IN THIS ISSUE

Economic Indicators Updates
Economic Growth, External Trade Performance, Foreign Direct Investment, Remittances, Employment, Inflation, Exchange Rates, and Gross International Reserves

Fiscal Performance
Revenue Collection and Debt-to-GDP

Economic Surveys
The Heritage Foundation's Index of Economic Freedom 2021, Social Weather Stations (SWS) November 2020 National Survey on Expected Change in the Economy, Social Weather Stations (SWS) November 2020 National Survey on Adult Joblessness, and Social Weather Stations (SWS) November 2020 National Survey on Trends in the Quality of Life

Insights
The Philippines will have bleak prospects for economic recovery relative to other countries in the region

economic snapshots

QUICK FACTS AND FIGURES OF THE PHILIPPINE ECONOMY

QUARTERLY

CURRENT ECONOMIC SITUATION

In March 2020, the Duterte administration declared what eventually became the most prolonged and strictest COVID-19 lockdown in the world. One year after, the spread of the virus has not been contained, and the economy still does not show signs of recovery at pace with the rest of the world. The much-vaunted economic recovery efforts beginning the fourth quarter of 2020 are set to lose steam, with the country experiencing a steep rise of COVID-19 cases. As of this writing, the daily COVID-19 tally has reached an all-time high of almost 8,000 cases since the pandemic began. The situation has reignited fears of another wave of infections as the administration's competence to manage the pandemic is again put into serious question.

The Philippine economy is in for a long and winding recovery given the sharp drop of the gross domestic product (GDP) to -9.5 in 2020 — the worst in 73 years. Contributing to the dim economic outlook are other critical factors such as the unemployment of 4 million by the start of the year, the challenges in raising government revenues, the increased government borrowings, and the weakening investor sentiments brought upon by inflation fears and yet another round of lockdowns.

While other countries are successfully banking on mass vaccination as their way out of their public health and economic crises, the Philippine government seems to be in a constant state of trial and error in implementing a vaccination rollout plan that works.

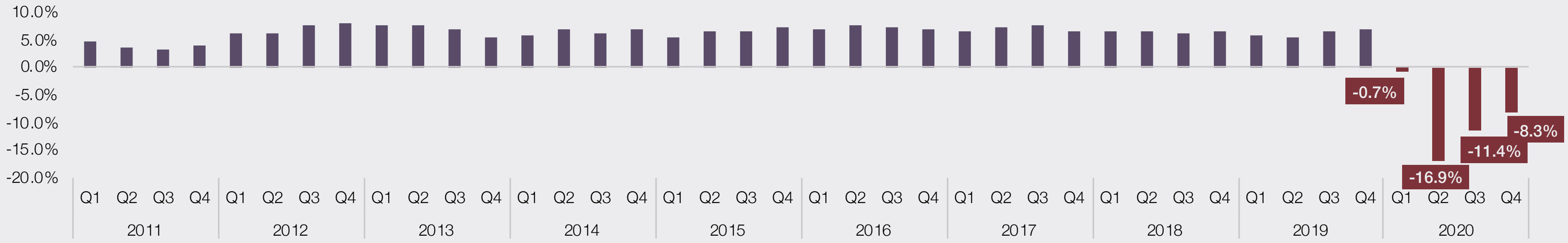
ECONOMIC INDICATORS UPDATES

Economic Growth

Latest data from the Philippine Statistics Authority (PSA) show that after entering an economic recession in mid-2020, the economy continued to contract in the fourth quarter of 2020 - albeit at a slower pace - with the GDP posting a growth rate of -8.3%, year-on-year. After four consecutive quarterly contractions due to the COVID-19 pandemic, the full-year GDP growth rate of the Philippines for 2020 was estimated at -9.5%, the lowest recorded since 1947, shortly after World War II.[1]

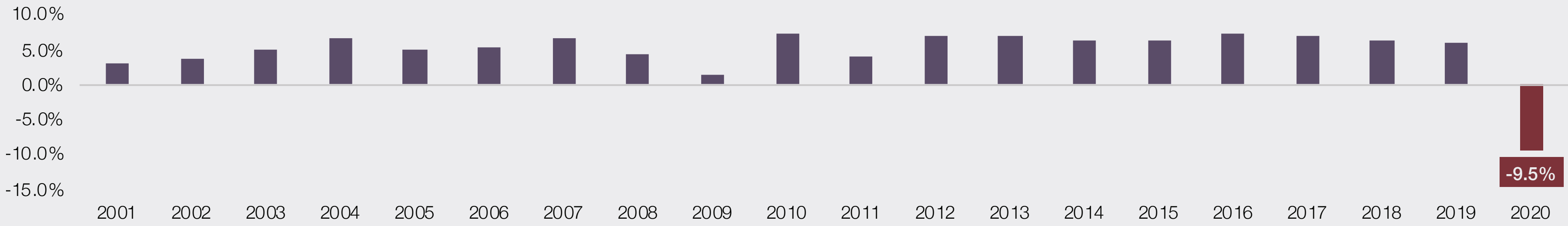
Figure 1 shows the quarterly real GDP growth rates of the Philippines from the first quarter of 2011 until the fourth quarter of 2020. On the other hand, Figure 2 shows the Philippines' annual real GDP growth rates from 2001 to 2020.

Figure 1 . Philippine Quarterly Real GDP Growth Rates
(Q1 2011 – Q4 2020)



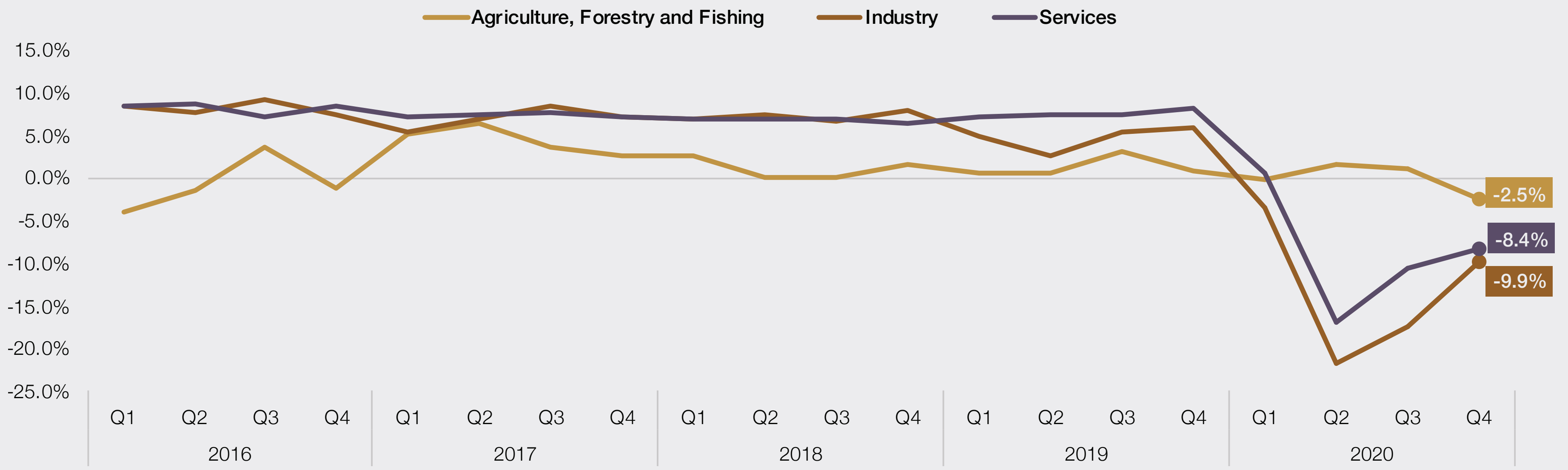
Note: In constant 2018 prices
Source: Philippine Statistics Authority (PSA 2020)

Figure 2 . Philippine Annual Real GDP Growth Rates
(2001 – 2020)



Note: In constant 2018 prices
Source: Philippine Statistics Authority (PSA 2020)

Figure 3 . Philippine GDP Growth Rate by Industry
(Q1 2016 – Q4 2020)



Note: In constant 2018 prices

Source: Philippine Statistics Authority (PSA 2020)

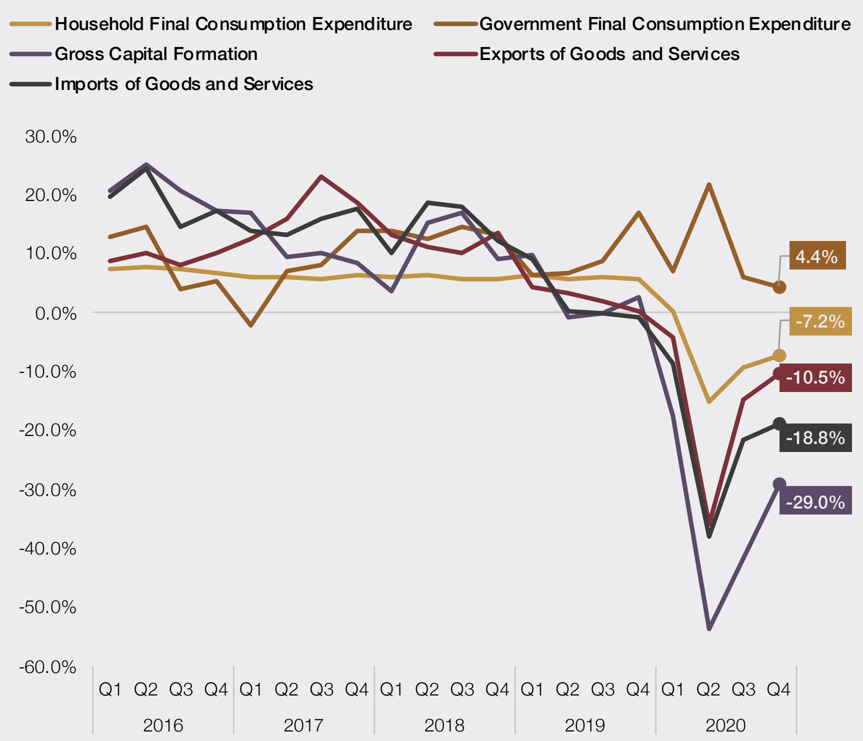
In particular, the economic decline in the last quarter of 2020 was significantly attributable to Construction (-25.3%), Other Services (-45.2%), and Accommodation and Food Service Activities (-42.7%).[2]

In terms of the major economic sectors, Industry and Services continued to shrink in the fourth quarter by 9.9% and 8.4%, respectively. These figures represent a marked improvement from previous negative growth rates of 17.2% and 10.6% in the third quarter. The Agriculture, Forestry, and Fishing (AFF) sector's growth during the first three quarters was arrested in the last quarter with a growth rate of -2.5%.[3] It was during this quarter when the Philippines was hit by destructive typhoons - particularly Typhoons Rolly (international name Goni), Siony (Atsani), and Ulysses (Vamco) - in just three weeks. Among the three, Typhoon Ulysses resulted in severe flooding in the National Capital Region (NCR) and Cagayan Province, affecting around 3.5 million people. According to the World Bank, the cumulative cost of damage incurred in infrastructure and agriculture due to these three typhoons amounted to approximately Php 30.76 billion.[4]

On a full-year basis, these sectors posted negative growth rates: AFF at -0.2%, Services at -9.1%, and Industry at -13.1%.[5] Figure 3 shows the quarterly GDP growth rate, by industry, from 2016 to 2020.

On the expenditure side (as shown in Figure 4), the following similarly declined in the fourth quarter: Household Final Consumption Expenditure (HFCE) with -7.2%; Gross Capital Formation (GCF) with -29.0%; Exports with -10.5%; and Imports with -18.8%. In contrast, Government Final Consumption Expenditure (GFCE) posted a positive growth of 4.4%. Likewise, for the full-year 2020, only GFCE grew by 10.4%. The rest declined: HFCE (-7.9%); GCF (-35.8%); Exports (-16.7%); and Imports (-21.9%).[6]

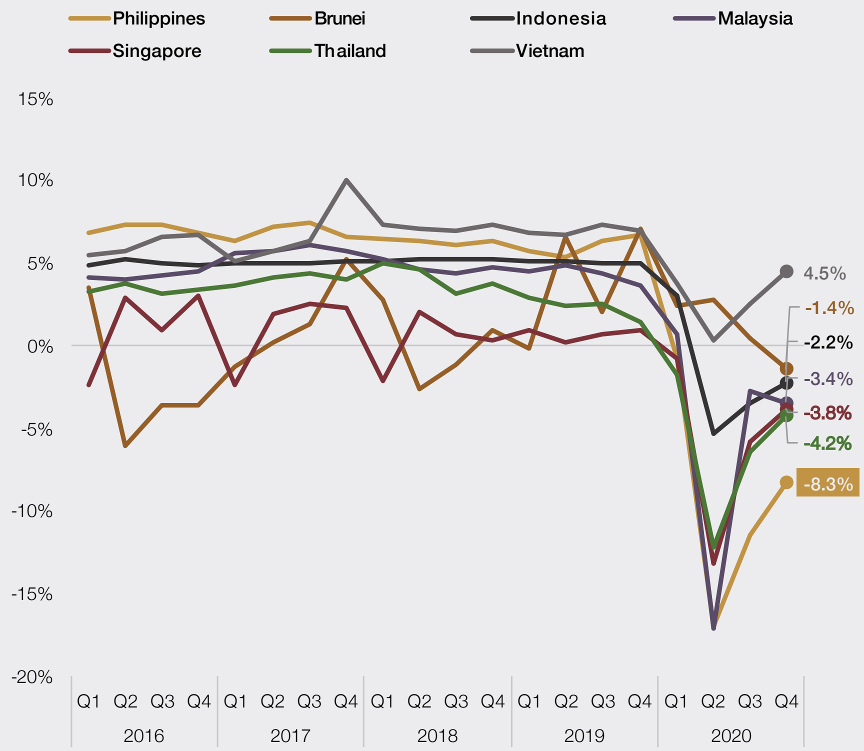
Figure 4 . Philippine GDP Growth Rate by Expenditure
(Q1 2016 – Q4 2020)



Note: In constant 2018 prices

Source: Philippine Statistics Authority (PSA 2020)

Figure 5 . ASEAN Real GDP Growth Rates
(Q1 2016 – Q4 2020)



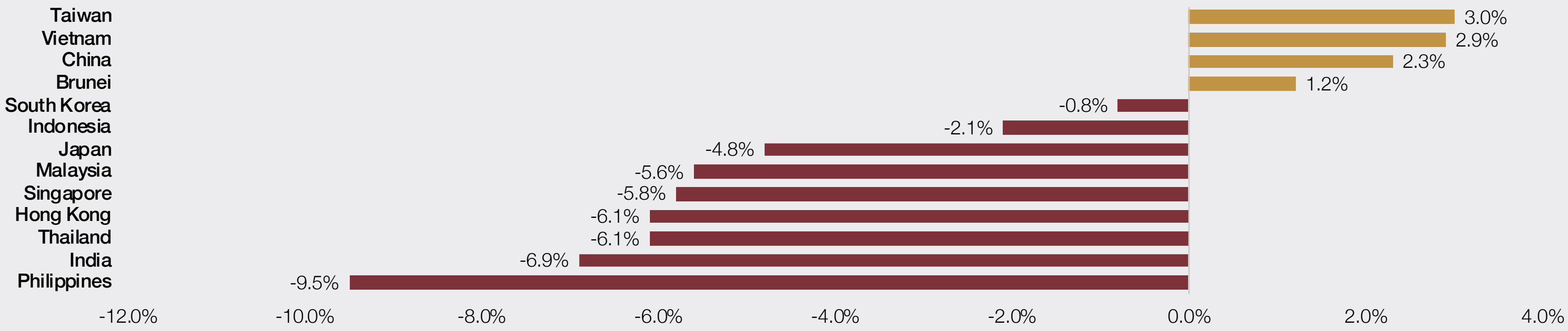
Note: In constant 2018 prices

Source: Bangko Sentral ng Pilipinas (BSP)

Although HFCE contracted, it was still an improvement from the -9.2% registered in the previous quarter. For the whole year, household consumption declined by 7.9%. The consumption of essential items continued to grow in the fourth quarter: Housing, Water, Electricity, Gas and Other Fuels (6.3%); Communication (5.5%); and Food and Non-Alcoholic Beverages (5.3%). On the other hand, the following items declined: Restaurants and Hotels (-42.4%); Transport (-30.6%); Recreation and Culture (-49.9%); Education (-14.4%); Alcoholic Beverages, Tobacco (-19.4%); Miscellaneous Goods and Services (-1.7%); Clothing and Footwear (-9.6%); Furnishings, Household Equipment and Routine Household Maintenance (-5.9%); and Health (-3.3%).[7]

The Philippines was the worst economic performer in the Southeast Asian region in the fourth quarter of 2020. As its neighboring countries significantly showed signs of bouncing back, the Philippine economy showed meager growth only. After deep economic contractions for four consecutive quarters, a -9.5% GDP growth rate is estimated for 2020, also the lowest in the region.[8] Figure 5 shows the comparative quarterly real GDP growth rates in the ASEAN region from 2016 to 2020. Figure 6 presents the real GDP growth rates for 2020 for selected Asian countries.

Figure 6 . 2020 Real GDP Growth Rates of Selected Asian Countries



Source: Bangko Sentral ng Pilipinas (BSP)

Despite the dismal economic performance in 2020, the Development Budget Coordination Committee (DBCC) remains optimistic with a projected GDP growth rate of 6.5% to 7.5% in 2021 and between 8.0% to 10% in 2022.[9] Meanwhile, the International Monetary Fund (IMF) projects the Philippine economy to grow by 6.6% in 2021 and 6.5% in 2022.[10]

The DBCC is an inter-agency committee comprised of the Department of Budget and Management (DBM), Department of Finance (DOF), National Economic and Development Authority (NEDA), the Bangko Sentral ng Pilipinas (BSP), and the Office of the President that sets the macroeconomic targets of the Philippines.

In February 2021, the NEDA published an updated Philippine Development Plan (PDP) 2017-2022, which now considers the socioeconomic impacts of the COVID-19 pandemic. With the end-goal of building the foundation for a healthy and resilient Philippines, the updated PDP focuses on five key programs under the new normal: (1) health system improvement; (2) food security and resiliency; (3) learning continuity; (4) digital transformation; and (5) regional development through the Balik Probinsya, Bagong Pag-Asa Program.[11]

The NEDA has also emphasized that economic activity depends heavily on the level of community quarantine,[12] which is based on the COVID-19 situation in a particular area. Some non-essential industries were initially reopened in areas under general community quarantine (GCQ) for a brief period in early 2021. But more localized lockdowns and travel restrictions were reimposed in March due to the alarming surge in the daily recorded COVID-19 cases in the country. This situation has led to several hospitals reaching full capacity.

According to data from the Department of Health (DOH),[13] by mid-March 2021, the number of new daily COVID-19 cases reached record levels since the pandemic began.[14] This renewed spike in cases can be attributed to breaches in health protocols, increased mobility, and the more transmissible COVID-19 variants that entered the country. Moreover, the Coalition for People's Right to Health (CPRH), a coalition of medical groups, gave the Philippine government a "failing mark" of "F" in terms of COVID-19 pandemic response as it failed to flatten the curve and strengthen contact tracing and mass testing, among others.[15]

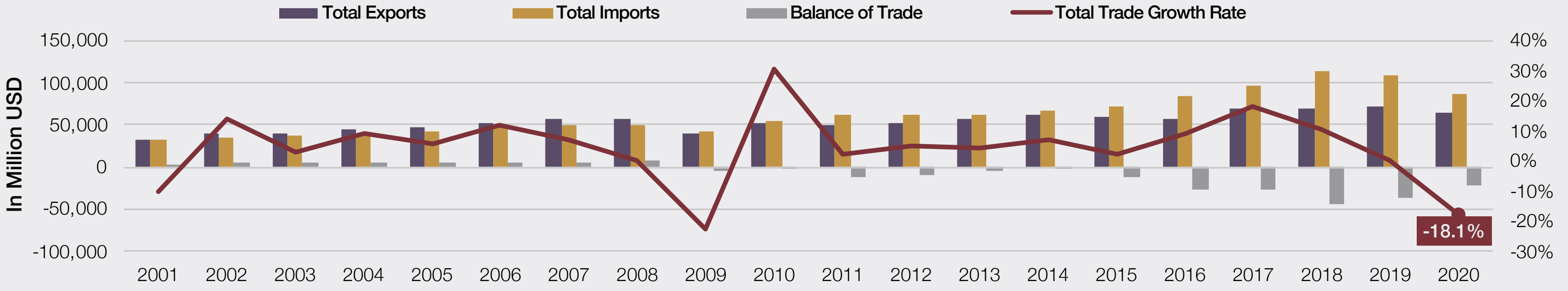
It would seem that the Philippines is back to square one precisely a year after a lockdown was first imposed in March 2020. Other countries have made good progress in their inoculation programs. The Philippine government's approach has remained tied to lockdowns, curfews, and travel restrictions, leaving the implementation of mass vaccination wanting. The government's still erratic and knee-jerk response to the pandemic is seen as a significant obstacle to the country's prospects for economic recovery soon.

External Trade Performance

Data from the Philippine Statistics Authority (PSA) (Figure 7) show that the country's total external trade in 2020 amounted to USD 149.6 billion, an 18.1% fall from the USD 182.5 billion registered in 2019. Total exports were recorded at USD 63.9 billion, lower by 9.9% in 2019, while total imports at USD 85.7 billion, a 23.2% decline from the previous year. The annual trade gap also saw a 46.4% decrease year-on-year.[16]

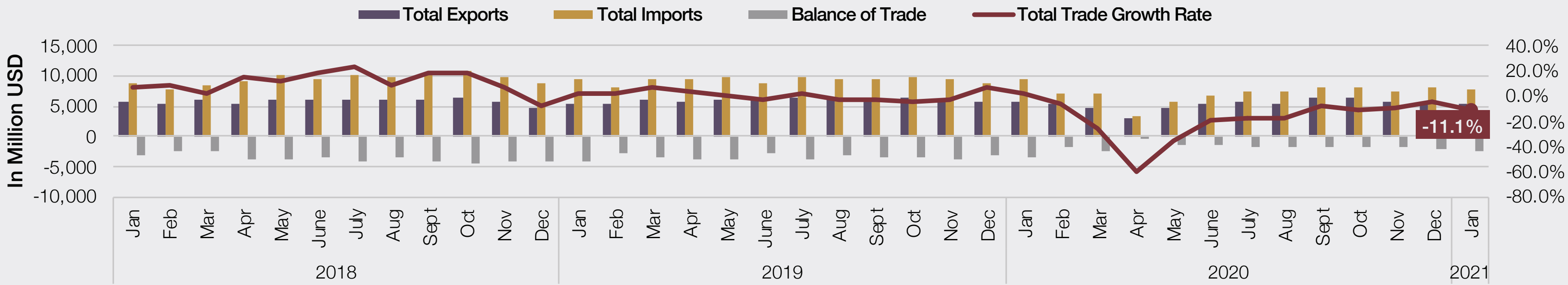
For January 2021, total external trade amounted to USD 13.4 billion, which was an 11.1% decline year-on-year, as shown in Figure 8. The trade deficit also fell by 30.9%, amounting to USD 2.4 billion. Moreover, total imports represented 59.0% of the total external trade, while the rest were exported goods.[17]

Figure 7 . Annual Total External Trade
(2010-2020)



Source: Philippine Statistics Authority (PSA 2020)

Figure 8 . Monthly Total External Trade
(January 2018 – January 2021)



Source: Philippine Statistics Authority (PSA 2020)

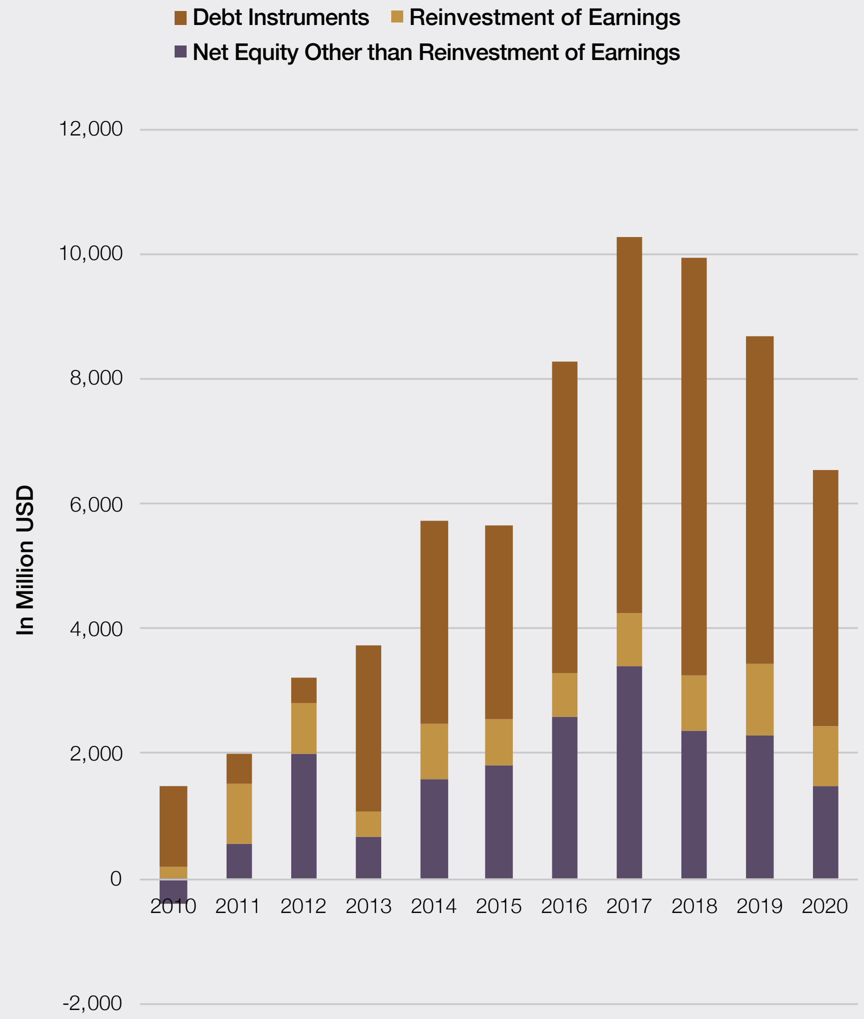
Total exports in January 2021 dropped by 5.2% year-on-year, amounting to USD 5.5 billion. By commodity group, Electronic Products remained the country's top export, amounting to USD 3.2 billion, with a 59.1% share in its total exports. This was followed by Other Manufactured Goods (5.3%) and Ignition Wiring Sets and Other Wiring Sets Used in Vehicles, Aircraft, and Ships (4.1%). It is important to note that in terms of the value of exports, four commodity groups experienced significant declines: Fresh Bananas (-46.9%); Other Manufactured Goods (-12.8%); Machinery and Transport Equipment (-11.9%); and Coconut Oil (-11.7%). The top five export destinations in the same month were the United States (US) (15.6%), followed by Japan (14.7%), China (14.6%), Hong Kong (13.0%), and Thailand (5.3%).[18]

On the other hand, total imported goods in January 2021 were recorded at USD 7.9 billion, which was 14.9% lower than the total imports in January 2020. This decline was caused by the low growth rates of nine major commodity groups: Industrial Machinery and Equipment (-36.9%); Transport Equipment (-36.8%); Mineral Fuels, Lubricants, and Related Materials (-33.6%); Miscellaneous Manufactured Articles (-20.0%); Iron and Steel (-16.3%); Other Food and Live Animals (-15.4%); Plastics in Primary and Non-Primary Forms (-8.9%); Telecommunication Equipment and Electrical Machinery (-2.3%); and Electronic Products (-0.8%). Electronic Products likewise had the highest share in terms of commodity groups at 29.6%, with an import value of USD 2.3 billion, followed by Mineral Fuels, Lubricants, and Related Materials (8.6%) and Transport Equipment (7.1%). The top five sources of imports were China (24.4%), followed by Japan (8.4%), Indonesia (6.7%), the Republic of Korea (6.6%), and the US (6.6%).[19]

Foreign Direct Investment (FDI)

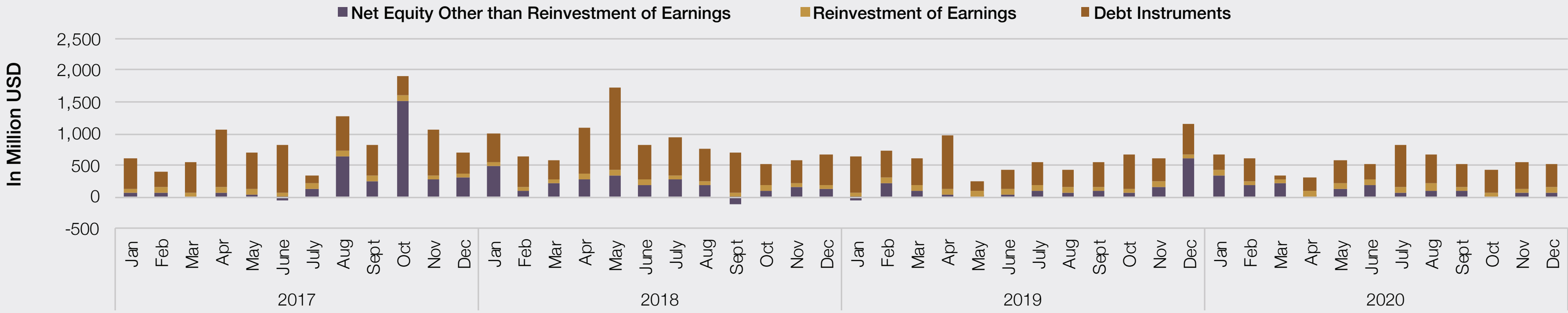
For the full-year 2020, total net FDI inflows to the Philippines (shown in Figure 9) amounted to USD 6.5 billion, which was 24.6% lower than the USD 8.7 billion recorded in 2019. The BSP attributed this contraction to the disruptions caused by the COVID-19 pandemic on the global supply chain and weak business outlook, which severely impacted investors' decisions and plans. Most of the equity capital placements during 2020 were from Japan, the Netherlands, the US, and Singapore, which were mainly channeled to the following sectors: (1) Manufacturing; (2) Real Estate; and (3) Financial and Insurance Industries. Non-residents' net investments in

Figure 9 . Annual Net FDI Inflows
(2010 – 2020)



Source: Bangko Sentral ng Pilipinas (BSP)

Figure 10 . Monthly Net FDI Inflows
(January 2018 – December 2020)



Source: Bangko Sentral ng Pilipinas (BSP)

debt instruments, as well as reinvestment of earnings in 2020, are both contracted by 22.0% and 13.6%, respectively.[20]

In December 2020 alone, net FDI inflows (shown in Figure 10) amounted to USD 509 million, which was 62.6% lower than the USD 1.4 billion recorded in the same month in 2019. According to the BSP, this decline was mainly due to base effects from the large inflows of net investments in equity capital and debt instruments in December 2019. In December 2020, net equity capital declined by 89.8% year-on-year, amounting to USD 78 million. Most of these investments came from Japan, the US, the Netherlands, and Singapore, which were then primarily directed to the following sectors: (1) Manufacturing; (2) Real Estate; and (3) Financial and Insurance Industries. Meanwhile, net investments in debt instruments amounted to USD 360 million, which was 31.1% lower than the USD 523 million recorded in December 2019. Reinvestment of earnings also slightly declined by 2.6%, from USD 73 million in December 2019 to USD 71 million in December 2020.[21]

According to the PSA, approved total foreign investments in the fourth quarter of 2020 amounted to Php 36.49 billion. This was 67.5% lower than the recorded Php 112.11 billion in the fourth quarter of the previous year. These were mainly investments from the US, amounting to Php 13.4 billion (36.7% of the total), Taiwan with Php 4.4 billion (12.1%), and Japan with Php 4.3 billion (11.7%). Furthermore, 24,239 jobs are expected to be generated by the approved projects during this period.[22]

Interestingly, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill has been approved on Third Reading by both chambers of Congress. Its bicameral version was submitted to the Office of the President in February 2021 for his signature. If finally signed into law, the CREATE Act will lower the corporate income tax (CIT) rate from 30% to 25% retroactive to 1 July 2020. The measure also aims to develop a more responsive and globally competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent, intended to attract better investments into the country and boost economic activities.

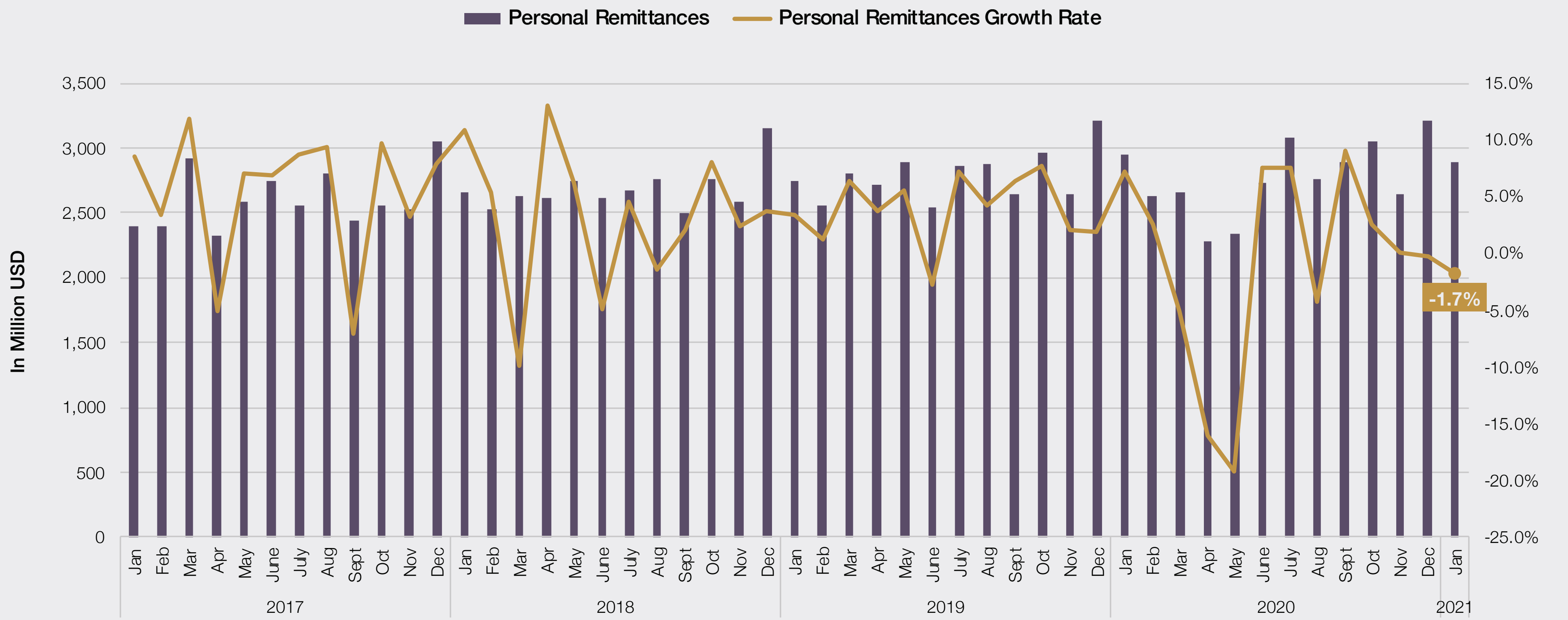
It is important to note that today, it has become necessary to strike a balance in responding to the immediate crises in both the short- and long-term in a more interconnected and competitive world. Hence, incorporating Environment, Social, and Corporate Governance (ESG) principles into business operations, reporting, and asset diversifications have been on the rise. Not only do these kinds of investments increase shareholder value, but they can also bring about positive long-term returns to society, the environment, and overall business performance. A successful ESG program can also mitigate the impacts of the COVID-19 pandemic, hasten economic recovery, encourage innovation to adapt to the "new normal," and prevent future threats and risks.[23] Interestingly, responsible investing is regarded as the integration of ESG factors into investment processes and decision-making.[26]

Remittances

In January 2021, personal remittances from overseas Filipino workers (OFWs), shown in Figure 11, were recorded at USD 2.9 billion - a 1.7% decrease year-on-year - which the BSP attributed to the 2.4% drop in remittances from land-based workers with work contracts of one year or more. On the other hand, remittances from sea-based workers and land-based workers with work contracts of less than one year jumped by a meager 1%, from USD 603 million in January 2020 to USD 609 in January 2021. During the same month, the US had the highest share of total cash remittances at 40.9%, amounting to USD 1.1 billion. This was followed by Singapore, Saudi Arabia, Japan, the United Kingdom (UK), Canada, United Arab Emirates (UAE), Qatar, Malaysia, and Taiwan.[25]

By the end of 2020, the Department of Foreign Affairs (DFA) reported that it had repatriated a total of 327,511 OFWs. 70.7% of these OFWs were land-based, while the remaining 29.3% were seafarers. Furthermore, these repatriates were from the following regions: Middle East (69.9%); Asia and the Pacific (11.3%); Americas (9.5%); Europe (8.8%); and Africa (0.6%).[26]

Figure 11 . Overseas Filipinos' Personal Remittances
(January 2017 – January 2021)



Source: Bangko Sentral ng Pilipinas (BSP)

Employment

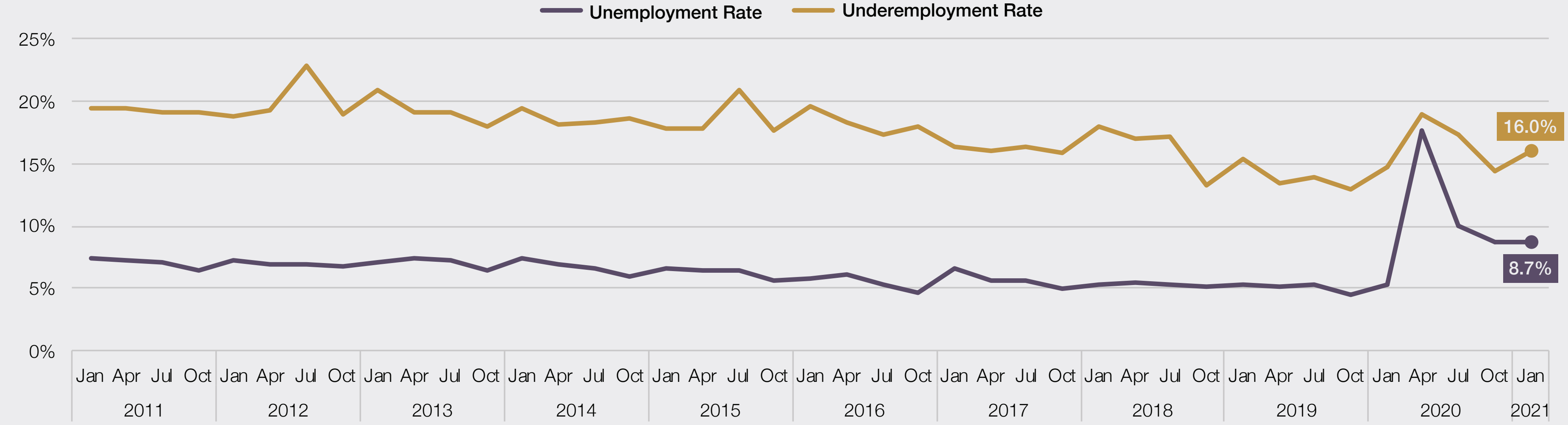
The employment situation (shown in Figure 12) did not change much in January 2021 compared to that in October 2020. The employment rate in January 2021 remained the same as the October 2020 rate of 91.3% (or some 41.2 million employed Filipinos). The Services sector had the highest total employment share at 57.2%, followed by the Agriculture sector (24.4%) and the Industry sector (18.4%). Meanwhile, the labor force participation rate (LFPR) was recorded at 60.5%, slightly improving from the previous quarter's 58.7%. This meant that in January 2021, some 45.2 million Filipinos were part of the labor force.[27]

The unemployment rate in January 2021 was estimated at 8.7% (or around 4.0 million unemployed Filipinos 15 years old and over), which was the same as the rate in October 2020. Interestingly, quarter-on-quarter, three sub-sectors bounced back from October 2020 to January 2021: Arts, Entertainment, and Recreation (25.7%); Mining and Quarrying (14.1%); and Real Estate Activities (11.3%). In contrast, Fishing and Aquaculture experienced the lowest employment drop by -16.1% during the same period. However, the January 2021 unemployment rate was higher than the 5.3% recorded in the same period in 2020.[28] It is essential to mention that the annual unemployment rate in 2020 jumped to 10.3% (or 4.5 million unemployed Filipinos), the highest recorded annual unemployment rate since April 2005.[29]

The underemployment rate in January 2021 was estimated at 16.0%, which translated to 6.6 million Filipinos wanting to have additional hours of work in their current job or to have an additional job. This rate was higher than the October 2020 underemployment rate of 14.4% and the January 2020 underemployment rate of 14.8%.[30]

As seen in Figures 12 and 13, the unemployment rates in seven regions in the country exceeded the national estimate of 8.7% in January 2021, two of which registered double-digit unemployment rates: Region IV-A (CALABARZON) at 13.1% and Region V (Bicol Region) at 11.3%. The highest underemployment rate was recorded in Region IX (Zamboanga Peninsula) at 26.7%, followed by Region IV-B (MIMAROPA) at 25.4%.[31]

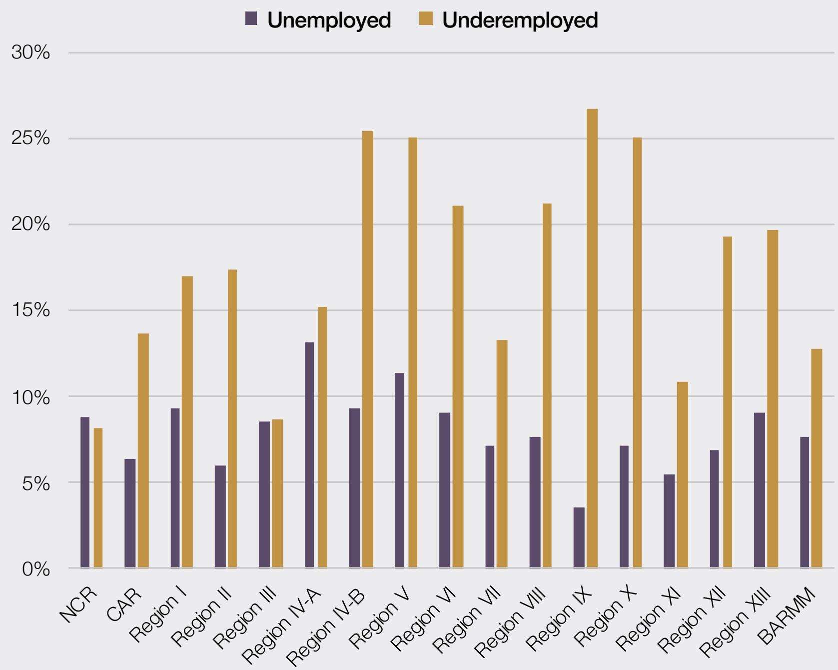
Figure 12 . Philippine Unemployment Rate and Underemployment Rate
(January 2010 – January 2021)



Source: Philippine Statistics Authority (PSA)

According to the 2020 Job Displacement Report of the Department of Labor and Employment (DOLE), 428,701 employees from 26,060 establishments were displaced in 2020. Some 23,324 companies (90% of the total) adopted reduced workforce, while the remaining 10% reported permanent closures. The highest number of displaced workers was recorded in NCR (210,157 workers from 12,023 establishments), followed by Region IV-A (CALABARZON) (56,223 workers from 2,985 establishments). By sector, the highest number of affected workers were from the following: Administrative and Support Service Activities (80,803 workers from 2,599 establishments); Other Service Activities (79,522 workers from 4,617 establishments); and Manufacturing (51,793 workers from 2,202 establishments).[32]

Figure 13 . Unemployment and Underemployment by Region
(January 2021)



Source: Philippine Statistics Authority (PSA)

Inflation

Prices of basic goods rose by 4.7% in February 2021, higher than the 2.6% in the same month in 2020. This, however, is still within the BSP's projection of 4.3% to 5.1%. Contributing to the inflation (shown in Figure 14) to date is the rising cost of daily necessities, namely, non-alcoholic and food products. Meat, in particular, had the highest increase in prices with 20.7% compared to 17.1% in January. The supply of meat, especially pork, was seen to be due to the reduced supply in the NCR due to the breakout of the African Swine Fever (ASF). Other than those products, the ripple effect was felt in transportation with 10.4% and the restaurant and miscellaneous goods and services with 3.2% for February.[33]

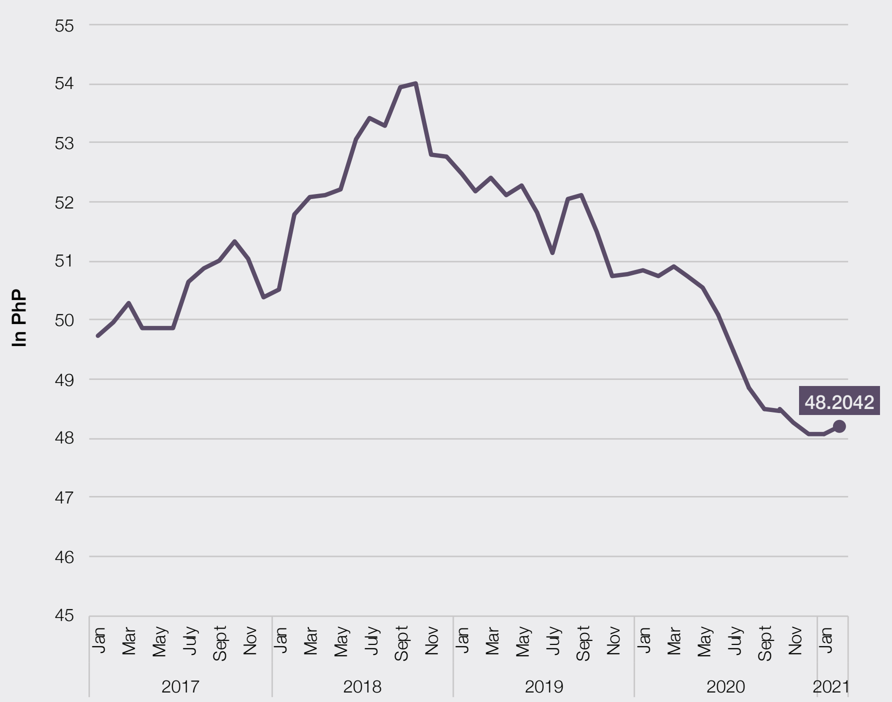
Figure 14 . Inflation Rates
(January 2016 – February 2021)

Source: Bangko Sentral ng Pilipinas (BSP)

Exchange Rates

Ironically, despite the economy's general weakness, the Philippine peso remains stable and continues to appreciate against the US dollar (see Figure 15). Amid the current difficulties of the economy, investors are hedging on the peso for its long-term stability relative to other foreign currencies, which is only a clear manifestation of the Philippine central bank's capability in balancing the economy despite the challenges. The decline of imports contributed to the decrease in demand for foreign currencies.

Figure 15 . Philippine Peso per US Dollar
(January 2016 – February 2021)

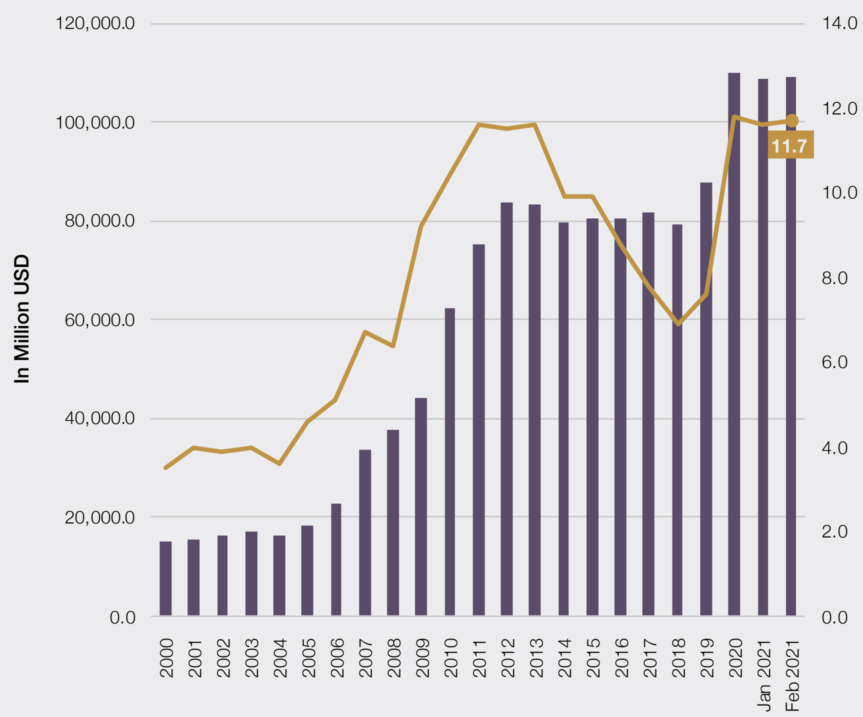


Source: Bangko Sentral ng Pilipinas (BSP)

Gross International Reserves (GIR)

As of February 2021, the country's current gross international reserves (GIR) (shown in Figure 16) increased to USD 109.08 billion, which is equivalent to 11.7 months' worth of goods, payments of services, primary income, and imports. That is more than enough compared to the standard of three months, which is considered healthy. The marked increase was from the BSP's income from various operations with a net international reserve (NIR) increase of USD 0.41 billion as of February 2021, carrying over from the GIR level of USD 108.67 billion of January 2021.[34]

Figure 16 . Gross International Reserves
(Feb 2000-Feb 2021)



Source: Bangko Sentral ng Pilipinas (BSP)

FISCAL PERFORMANCE

Revenue Collection

Due to the COVID-19 pandemic, national government revenues plunged by 9.0% in 2020, as shown in Table 1. Specifically, tax revenues fell by 11.4% as the collections of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) dropped by 10.3% and 14.7%, respectively. Meanwhile, non-tax revenues jumped by 13.5% due to higher dividend remittances and repayment of interest and advances by government-owned and controlled corporations (GOCCs). Moreover, with the Bayanihan to Heal as One Act, which authorized the President to reprogram, reallocate and realign unutilized government funds for programs intended to counter the COVID-19 pandemic, government expenditures increased by 11.3%. These include Social Amelioration Program (SAP) and subsidies to PhilHealth and the National Housing Authority (NHA).[35]

According to BIR Deputy Commissioner Arnel Guballa, the government lost around Php 7.8 billion in 2020 following the closure of some 119,596 businesses due to the COVID-19 pandemic.[36] DOF Secretary Carlos Dominguez III noted that the BIR's digital transformation program will be "fully functional and irreversible" and will apply the "cutting edge in the application of new technologies to achieve the best revenue performance."[37]

Table 1 . National Government Revenue Collection Performance
(In Billion PhP)

	Actual 2019	Actual 2020	Growth (%)
Total Revenues		**2,856.0**	**-9.0 %**
Tax Rev enues	2,827.7	2,504.4	-11. 4 %
BIR	2,175.5	1,951.0	-10.3 %
BOC	630.3	537.7	-1 4 .7 %
Other Offices	21.8	15.7	-2 8.1 %
Non - Tax Revenues	309.6	351.3	13.5 %
Expenditures	**3,797.7**	**4,227.4**	**11.3 %**
NG Balance	**(660.2)**	**(1,371.4)**	**107.7 %**

Source: Department of Finance (DOF)

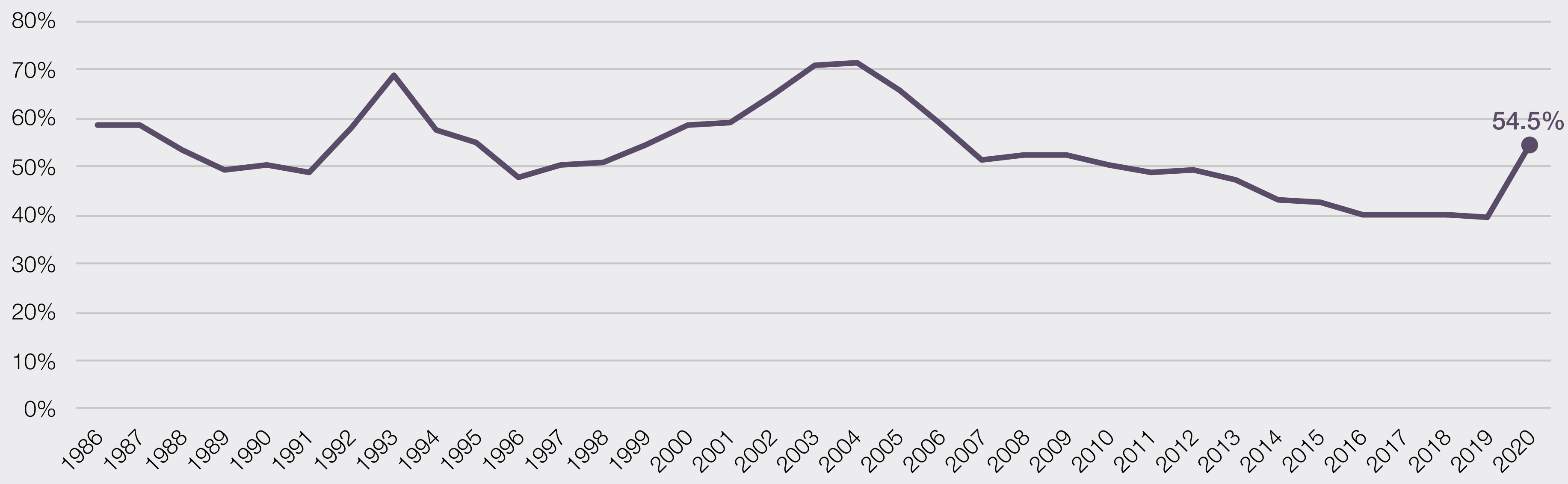
Debt-to-GDP

Based on data from the Bureau of the Treasury (BTr), the Philippines' debt-to-GDP ratio in 2020 jumped to 54.5%, which was higher than the record low of 39.6% recorded in 2019 (shown in Figure 17). Amounting to a total of Php 9.80 trillion, the national government's outstanding debt in 2020 was 26.7% higher than the Php 7.73 trillion in the previous year. However, by January 2021, the national government's outstanding debt surged to Php 10.33 trillion, with some 70.9% from domestic sources.[38]

As of 17 March 2021, the Philippine government secured USD 13.35 billion in budgetary support to fund its COVID-19 response efforts from development partners such as the Asian Development Bank (ADB) and the World Bank. Additionally, USD 941.74 million worth of grants and loans have also been contracted for specific projects for COVID-19 response.[39]

Table 2 shows the breakdown of the financing secured from development partners and commercial markets for COVID-19 response, while Figure 18 presents the share of each in the total financing secured.

Figure 17 . National Government Debt as % of GDP
(1986-2020)



Source: Bureau of the Treasury (BTr)

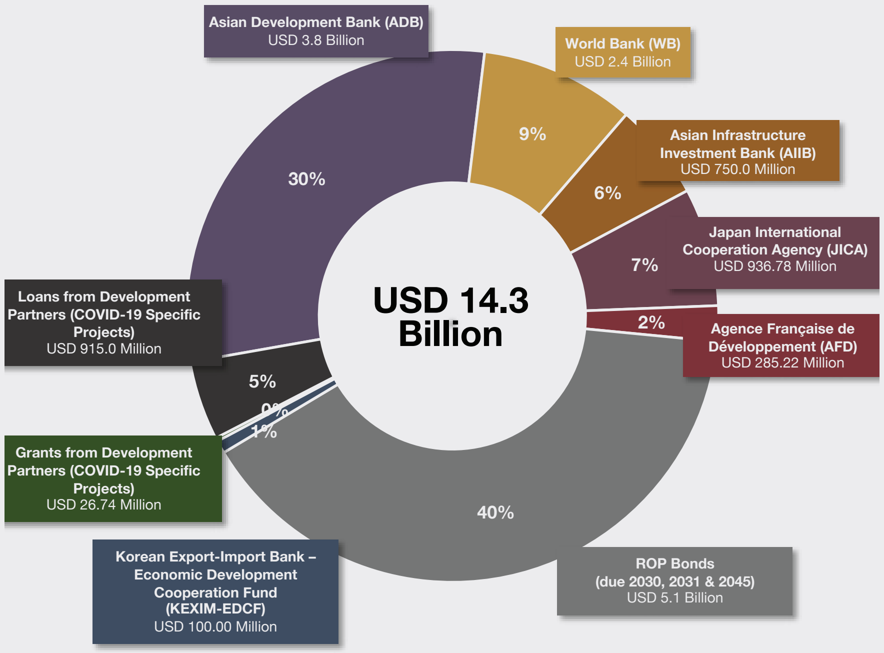
Table 2. Breakdown of the Financing Secured from Development Partners and Commercial Markets for COVID-19 Response
(as of 17 March 2021)

	Signing/Issuance Date	Amount in USD Million
Budgetary Support Financing		
2020 Contracted Financing		
WB Third Disaster Risk Management Development Policy Loan (DPL)	10 Apr 2020 (Effective: 27 Apr 2020)	500.00
ADB COVID-19 Active Response and Expenditure Support (CARES) Program	23 Apr 2020 (Effective: 27 Apr 2020)	1,500.00
ADB Social Protection Support Project - Second Additional Financing	28 Apr 2020 (Effective: 5 May 2020)	200.00
ROP Bonds Due 2045 (2.950% coupon)	5 May 2020	1,350.00
ROP Bonds Due 2030 (2.457% coupon)	5 May 2020	1,000.00
WB Emergency COVID-19 Response DPL	3 Jun 2020 (Effective: 19 Jun 2020)	500.00
ADB Support to Capital Market Generated Infrastructure Financing, Subprogram 1	4 June 2020 (Effective: 29 Jun 2020)	400.00
AIIB CARES Program	5 Jun 2020 (Effective: 30 Jun 2020)	750.00
AFD Expanding Private Participation in Infrastructure Program, Subprogram 2	9 Jun 2020 (Effective: 7 Aug 2020)	171.13
AFD Inclusive Finance Development Program, Subprogram 1	9 Jun 2020 (Effective: 7 Aug 2020)	114.09
ADB Expanded Social Assistance Program	15 Jun 2020 (Effective: 21 July 2020)	500.00
JICA COVID-19 Crisis Response Emergency Support Loan	1 Jul 2020 (Effective: 11 Aug 2020)	468.39
ADB Competitive and Inclusive Agriculture Development Program, Subprogram 1	20 Aug 2020 (Effective: 16 Sept 2020)	400.00
ADB Inclusive Finance Development Program, Subprogram 2	27 Aug 2020 (Effective: 30 Sept 2020)	300.00
JICA Post Disaster Standby Loan (Phase 2)	15 Sept 2020 (Effective: 15 Oct 2020)	468.39
ADB Disaster Resilience Improvement Program	15 Sept 2020 (Effective: 26 Oct 2020)	500.00
KEXIM-EDCF Program Loan for COVID-19 Emergency Response Program	29 Oct 2020 (Effective: 7 Dec 2020)	100.00
WB Philippines Beneficiary FIRST Social Protection Project	10 Nov 2020 (Effective: 14 Jan 2021)	580.00
ROP Bonds Due 2045 (2.650% coupon)	10 Dec 2020	1,500.00
ROP Bonds Due 2031 (1.648% coupon)	10 Dec 2020	1,250.00
WB Promoting Competitiveness and Enhancing Resilience to Natural Disasters Subprogram 2 DPL	21 Dec 2020 (Effective: 16 Feb 2021)	600.00
Previously Contracted Financing		
WB Social Welfare Development and Reform Project II - Additional Financing	28 Nov 2019 (Effective: 6 Jan 2020)	200.00
Subtotal, Previously Contracted Financing		**200.00**
Subtotal, Budgetary Support Financing		**13,352.00**
Grant Assistance		
ADB COVID-19 Emergency Response Project	16 Mar 2020	3.00
ADB Rapid Emergency Supplies Provision	27 Mar 2020	5.00
Government of Japan Non-Project Grant Aid for the Provision of Medical Equipment to DOH	8 Jun 2020	18.74
Subtotal, Grant Assistance		**26.74**
Project Loan Financing		
WB COVID-19 Emergency Response Project	28 Apr 2020 (Effective: 6 May 2020)	100.00
WB Support to Parcelization of Lands for Individual Titling Project	14 July 2020 (Effective: 9 Oct 2020)	370
ADB Health System Enhancement to Address and Limit COVID-19 Program	8 Sep 2020 (Effective: 13 Oct 2020)	125.00
WB Philippines Beneficiary FIRST Social Protection Project	10 Nov 2020 (Effective: 14 Jan 2021)	20.00
WB Additional Financing for the KALAHI CIDSS National Community Driven Development Project (NCDDP)	21 Dec 2020	300.00
Subtotal, Project Loan Financing		**915.00**
Total Financing Secured for COVID-19 Response, as of 17 March 2021		**14,293.74**

Note: Figures are rebased to reflect 2020 average exchange rates

Source: Department of Finance (DOF)

Figure 18 . Share of the Financing Secured from Development Partners and Commercial Markets for COVID-19 Response
(as of 17 March 2021)



Note: The funds from the ADB, WB, AIIB, AFD, KEXIM-EDCF, and JICA are for budgetary support

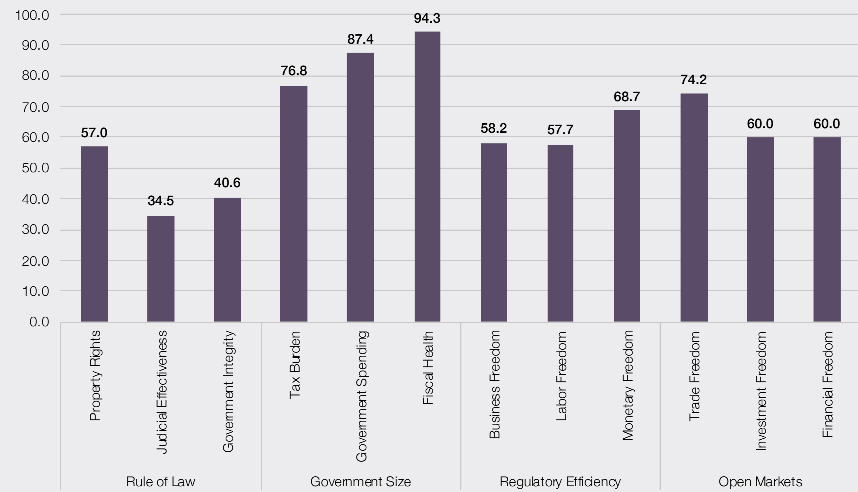
Source:Department of Finance (DOF)

ECONOMIC SURVEYS

The Heritage Foundation's Index of Economic Freedom 2021

In the Heritage Foundation's Index of Economic Freedom 2021, the Philippines is listed as the 73rd freest country out of 178 countries worldwide, with an economic freedom score of 64.1. While this score - classified as "Moderately Free" - was lower by 0.4 points from the previous index in 2020 due to a decline in trade freedom, the country's overall score was above the regional and world averages of 60.2 and 61.6, respectively. In the Asia-Pacific Region, the Philippines ranked 12th out of 40 countries. As shown in Figure 19, the Index found that the regulatory environment remains "overly bureaucratic," costs for business and investors continue to be high, the judicial system is "inefficient, biased, corrupt, slow, and hampered by low pay, intimidation, and complex procedures," and corruption is still pervasive, which the government fails to address effectively.[40]

Figure 19 . 2021 Index of Economic Freedom: Philippines

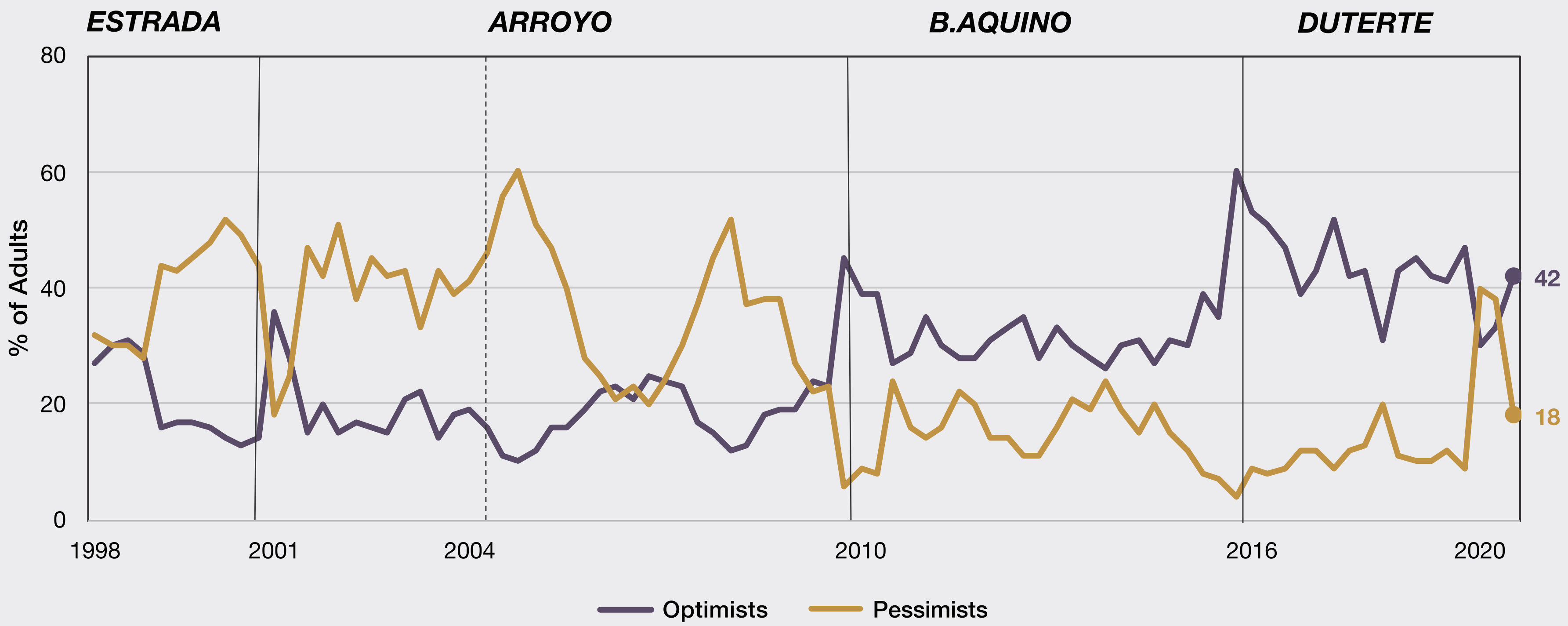


Source: The Heritage Foundation

Social Weather Stations (SWS) November 2020 National Survey on Expected Change in the Economy

The Fourth Quarter 2020 Social Weather Survey conducted by the Social Weather Stations (SWS) from November 21 to 25 last year found that 42% of adult Filipinos said that the Philippine economy would improve ("Economic Optimists"), 28% said it would stay the same ("Neutral"), while 18% said it would worsen ("Economic Pessimists") in the next 12 months (shown in Figure 20). The resulting Net Economic Optimism score was +24 (classified by SWS as "high"), which was an improvement from the mediocre scores of -9 in July 2020 and -5 in September 2020. The Net Economic Optimism score in November 2020 increased in all areas: Mindanao ("very high" +36), Metro Manila ("very high" +31), Balance Luzon ("high" +24), and Visayas ("mediocre" +4). The Net Economic Optimism score likewise recovered in all education groups.[41]

Figure 20 . SWS Expected Change in the Economy, Philippines
(September 1998 – November 2020)

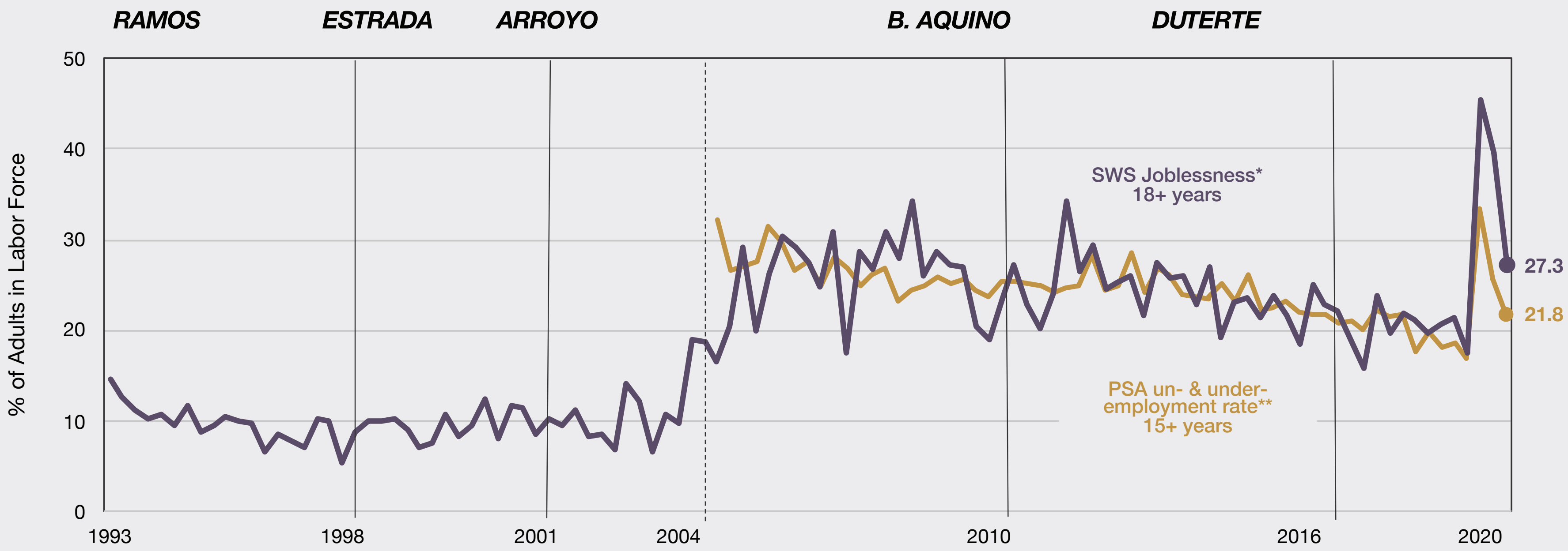


Source: Social Weather Stations (SWS)

Social Weather Stations (SWS) November 2020 National Survey on Adult Joblessness

The same Fourth Quarter 2020 Social Weather Survey by the SWS in November 2020 found that adult joblessness dropped to 27.3%, translating to 12.7 million Filipinos (shown in Figure 21). This was lower than the 39.5% recorded in September 2020 and the record-high 45.5% in July 2020. Hence, the resulting average joblessness rate for 2020 was a record-high 37.4%, surpassing the previous record of 28.8% in 2012. The survey also found that the 12-point decline from September 2020 to November 2020 was due to the sharp falls in joblessness in Visayas and Mindanao, with decreases of 33 points and 23 points, respectively. Adult joblessness dropped in both urban and rural areas and all age groups except among 18-24-year-olds.[42]

Figure 21 . SWS Joblessness Rate and PSA Unemployment and Underemployment Rate
(September 1993 – November 2020)



*% of the Labor Force without a job at present and looking for a job

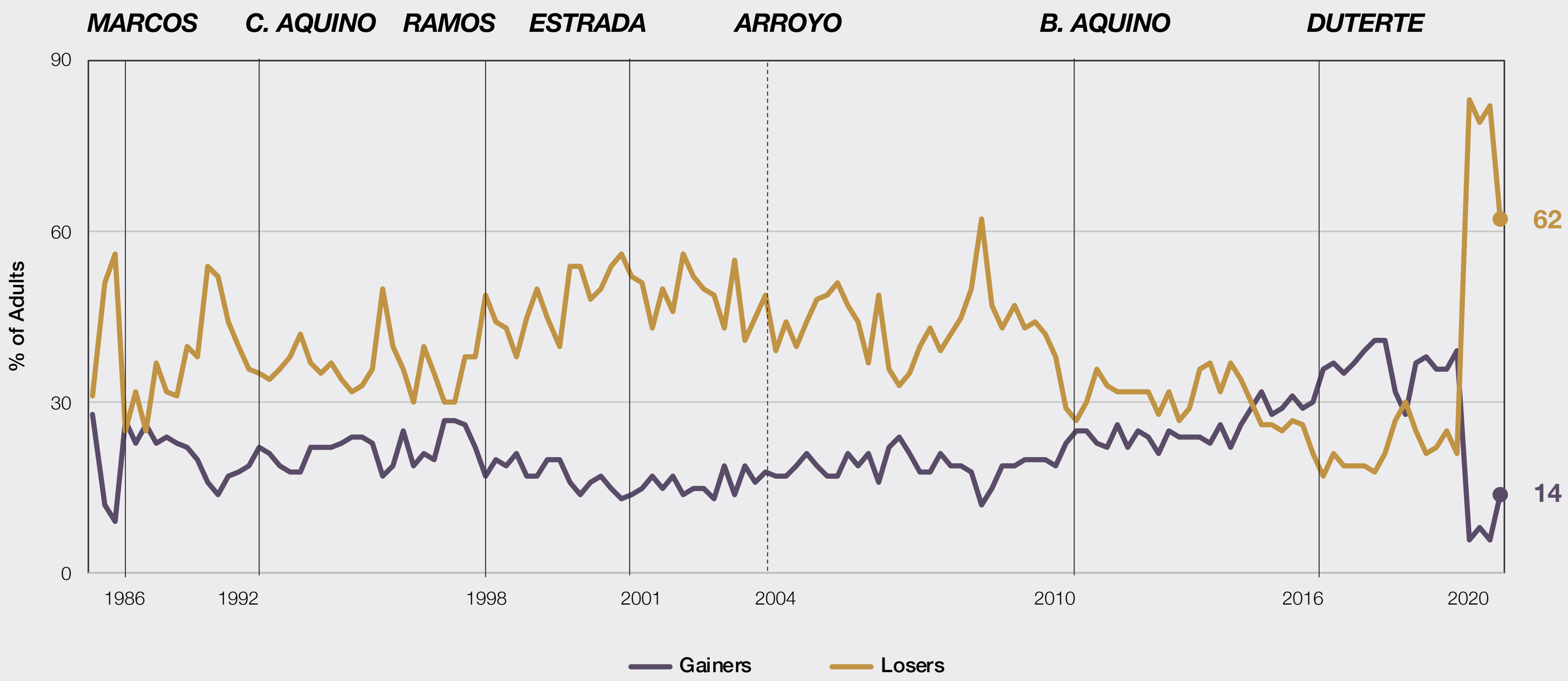
**% of the Labor Force unemployed and underemployed

Sources: Social Weather Stations (SWS) & Philippine Statistics Authority (PSA)

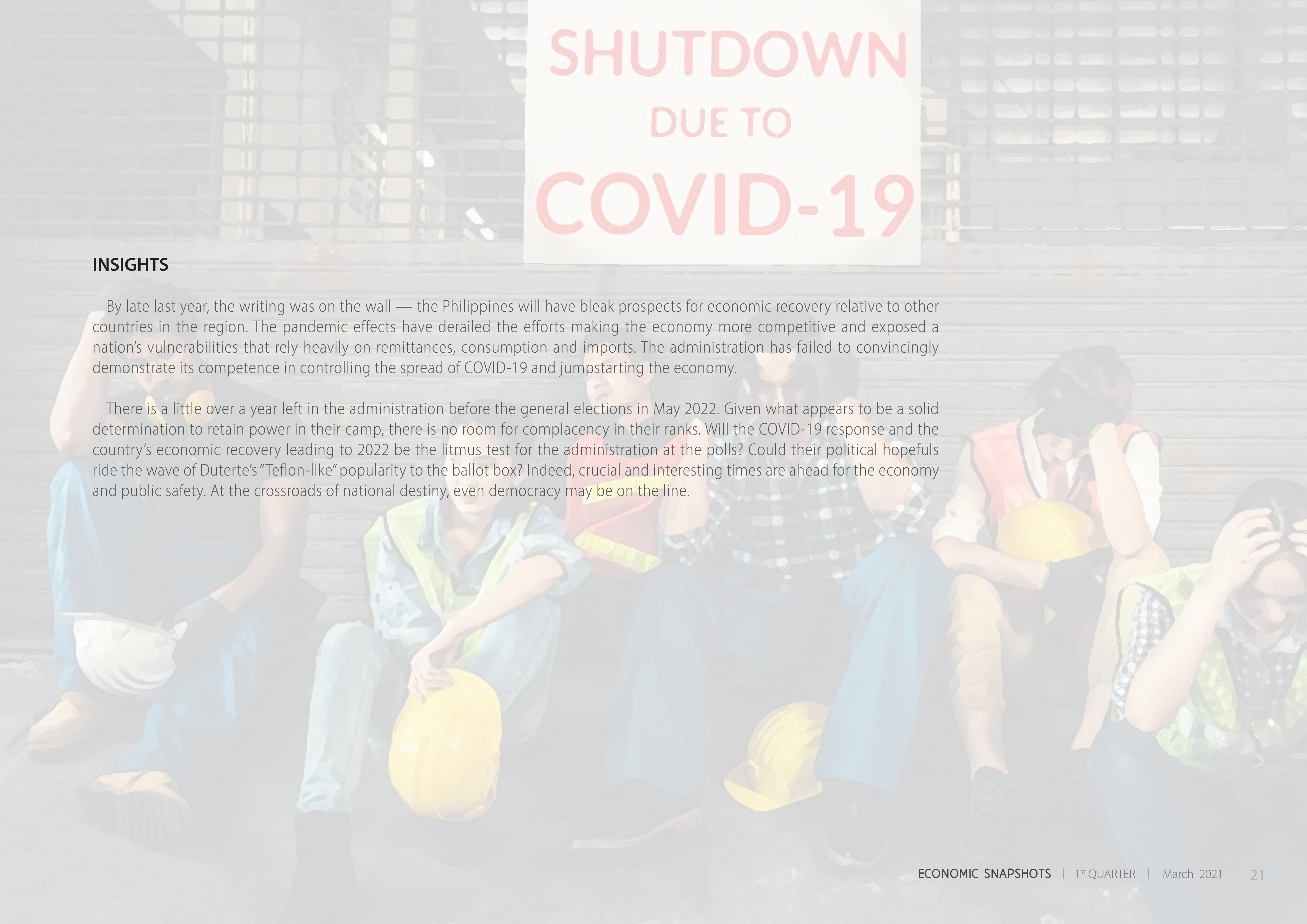
Social Weather Stations (SWS) November 2020 National Survey on Trends in the Quality of Life

The SWS Fourth Quarter 2020 Social Weather Survey in November 2020 also revealed that 62% of Filipinos said that their quality-of-life got worse ('Losers'), 24% said it was the same ('Unchanged'), and 14% said it got better ('Gainers'), compared to a year ago (shown in Figure 22). The resulting Net Gainers score is -48 (classified by SWS as extremely low), which is up by 28 points from the -76 (classified as catastrophic) in September 2020. Net Gainers eased to extremely low in Balance Luzon and Mindanao but remained catastrophic in Metro Manila and Visayas. Expectedly, hunger was found to be significantly greater among Losers.[43]

Figure 22 . Change in Personal Quality of Life Over the Past 12 Months
(April 1983 – November 2020)



Source: Social Weather Stations (SWS)



INSIGHTS

By late last year, the writing was on the wall — the Philippines will have bleak prospects for economic recovery relative to other countries in the region. The pandemic effects have derailed the efforts making the economy more competitive and exposed a nation's vulnerabilities that rely heavily on remittances, consumption and imports. The administration has failed to convincingly demonstrate its competence in controlling the spread of COVID-19 and jumpstarting the economy.

There is a little over a year left in the administration before the general elections in May 2022. Given what appears to be a solid determination to retain power in their camp, there is no room for complacency in their ranks. Will the COVID-19 response and the country's economic recovery leading to 2022 be the litmus test for the administration at the polls? Could their political hopefuls ride the wave of Duterte's "Teflon-like" popularity to the ballot box? Indeed, crucial and interesting times are ahead for the economy and public safety. At the crossroads of national destiny, even democracy may be on the line.

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economic snapshots is a quarterly publication that presents the current economic situation of the Philippines through various economic indicators as monitored by local and international financial institutions. This includes the country's most recent data on Gross Domestic Product, Foreign Direct Investments and Remittances, among others. In addition, studies on the economic performance and financial forecasts for the Philippines are included in this report.

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