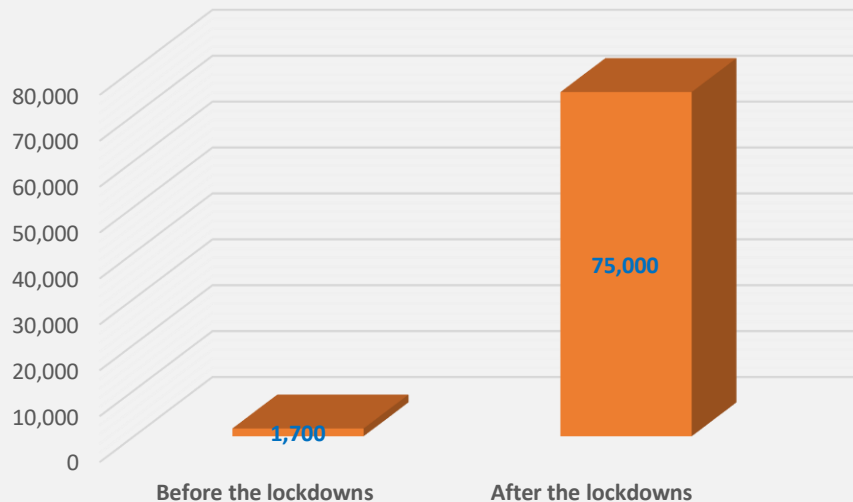


Source: Rosenow, S. (2018). *The Increasing Role of Non-Tariff Measures in International Trade*. United Nations Conference on Trade and Development (UNCTAD).
<https://www.unescap.org/>

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- Infrastructure development, ICT and Inter-island connectivity

Number of Registered Philippine Online Businesses



The number of registered Philippine online businesses surged more than 40 times in the past five months.

Source: Department of Trade and Industry



Thank you