



REPUBLIC OF THE PHILIPPINES  
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

# Recovering from the pandemic and other shocks

As of June 10, 2021

**KARL KENDRICK T. CHUA**

Socioeconomic Planning Secretary

# Two economic principles to memorize, dream about, and apply

1. Nothing is free from heaven
2. Everything is a trade-off

Nothing  
is free  
from  
heaven



cartoonstock.com



**No perfect solution.  
Everything is a trade-off**



Source: Shen Comix (<https://www.instagram.com/shencomix/>)




# Development story

# Vision for the Philippines

By 2022



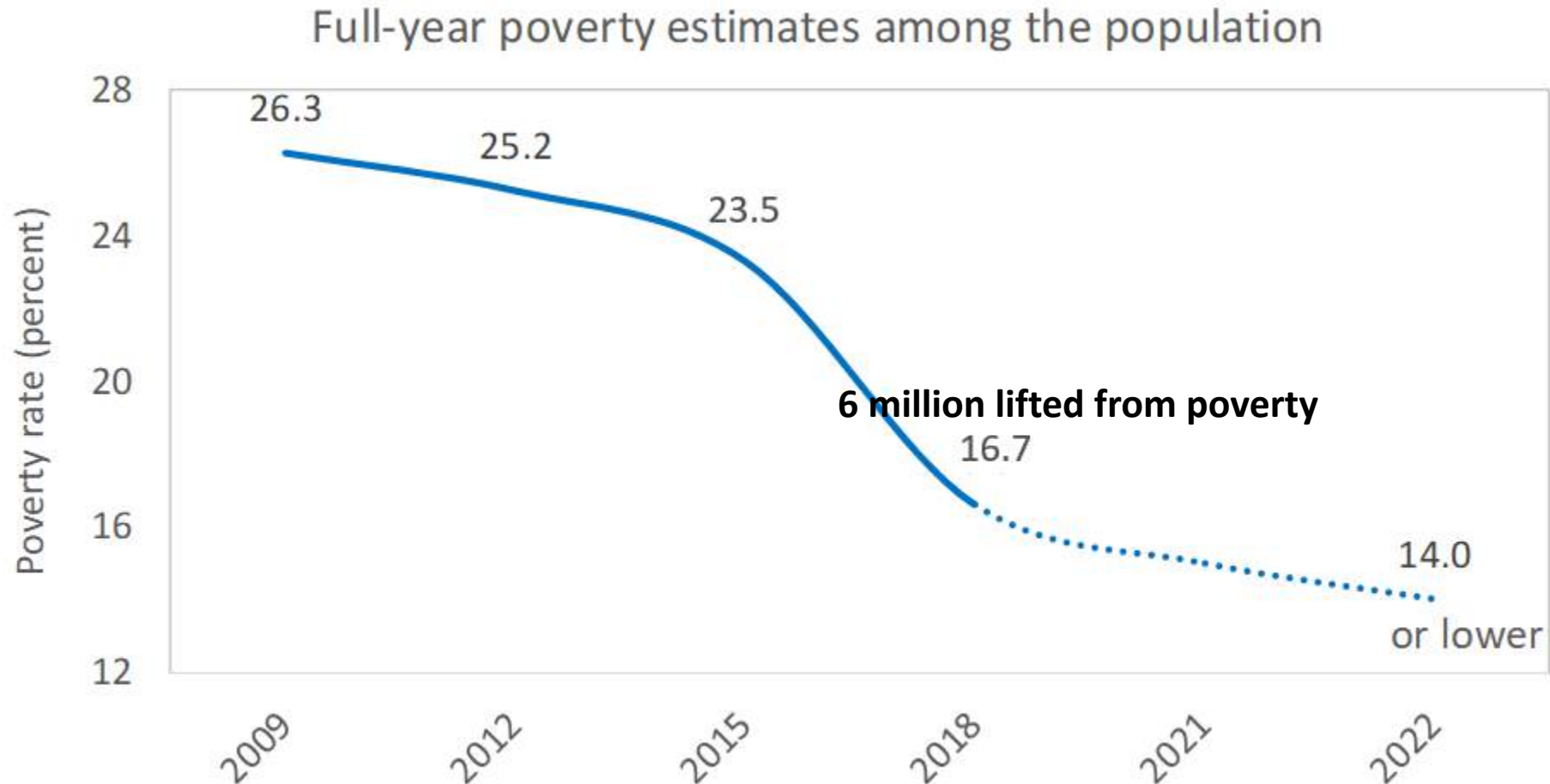
21.6%  14%  
poverty rate reduced  
(6 million Filipinos uplifted)

Extreme poverty eradicated

3,500  3,996<sup>at least</sup>  
USD USD  
increase in Gross National Income (GNI)  
(achieve upper-middle income status where Thailand and China are today)

3,500  12,376<sup>at least</sup>  
USD USD  
increase in Gross National Income (GNI)  
(achieve high income status where Japan and South Korea are today)

# The 2022 promise of lifting 6 million Filipinos out of poverty was achieved in 2018.



Source: PSA

Note: Poverty rates for 2021 to 2022 represent government targets.

# Progress in achieving the 10-point socioeconomic agenda is advancing strongly.

<b>The 10-point Socioeconomic Agenda</b>	<b>Macroeconomic Policies 1</b>  <p>Continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies.</p>	<b>Tax Reform 2</b>  <p>Institute progressive tax reform and more effective tax collection, indexing taxes to inflation.</p>		
	<b>Ease of Doing Business 3</b>  <p>Increase competitiveness and the ease of doing business.</p>	<b>Infrastructure Spending 4</b>  <p>Accelerate annual infrastructure spending to account for 5% of GDP, with public-private partnerships playing a key role.</p>	<b>Rural Development 5</b>  <p>Promote rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism.</p>	<b>Land Management 6</b>  <p>Ensure security of land tenure to encourage investments, and address bottlenecks in land management and titling agencies.</p>
<b>Human Capital Development 7</b>  <p>Invest in human capital development, including health and education systems, and match skills and training.</p>	<b>Science and the Arts 8</b>  <p>Promote science, technology, and the creative arts to enhance innovation and creative capacity.</p>	<b>Social Protection programs 9</b>  <p>Improve social protection programs, including the government's Conditional Cash Transfer program.</p>	<b>Reproductive Health Law 10</b>  <p>Strengthen implementation of the Responsible Parenthood and Reproductive Health Law.</p>	

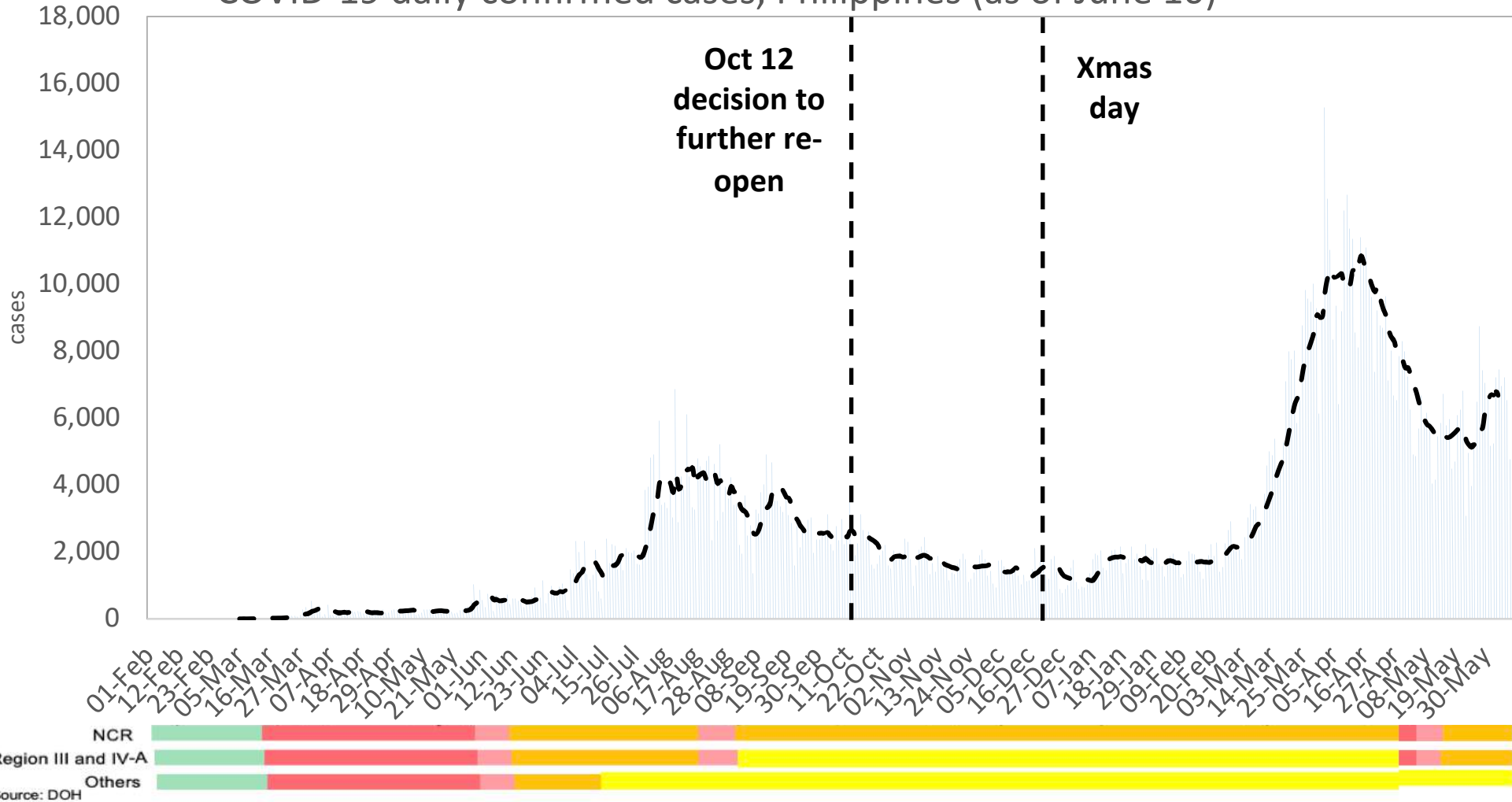


A person wearing a full-body white protective suit, including a hood and a face shield, is working in a laboratory. They are holding a piece of equipment or a container. The background shows laboratory equipment and a clean, sterile environment. The image is overlaid with a semi-transparent blue rectangle containing the text "Recent developments".

# Recent developments

# The COVID-19 virus is not going to go away easily.

COVID-19 daily confirmed cases, Philippines (as of June 10)





# Impact on economy

# One of the longest lockdown/quarantine...

Region	% of econ-omy	2020												2021						
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
NCR	32	Green	Green	Green	Red	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Region III, IV-A	26	Green	Green	Green	Red	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Others	42	Green	Green	Green	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

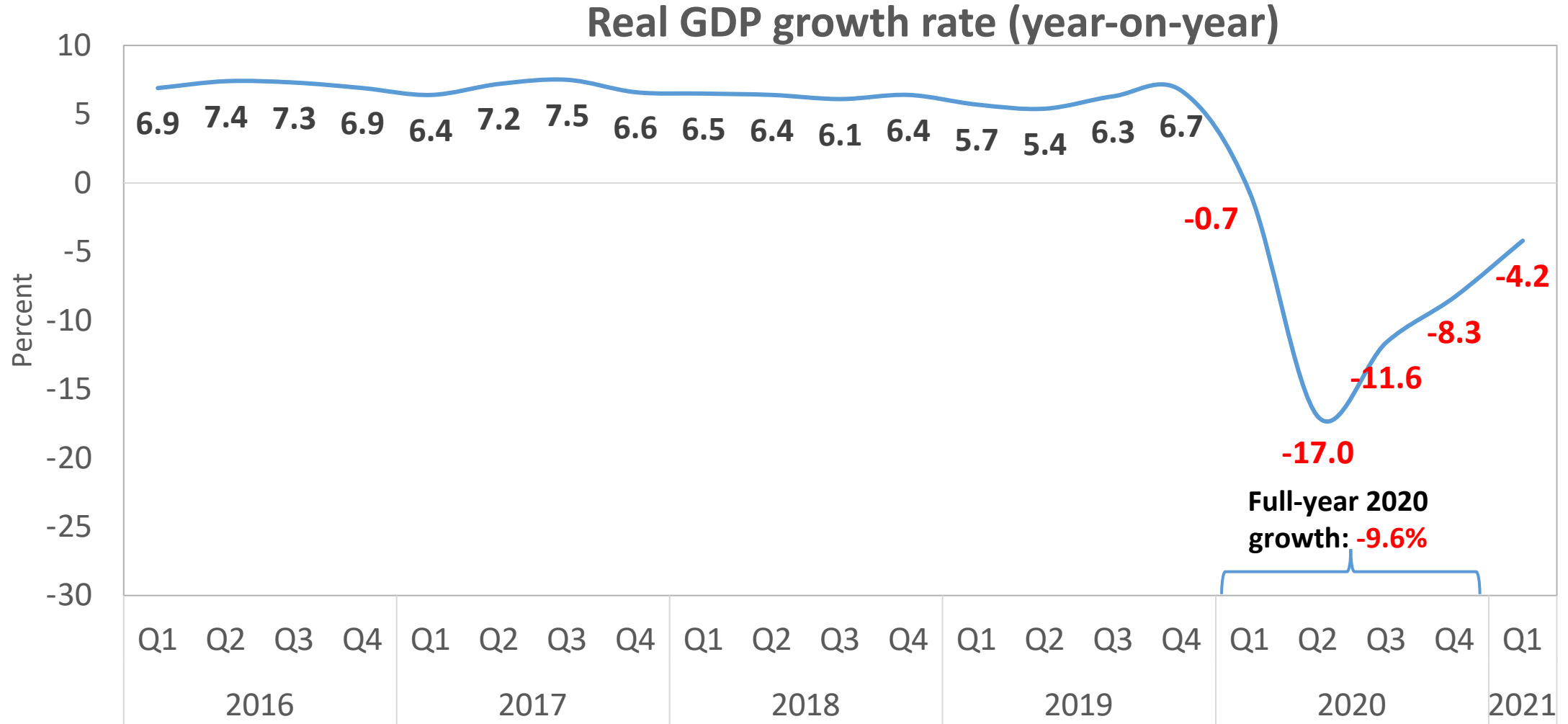
Legend:

- ECQ
- MECQ
- GCQ
- MGCQ
- No CQ

Note: As of June 1: Santiago City of Isabela, Cagayan, Apayao, Benguet, Ifugao, Puerto Princesa, Iloilo City, Zamboanga City, Zamboanga Sibugay, Zamboanga del Sur, Zamboanga del Norte, Butuan City, and Agusan del Sur. are under MECQ. The rest of the country are either in GCQ or MGCQ.



# The economy improved in the first quarter of 2021 with a smaller contraction of 4.2 percent, from an 8.3 percent decline in the fourth quarter of 2020.



Source: PSA and NEDA staff estimates

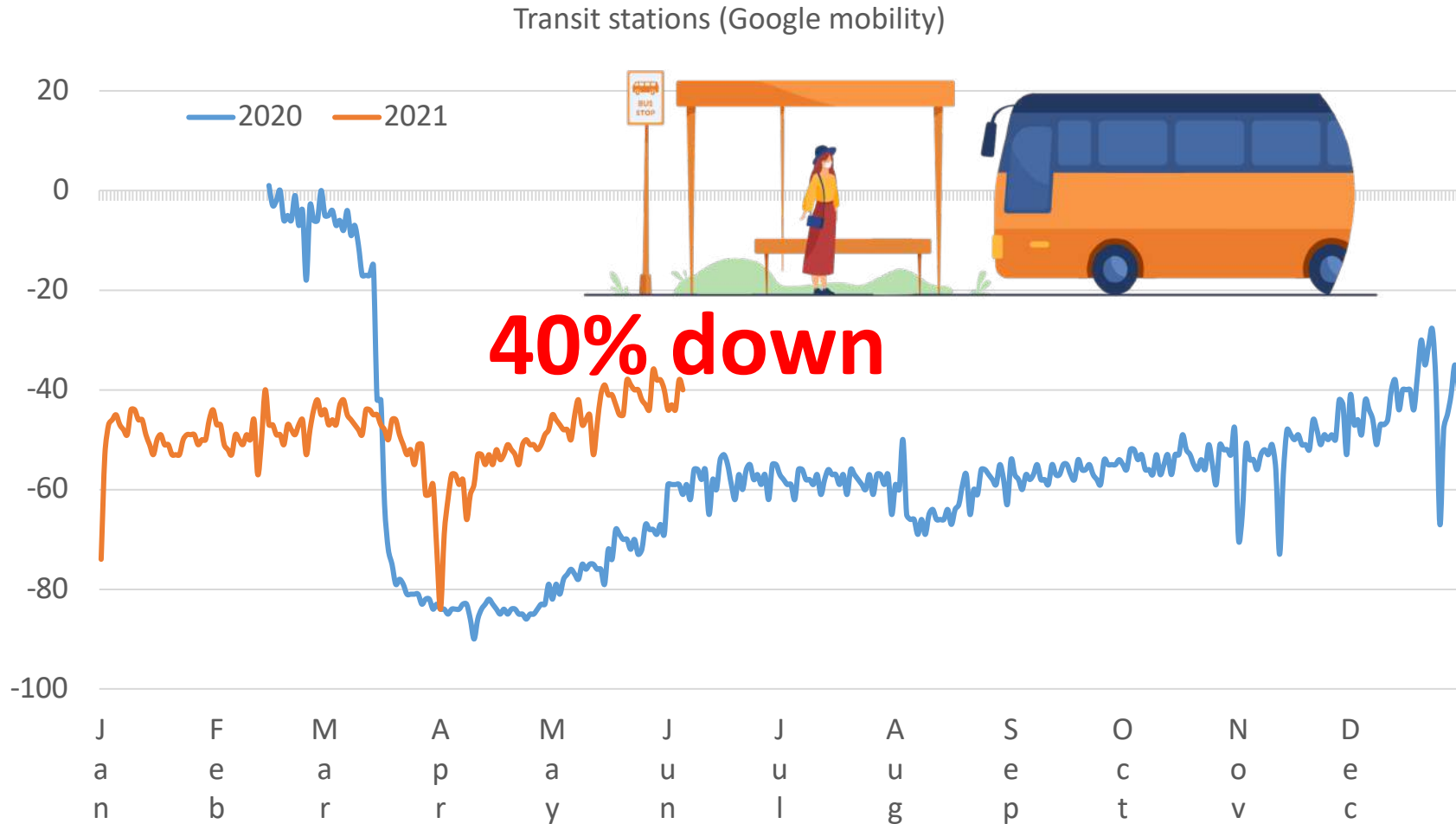


Quarantine restrictions and the fall in consumption translate to a total income loss of around **1.04 trillion pesos** in 2020 or an average of **2.8 billion pesos** a day.



1. Quarantine restrictions led to an average annual **income loss of 23,000 pesos per worker.**
2. However, this average level masks wide differences across sectors and jobs, and **some workers are hit much harder, especially those who lost their jobs.**

# Visits to public transport stations have increased but is still down by around 40 percent.

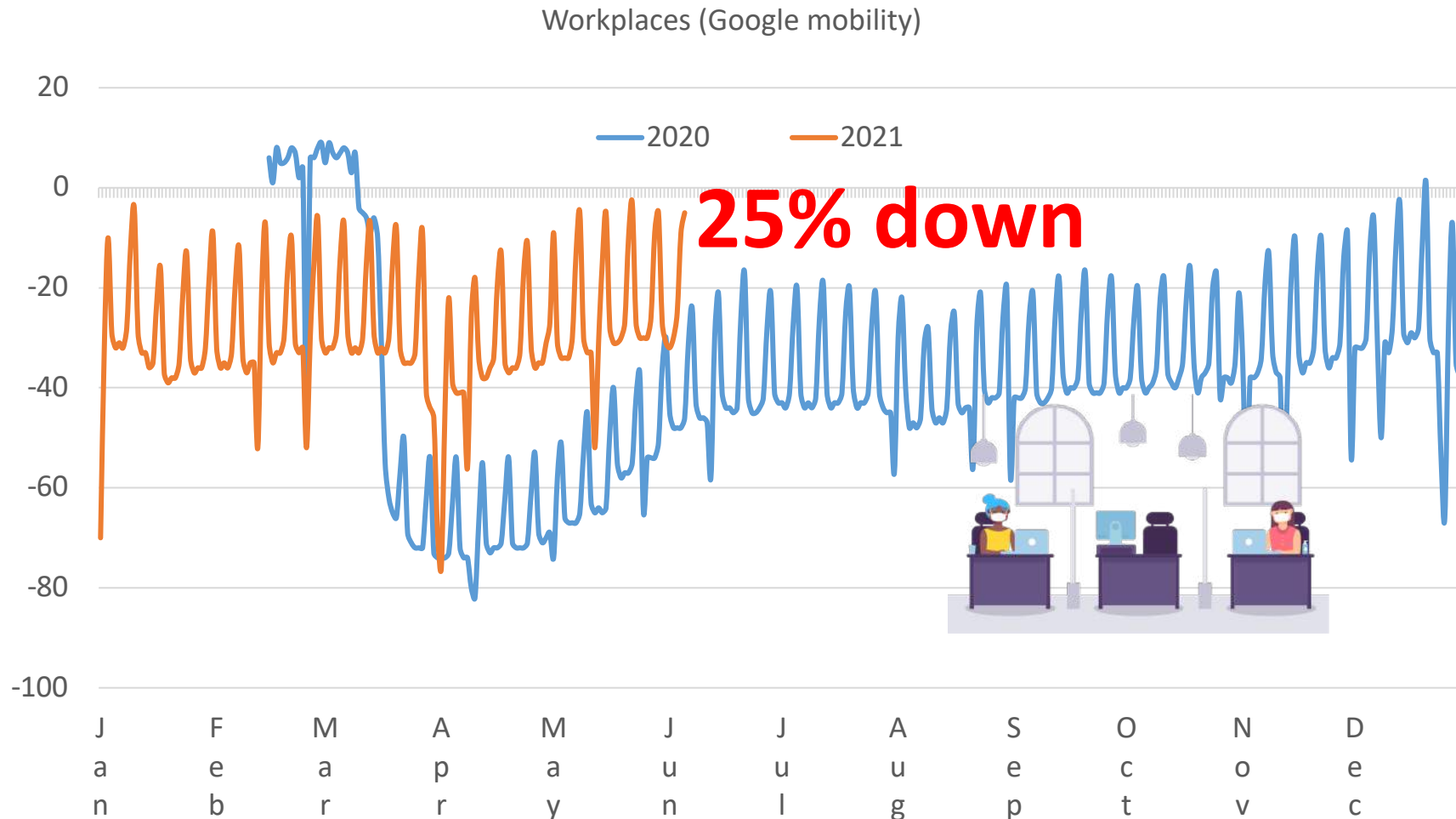


## Need to increase capacity by

1. Expanding route;
2. Expanding frequency;
3. Supporting active transport such as bike lane network.

Source: Google mobility

# People actually going to work is down by around 25 percent.



**This is due to the GCQ and restrictions on children going out, which reduce consumption and prevent many parents from working.**

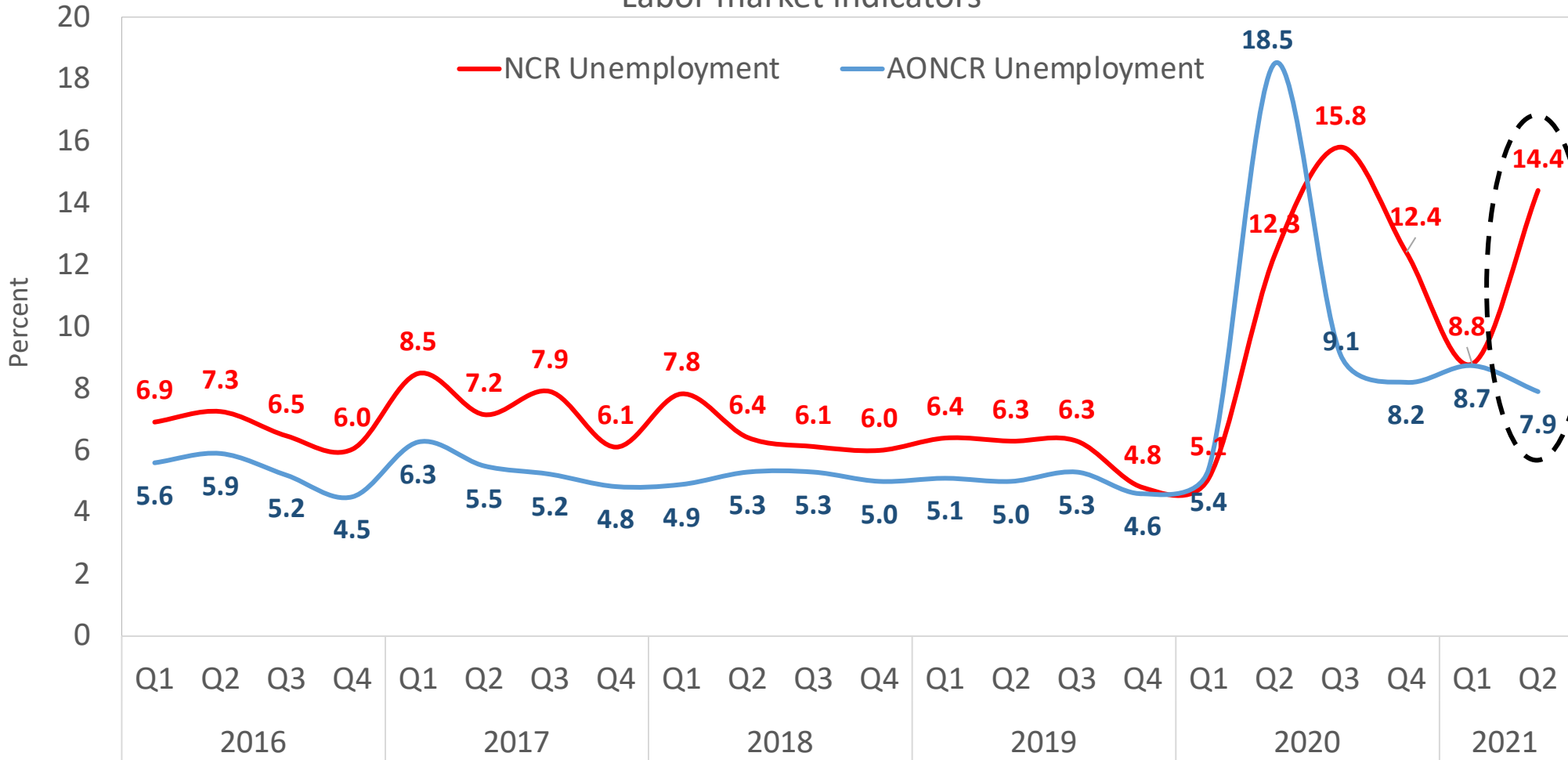
Source: Google mobility





# The temporary reversal of our first quarter employment gains show the tight link between labor market outcomes and the level of quarantine restrictions.

Labor market indicators



**In April 2021, NCR has 370,000 more people that are unemployed.**

Source: PSA



# While total employment in April 2021 remained above pre-COVID-19 levels, improving the rate of job creation will be crucial in our recovery effort this year.

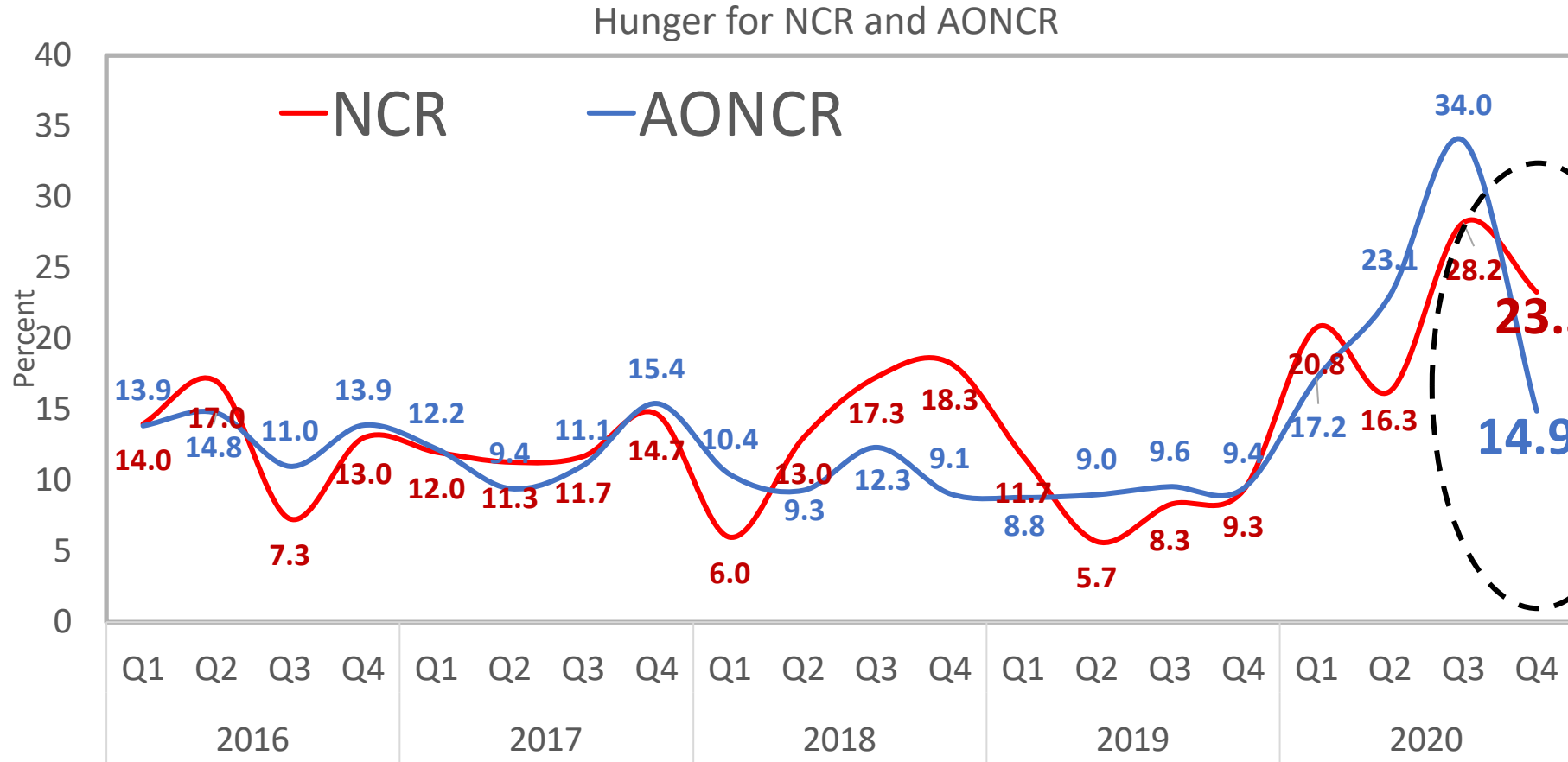


Indicator	Jan 20 to Apr 20	Apr 20 to Jul 20	Jul 20 to Oct 20	Oct 20 to Jan 21	Jan 21 to Feb 21	Feb 20 to Mar 21	Mar 21 to Apr 21	Net Jan 20 to Apr 21
Employment change	-8.7 million	+7.5 million	-1.5 million	+1.4 million	+1.9 million	+2.2 million	-2.1 million	+0.7 million
Of which change in unemployed	+4.8 million	-2.7 million	-0.8 million	+0.1 million	+0.2 million	-0.7 million	+0.7 million	+1.8 million
Of which change in labor force	- 3.9 million	+4.8 million	-2.3 million	+1.5 million	+2.1 million	+1.4 million	-1.4 million	+2.4 million

**Net employment creation from Jan 2020 to Apr 2021**  
**+0.7M**

Source: PSA  
Note: Due to the ECQ, the April round of the LFS was conducted between April 25 and May 16 for 2020.

# Almost a quarter of NCR people are hungry due to GCQ. This is very concerning. Areas outside NCR have far less hungry people due to MGCQ.



**NCR has 3.2 million hungry people, largely due to GCQ.**

Source: SWS

Note: The SWS doesn't officially publish hunger statistics for AONCR. The AONCR figures are estimated by getting the average of the hunger statistics for Luzon excl. NCR, Visayas, and Mindanao.



# No perfect solution. Everything is a trade-off

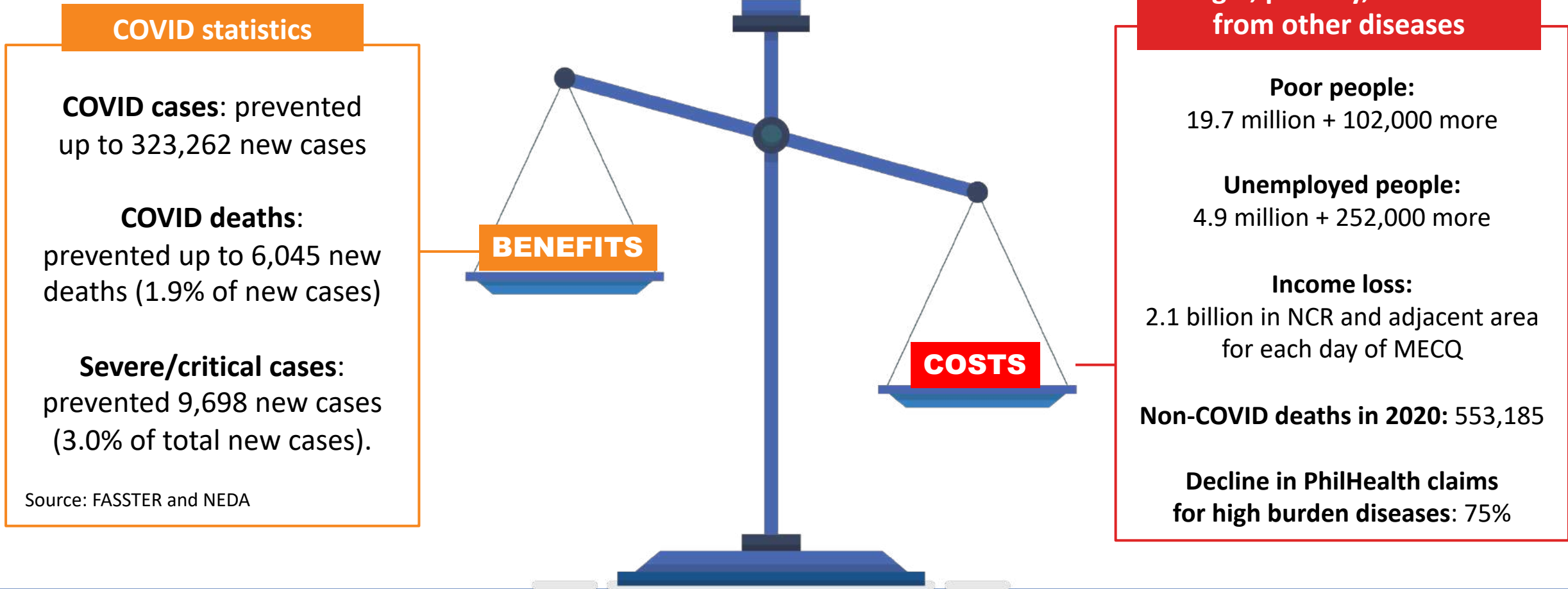


Source: Shen Comix (<https://www.instagram.com/shencomix/>)

# A careful and calibrated approach is needed to care for both COVID-19 cases and the far majority facing hunger and other diseases (with parallel improvements in health systems capacity).

Cost-benefit analysis of 2 weeks of ECQ or its equivalent in NCR+ (impact on the whole country, baseline: 2 weeks of GCQ)

Note: For illustration only. Not up to date.



An aerial view of a dense city skyline, likely Hong Kong, with numerous skyscrapers and buildings. The image is overlaid with a semi-transparent blue filter. A dark blue horizontal bar is positioned across the middle of the image, containing the text "Recovery program" in white.

# Recovery program

# Without doubt, the pandemic and its adverse economic impact are testing the economy like never before. But unlike past crises, the Philippines has solid fundamentals to address the crisis.



Strong **economic growth** performance (6.6% average from 2016 to 2019).



Likely to become **upper middle income country** in 2020 prior to COVID-19.



Low and stable **inflation** (3% average from 2016 to 2020) enabled by **RTL**.



Strong **fiscal position**: highest revenue (16.1%) and lowest debt (39.6%) as shares of GDP in 2019, enabled by **tax reform**.



**BBB infrastructure program** doubled as a share of GDP compared to the past five decades (4.5% of GDP or 882 billion pesos in 2019).



Highest ever **credit rating** in the range of **BBB+ to A-**.



Among the **lowest unemployment** (5.3%) and **underemployment** (14.8%) rates in Jan 2020.



**Lowest poverty incidence** (16.7%) as of 2018.

**Prospects for 2021 are encouraging and will allow us to recover to pre-pandemic levels in 2022. This will prevent long-term scarring and productivity losses.**

	<b>2021</b>	<b>2022</b>
Estimated economic growth (%)	6 to 7	7 to 9

### **Enablers of our recovery**

1. Re-opening of the economy to MGCQ or better at the appropriate time, and expanding the age group allowed to go out, all with safeguards.
2. Timely implementation of the recovery package (2021 budget, 2020 budget and Bayanihan 2 extension, CREATE, FIST, and GUIDE).
3. Timely implementation of the vaccine program.



# Living with the virus

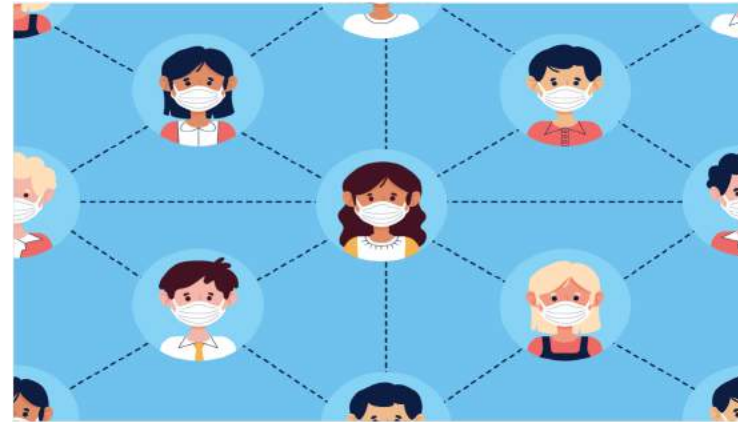
The reality today is that the **virus** is not going to go away easily and we will have to live with it for a longer period of time.

This is why we have to **work together** and adhere to public health standards, especially during this time of great crisis.



# Recommendations: heightened PDITR

1. **Prevent** – mask, wash, home, social distance
2. **Detect** – contact tracing
3. **Isolate** – quarantine and isolate
4. **Treat** – hospital capacity
5. **Recover**
6. **Vaccination**

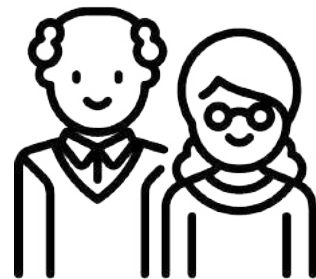


# Recovery program

1. Bayanihan 1 and 2
2. CREATE on lowering taxes and giving tax incentives
3. FIST on addressing liquidity problems of firms
4. GUIDE on addressing solvency problems of firms
5. Build Build Build Program (infrastructure)
6. 2021 National Budget

# The government will continue to work hard to rollout the vaccines and ensure the gradual re-opening of the economy.

A total of 6.5 million vaccine doses have been administered across A1 to A4 priority groups as of 9 June 2021



Status	A1	A2	A3	A4	Total
<b>First dose</b>	1,425,640	1,646,689	1,597,961	53,973	<b>4,724,263</b>
<b>Second dose</b>	910,966	443,391	385,643	6,513	<b>1,746,513</b>

Source: National Task Force Against COVID-19

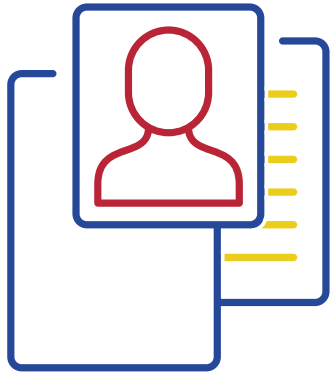


# National ID



## Social protection programs National ID for better targeting

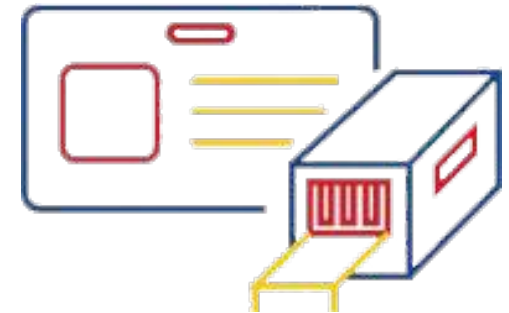
Due to the COVID-19 pandemic, we have adopted a three-step registration process for the national ID.



**STEP 1:** House-to-house or online collection of demographic data and setting of appointment schedule (started Oct 2020)



**STEP 2:** Capture of biometric information at designated registration centers and opening of bank accounts (started Jan 2021)



**STEP 3:** Issuance and delivery of the PhilSys number and card to successful registrants (starting May 2021)

## Daily Step 1 Registration Quick Counts\*

## Step 1 Registration Cumulative

**10,640,487**

Step 1 Registrations  
completed in 2020

**23,052,706**

Step 1 Registrations  
completed in 2021

**1,307,737**

Online 30 April to  
20 May 2021

**35,000,930**

Cumulative Step 1  
Registrations completed,  
from 2020 to 2021

- Both assisted and online Step 1 Registrations

\*Data collected from the Quick Cumulative Registration Counts submitted daily by PSA Field Offices, as of 20 May 2021

## Step 2 registration (biometric capture)

**196,979**

Step 2 registrations completed today

**92,108**

Average registration per day

**10,131,919**

Step 2 cumulative registrations completed as of 21 May 2021

**105.7%**

of target as of 21 May 2021

**Progress as of 21 May 2021: (Day 110)**

**61.8%**  
of 16.4M target by June 2021

**825**

Registration centers operational

**23 out of 37**

provinces on track for Step 2

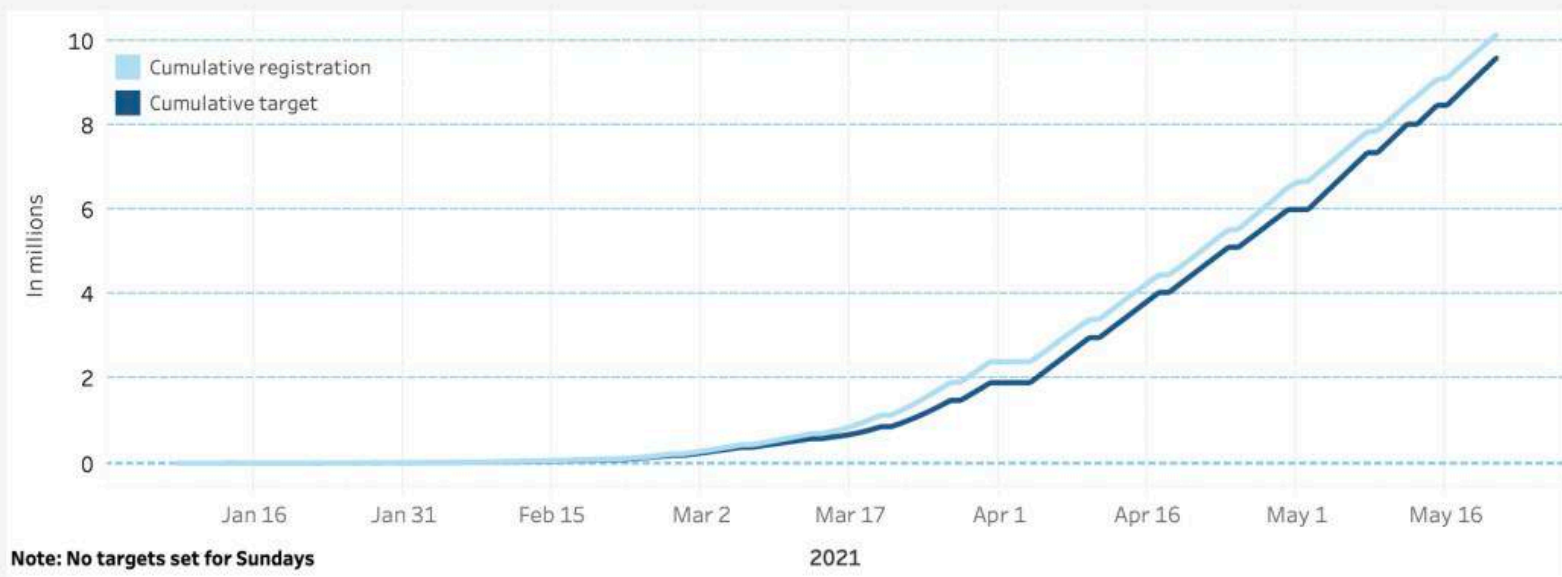
Filter by date for daily registration

Filter by date for cumulative registration

Provinces

The PhilSys registration is a 3-step process: 1) collection of demographic information, 2) biometric capture and validation, and 3) issuance of PhilSys number (PSN) and PhilID. Step 1 registration is done house-to-house as precaution against COVID-19.

Figure 1: Cumulative step 2 registration and target



Note: No targets set for Sundays

**43.6%**

Average deployed registration kits<sup>1</sup>

**10.6 min**

Average registration time per registrant

**50**

Average registration per kit

**978,993**

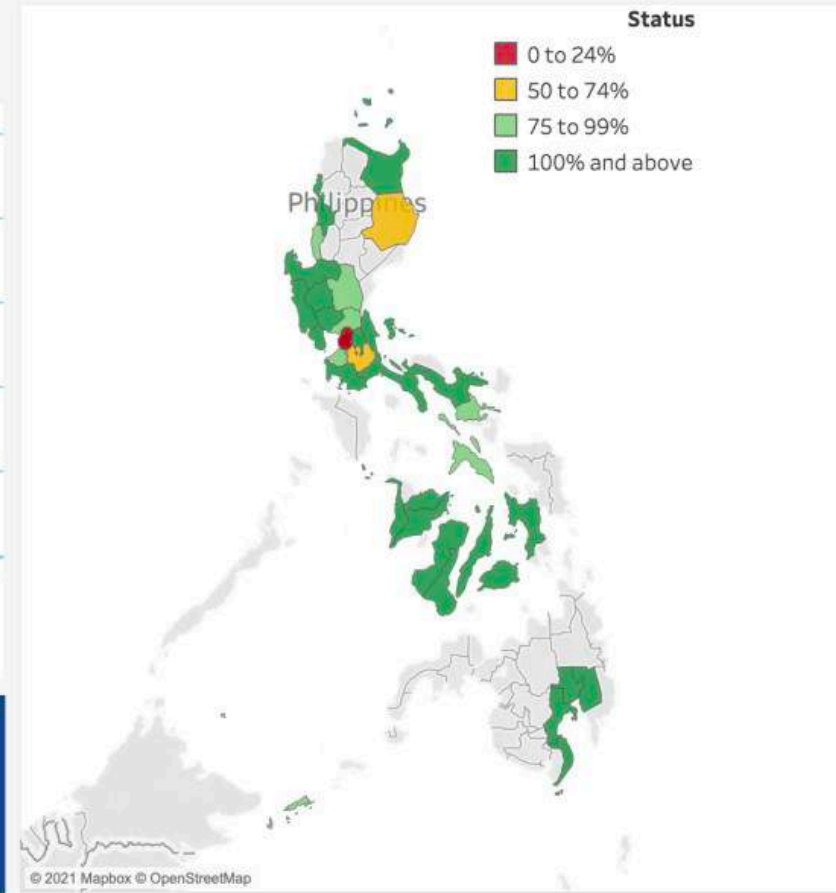
Bank accounts opened<sup>2</sup>

**3,148,028**

Individuals onboarded for bank accounts<sup>3</sup>

**34.5%**

of registrants onboarded for bank accounts



**Notes:**

- Percent of deployment is expressed as cumulative average and is based on cumulative deployed kits all over the total deployment target.
- The Landbank of the Philippines employs various modes in the opening of bank accounts of individuals. Some onboarded individuals' bank accounts are automatically opened, while some require further processing to complete enrollment.
- This figure represents the total number of individuals onboarded for bank accounts as of May 16, 2021, data from Landbank of the Philippines.





# Social protection programs

## National ID for better targeting

### Priority use cases for the Philippine Identification System (PhilSys)

- 1. Financial inclusion** – the Land Bank of the Philippines is co-locating in PhilSys registration sites with the goal of opening bank accounts for all low-income families by the end of 2021.
- 2. COVID-19 vaccine distribution** – The PhilSys registry may also aid the efficient distribution of COVID-19 vaccine to the general population.
- 3. Social protection subsidies** – the PhilSys registry will also help in the efficient and effective distribution of additional social transfers to mitigate the impact of the COVID-19 pandemic.

An aerial view of a dense city skyline, likely Hong Kong, with numerous skyscrapers and buildings. The image is overlaid with a semi-transparent blue filter. A dark blue horizontal bar is positioned across the middle of the image, containing the text "How you can all help" in white.

**How you can all help**

# Five lessons to memorize, dream about, or apply

## Economic

1. Nothing is free from heaven
2. Everything is a trade-off

## Life in general

3. Know the facts
4. Contribute solutions, don't stop with "what to do," also focus on the "how to do"
5. Share also the good news



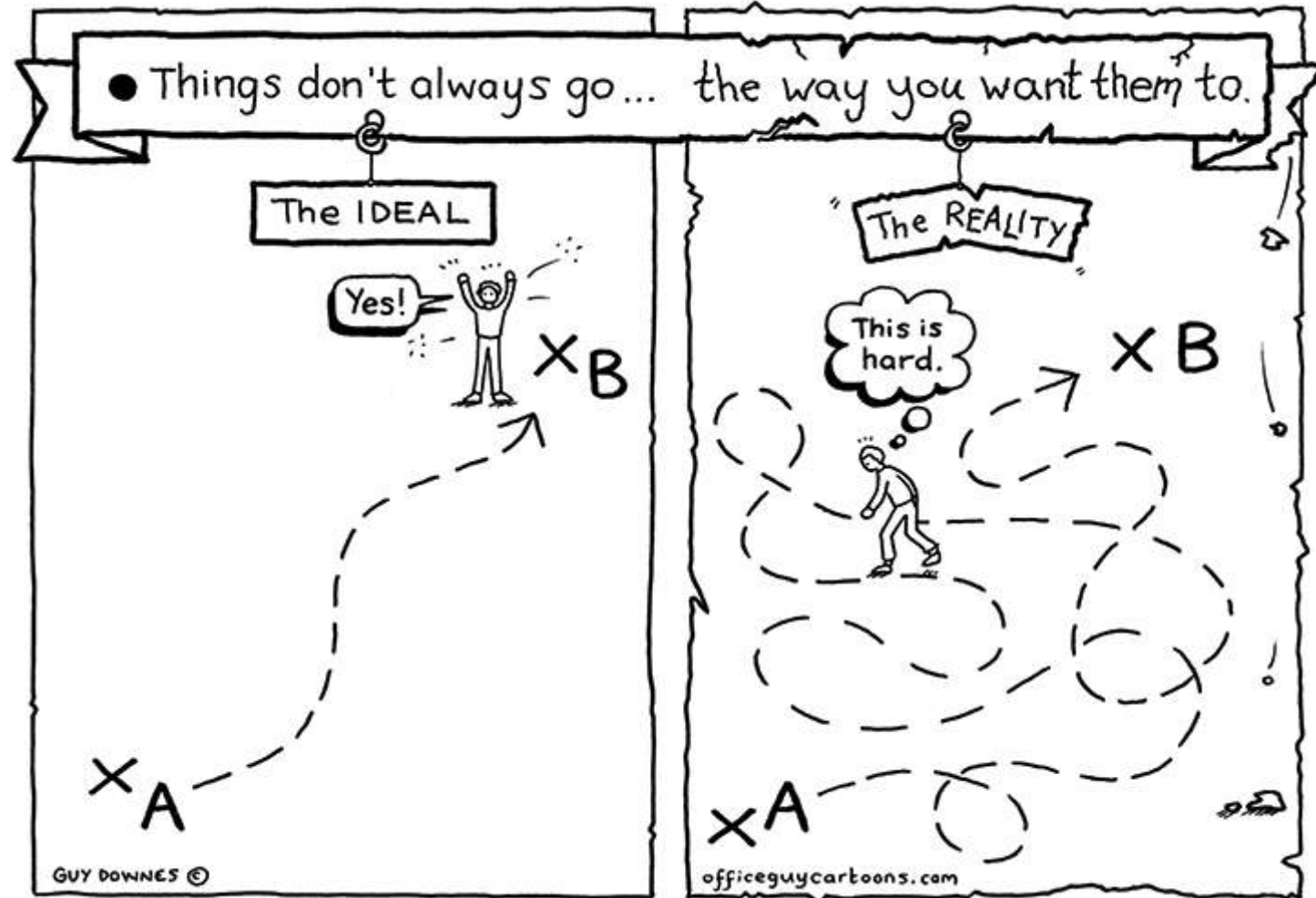
# Know the facts



Contribute solutions.

Don't stop with "what to do,"

also focus on "how to do"



**Share also  
the good  
news**



Image source: Complaints And Gratitude by Mike Baldwin. Uploaded on September 11, 2019.



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**Thank you**