



IN THIS ISSUE

Economic Indicators Updates

Economic Growth, External Trade Performance, Foreign Direct Investment (FDI), Remittances, Employment, Inflation, Exchange Rates, and Gross International Reserves (GIR)

Fiscal Performance

Revenue Collection, Debt-to-GDP, and National Budget for Fiscal Year 2022

Economic Surveys

Business Expectations Survey (BES) for the Third Quarter of 2021, Consumer Expectations Survey (CES) for the Third Quarter of 2021, Second Quarter 2021 Social Weather Survey on Adult Joblessness, and Second Quarter 2021 Social Weather Survey on Hunger

Insights

economic snapshots

QUICK FACTS AND FIGURES OF THE PHILIPPINE ECONOMY

QUARTERLY





CURRENT ECONOMIC SITUATION

Eighteen months into the COVID-19 pandemic, the Philippines continues to be under various forms of lockdown to curb the spread of the virus. But this time, the battle is against the more contagious COVID-19 Delta variant, which had earlier caused a massive spike in cases in India. In August 2021, the World Health Organization (WHO) confirmed that there was already community transmission of the Delta variant and has become the dominant variant in the Philippines.¹ On September 11, 2021, the country logged a new record-high of 26,303 new daily COVID-19 cases, with a positivity rate of 27.6%.² Based on the Department of Health (DOH) data, the country's total number of COVID-19 cases reached 2.47 million on September 25, with more than 165,000 active cases.³ According to the DOH, despite an increase in COVID-19 cases in the Philippines in 2021, the percentage of deaths among COVID-19 cases declined as the country ramps up vaccination, bringing the case fatality rate (CFR) down to 1.47% so far in 2021, compared to the 2.47% recorded in 2020.⁴

The pandemic was the principal cause of the economic fallout in the Philippines, which started in March 2020. Moreover, the situation exposed the vulnerability of the country's healthcare system, the weaknesses of the national government's ability to respond to crises, and the level of competence of the current leadership. Nonetheless, the country's major economic indicators have improved as movement and industry restrictions have become less stringent in 2021. While people have been slowly learning to live with the virus, sustaining these economic gains remains uncertain due to the unpredictability of the transmission pattern of the virus. After more than eighteen months into the pandemic, the national government has yet to provide a concrete plan to solve the public health crisis apart from the usual lockdowns. Without a clear roadmap that will ensure inclusive recovery, Filipinos—especially those left jobless, underemployed, poor, and hungry due to the pandemic—will continue to bear the consequences.

ECONOMIC INDICATORS UPDATES

Economic Growth

When one hits rock bottom, there is no way but up. After five consecutive quarters of economic contractions due to the effects of the COVID-19 pandemic—the most prolonged recession in the post-Marcos era—the Philippine economy grew by 11.8% year-on-year in the second quarter of 2021, based on the latest data from the Philippine Statistics Authority (PSA) (shown in Figure 1). The PSA noted that this was the highest since the 12.0% growth rate recorded in the fourth quarter of 1988.⁵ According to National Economic and Development Authority (NEDA) Secretary Karl Kendrick Chua, economic growth in the country is beginning to show some signs

of recovery. Still, sustained growth will depend on the collective actions that will be undertaken in addressing the virus.⁶ It is important to note that the magnitude of the gross domestic product (GDP) growth recorded in the second quarter of 2021 was due to base effects. It means that when numbers in a previous period are extremely low, those in the subsequent period will be high even if there was no pronounced improvement. Hence, the data in the next two quarters of 2021 will indicate whether the growth posted during the second quarter is significant and sustainable.

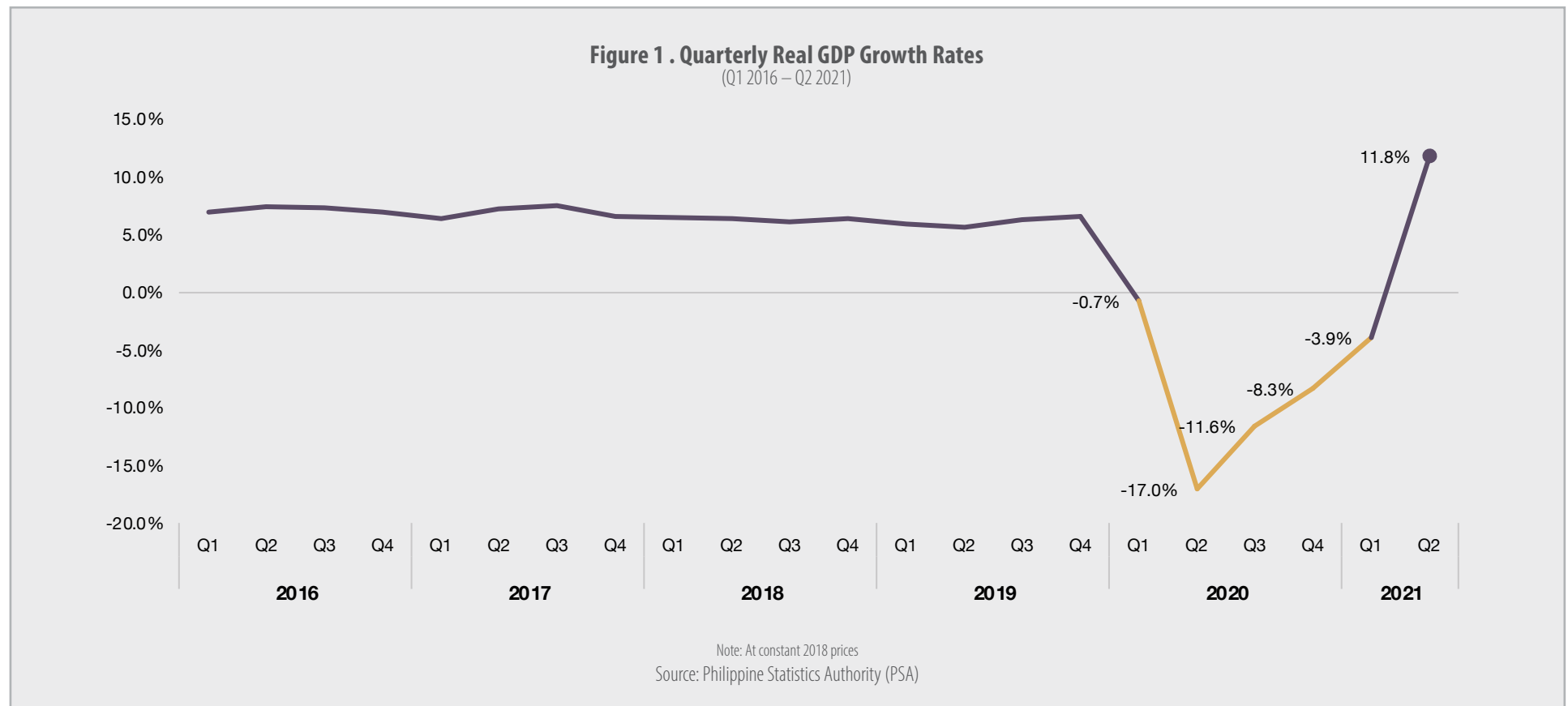


Figure 2 . Community Quarantines in the Philippines

Region	% of Economy	2020												2021							
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
NCR	32	Blue	Blue	Blue	Red	Red	Red	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Red	Red	Yellow	Orange	Orange
Region III	26	Blue	Blue	Blue	Red	Red	Red	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Red	Red	Yellow	Orange	Orange
Region IV-A		Blue	Blue	Blue	Red	Red	Red	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
Others	42	Blue	Blue	Blue	Red	Red	Red	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange

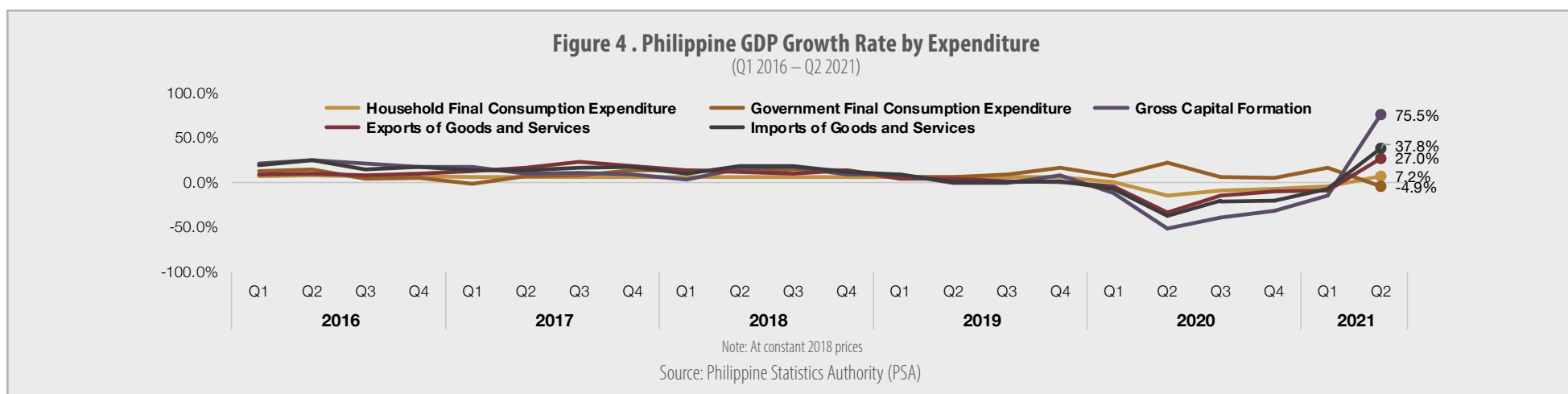
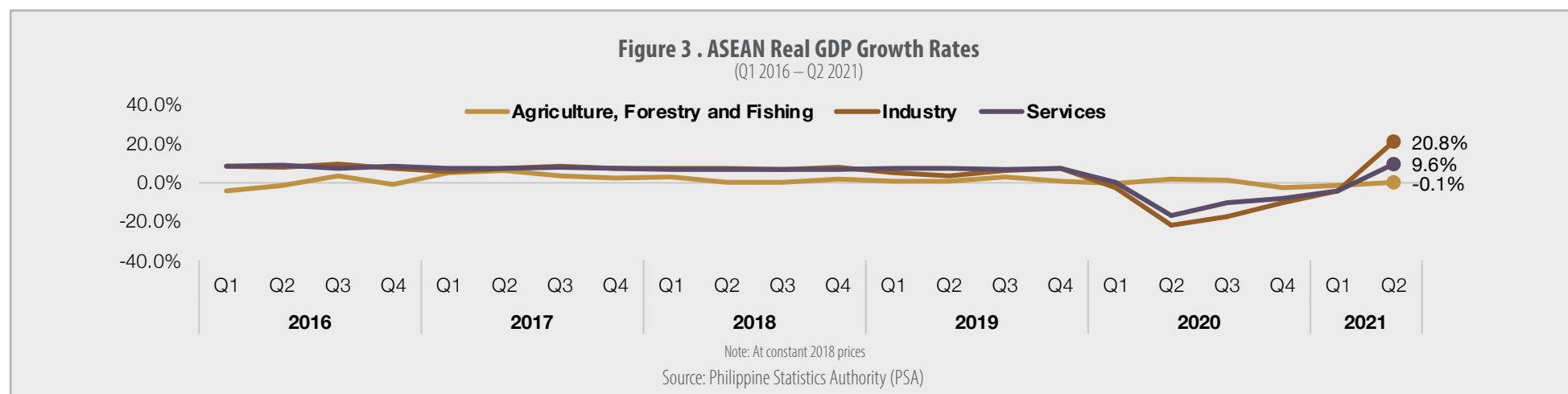
Note: Red – Enhanced Community Quarantine (ECQ); Yellow – Modified Enhanced Community Quarantine (MECQ); Orange – General Community Quarantine (GCQ); Purple – Modified General Community Quarantine (MGCQ); Blue – No Community Quarantine. As of 21 August 2021, NCR, Bataan, Laguna, Iloilo City, Cagayan de Oro, Apayao, Ilocos Norte, Bulacan, Cavite, Lucena City, Rizal, Aklan, Iloilo Province, Lapu-Lapu City, Mandaue City, and Cebu City are under MECQ. The rest of the country are either in GCQ with heightened restrictions, GCQ, or MGCQ

Source: National Economic and Development Authority (NEDA)

Secretary Chua also noted that the extended lockdowns, as shown in Figure 2, and high-risk aversion artificially restricted the country's productivity and economic growth.⁷ Moreover, he stated that the cost of the COVID-19 pandemic and community quarantines in the long-term is estimated at PHP 41.4 trillion. Specifically, PHP 4.3 trillion was lost in 2020, while the remaining PHP 37 trillion is the expected losses in the next 10 to 40 years. Consumption and investments are projected to be lower in the next 10 years as a result of reduced demand, and tax revenues are not seen to increase if businesses are unable to operate at 100% capacity. Worse, the impact of lower productivity of workers due to untimely death, illness, and lack of face-to-face schooling is expected to be permanent over the next 40 years.⁸

Based on PSA data, the overall growth in the second quarter of 2021 was mainly due to the increases posted by the following specific industries: Manufacturing

(22.3%); Construction (25.7%); and Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (5.4%). As shown in Figure 3, among the major economic sectors, both Industry and Services grew by 20.8% and 9.6%, respectively. On the other hand, Agriculture, Forestry, and Fishing contracted by -0.1%. It is worthy to note that the growth of Industry was driven by the 22.3% increase in Manufacturing, which accounted for 61.9% of the total Industry. The manufacturing of the following products contributed to this growth: computer, electronic and optical products (47.5%); food products (6.7%); chemicals and chemical products (42.3%); other non-metallic mineral products (87.2%); and basic metals (55.1%).⁹ According to Secretary Chua, to achieve a resilient economy, the country needs to strengthen its agriculture sector, which provides the foundation for a competitive capital-intensive and high-technology manufacturing sector that eventually creates a high-skilled services sector.¹⁰

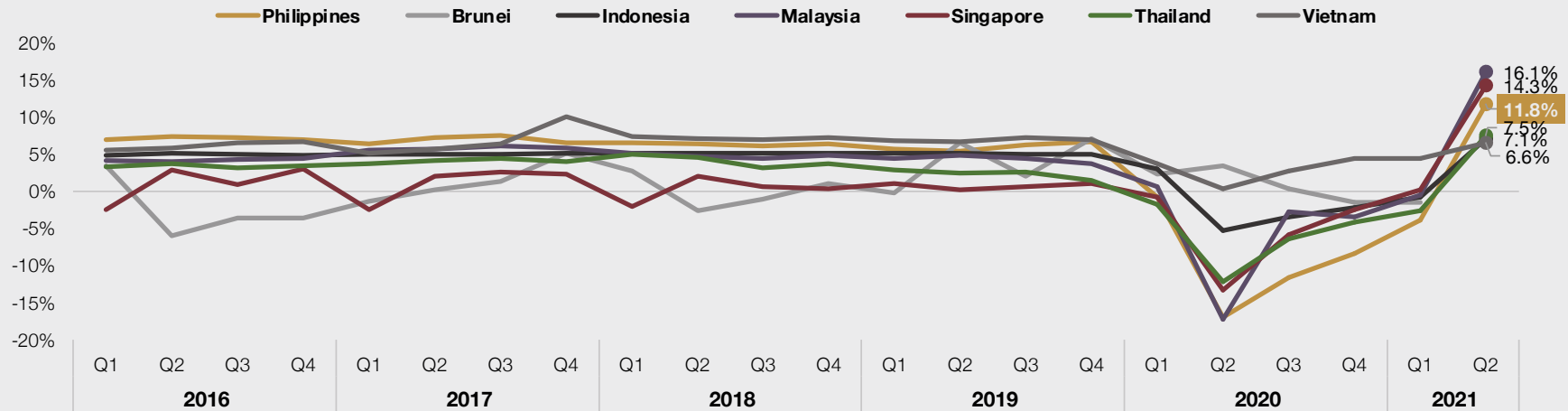


On the expenditure side (shown in Figure 4), Gross Capital Formation (GCF) grew by 75.5%; Exports by 27.0%; and Imports by 37.8%. Household Final Consumption Expenditure (HFCE) also increased by 7.2%. Some 41.1% of the total household spending was on food and non-alcoholic beverages, which grew by 2.8%. All other items posted positive growth except for alcoholic beverages and tobacco, which contracted by -3.4%. However, Government Final Consumption Expenditure (GFCE) declined by -4.9%.¹¹

As seen in Figure 5, all countries in the region posted positive growths in the second quarter of 2021, with the Philippines just behind Malaysia (16.1%) and Singapore (14.3%). However, the sustainability of the growths recorded during the period will be seen in the coming quarters.

Figure 5 . ASEAN Real GDP Growth Rates

(Q1 2016 – Q2 2021)



Sources: Philippine Statistics Authority (PSA), Malaysia Department of Statistics, General Statistics Office of Vietnam, Statistics Indonesia, Singapore Department of Statistics, Thailand Office of the National Economic and Social Development Council, Brunei Department of Economic Planning and Statistics

Due to the strict mobility restrictions reimposed in the country in response to the COVID-19 Delta variant, the Philippine Development Budget Coordination Committee (DBCC) further lowered its growth projection of the economy for 2021 to 4.0-5.0% from the previous 6.0-7.0%. It also projected the economy to grow by 7.0-9.0% in 2022 and 6.0-7.0% in 2023 and 2024. According to the DBCC, there is a need to carefully manage the risks by imposing granular quarantines while allowing the people to work and accelerating the rollout of the national vaccination program.¹² The DBCC is an inter-agency committee comprised of the NEDA, Department of Budget and Management (DBM), Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Office of the President that sets the macroeconomic targets of the Philippines. Meanwhile, the Asian Development Bank's (ADB) forecast for the Philippines in 2021 remains at 4.5%,¹³ the World Bank at 4.7%,¹⁴ and the International Monetary Fund (IMF) at 5.4%.¹⁵

Secretary Chua added that the economy is projected to recover to pre-pandemic levels around the end of 2022 or early 2023. He identified the following as the

enablers of the country's recovery: (1) acceleration of the vaccination program; (2) safe reopening of the economy while strictly adhering to health protocols; and (3) full implementation of the recovery package, particularly the 2021 budget, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, and the Financial Institutions Strategic Transfer (FIST) Act.¹⁶

In his sixth and final State of the Nation Address (SONA)¹⁷ in July 2021, President Rodrigo Duterte also urged Congress to immediately pass the following legislative priorities: amendments to the Foreign Investments Act, the Public Service Act, and the Retail and Trade Liberalization Act; creation of a Department of Migrant Workers and Overseas Filipinos, a Center for Disease Prevention and Control, and a Virology and Vaccine Institute of the Philippines; the E-Governance Act; a unified system of separation, retirement, and pension of military and uniformed personnel; a law providing free legal assistance to Armed Forces of the Philippines (AFP) and Philippine National Police (PNP) officers and enlisted personnel; and a law implementing the Fire Protection Modernization Program.

Having been heavily reliant on the imposition of lockdowns, the national government's indecisiveness and knee-jerk reactions may have aggravated the pandemic response problem. For instance, in September 2021, a few hours before implementation, the government retracted an announced relaxation of the quarantine level in the National Capital Region, causing confusion and frustration.¹⁸ The shift eventually took into effect a week after. Furthermore, the government introduced additional community quarantine classifications—GCQ “with heightened restrictions,” GCQ “with some restrictions,” and the GCQ with alert levels system—not only making the categories confusing to the public but also quite misleading. Making matters worse, many healthcare workers have opted to quit their jobs due to exhaustion and the government's failure to provide them with the benefits they are entitled to under the Bayanihan laws, further straining the country's dismal healthcare system.¹⁹

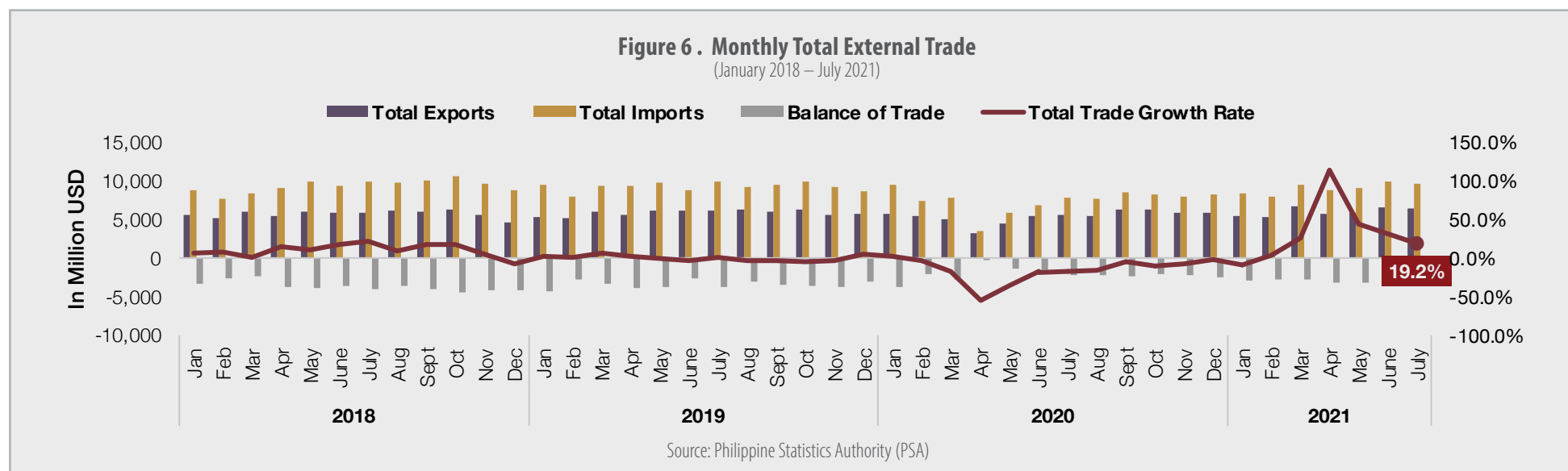
Indeed, the best way for the country to recover at the soonest time possible is by ramping up vaccination efforts to achieve herd immunity and, eventually, opening more sectors of the economy. DOH data show that, as of September 15, a total of 40 million COVID-19 vaccine doses have been administered in the country, where 22.4 million people have received their first dose while 17.7 million received the second

dose.²⁰ However, this is still far from the government's new herd immunity target of 90 million people—that now includes 20 million adolescents on top of the original target of 70 million adults—in response to the Delta variant.²¹ The slow implementation of the national vaccination program will delay the country's journey towards economic recovery, therefore prolonging the suffering of millions of Filipinos.

External Trade Performance

In July 2021, the Philippines' total external trade posted a growth of 19.2% year-on-year, amounting to USD 16.13 billion (shown in Figure 6). However, 60.2% comprised of imported goods from the total trade, while the rest were exported goods. As a result, the trade deficit increased by 54.1%, from USD 2.13 billion in July 2020 to USD 3.29 billion in July 2021.²²

Based on PSA data, total exports climbed to USD 6.42 billion in the same month, a 12.7% year-on-year increase. However, it should be noted that precisely a year before, in July 2020, total exports posted a decline of 8.9%. The export growth in July 2021



was due to the increases in nine out of the country's top ten major commodity groups, led by coconut oil (207.7%), followed by cathodes and sections of cathodes of refined copper (84.6%), and ignition wiring set and other wiring sets used in vehicles, aircraft, and ships (28.6%). Nevertheless, electronic products amounting to USD 3.69 billion remained the Philippines' top export, accounting for 57.4% of total exports in July 2021. Moreover, the Philippines' top five major export trading partners were China (16.1% of total exports), the United States (US) (16.0%), Hong Kong (13.6%), Japan (13.2%), and Singapore (5.6%).²³

Meanwhile, total imports increased by 24.0% year-on-year, amounting to USD 9.71 billion. According to the PSA, this growth was due to the increase in nine of the country's top ten major commodity groups, led by mineral fuels, lubricants, and related materials (84.9%), iron and steel (62.9%), and transport equipment (59.7%). Likewise, most of the country's total imported goods were electronic products, accounting for 28.1% of total imports. The top suppliers of imports were found to be China (22.1% of total imports), followed by Japan (10.3%), the Republic of Korea (7.8%), Indonesia (7.1%), and Singapore (6.3%).²⁴

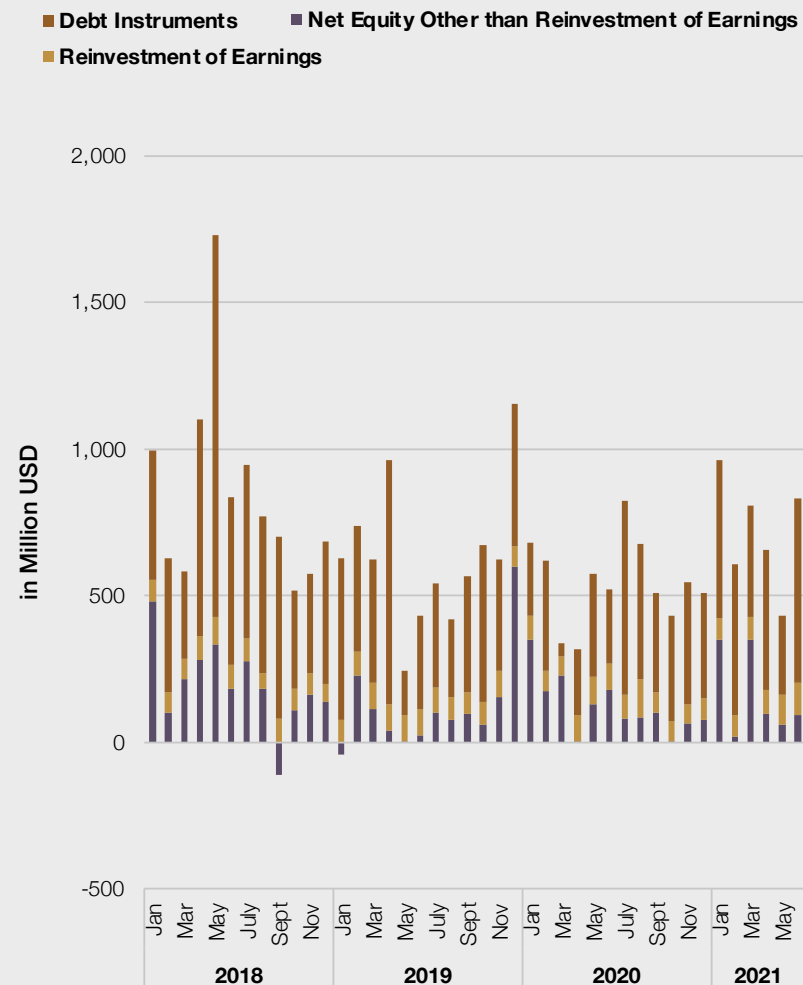
These data show that exports and imports are showing signs of recovery as the Philippines and other countries are gradually opening their respective economies. However, supply chain constraints are still possible due to the spread of the Delta variant. In August 2021, the Philippine Ports Authority (PPA) warned of "looming delays" in shipment as some transshipment hubs in China, where most of the Philippines' imports are sourced, temporarily closed down due to the spread of the virus.²⁵

Foreign Direct Investment (FDI)

BSP data found that total net foreign direct investment (FDI) inflows in June 2021 amounted to USD 833 million, a 60.4% jump from the USD 519 million registered in the same month in 2020 (shown in Figure 7). The BSP attributed this development to the infusion by foreign direct investors to their subsidiaries and affiliates in the Philippines through net investments in debt instruments, which posted a growth of 151.8%, amounting to USD 630 million. Reinvestment of earnings also increased by 23.4%, from USD 89 million in June 2020 to USD 110 million in June 2021. In contrast, net investments in equity capital decreased by 48.4%, amounting to USD 93 million from USD 180 million in June 2020, which may have been caused by investors' decision to remain on the sidelines due to concerns over the spread of the COVID-19 Delta variant. The equity

Figure 7 . Monthly Net FDI Inflows

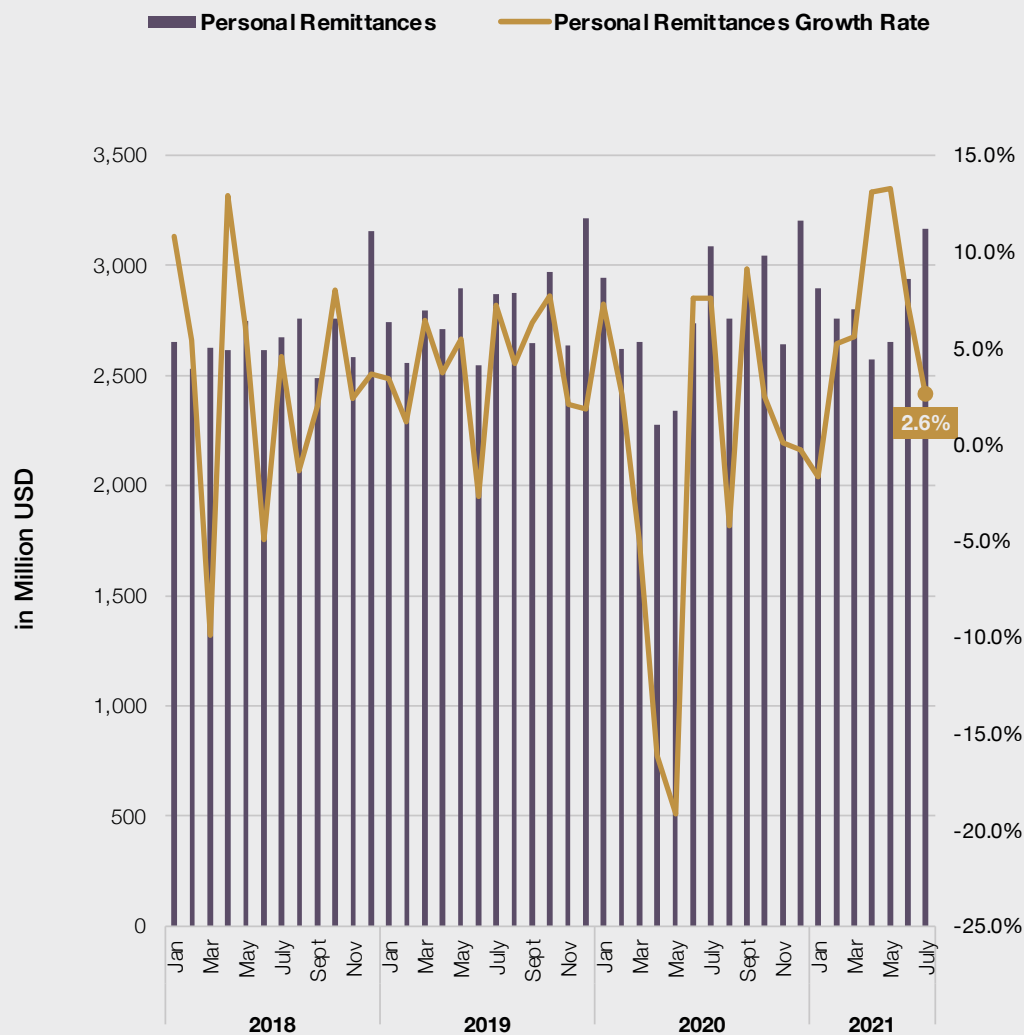
(January 2018 – June 2021)



Source: Bangko Sentral ng Pilipinas (BSP)

Figure 8 . Overseas Filipinos' Personal Remittances

(January 2018 – July 2021)



Source: Bangko Sentral ng Pilipinas (BSP)

capital placements mainly were sourced from Japan, the United States (US), and Singapore and were channeled to the manufacturing, real estate, and financial and insurance industries.²⁶

Meanwhile, according to the latest data from the PSA, total approved foreign investments in the second quarter of 2021 amounted to PHP 22.50 billion, a 45.5% increase from the PHP 15.46 billion registered in the same period in 2020. These new investment pledges are estimated to generate 17,013 jobs. The majority of these investment pledges were from the United Kingdom (UK), amounting to PHP 12.52 billion (or 55.6% of the total), followed by South Korea (10.0%) and the United States (US) (9.5%). The majority of the approved investments will be directed to the Information and Communication industry, amounting to PHP 12.53 billion (or 55.7% of the total), followed by Construction (16.1%) and Manufacturing (10.1%). In terms of location, some PHP 12.52 billion (or 55.6% of the total) will be used to fund projects that will be situated nationwide, followed by Region III (Central Luzon) (16.3%) and Region IV-A (CALABARZON) (9.4%).²⁷

Remittances

Latest data from the BSP found that personal remittances from overseas Filipino workers (OFWs) in July 2021 amounted to USD 3.167 billion, a 2.6% increase from the USD 3.085 billion recorded in July 2020 (shown in Figure 8). This improvement was because of the increase in the remittances sent by land-based workers with work contracts of one year or more and sea- and land-based workers with work contracts of less than one year. As a result, total remittances during the first seven months of 2021 grew by 6.0% year-on-year, from USD 18.658 billion to USD 19.783 billion. Interestingly, from January to July 2021, the United States (US) was the biggest source of total remittances at 40.4%, followed by Singapore, Saudi Arabia, Japan, the United Kingdom (UK), the United Arab Emirates (UAE), Canada, South Korea, Qatar, and Taiwan. These countries, with their numbers put together, account for 78.6% of total remittances.²⁸

The BSP expects dollars sent home by expatriate Filipinos to grow at a faster rate of 6% for the full year of 2021, from the original forecast of 4%. According to Zeno Ronald Abenoja, managing director of the BSP's Department of Economic Research, remittances will be driven up by increased global demand for foreign workers as host countries start rebooting their respective economies.²⁹

Employment

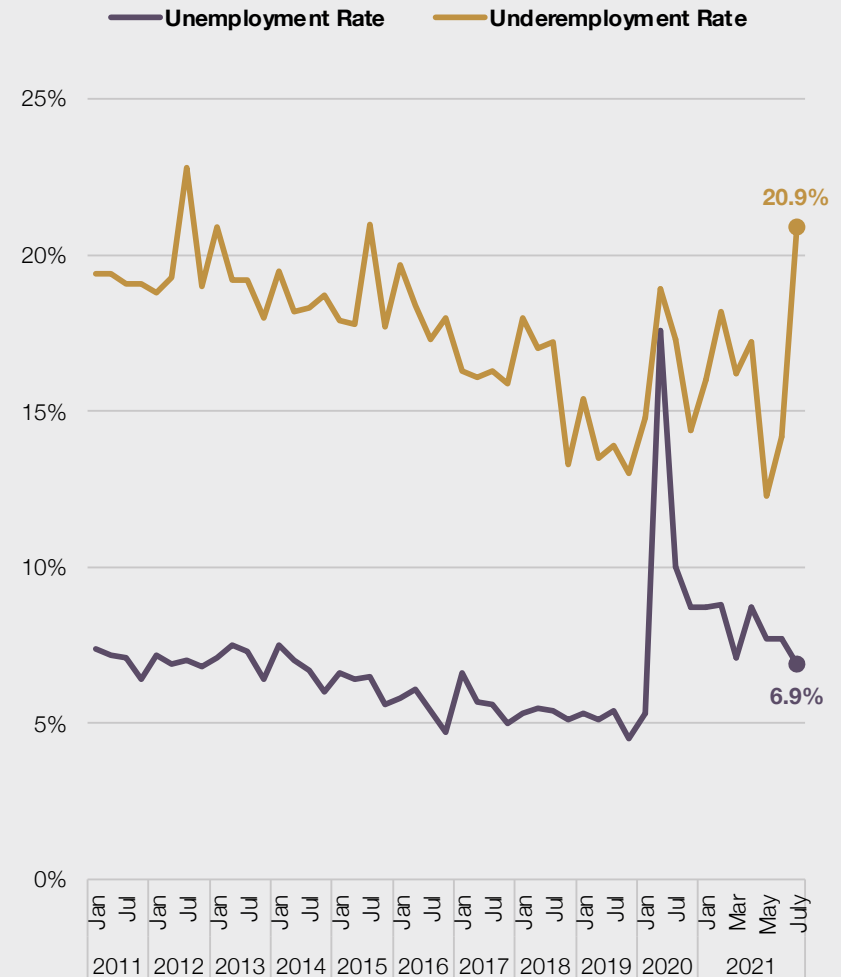
Amid the recurring community quarantines imposed throughout the country to curb the spread of the more transmissible COVID-19 Delta variant, economic activities continue to be disrupted periodically. Consequently, the overall labor situation in the country has yet to see significant improvements.

The latest Labor Force Survey³⁰ released by the PSA found that the labor force participation rate (LFPR) in July 2021 fell to 59.8%—or 44.7 million Filipinos—from 65.0% in June 2021. This rate was the lowest reported this year, far from the 60.5% and 63.2% recorded in January 2021 and April 2021, respectively. PSA National Statistician and Civil Registrar General Dr. Dennis Mapa explained that people were tired of looking for a job and felt no work was available anymore. In addition, COVID-19 concerns were cited by a majority of people who left the labor force.³¹

In terms of the industry group, the services sector remains to have the largest share of the employed (57.9%), followed by the agriculture sector (22.1%) and the industry sector (20.0%). From July 2020 to July 2021, the following sub-sectors posted an increase in employment: Administrative and Support Service Activities (462,000); Construction (411,000); Education (223,000); Arts, Entertainment and Recreation (202,000); and Professional, Scientific and Technical Activities (187,000). On the other hand, during the same timeframe, three sub-sectors experienced declines: Agriculture and Forestry (-1.7 million); Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles (-380,000); and Mining and Quarrying (-47,000).³²

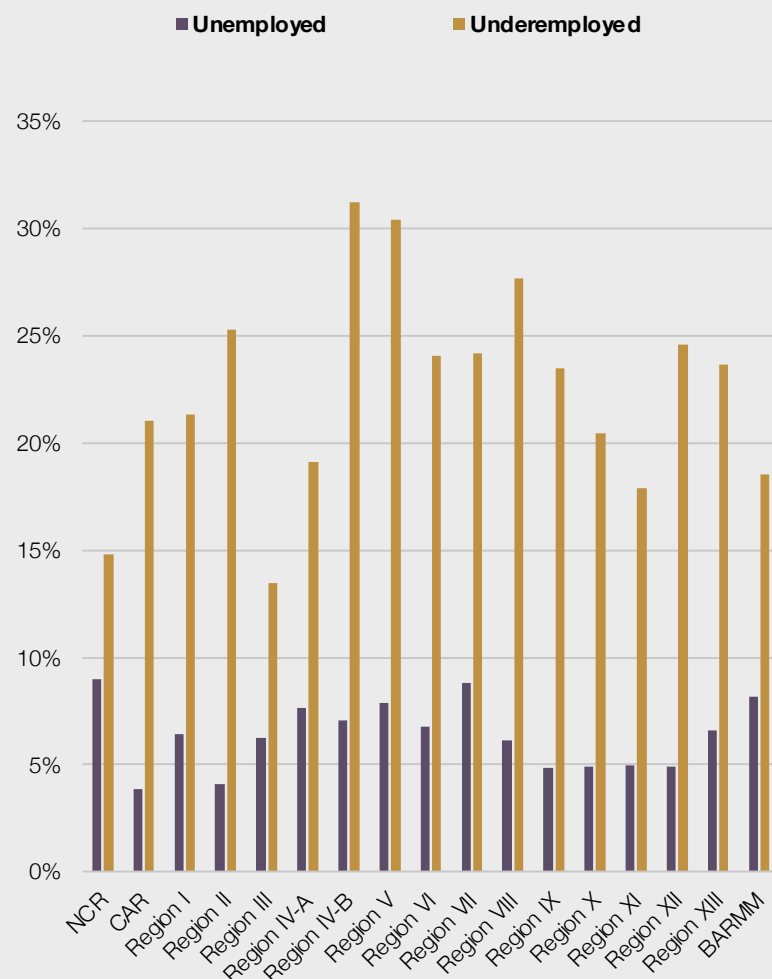
The unemployment rate in July 2021 eased to 6.9%—translating to 3.1 million unemployed persons—from the 7.7% (or 3.8 million unemployed persons) recorded in June 2021 (shown in Figure 9). This July 2021 rate was the lowest since the pandemic in April 2020. Meanwhile, the underemployment rate jumped from 14.2% in June

Figure 9 . Philippine Unemployment Rate and Underemployment Rate
(January 2011 – July 2021)



Source: Philippine Statistics Authority (PSA)

Figure 10 . Unemployment and Underemployment by Region
(July 2021)



Source: Philippine Statistics Authority (PSA)

2021 to 20.9% in July 2021, the highest underemployment rate since the pandemic in April 2020. This rate was equivalent to 8.7 million underemployed persons. According to the PSA, the top reasons cited by the underemployed for not being able to report to work or conduct business are the following: (1) variable working time or nature of work (27.5%); (2) other reasons such as leaves and lack of capital (20.0%); (3) ECQ or lockdown due to the COVID-19 pandemic (17.0%); (4) personal or family reasons (8.2%); and (5) health or medical limitations (7.8%).³³

While frequently under different forms of strict quarantine, the NCR recorded the highest unemployment rate in July 2021. As shown in Figure 10, six of the 17 regions in the country recorded unemployment rates higher than the national average of 6.9% in July 2021: NCR (9.0%); Region VII (Central Visayas) (8.8%); Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) (8.2%); Region V (Bicol Region) (7.9%); Region IV-A (CALABARZON) (7.7%); and Region IV-B (MIMAROPA) (7.1%). Meanwhile, four regions recorded underemployment rates that exceeded 25% in the same month: Region IV-B (MIMAROPA) (31.2%); Region V (Bicol Region) (30.4%); Region VIII (Eastern Visayas) (27.6%); and Region II (Cagayan Valley) (25.3%).³⁴

Moreover, according to the latest Job Displacement Report³⁵ of the Department of Labor and Employment (DOLE), as of end-August 2021, 281,716 workers have been displaced from 8,989 establishments across the country since January 2021. Of these establishments, 90% reduced their workforce while the rest reported permanent closure. The highest number of displaced workers was recorded in NCR, with 170,437 affected workers from 4,755 establishments. In terms of industry groups, the Construction sector remained to have the highest number of affected workers, accounting for 30% of the total.

However, Department of Trade and Industry (DTI) Secretary Ramon Lopez noted that the pilot implementation of the COVID-19 alert level system in NCR is projected to generate revenues amounting to PHP 180 million per week and revive some 200,000 jobs, particularly in restaurants and personal care service establishments. He added that while several businesses were driven to permanent closure, many entrepreneurs have opted to shift to e-commerce and other “pandemic-proof” businesses.³⁶

Inflation

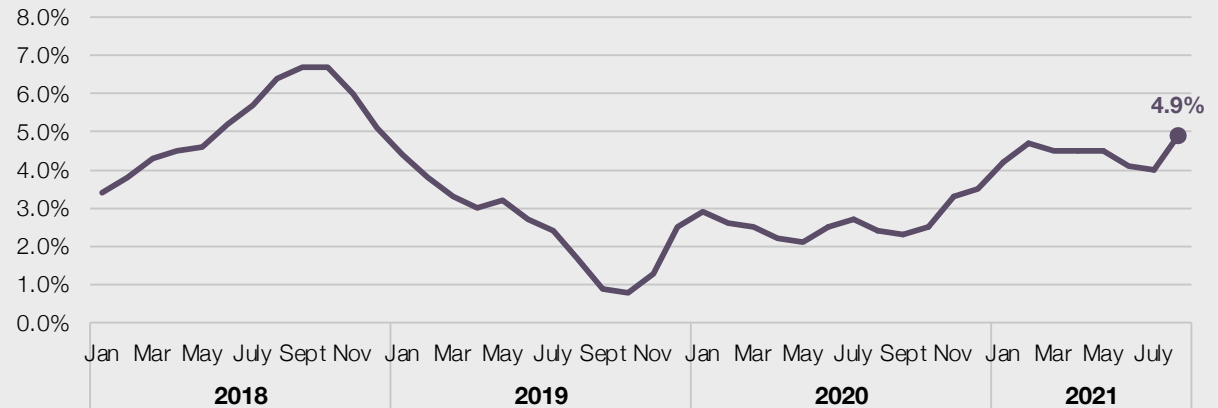
The high prices of goods and services continue to worsen the predicaments currently faced by the Filipino people. Based on the latest data from the PSA, the inflation rate in August 2021 was recorded at 4.9%, the highest inflation recorded in more than two years (shown in Figure 11). This increase was mainly driven by the rise in food and non-alcoholic beverages prices at 6.5%, from 4.9% in July 2021. In particular, double-digit annual growth rates were recorded for meat (16.4%), fish (12.4%), and vegetables (15.7%). Hence, during the first eight months of the year, the average inflation rate was at 4.4%, which is beyond the government's inflation target of 2.0-4.0% for 2021.³⁷ Interestingly, BSP Governor Benjamin Diokno noted that inflation is projected to settle slightly above the target in 2021 but will be moderate in 2022 and 2023.³⁸

Exchange Rates

As seen in Figure 12, based on BSP data,³⁹ the peso was stabilized at PHP 49.00-50.00 per USD 1.00 throughout the pandemic. The stability in the exchange rates was mainly caused by the inflow of OFW remittances, increased flow of US dollars from external borrowings to finance the COVID-19 response and relatively lower imports due to slow economic activity.

Figure 11 . Inflation Rates

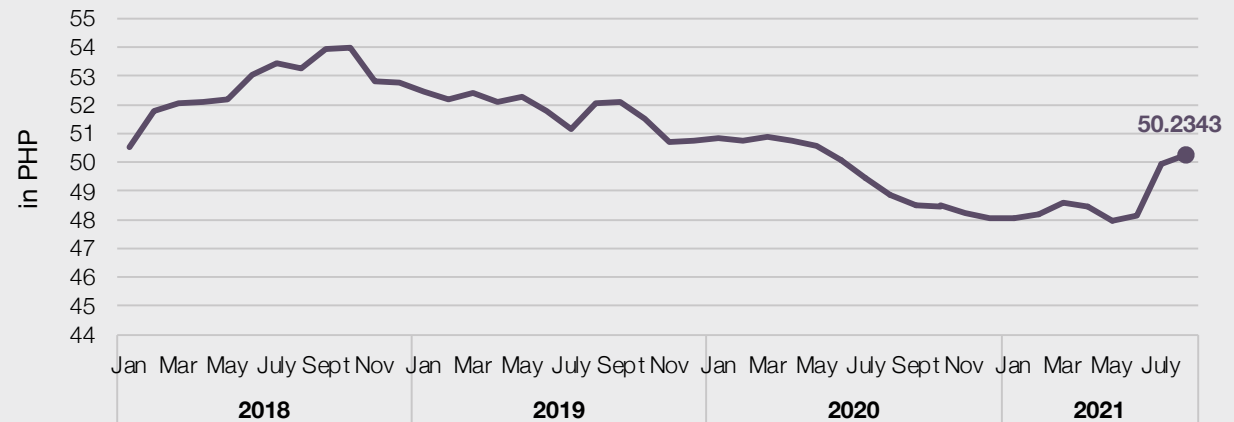
(January 2018 – August 2021)



Source: Philippine Statistics Authority (PSA)

Figure 12 . Philippine Peso per US Dollar Monthly Averages

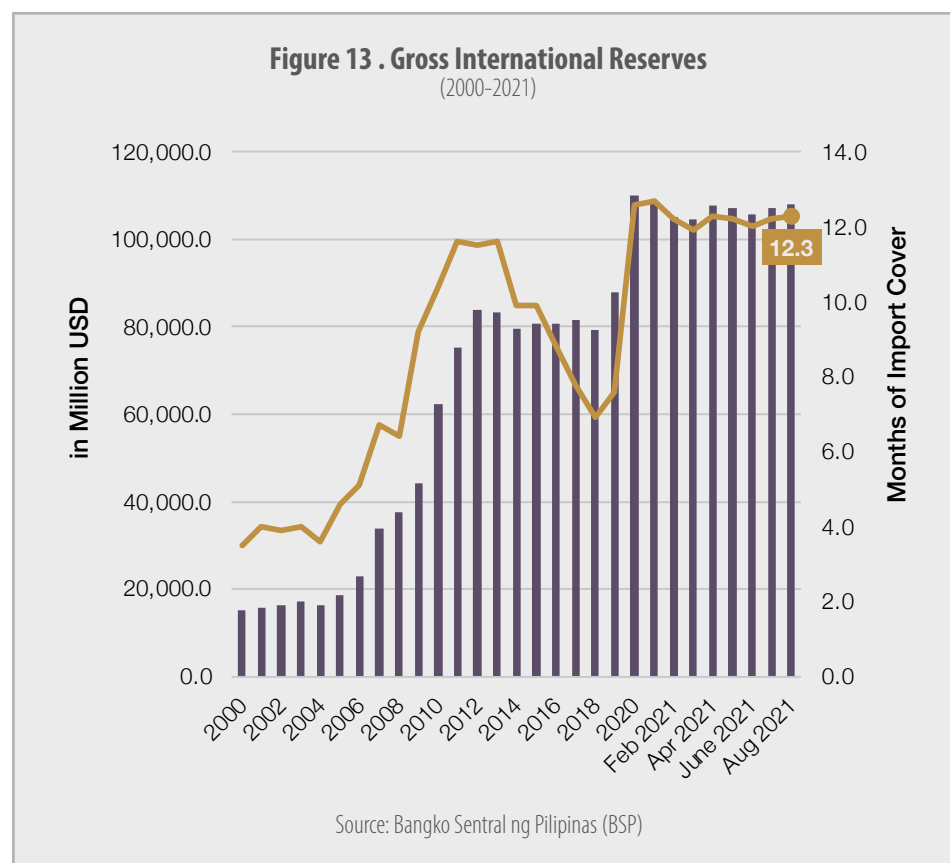
(January 2016 – August 2021)



Source: Bangko Sentral ng Pilipinas (BSP)

Gross International Reserves (GIR)

By the end of August 2021, the Philippines' gross international reserves (GIR) amounted to USD 108.05 billion, an increase from the end-July 2021 level of USD 107.15 billion (shown in Figure 13). Equivalent to 12.3 months' worth of imports of goods and payments of services and primary income, this GIR level represented a more than adequate external liquidity buffer. The BSP attributed this increase in August 2021 to the additional allocation of Special Drawing Rights (SDR) to the Philippines but was offset by the national government's foreign currency withdrawals to settle its foreign currency debt obligations and various expenditures.⁴⁰



FISCAL PERFORMANCE

Revenue Collection

Despite the prolonged lockdowns and widespread fall in economic activity, government revenues picked up in 2021. During the budget briefing of the DBCC to Congress, DOF Secretary Carlos Dominguez III said that in the first seven months of 2021, total revenue collections amounted to PHP 1.7 trillion as it grew by 3.5% year-on-year (as shown in Table 1), therefore reflecting the onset of recovery.⁴¹

According to Secretary Dominguez, the passage of the tax reform packages under the Duterte administration enabled the government to collect PHP 12.4 trillion in revenues

Table 1 . National Government Revenue Collections, January-July 2021
(In PHP Billion)

Particulars	2020	2021	Difference	Growth Rate (year-on-year)
Revenues	1,687.8	1,746.4	58.6	3.5%
Tax	1,428.0	1,573.2	145.2	10.2%
Revenues				
BIR	1,115.4	1,202.6	87.2	7.8%
BOC	302.9	358.9	56.0	18.5%
Other	9.8	11.7	2.0	20.2%
Offices				
Non-Tax	259.7	173.2	(86.6)	-33.3%
Revenues				
BTr	190.9	95.2	(95.6)	-50.1%
Other	68.8	77.9	9.1	13.2%
Offices				
Expenditures	2,388.4	2,583.7	195.3	8.2%
Interest	247.1	267.6	20.5	8.3%
Payments				
Others	2,141.3	2,316.1	174.8	8.2%
Surplus/(Deficit)	(700.6)	(837.3)	(136.6)	19.5%

Source: Department of Finance (DOF)

from 2016 to 2020, which was 20% higher than the Aquino administration's PHP 10.3 trillion. Moreover, these tax reform packages—particularly the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the Tax Amnesty Law, and the Sin Tax Reform Laws—contributed an additional PHP 347.1 billion to government revenues. The revenue effort under the Duterte administration also jumped to 15.9% of GDP, from 14.0% during the preceding administration.⁴² It is important to note that the Duterte administration has aggressively pushed for tax reforms through the Comprehensive Tax Reform Program (CTRP) to make the tax system simpler, fairer, and more efficient in helping generate additional government revenues.

As shown in Table 2, the DOF expects to achieve its pre-pandemic revenue levels by 2022 due to improvements in revenue collections, which have been strengthened by ongoing digitalization efforts,⁴³ specifically in the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). The DOF has also proposed increasing its 2022 national budget by 32.7%—amounting to PHP 23.18 billion—to strengthen its modernization and digitalization program to enhance its revenue enforcement capacity.⁴⁴

Debt-to-GDP

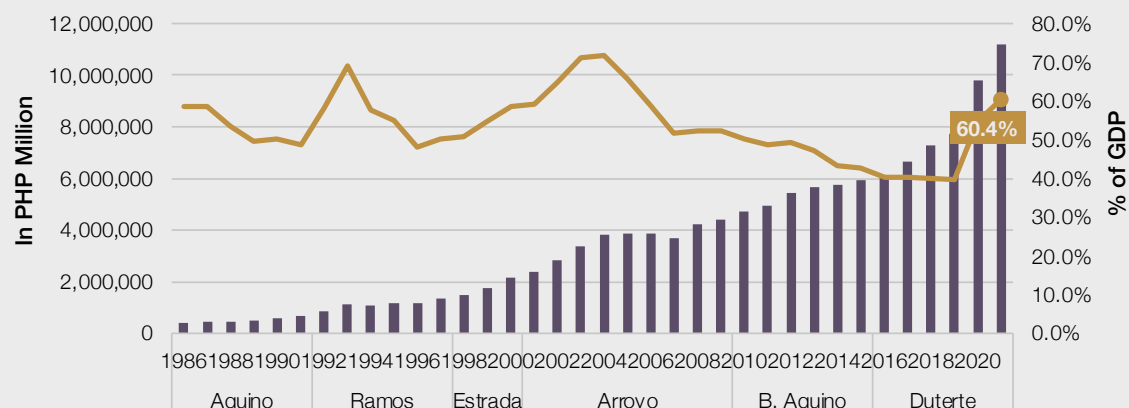
Latest data from the Bureau of the Treasury (BTr) show that in July 2021, the national government's outstanding debt was at a new record high of PHP 11.61 trillion, which was 4.0% higher than the recorded debt of PHP 11.17 trillion in the previous month. Of the PHP 11.61 trillion, around 69.9% were from domestic sources, while the rest were from external sources. By the end of the second quarter of this year, the country's debt-to-GDP ratio was recorded at 60.4%, a slight increase from the 60.3% in the

Table 2 . Fiscal Program for 2022 to 2024
(In PHP Billion)

Particulars	2020 Actual	2021	2022	2023	2024
Revenues	2,856.0	2,881.5	3,289.5	3,586.4	3,999.3
% of GDP	15.9%	14.5%	14.9%	14.8%	15.1%
Tax Revenues	2,504.4	2,714.8	3,125.0	3,419.9	3,830.7
% of GDP	14.0%	13.7%	14.2%	14.1%	14.4%
Expenditures	4,227.4	4,737.1	4,954.6	5,021.4	5,297.8
% of GDP	23.6%	23.9%	22.4%	20.7%	19.9%
Surplus/(Deficit)	(1,371.4)	(1,855.6)	(1,665.1)	(1,434.9)	(1,298.5)
% of GDP	-7.6%	-9.3%	-7.5%	-5.9%	-4.9%

Source: Department of Finance (DOF)

Figure 14 . National Government Debt and as % of GDP
(1986-June 2021)



Source: Bureau of the Treasury (BTr)

first quarter of 2021 but is still far from the pre-pandemic level of 39.6% in 2019, as shown in Figure 14.⁴⁵ According to DOF Secretary Dominguez, the sustainability of the country's debt depends on the cost and the ability to generate economic activity to pay it off. He added that since government spending accounts for around 25% of the domestic economy, failure to increase public spending in the form of borrowings may lead to the collapse of the economy.⁴⁶

The increase in government debt, primarily due to COVID-19-related expenditures, will eventually fall on the shoulders of Filipinos in the form of higher taxes in the coming years. However, it is important to note that this sharp increase in the debt-to-GDP ratio is also attributable to lower GDP growth.

During the budget deliberations of the DBCC, Secretary Dominguez further stated that gross borrowings are expected to decrease starting 2022, as shown in Table 3. Likewise, the debt-to-GDP ratio is expected to begin its downward trend from 2023 onwards. A considerable portion of the borrowings would also be from domestic sources. Secretary Dominguez stressed that today's increase in debt level is only temporary and that the country's debt is manageable because it is conservatively taken as borrowings will fund only the priority projects.⁴⁷

Data from the DOF show that as of September 5, 2021, the Philippine government has secured a total of USD 22.51 billion worth of financing for the COVID-19 response.

Table 3 . Borrowing Program for 2022 to 2024
(In PhP Biliion)

Particulars	2020 Actual	2021	2022	2023	2024
Gross Financing	2.65	3.07	2.47	2.31	2.37
By Source:					
Foreign	0.74	0.58	0.56	0.58	0.58
Domestic	1.91	2.49	1.91	1.73	1.79
Financing Mix (Domestic:Foreign)	72:28	81:19	77:23	75:25	75:25
Total Debt-to-GDP Ratio	54.6%	59.1%	60.8%	60.7%	59.7%

Source: Department of Finance (DOF)

Table 4 . Summary of the Financing Secured from Development Partners and Commercial Markets for COVID-19 Response
(as of 5 September 2021)

Lender	Amount (in USD Million)	Share to Total (%)
Asian Development Bank (ADB)	4,200.00	18.7
World Bank	2,780.00	12.3
Asian Infrastructure Investment Bank (AIIB)	750.00	3.3
Japan International Cooperation Agency (JICA)	936.78	4.2
Agence Française de Développement (AFD)	285.22	1.3
ROP Bonds	11,011.11	48.9
KEXIM-EDCF	100.00	0.4
Grants from Development Partners (COVID-19 Specific Projects)	54.06	0.2
Loans from Development Partners (COVID-19 Specific Projects)	2,395.00	10.6
Total	22,512.17	100.0

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

Source: Department of Finance (DOF)

Table 5 . Breakdown of the Financing Secured from Development Partners and Commercial Markets for COVID-19 Response
(as of 5 September 2021)

Particulars	Signing/Issuance Date	Amount in USD Million	Status
Budgetary Support Financing			
2020 and 2021 Contracted Financing			
WB Third Disaster Risk Management Development Policy Loan (DPL)	10 Apr 2020 (Effective: 27 Apr 2020)	500.00	Active ⁴⁸
ADB COVID-19 Active Response and Expenditure Support (CARES) Program	23 Apr 2020 (Effective: 27 Apr 2020)	1,500.00	Active ⁵⁰
ADB Social Protection Support Project - Second Additional Financing	28 Apr 2020 (Effective: 5 May 2020)	200.00	Active ⁵¹
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	Closed ⁵²
ADB Support to Capital Market Generated Infrastructure Financing, Subprogram 1	4 June 2020 (Effective: 29 Jun 2020)	400.00	Closed ⁵³
AIIB CARES Program	5 Jun 2020 (Effective: 30 Jun 2020)	750.00	Approved ⁵⁴
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	Active ⁵⁵
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	Closed ⁵⁶
ADB Inclusive Finance Development Program, Subprogram 2	27 Aug 2020 (Effective: 30 Sept 2020)	300.00	Closed ⁵⁷
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	Active ⁵⁸
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	Active ⁵⁹
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	Approved ⁶⁰
ROP Bonds Due 2024 (0.001% coupon)	13 Apr 2021	515.24	-
ROP Bonds Due 2025 (0.250% coupon)	28 Apr 2021	741.58	-
ROP Bonds Due 2033 (1.200% coupon)	28 Apr 2021	741.58	-
ROP Bonds Due 2041 (1.750% coupon)	28 Apr 2021	912.71	-
ROP Bonds Due 2032 (1.95% coupon)	6 Jul 2021	750.00	-
ROP Bonds Due 2046 (3.20% coupon)	6 Jul 2021	2,250.00	-
WB Philippines First Financial Sector Reform Development Policy Loan	9 Aug 2021	400.00	Active ⁶¹
ADB Facilitating Youth School-to-Work Transition Program, Subprogram 3	13 Aug 2021	400.00	Approved ⁶²
Previously Contracted Financing			
WB Social Welfare Development and Reform Project II - Additional Financing	28 Nov 2019 (Effective: 6 Jan 2020)	200.00	Active ⁶³
Subtotal, Budgetary Support Financing		20,063.11	
Grant Assistance			
ADB COVID-19 Emergency Response Project	16 Mar 2020	3.00	Closed ⁶⁴
ADB Rapid Emergency Supplies Provision	27 Mar 2020	5.00	Active ⁶⁵
Government of Japan Non-Project Grant Aid for the Provision of Medical Equipment to DOH	8 Jun 2020	18.74	-
GOJ Programme Grant for COVID-19 Crisis Response Emergency Support (DOH)	6 Jun 2020	6.44	-
WB-EU Second Additional Financing for Philippine Rural Development Project (PRDP-AF2)	19 Jun 2020	20.88	-
Subtotal, Grant Assistance		54.06	
Project Loan Financing			
WB Philippines COVID-19 Emergency Response Project (PCERP)	28 Apr 2020 (Effective: 6 May 2020)	100.00	Active ⁶⁶
WB Support to Parcelization of Lands for Individual Titling Project	14 July 2020 (Effective: 9 Oct 2020)	370.00	Active ⁶⁷
ADB Health System Enhancement to Address and Limit COVID-19 Program	8 Sep 2020 (Effective: 13 Oct 2020)	125.00	Active ⁶⁸
WB Philippines Beneficiary FIRST Social Protection Project	10 Nov 2020 (Effective: 14 Jan 2021)	20.00	Active ⁶⁹
WB Additional Financing for the KALAHI CIDSS National Community Driven Development Project (NCDDP)	21 Dec 2020	300.00	Active ⁷⁰
WB Additional Financing for the PCERP	19-Mar-2021 (Effective: 31 Mar 2021)	500.00	Active ⁷¹
ADB Second HEAL under the Asia Pacific Vaccine Access Facility (HEAL 2)	19 Mar 2021	400.00	Active ⁷²
AIIB HEAL 2	26 Mar 2021	300.00	Approved ⁷³
WB PRDP-AF2	19-Jul-2021	280.00	Active ⁷⁴
Subtotal, Project Loan Financing		2,395.00	
Total Financing Secured for COVID-19 Response, as of 5 September 2021		22,512.17	

Note: Figures are rebased to reflect 2020 average exchange rates. Active projects are the approved projects that have met the conditions for effectiveness and are ready for or already undergoing implementation⁷⁵

Source: Department of Finance (DOF)

Out of this amount, USD 20.06 billion will be in the form of budgetary support from the Asian Development Bank (ADB), the World Bank, Asian Infrastructure Investment Bank (AIIB), Agence Française de Développement (AFD), Japan International Cooperation Agency (JICA), Korean Export-Import Bank – Economic Development Cooperation Fund (KEXIM-EDCF), and foreign currency-denominated global bonds. Moreover, USD 2.45 billion worth of grants and loans have been contracted for specific COVID-19 response measures of various government agencies (shown in Tables 4 and 5). Thus, according to the DOF, a total of USD 19.72 billion has been disbursed.⁴⁸

National Budget for Fiscal Year 2022

The proposed national budget for 2022—the last full-year budget under the Duterte administration—amounts to PHP 5.024 trillion, carrying the theme “Sustaining the Legacy of Real Change for the Future Generations.” This amount is 11.5% higher than the 2021 national budget of PHP 4.506 trillion.⁷⁶ According to the President’s Budget Message for Fiscal Year 2022, the proposed 2022 national budget, which represents 22.8% of the country’s GDP, is guided by three pillars: (1) Building Resilience Amidst the Pandemic; (2) Sustaining the Momentum Towards Recovery; and (3) Continuing the Legacy of Infrastructure Development. Specifically, the budget is anchored on four key priorities: health and nutrition; social protection; good governance; and sustaining the country’s development (e.g., infrastructure, education, MSMEs).⁷⁷

According to the National Expenditure Program (NEP) for FY 2022, the Social Services sector remains the top recipient with the largest share in the total budget pie, with PHP 1.92 trillion or 38.3% of the total budget. This amount is 15.2% higher than its PHP 1.67 trillion allocations for 2021. This is followed by Economic Services with a 29.3% share, then by General Public Services (17.2%), Debt Burden (10.8%), and Defense (4.5%) (shown in Table 6).⁷⁸

Meanwhile, in terms of the budget allocations by department, the education sector—comprised of the Department of Education (DepEd), State Universities and Colleges (SUCs), the Commission on Higher Education (CHED), and the Technical Education and Skills Development Authority (TESDA)—had the highest share in the 2022 NEP, amounting to PHP 773.6 billion. As seen in Table 7, among the top ten departments, the Department of Transportation (DOTr) had the highest increase at 72.1%, followed by the Department of Labor and Employment (DOLE) by 21.0%. On the other hand, the Department of Health (DOH), including the Philippine Health Insurance Corporation (PhilHealth), only grew by PHP 31.8 billion or 15.1%. Ironically, the NEP states that the proposed national budget for FY 2022 revolves around the country’s economic recovery, minimizing the spread of the COVID-19 virus, and the safe reopening of the economy.⁷⁹

Table 6 . Sectoral Allocation of the FY 2022 National Budget

Sectors	Levels (in PHP Billion)		Increase/(Decrease)		Budget Share (%)	
	2021	2022	In PHP Billion	%	2021	2022
Economic Services	1,323.1	1,473.5	150.4	11.4	29.4	29.3
Social Services	1,668.0	1,921.8	253.8	15.2	37.0	38.3
Defense	206.8	224.4	17.6	8.5	4.6	4.5
General Public Services	747.8	862.7	114.9	15.4	16.6	17.2
Debt Burden	560.3	541.2	(19.1)	(3.4)	12.4	10.8
TOTAL	4,506.0	5,023.6	517.6	11.5	100.0	100.0

Source: Department of Budget and Management (DBM)

Table 7 . Departments with Highest Agency-Specific Budget Allocations

Department	2021 Program		2022 Proposal		Increase/(Decrease)	
	In PHP Billion	Rank	In PHP Billion	Rank	In PHP Billion	% Change
Total National Budget	4,506.0		5,023.6		517.6	11.5
Top 10 Departments	2,531.0		2,678.6		147.7	5.8
Education*	751.7	1	773.6	1	21.9	2.9
Department of Public Works and Highways (DPWH)	695.7	2	686.1	2	(9.6)	(1.4)
Department of the Interior and Local Government (DILG)	249.3	3	250.4	3	1.0	0.4
Department of Health (DOH)**	210.2	4	242.0	4	31.8	15.1
Department of National Defense (DND)	205.8	5	222.0	5	16.2	7.9
Department of Social Welfare and Development (DSWD)	176.9	6	191.4	6	14.5	8.2
Department of Transportation (DOTr)	87.9	7	151.3	7	63.4	72.1
Department of Agriculture (DA)	71.0	8	72.0	8	1.0	1.4
The Judiciary	45.3	9	45.0	9	(0.3)	(0.7)
Department of Labor and Employment (DOLE)	37.1	10	44.9	10	7.8	21.0
Other Departments	182.2		190.6		8.5	4.7
Rest of the National Budget	1,792.9		2,154.4		361.5	20.2

*Includes the Department of Education (DepEd), State Universities and Colleges (SUCs), the Commission on Higher Education (CHED), and the Technical Education and Skills Development Authority (TESDA)

**Includes the Philippine Health Insurance Corporation (PhilHealth)

Source: Department of Budget and Management (DBM)

ECONOMIC SURVEYS

Business Expectations Survey (BES): Third Quarter 2021

According to the latest Business Expectations Survey (BES) of the BSP, business confidence in the Philippine economy further weakened in the third quarter of 2021 as the overall confidence index (CI) declined to -5.6% from the 1.4% recorded in the second quarter (shown in Figure 15). The pessimistic expectations for the third quarter were due to the following: (1) the adverse effects of the ongoing COVID-19 pandemic to businesses; (2) re-imposition of ECQ, especially in NCR; (3) decrease in sales, orders, and income; (4) concerns over government policies, particularly the actions to curb the spread of COVID-19 and its Delta variant; and (5) higher prices of raw materials (i.e., steel, wood liner, glue, and other commodities). For the fourth quarter, business sentiment continued to be optimistic as the CI slightly increased to 31.9% from 31.4%

in the previous quarter. Meanwhile, business sentiment was more optimistic for the next 12 months as the CI rose to 56% from the previous quarter's 52.5%.⁸⁰

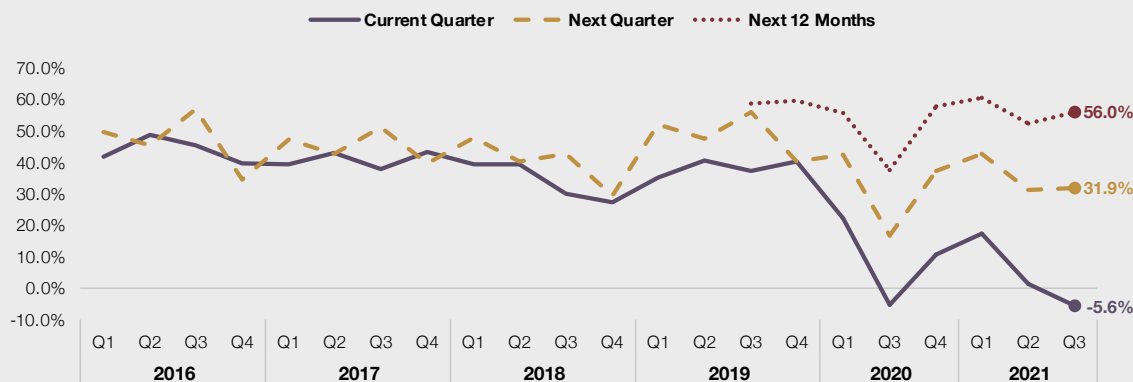
Interestingly, the 2021 CEO Survey⁸¹ of PwC Philippines and the Management Association of the Philippines (MAP) found that 77% of CEOs expect the Philippine economy to recover within the next three years. CEOs also cited infrastructure development (61%), domestic consumption (54%), and government spending (52%) as the key growth drivers of the Philippine economy in the next 12 months. Moreover, the top three sectors that CEOs said that the government should focus on to recover from the pandemic are the healthcare system, infrastructure, and education. Other

sectors cited are agriculture and food security, MSMEs, manufacturing, transport, digitalization, tourism, banking, and technology startups. However, CEOs believe that the factors that will delay economic recovery are the slow vaccine rollout (76%), political uncertainty (44%), and resilience on lockdowns to manage COVID-19 (43%).

Consumer Expectations Survey (CES): Third Quarter 2021

The BSP's latest Consumer Expectations Survey (CES) found that the country's consumer outlook in the third quarter of 2021 continued to improve as the overall CI was less negative at -19.3% from -30.9% in the second quarter of 2021, as shown in Figure 16. The BSP noted that the consumer outlook has been steadily improving since the third quarter of 2020. Respondents attributed this outlook to the following: (1) availability of more jobs and more working family members; (2) additional or higher income; and (3) effective government policies and programs in addressing COVID-19-related concerns, such as the availability and rollout of vaccines, provision of financial assistance, and easing of quarantine restrictions. Likewise, for the fourth quarter, consumer sentiment improved, with a CI of 2.7% from the previous quarter's 1.3%. However, consumer outlook for the next 12 months was less optimistic as the CI decreased to 18.6% from 19.8%. This was due to the following expectations: (1) availability of more jobs; (2) additional and high income; (3) effective government policies and programs; and (4) stable prices of commodities.⁸²

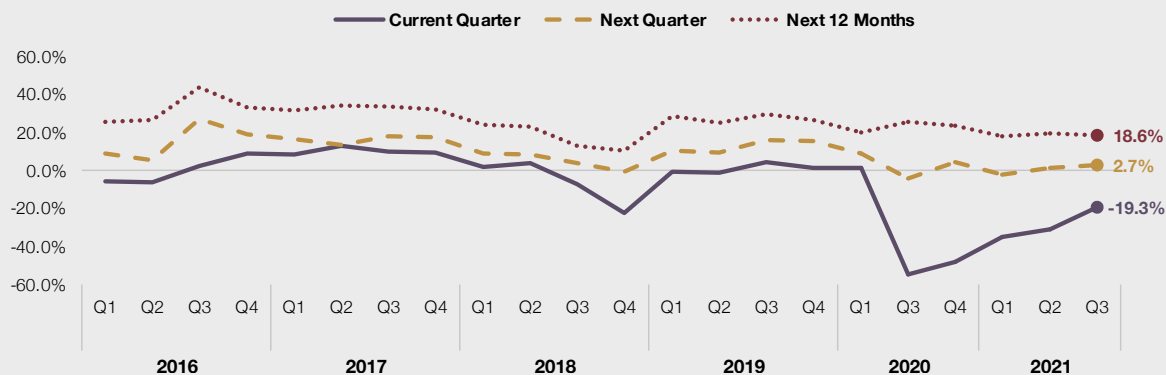
Figure 15 . Overall Business Confidence Index
(Q1 2016 – Q3 2021)



Note: The conduct of the Q2 2020 BES was canceled due to the implementation of the community quarantine

Source: Bangko Sentral ng Pilipinas (BSP)

Figure 16 . Overall Consumer Outlook Index
(Q1 2016 – Q3 2021)



Note: The conduct of the Q2 2020 CES was canceled due to the implementation of the community quarantine

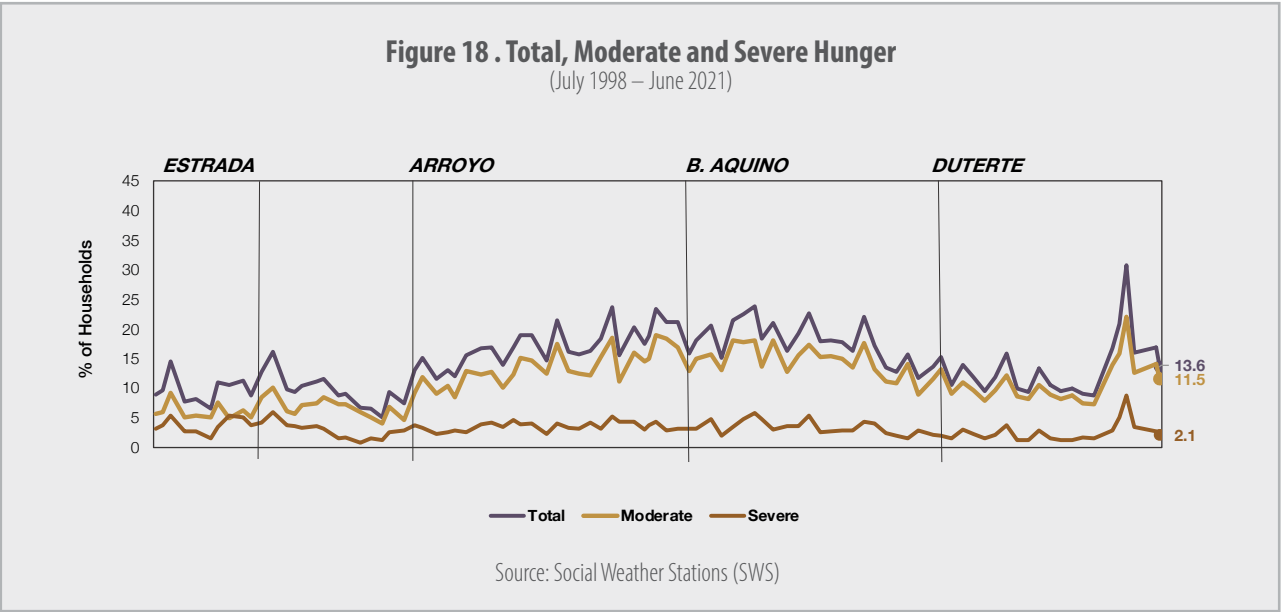
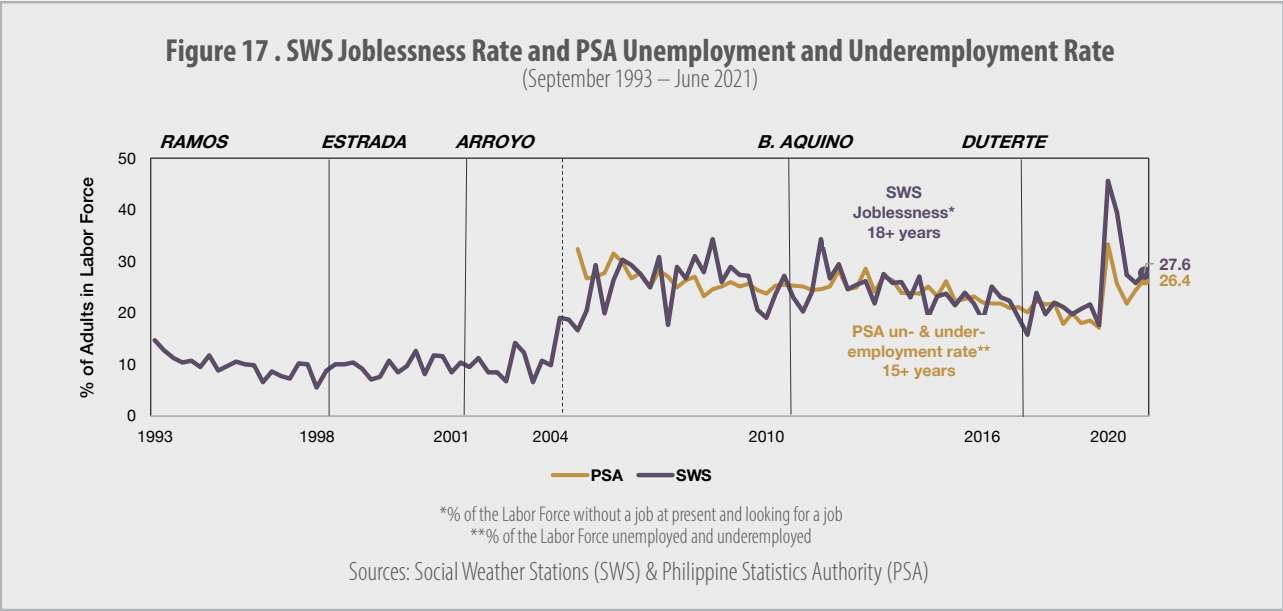
Source: Bangko Sentral ng Pilipinas (BSP)

Second Quarter 2021 Social Weather Survey on Adult Joblessness

The Second Quarter 2021 Social Weather Survey of the Social Weather Stations (SWS) from June 23 to 26, 2021 found that adult joblessness rose to 27.6%, translating to 13.5 million jobless Filipinos (shown in Figure 17). This rate was 1.8 points higher than the 25.8% recorded in May 2021, equivalent to around 12.2 million unemployed Filipinos. This development disrupted the improvements in the past few months, as adult joblessness was seen to have eased from the record-high 45.5% in July 2020 to 39.5% in September 2020, then to 27.3% in November 2020, and 25.8% in May 2021, before increasing again to 27.6% in June 2021. The June 2021 survey also found that while adult joblessness rose in Metro Manila (from 30.8% to 40.9%) and Balance Luzon (from 24.2% to 30.9%), joblessness fell in the Visayas (from 28.7% to 21.3%) and Mindanao (from 23.0% to 19.2%). The joblessness rate remained highest among the 18-24-year-olds across all age groups (49.3%). Joblessness also increased in both urban and rural areas and among elementary graduates and non-elementary graduates.⁸³

Second Quarter 2021 Social Weather Survey on Hunger

As seen in Figure 18, the Second Quarter 2021 Social Weather Survey of the SWS found that around 13.6% of Filipino families, which translates to 3.4 million families, experienced involuntary hunger—i.e., hunger due to the lack of food to eat—at least once in the past three months. This figure is 3.2 points lower than the



16.8% (or 4.2 million families) recorded in May 2021, but is still above the December 2019 pre-pandemic level of 8.8%, translating to 2.1 million families. This 3.2-point decline in overall hunger is due to decreases in all areas, especially in the Visayas. Specifically, of the 13.6% of families, 11.5% (or 2.9 million families) experienced Moderate Hunger, while 2.1% (or 524,000 families) experienced Severe Hunger.⁸⁴

INSIGHTS

A year and a half battling the COVID-19 pandemic, the Philippines remains in a repetitive cycle of community quarantines as the government continues to rely on strict movement restrictions and attempts to deal with the spread of the virus through trial-and-error measures. The country's top leaders, particularly those directly involved in managing the national pandemic response, were supposed to be better equipped to address the pandemic with a clearer long-term plan to accelerate recovery, especially to help poor and jobless Filipinos as well as businesses at the brink of bankruptcy. However, while many of the country's professionals have the expertise in emergency and epidemiology response, they are not the ones appointed to handle the critical functions in the government's COVID-19 response. Instead, most of the officials designated to the crucial posts are lawyer-politicians and former soldiers who do not have the right experience on the job. As such, they end up recycling and renaming old methods that do not work, such as coining new community quarantine classifications, which, expectedly, have caused more widespread confusion among Filipinos. As such, they keep on repeating past mistakes. Guidelines also differ per local government unit (LGU), thus making the overall government response more complex and disorganized.

Addressing the socio-economic impacts of the COVID-19 pandemic does not even seem to be the utmost priority of the country's chief executive. Despite his long weekly late-night addresses to the nation—which began in late March 2020 pursuant to the Bayanihan to Heal as One Act for him to discuss how COVID-19 funds were spent—all that President Duterte has been doing thus far is to constantly defend his allies and publicly rant against his political opponents, recycle his fixation on his war on drugs, corruption and insurgency, his inclination towards China, his favored potential candidates for the 2022 national elections, and other matters wholly unrelated to the pandemic. In his last SONA, President Duterte did not discuss a concrete roadmap for economic recovery. Instead, he focused on his remaining political agenda and other matters that were completely disconnected from the Filipino people's economic hardships on the ground, who continue to directly suffer from the effects of the COVID-19 pandemic. With the nearing election season, government officials are more likely to be preoccupied with election-related activities rather than focus on the pandemic.

While the country's major economic indicators posted positive growths this year, the main question is how to sustain the expected gains. The private sector may have to, once again, step up in providing the direction to get the public out of the vicious cycle by making more investments, providing jobs, helping procure vaccines to inoculate more people, and increasing substantial donations to save lives.

¹ WHO confirms community transmission, dominance of Delta variant in PH. (2021, August 31). CNN Philippines. Retrieved from <https://cnnphilippines.com/news/2021/8/31/Delta-variant-community-transmission-dominant-Philippines-WHO.html>

² Department of Health. (2021a, September 11). DOH COVID-19 bulletin #546. Retrieved from <https://doh.gov.ph/covid19casebulletin546>

³ DOH. (2021b, September 25). DOH COVID-19 bulletin #560. Retrieved from <https://doh.gov.ph/covid19casebulletin560>

⁴ Gonzales, C. (2021, September 22). DOH: COVID-19 fatality rate lower in 2021 despite higher number of cases. Inquirer.net. Retrieved from <https://newsinfo.inquirer.net/1491264/doh-covid-19-fatality-rate-lower-in-2021-despite-higher-number-of-cases>

⁵ Philippine Statistics Authority. (2021a). Q1 2018 to Q2 2021 national accounts of the Philippines (Base year 2018). Retrieved from <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

⁶ National Economic and Development Authority. (2021a). Socioeconomic performance and macroeconomic outlook amid the COVID-19 pandemic: FY 2022 budget deliberation, 26 August 2021. Retrieved from <https://neda.gov.ph/socioeconomic-performance-and-macroeconomic-outlook-amid-the-covid-19-pandemic-fy-2022-budget-deliberation-26-august-2021/>

⁷ Ibid.

⁸ NEDA. (2021b). COVID-19 pandemic to cost PHP 41.4 T for the next 40 years – NEDA. Retrieved from <https://neda.gov.ph/covid-19-pandemic-to-cost-php-41-4-t-for-the-next-40-years-neda/>

⁹ PSA (2021a)

¹⁰ Chua, K. K. (2021, September 14). Recovering from the pandemic, building for the future. Presented during the 7th Annual Public Policy Conference of the Philippine Institute for Development Studies.

¹¹ PSA (2021a)

¹² Development Budget Coordination Committee. (2021, August 18). Review of the growth assumptions for FY 2021. Retrieved from <https://neda.gov.ph/dbcc-reviews-growth-assumptions-for-fy-2021/>

¹³ Asian Development Bank. (2021a). Asian Development Outlook 2021: Financing a green and inclusive recovery. Retrieved from <https://www.adb.org/sites/default/files/publication/692111/ado2021.pdf>

¹⁴ The World Bank. (2021a). Philippines Economic Update June 2021 Edition: Navigating a challenging recovery. Retrieved from <https://documents1.worldbank.org/curated/en/380011623076770757/pdf/Philippines-Economic-Update-Navigating-a-Challenging-Recovery.pdf>

¹⁵ International Monetary Fund. (2021). IMF staff completes Virtual 2021 Article IV Mission to the Philippines. Retrieved from <https://www.imf.org/en/News/Articles/2021/06/15/pr21177-imf-staff-completes-virtual-2021-article-iv-mission-to-the-philippines>

¹⁶ NEDA (2021a)

¹⁷ Presidential Communications Operations Office. (2021). State of the Nation Address of Rodrigo Roa Duterte, President of the Philippines, to the Congress of the Philippines. Retrieved from <https://pcoo.gov.ph/wp-content/uploads/2021/07/20210726-Sixth-State-of-the-Nation-Address-of-President-Rodrigo-Roa-Duterte.pdf>

¹⁸ 'Maawa naman kayo': Govt hit for last-minute decision to retract GCQ shift in Metro Manila. (2021, September 7). CNN Philippines. Retrieved from <https://www.cnnphilippines.com/news/2021/9/8/IATF-government-MECQ-GCQ-announcement-businesses.html>

¹⁹ De Vera, M. (2021, September 7). Lack of benefits, exhaustion drive health workers to quit amid COVID-19 pandemic. Manila Bulletin. Retrieved from <https://mb.com.ph/2021/09/07/lack-of-benefits-exhaustion-drive-health-workers-to-quit-amid-covid-19-pandemic/>

²⁰ DOH. (2021c, September 16). National COVID-19 vaccination dashboard. Retrieved from <https://doh.gov.ph/covid19-vaccination-dashboard>

²¹ PH must vaccinate 20M adolescents to reach new herd immunity target – Galvez. (2021, September 13). CNN Philippines. Retrieved from <https://cnnphilippines.com/news/2021/9/13/Adolescent-teenagers-vaccination-Galvez.html>

²² PSA. (2021b). Highlights of the Philippine export and import statistics: July 2021 (Preliminary). Retrieved from <https://psa.gov.ph/content/highlights-philippine-export-and-import-statistics-july-2021-preliminary>

²³ Ibid.

²⁴ Ibid.

²⁵ Camus, M. (2021, August 19). Delays in PH import shipments seen as Delta sidelines China ports. Inquirer.net. Retrieved from <https://business.inquirer.net/329203/delays-in-ph-import-shipments-seen-as-delta-sidelines-china-ports>

²⁶ Bangko Sentral ng Pilipinas. (2021a). FDI net inflows up by 60.4 percent YoY in June 2021; H1 2021 level reaches US\$4.3 billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5926>

²⁷ PSA. (2021c). The foreign investments in the Philippines (Second quarter 2021). Retrieved from https://psa.gov.ph/sites/default/files/4_%28for%20sig%29_Q2%2021%20AFI%20Report%20ao%2007Sept2021_signed_0.pdf

²⁸ BSP. (2021b). Personal remittances rise by 6.0 percent in the first seven months of 2021. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5931>

²⁹ Agcaoli, L. (2021, September 19). BSP sees remittances rising 6% this year.

Philstar.com. Retrieved from <https://www.philstar.com/business/2021/09/19/2128083/bsp-sees-remittances-rising-6-year>

³⁰ PSA. (2021d). Unemployment rate in July 2021 is estimated at 6.9 percent. Retrieved from <https://psa.gov.ph/content/unemployment-rate-july-2021-estimated-69-percent>

³¹ Rivas, R. (2021, September 7). As COVID-19 cases surge, cautious Filipinos give up looking for work in July 2021. Rappler. Retrieved from <https://www.rappler.com/business/unemployment-rate-philippines-july-2021>

³² PSA (2021d)

³³ Ibid.

³⁴ Ibid.

³⁵ Department of Labor and Employment. (2021). Regular job displacement monitoring report (data as of 31 August 2021). Retrieved from [https://storage.googleapis.com/request-attachments/MTqNkMq5NIQ1UdIP091R11SFixEqUR5Qe2utRvo2KVuL-7MvarkdALfoHt8dABIHNBzggrWdVeDilM4VDkwr5Mb6SzSMx1T9TVv/Job%20Displacement%20Update%20Report%20as%20of%2031%20August%202021-v1.1-AKL%20\(GAB%20rev\)%20\(1\).pdf](https://storage.googleapis.com/request-attachments/MTqNkMq5NIQ1UdIP091R11SFixEqUR5Qe2utRvo2KVuL-7MvarkdALfoHt8dABIHNBzggrWdVeDilM4VDkwr5Mb6SzSMx1T9TVv/Job%20Displacement%20Update%20Report%20as%20of%2031%20August%202021-v1.1-AKL%20(GAB%20rev)%20(1).pdf)

³⁶ Desiderio, L. (2021, September 15). DTI chief sees 200,000 jobs returning with new system. Philstar.com. Retrieved from <https://www.philstar.com/headlines/2021/09/15/2127185/dti-chief-sees-200000-jobs-returning-new-system>

³⁷ PSA. (2021e). Summary Inflation Report Consumer Price Index (2012=100): August 2021. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-august-2021>

³⁸ BSP. (2021c, August 26). Amplifying momentum towards a strong PH economic recovery. Presented during the Development Budget Coordination Committee 2022 budget briefing at the House Committee on Appropriations.

³⁹ BSP. (2021d). Philippine peso per US dollar exchange rate. Retrieved from https://www.bsp.gov.ph/statistics/external/tab12_pus.aspx

⁴⁰ BSP. (2021e). End-August 2021 GIR level rises to US\$108.05 billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5928>

⁴¹ Department of Finance. (2021a). Fiscal discipline will save us. Retrieved from <https://www.dof.gov.ph/download/fiscal-discipline-will-save-us-2/?wpdmdl=30132&refresh=61457d7d8db831631944061>

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Tan, A. N. (2021, September 15). DoF batting for 32.7% budget increase in 2022 to fund digitization. BusinessWorld. Retrieved from <https://www.bworldonline.com/dof-batting-for-32-7-budget-increase-in-2022-to-fund-digitization/>

⁴⁵ Bureau of the Treasury. (2021). Debt indicators. Retrieved from https://www.treasury.gov.ph/wp-content/uploads/2021/08/Debtindct_July2021_wGDP.pdf

⁴⁶ DOF. (2021b). Debt management briefing. Retrieved from <https://www.dof.gov.ph/download/debt-management-briefing/?wpdm=30070&refresh=6143f0fbddbb1631842555>

⁴⁷ DOF (2021a)

⁴⁸ DOF. (2021c). Financing secured for COVID-19 response (as of September 5, 2021). Retrieved from <https://www.dof.gov.ph/data/fin-agreements/>

⁴⁹ The World Bank. (2021b). Philippines Third Disaster Risk Management Development Policy Loan. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P171440>

⁵⁰ ADB. (2021b). Philippines: COVID-19 Active Response and Expenditure Support Program. Retrieved from <https://www.adb.org/projects/54138-001/main#project-pds>

⁵¹ ADB. (2021c). Philippines: Social Protection Support Project (Second Additional Financing). Retrieved from <https://www.adb.org/projects/43407-017/main#project-pds>

⁵² The World Bank. (2021c). Philippines Emergency COVID-19 Response Development Policy Loan. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P174120>

⁵³ ADB. (2021d). Philippines: Capital Market-Generated Infrastructure Financing Program (Subprogram 1). Retrieved from <https://www.adb.org/projects/53047-001/main#project-pds>

⁵⁴ Asian Infrastructure Investment Bank. (2021a). Philippines: COVID-19 Active Response and Expenditure Support (CARES) Program. Retrieved from <https://www.aiib.org/en/projects/details/2020/approved/Philippines-COVID-19-Active-Response-and-Expenditure-Support-Program.html>

⁵⁵ ADB. (2021e). Philippines: Expanded Social Assistance Project. Retrieved from <https://www.adb.org/projects/52257-001/main#project-pds>

⁵⁶ ADB. (2021f). Philippines: Competitive and Inclusive Agriculture Development Program (Subprogram 1). Retrieved from <https://www.adb.org/projects/53353-001/main#project-pds-collapse>

⁵⁷ ADB. (2021g). Philippines: Inclusive Finance Development Program (Subprogram 2). Retrieved from <https://www.adb.org/projects/51309-002/main>

⁵⁸ ADB. (2021h). Philippines: Disaster Resilience Improvement Program. Retrieved from <https://www.adb.org/projects/54022-001/main#project-pds-collapse>

⁵⁹ The World Bank. (2021d). Beneficiary FIRST Social Protection Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P174066>

⁶⁰ The World Bank. (2021e). Philippines Promoting Competitiveness and Enhancing Resilience Sub-Program 2. Retrieved from <https://ewdata.rightsindevelopment.org/files/documents/14/WB-P170914.pdf>

⁶¹ The World Bank. (2021f). Philippines First Financial Sector Reform Development Policy Financing. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P175008>

⁶² ADB. (2021i). Philippines: Facilitating Youth School-to-Work Transition Program (Subprogram 3). Retrieved from <https://www.adb.org/projects/49117-004/main#project-pds-collapse>

⁶³ The World Bank. (2021g). Social Welfare Development and Reform Project II Additional Financing. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P169637>

⁶⁴ ADB. (2021j). Philippines: COVID-19 Emergency Response. Retrieved from <https://www.adb.org/projects/54133-001/main#project-pds>

⁶⁵ ADB. (2021k). Philippines: Implementing a Rapid Emergency Supplies Provision (RESP) Assistance to Design a Sustainable Solution for COVID-19 Impact Areas in the National Capital Region, Through a Public Private Collaboration. Retrieved from <https://www.adb.org/projects/54158-002/main#project-pds>

⁶⁶ The World Bank. (2021h). Philippines COVID-19 Emergency Response Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P173877>

⁶⁷ The World Bank. (2021i). Support to Parcelization of Lands for Individual Titling (SPLIT) Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P172399>

⁶⁸ ADB. (2021l). Philippines: Health System Enhancement to Address and Limit COVID-19. Retrieved from <https://www.adb.org/projects/54171-002/main#project-pds>

⁶⁹ The World Bank (2021d)

⁷⁰ The World Bank. (2021j). Additional Financing for the KALAH-I-CIDSS National Community Driven Development Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P161833>

⁷¹ The World Bank. (2021k). Philippines COVID-19 Emergency Response Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P173877>

⁷² ADB. (2021m). Philippines: Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility. Retrieved from <https://www.adb.org/projects/54171-003/main#project-pds>

⁷³ AIIB. (2021b). Second Health System Enhancement to Address and Limit COVID-19 under Asia-Pacific Vaccine Access Facility Project. Retrieved from <https://www.aiib.org/en/projects/details/2021/approved/Second-Health-System-Enhancement-to-Address-and-Limit-COVID-19-under-Asia-Pacific-Vaccine-Access-Facility-Project.html>

⁷⁴ The World Bank. (2021l). Second Additional Financing for Philippine Rural Development Project. Retrieved from <https://projects.worldbank.org/en/projects-operations/project-detail/P169025>

⁷⁵ ADB. (n.d.). Project glossary. Retrieved from <https://www.adb.org/who-we-are/access-information/projects-glossary>

⁷⁶ Department of Budget and Management. (2021). National Expenditure Program FY 2022: Volume I. Retrieved from <https://www.dbm.gov.ph/wp-content/uploads/NEP2022/NEP-2022-VOLUME-1.pdf>

⁷⁷ The President's Budget Message for Fiscal Year 2022. (2021). Retrieved from <https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2022/PBM-2022.pdf>

⁷⁸ DBM (2021)

⁷⁹ Ibid.

⁸⁰ BSP. (2021f). Business expectations survey: Third quarter 2021. Retrieved from https://www.bsp.gov.ph/Lists/Business%20Expectations%20Report/Attachments/19/BES_3qtr2021.pdf

⁸¹ PwC Philippines. (2021). PwC MAP 2021 CEO Survey: Hindsight, insights, foresights: The future in the present tense. Retrieved from <https://www.pwc.com/ph/en/publications/ceo-insights-surveys/hindsight-insights-foresights-the-future-in-the-present-tense.html>

⁸² BSP. (2021g). Business expectations survey: Third quarter 2021. Retrieved from https://www.bsp.gov.ph/Lists/Consumer%20Expectation%20Report/Attachments/20/CES_3qtr2021.pdf

⁸³ Social Weather Stations. (2021a, September 8). Second Quarter 2021 Social Weather Survey: Joblessness rises to 27.6%. Retrieved from <https://www.sws.org.ph/sws-main/artclisppage/?artcsyscode=ART-20210908031029>

⁸⁴ SWS. (2021b, July 28). Second Quarter 2021 Social Weather Survey: Hunger eases to 13.6% of families in June 2021. Retrieved from <https://www.sws.org.ph/sws-main/artclisppage/?artcsyscode=ART-20210728100035>

Photo Credits:

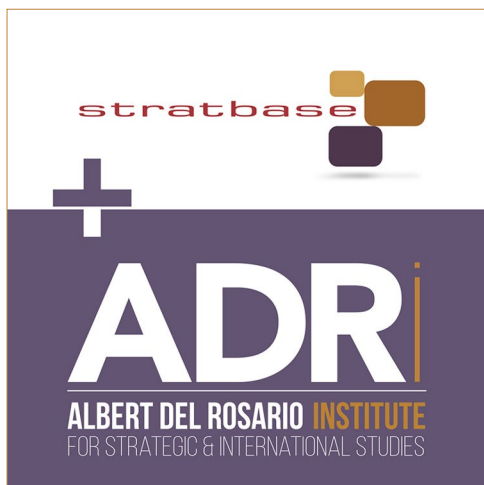
Cover Page & Back page : asia.nikkei.com/Economy/Philippines-and-Malaysia-log-GDP-falls-as-COVID-waves-blur-outlook

Page 2: cnnphilippines.com/business/2021/4/8/ph-economy-2020-contracts-by-9.6-.html

ABOUT

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.



STRATBASE ADR INSTITUTE

is an independent international and strategic research organization with the principal goal of addressing the issues affecting the Philippines and East Asia

9F 6780 Ayala Avenue, Makati City
Philippines 1200

V 8921751
F 8921754

www.stratbase.ph

