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Economic and Political Briefing

IBON

2021 Yearstarter: Solving the Pandemic Crisis

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114 Timog Avenue
Quezon City 1103
Philippines
Tel. nos: +632 8927-7060 to 61
Fax: +632 8929-2496
www.ibon.org

The year 2021 got off to an ominous start. The post-holiday number of daily COVID-19 cases more than doubled and the country's biggest ever economic contraction was confirmed – while the administration adopted a self-congratulatory posture of being on the path of recovery. Relentless attacks on critics continued with extrajudicial killings of activists and incursions in schools and universities.

An honest reading of the situation easily points to what needs to be done as well as where the government response has been and remains most lacking.

Ill-prepared, poor response

The Duterte administration is responsible for the biggest recorded economic collapse in the country's history in 2020.[1]**(See Chart 1)** This was due to the government's excessive lockdowns and community quarantines which, apart from failing to contain the pandemic, were aggravated by the lack of any real economic stimulus.

PH gov't response among the weakest in Southeast Asia

The COVID-19 pandemic hit all countries equally last year. Governments however responded unequally and the Philippine response is among the most feeble.[2] The country has the weakest COVID-19 response among the major economies of Southeast Asia. **(See Annex 1)** Many other countries that had lower credit ratings than the Philippines were not so hesitant and spent relatively more to boost their economies.

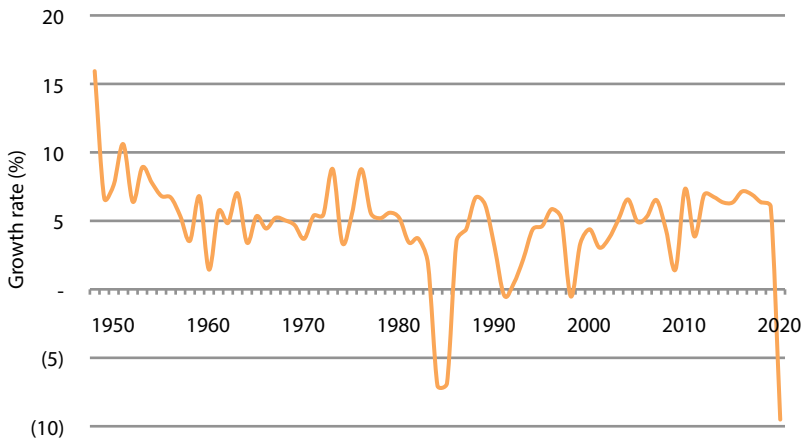
The result is the country having among the worst health and economic outcomes in the region. The pandemic continues to spread and the Philippines is consistently in the top three countries with the most active cases and, per million population, the most cases and deaths from COVID-19. **(See Annex 2)**

In terms of economic growth, the Philippines has the worst performing economy in ASEAN and is set to have the worst performing to as far away as South Asia and the rest of East Asia. **(See Annex 3)**

The government meanwhile appears indifferent to the adverse economic impact weighing most heavily on the poor and low-income households who make up the majority of the population. Respectable emergency relief at the start of the lockdowns has dwindled to token levels even as corporations are supported with income tax cuts, cheap credit, and infrastructure projects.

The administration's original and continuing sin is its failure to contain the pandemic with more rational and calibrated measures. It missed the boat of immediate border controls and early rapid detection with judicious quarantines and speedy isolation. This made COVID-19 even more unmanageable and set the stage for deep economic collapse.

***Chart 1*. Annual GDP growth, 1948-2020 (at constant 2018 prices; in %)**



Source: *Philippine Statistics Authority National Accounts of the Philippines*

Even when the government started to act, its approach was overly militarist and vaccine-fixated. Testing, tracing, quarantines and isolation were insufficient to control the spread of the coronavirus last year and are still slow today. **(See Annex 4)**

The protracted and anarchic roll-out of the national vaccination program fuels distrust of national government efforts as well as stokes post-Dengvaxia controversy doubts about vaccination itself. Local government units (LGUs) that have taken to early independent initiatives risk vaccine localism that, on a wide

1 Philippine gross domestic product (GDP) only started to be recorded after World War II.

2 In January 2021, the Lowy Institute ranked the Philippines' COVID-19 response as the 79th worst of 98 countries worldwide. Earlier, in September 2020, the Lancet COVID-19 Commission ranked the Philippines 65th out of 91 countries worldwide.

enough scale, could subvert rational prioritization and sequencing of vaccine recipients. There is already a clear bias emerging with LGU vaccine initiatives inversely related to LGU poverty levels – vaccine programs are concentrated in richer LGUs while poorer LGUs have none. **(See Annex 5)**

A year into the pandemic and despite lessons from other East Asian countries, Filipinos are still given the false choice of public health or the economy. The over-reliance on a long and harsh lockdown and insistence on protracted community quarantines does not just choke economic activity but also causes undue business closures and joblessness. Yet despite these strict measures, COVID-19 continues to spread and cause deaths.

The government boasts about slowing infections since the middle of last year. But infections are slowing in virtually every other country in the region – including those that did not impose extensive community quarantines as damaging and as long as the Philippines did, and including economies that have done much better.

Spend less, suffer more

The lack of a real fiscal stimulus made the lockdown-heavy economic collapse even worse. By the middle of last year, the main binding constraint to growth was the hugely depressed aggregate demand from troubled enterprises, soaring joblessness, and falling household incomes.

The economic managers however insist on prioritizing credit ratings over an expansionary fiscal policy. The counterproductive reluctance to spend hinders additional emergency cash subsidies, support to small businesses, and expanding social services. Yet these would greatly improve household welfare as well as boost aggregate demand and spur recovery.

Lack of fiscal stimulus worsened the economy's collapse

The administration boasted a Php2.57 trillion response to COVID-19, which was mostly smoke and mirrors. The grandiose "4-Pillar Socioeconomic Strategy Against COVID-19" was bloated by including not just direct fiscal measures but also various liquidity measures, over-estimated incremental loans to enterprises, and corporate income tax cuts – altogether accounting for some Php1.83 trillion or some 71% of the value of the so-called response.

The economic managers in a way misrepresent these as actual investments or economic activity. The overwhelming bulk of these measures are more accurately represented as 'pushing on a string'.

The logic of additional liquidity in the financial system is that this supposedly provides enterprises and even consumers with cheap financing for their spending. Yet despite markedly falling interest rates, loan growth continues to fall dramatically. **(See Annex 6)** In December, loans turned negative for the first time in 16 years which indicates that lack of investible funds is not the main problem.

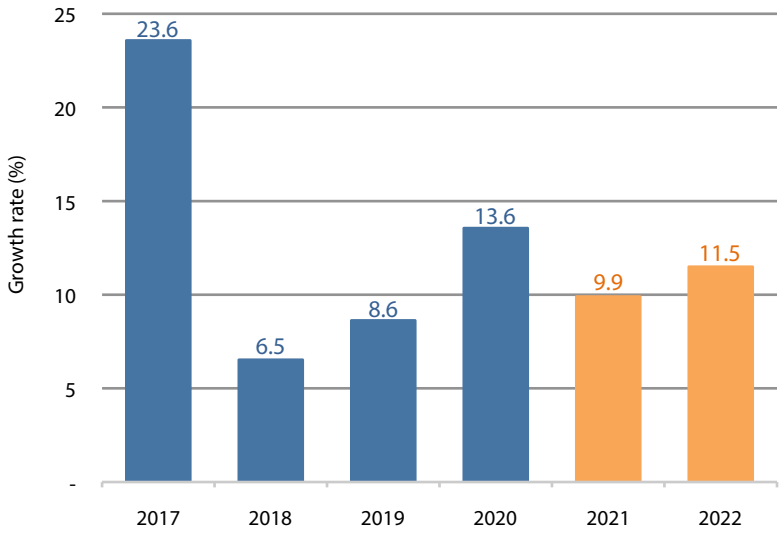
This actually continues a trend since 2018 which is another sign of economic weakness even before the pandemic. As it is, non-performing loans have already doubled to 3.4% of total loans by the end of 2020 which is the hghest in a decade. **(See Annex 7)**

Repeated government announcements of hundreds of billions of pesos spent for COVID-19 response gave the impression of a hefty fiscal stimulus.

Yet the overall increase in government spending last year was actually unexceptional just when the economic collapse was at its worst. The Php3.69 trillion in national government disbursements in the first 11 months of 2020 was an 11.6% increase from the same period the year before. This is however actually less than the 13.6% average annual increase in the same January-November months over the period 2017-2019. There was no stimulus in 2020.

Moreover, if the eventual full year spending increase in 2020 from the year before is more or less around the 11.6% reported for the first 11 months, then this will be even less than the programmed 13.6% increase in the 2020 General Appropriations Act (GAA) from the 2019 GAA. **(See Chart 2)** This means that government spending last year did not even increase as much as was originally budgeted.

***Chart 2*. National government spending, 2017-2022* (% growth)**



* - 2022 data is based on projections as per DBM and 178th DBCC Meeting

Sources: *Department of Budget and Management (DBM) Budget of Expenditures and*

The unexceptional spending last year is not inconsistent with the seemingly large Php505.2 billion in COVID-19-related releases. These releases were not really additional spending but rather basically realigned from discontinued activities and special purpose funds, charged to regular agency budgets, or used erstwhile unutilized appropriations. This was not new exceptional spending on top of existing budgets which is what would count as a real stimulus effort.

The projected spending increase this year – still in the middle of the pandemic and economic crisis – will be even less. Contrary to economic managers' claims, the national budget for 2021 is not a stimulus budget and there is no significant increase in spending.

The 2021 national budget is not a stimulus budget

The Php4.5 trillion 2021 national budget is only 9.9% bigger than the 2020 GAA. This is smaller than the historical annual average increase of 11.1% for the past four decades and even smaller than other spending increases of the Duterte administration in 2017 (23.6%) and 2020 (13.6%). **(See Chart 2)** The projected increase in the 2022 budget is likewise unexceptional. Again, the government clearly does not intend to stimulate the economy.

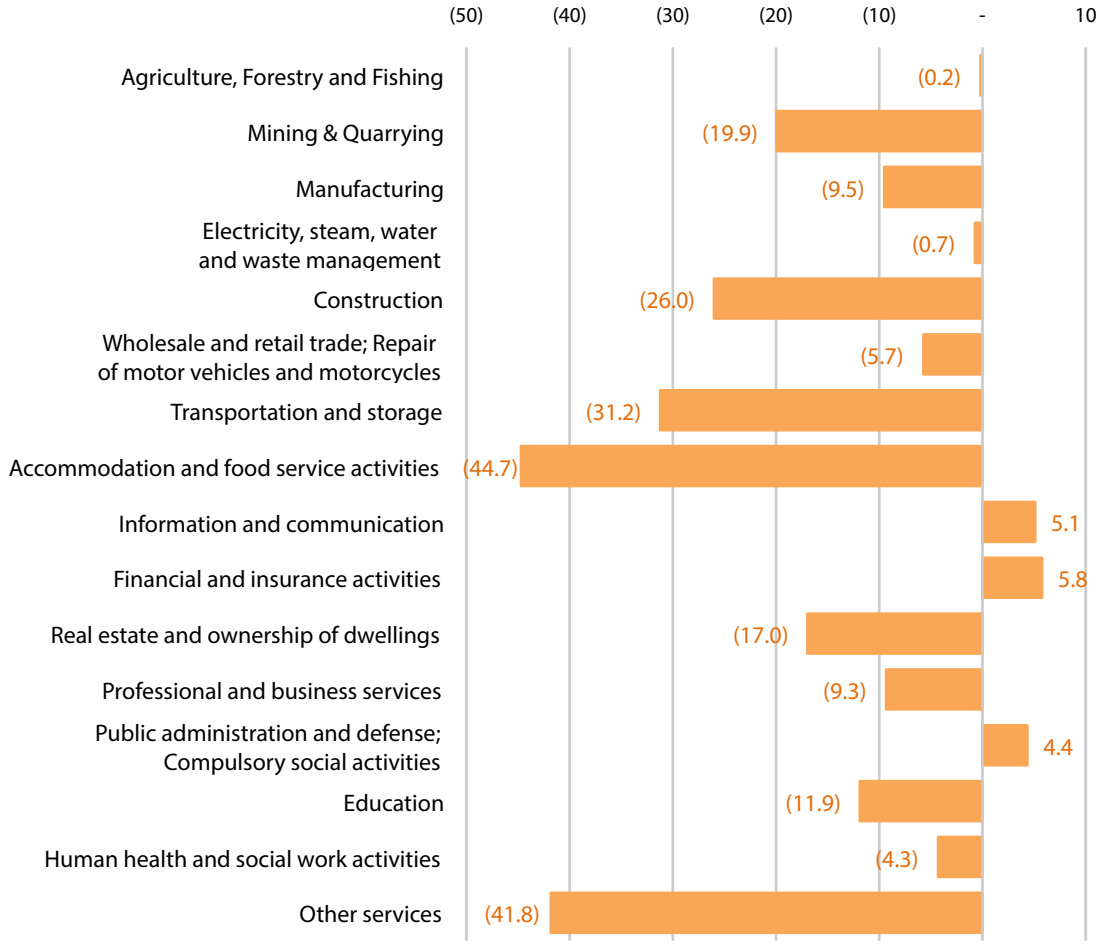
The non-existent fiscal stimulus and refusal to spend more dampens economic activity, worsened the contraction last year, and deprives Filipinos of basic goods and public services just when they are needed the most. This prolongs suffering and recovery.

Instead of spending and doing more, the government repeatedly exaggerates its COVID-19 response by tossing billion-peso figures in the air out of their historical context and without mention of the extent of actual needs. The Philippines' health and economic outcomes are among the poorest of the major countries in Southeast Asia because our health and economic response is among the weakest.

Crash economics

The over-reliance on an extreme lockdown, continued poor detection and isolation, and tepid economic response combined to crash the economy in 2020. This was made worse by the long-standing structural over-reliance on overseas remittances and on foreign trade and investment which all weakened last year.

***Chart 3*. National Accounts of the Philippines by industry group, 2020 (% growth, at constant 2018 prices)**



Source: *Philippine Statistics Authority National Accounts of the Philippines*

Real gross domestic product (GDP) contracted by a historic 9.5% (i.e. -9.5% growth) in 2020. **(See Annex 8)** Two years of economic growth were wiped out aside from what should have been added if there had been growth as originally projected. Measured at current prices, the economy lost Php1.54 trillion in 2020 from the year before, or an average of Php4.2 billion per day. Measured against what the economy was projected to grow to in 2020 the loss is as much as Php3.71 trillion.

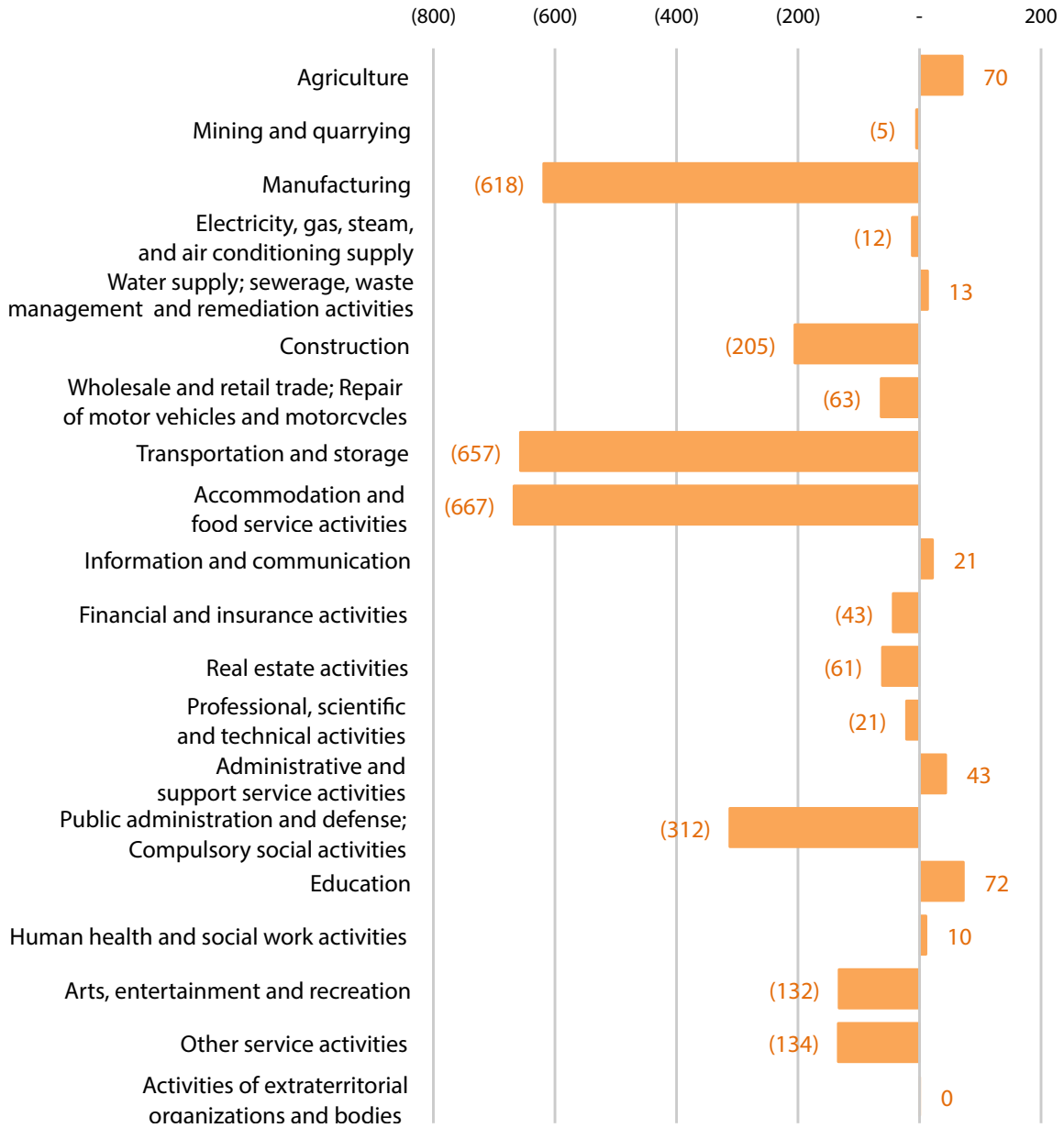
PH economy lost Php4.2 billion per day in 2020

IBON estimates at least 5.8 million unemployed Filipinos, some 18 million vulnerable poor and low-income families, and at least 33 million going hungry. For ordinary Filipinos, the economic collapse means record unemployment, spiking poverty and hunger, and widespread small business closures.

The sectors worst hit by the lockdowns and physical distancing were accommodation and food service activities (-44.7% growth), transportation and storage (-31.2%), construction (-26%), mining and quarrying (-19.9%), and real estate (-17%). The last three sectors are likely to rebound better than the first two. Much of hotel, restaurant and transport activity involves non-essential tourism and recreation or otherwise can be substituted by remote and online interactions. **(See Chart 3)**

The latest labor force data for October 2020 shows the biggest job losses in accommodation and food services (667,000), transport and storage (657,000), manufacturing (618,000), public sector (312,000), construction

***Chart 4*. Employment changes by sector, October 2020 (year-on-year; in '000)**



Source: *Philippine Statistics Authority Labor Force Survey*

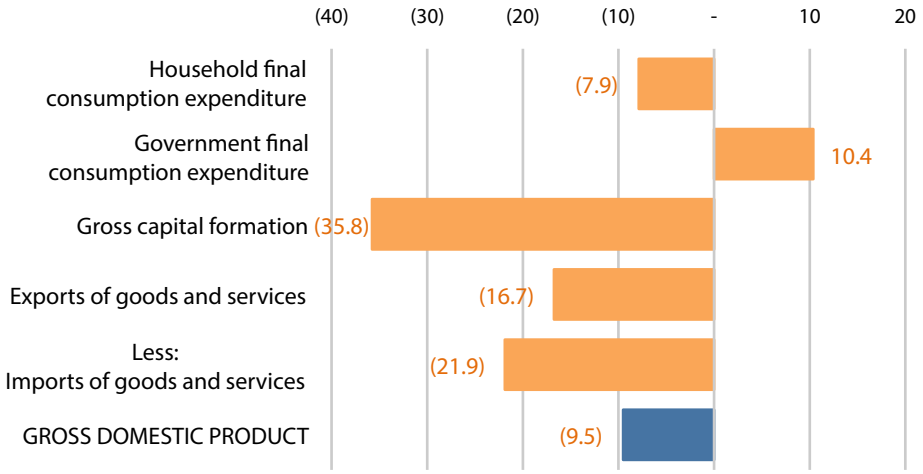
(205,000), and arts, entertainment and recreation (132,000). Continued quarantines and physical distancing will, again, bear down most heavily on the non-essential and substitutable activities. **(See Chart 4)**

By expenditure, the biggest contraction in GDP was in gross capital formation (-35.8% growth) then in imports (-21.9%) and exports of goods and services (-16.7%). **(See Chart 5)** The most direct impact on Filipino families however comes from the 7.9% contraction in household consumption. Even if distributed evenly across income classes, the poorest will still feel this the worst for having low levels of consumption to begin with. The relatively small contraction in household consumption is disproportionately felt because it has accounted for an average of 73.5% of GDP in the past decade.

No work, no pay

Unemployment is at a record high and much worse than reported or acknowledged. The adverse impact on jobs and livelihoods is unprecedented.

***Chart 5*. National Accounts of the Philippines by expenditure share, 2020 (% growth, at constant 2018 prices)**

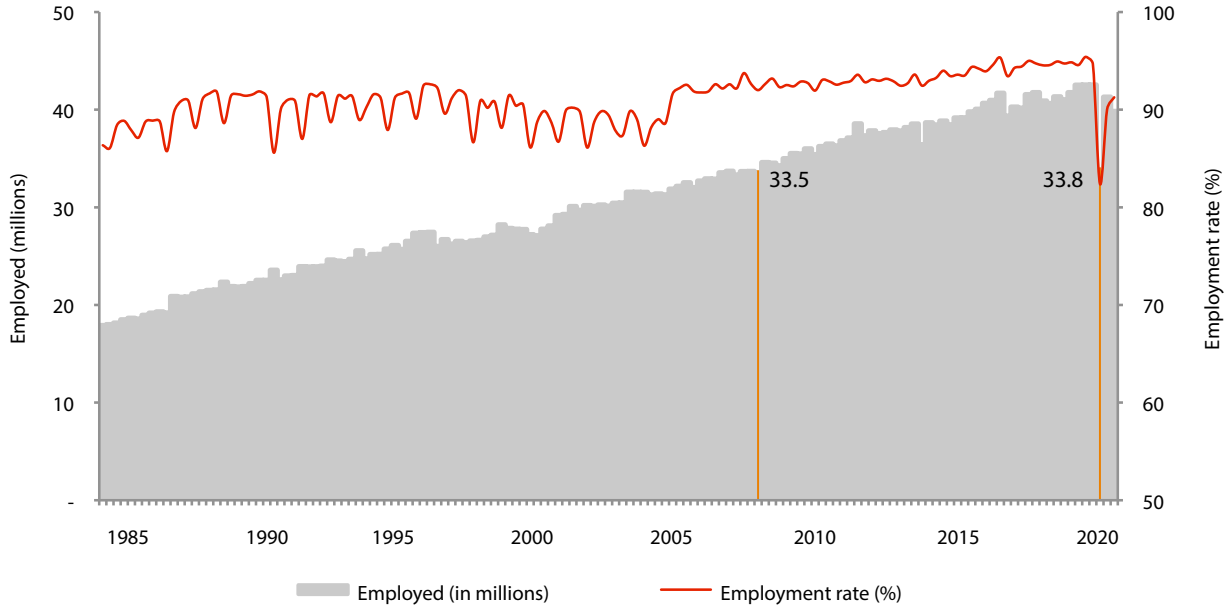


Source: *Philippine Statistics Authority National Accounts of the Philippines*

At the height of the lockdowns, in April 2020, the number of employed suddenly fell to 33.8 million which was as low as a dozen years before in 2008 – not yet even considering falling earnings among even those still considered employed. **(See Chart 6)** Even after the easing of lockdowns, the level of employment remained as low as in 2016 – which means that the pandemic economic shock wiped out four years of jobs in the country.

In absolute terms, the 39.8 million people working in October 2020 is 2.7 million less than the year before in October 2019 – for the largest contraction in employment in the country's history.[3] **(See Annex 9)** Job losses were overwhelmingly among those in full-time work (worked 40 hours or over) with apparently very few finding alternatives in part-time work (less than 40 hours).

***Chart 6*. Employed persons and employment rate, 1985-2020 (in millions, in %)**



Source: *Philippine Statistics Authority Labor Force Survey*

3 Labor force figures are normally interpreted on an annual basis to take account of seasonal trends between the four labor force survey (LFS) rounds in January, April, July and October. Drastically changing pandemic-related economic conditions between LFS rounds last year however makes analysis on a quarterly basis more appropriate.

By IBON's estimates, there were at least 5.8 million unemployed Filipinos with a 12.7% unemployment rate. This is if those apparently discouraged from looking for work because of the pandemic but not counted as unemployed by the official methodology are also taken into consideration.[4]

The officially reported 3.8 million unemployed and 8.7% unemployment rate in October 2020 grossly underestimate the true extent of joblessness. **(See Annex 10)**

The spike in unemployment in April 2020 is unparalleled. **(See Annex 11)** Even by underestimated official figures, the number of unemployed more than tripled from the same period the year before. Despite the easing of the lockdown and return to some economic activity, unemployment by the end of 2020 was likely still more than double from the year before.

Even before the pandemic, more attention was needed on steadily falling labor force participation rates (LFPR). **(See Annex 12)** The government is dismissive and attributed this mainly to the implementation of K-to-12, where youth stay in school and thus take longer to enter the labor force, and occasionally even to how supposed economic progress means less family members seeking work. As it is, the pandemic shock has driven the LFPR to record lows.

Unemployment is at a record high 5.8 million and 12.7% unemployment rate

It is also alarming that employment actually dropped between July 2020 and October 2020 or even after the end of the long lockdown. **(See Annex 10)** Employment dropping between July and October is very rare – the last time was during the 2008 and 2009 crisis – and indicates economic activity sputtering after a momentary post-lockdown rebound.

The October 2020 labor force survey data is consistent with a picture of hugely increasing numbers of Filipinos struggling to make a living. The number of wage and salary workers fell by 2.6 million from the year before and of unpaid family workers by 441,000. **(See Annex 13)** This is from retrenchments and closures especially of smaller businesses.

At least some of these displaced workers may have shifted to informal sector work of being self-employed or employers in family farms or businesses; combined employment here increased by 368,000. **(See Annex 13)** The overwhelming majority however appear to have fallen into outright unemployment (including those invisibly unemployed and not officially counted).

It is worth stressing that the reported 39.8 million people employed in October 2020 also includes huge numbers of Filipinos struggling to eke out any sort of living from marginal pseudo-jobs rather than stay completely unemployed. For instance, the combined share of self-employed, employers in family farms or businesses, and unpaid family workers – among the proxies for informal sector work – increased to 37.5% in October 2020 from 35.3% the year before. **(See Annex 13)**

4 The discrepancy because of the peculiarity of official methodologies is immediately obvious. While the number of employed fell by 2.7 million between October 2019 and October 2020, the official count of unemployed increased by just 1.8 million. This is because the official methodology does not count those who stopped looking for work (in the last six months) or who said that they are not immediately available for work as unemployed, instead counting them as 'not in the labor force'.

Pandemic conditions are however most likely behind the conspicuous drop in the labor force participation rate (LFPR) from 61.4% in October 2019 to just 58.7% in October 2020. A rough estimate of those involuntarily unemployed by the pandemic and invisibly unemployed by the official methodology can be made by applying the October 2019 LFPR to October 2020. This results in 1.98 million added to the labor force in October 2020 who, not being employed, can be added to the officially reported 3.8 million unemployed – for a total 5.8 million unemployed and 12.7% unemployment rate in October 2020.

These numbers would actually increase even more with further adjustments to correct for the changed definition in unemployed since April 2005. There is unfortunately not enough disaggregated LFS data available to make these computations at the moment. IBON's last recomputation for 2019 added 2.4 million to the number of officially reported unemployed. If underestimation in 2020 is by the same magnitude then the real number of unemployed could reach as much as 8.2 million.

The implosion in the labor market very likely means enormous downward pressure on wages, salaries and earnings especially in the country's vast informal sector. The government does not yet collect high frequency data on pay and incomes so the immediate impact on households is still unclear.

Still, it appears that millions of households saw their savings wiped out and three-fourths of households do not have any savings. There is alarming data from the Bangko Sentral ng Pilipinas (BSP) that the percentage of households with savings drastically fell from 37.8% in the first quarter of 2020 to just 25% in the fourth quarter.[5] Assuming around 24.8 million Filipino families last year, this implies that as much as 3.2 million households saw their savings wiped out resulting in three out of four (75%) not having any savings at all at the start of 2021.[6]

18.6 million poor and low-income Filipino families are distressed

The poorest 75% of families without savings constitute a huge majority of the country that are not just vulnerable to socioeconomic distress but already in difficulty since last year. They number approximately 18.6 million families with 81.8 million people (at the current average family size of 4.4 members). They include the poorest half (50%) of 12.4 million Filipino families that IBON estimates likely had monthly incomes of just around Php22,000 or less entering the pandemic, and also the poorest some one-tenth (12%) with monthly incomes of Php11,000 or less.[7]**(See Annex 14)**

Trends in the National Capital Region (NCR) minimum wage are another possible indirect indicator of insufficient earnings. **(See Annex 15)** The Duterte administration is the stingiest wage-hiker among post-Marcos administrations so real wages that were falling even before the pandemic have just fallen even more. **(See Annex 16)** Unfortunately, the recent economic shocks provide a convenient pretext for continuing to refuse wage hikes.

No money, no aid

Emergency cash assistance has fallen to token levels disproportionate to the extreme social crisis at hand. Despite unprecedented economic distress for millions of Filipinos there is only token cash assistance from the government. The first wave of social amelioration programs (SAP) under Bayanihan 1 was initially encouraging in promising Php5,000-8,000 monthly to 18 million families for two months.

In the end, only 14.1 million families received two SAP tranches from the social welfare department and even then only an average of some Php5,803 a month; this was equivalent to just Php12 per person per day for the 106 days of the first long lockdown.[8]**(See Annex 17)** Another 3.5 million families only received one tranche of SAP equivalent to Php6 per person per day over the lockdown.

Aside from SAP, Bayanihan 1 also gave cash assistance to some 5.1 million individuals under various other windows: the social welfare department's SAP for public utility vehicle drivers; the labor department's COVID-19 Adjustment Measures Program (CAMP for workers), Tulong Panghanapbuhay sa Ating Displaced/Disadvantaged Workers Program (TUPAD for informal workers) and Abot-Kamay ang Pagtulong Program (AKAP) for overseas Filipino workers (OFWs) and the Small Business Wage Subsidy Program (SBWS) of the Social Security System (SSS); and the agriculture department's Financial Subsidy for Rice Farmers Program (FSRF). **(See Annex 17)** Average assistance given here ranged from Php3,749 to Php14,716.

5 Household savings data from the BSP Consumer Expectations Survey (CES).

6 IBON computations on household savings data from the BSP CES for the fourth quarter of 2020.

7 These are very roughly estimated for early 2020 by extrapolating from income groups for 2018 as estimated by Albert, et al in their PIDS Discussion Paper Series No. 2020-22 (August 2020).

8 IBON computations on data from the DSWD SAP Dashboard and assuming an average family size of five (5) members per family.

The Php239.3 billion in cash assistance disbursed under Bayanihan 1 dwindled to just Php13 billion under Bayanihan 2 as of December 2020. **(See Annex 17)** These only helped 251,776 families (under SAP) and 1.9 million individuals (under CAMP, TUPAD, AKAP and the agriculture department's Registry System for Basic Sectors in Agriculture)

Cash assistance has dwindled to almost nothing

Cash assistance has dwindled to almost nothing compared to the magnitude of needs. The Php239.3 billion disbursed under Bayanihan 1 fell to just a Php22.8 billion budget under Bayanihan 2 (this Php22.8 billion was inexplicably not even fully used by the end of the year). This falls further to just around Php18.4 billion in the 2021 national government budget – corresponding to the incremental increases in the labor department's TUPAD and Overseas Workers Welfare Administration (OWWA) social protection for OFWs budget items from the year before.[9]

There does not seem to be any other allocation for COVID-related cash assistance anywhere in the Php4.5 trillion budget.[10] Nor is there any mention of additional cash assistance in the 340 pages of the supposedly post-pandemic updated Philippine Development Plan 2017-2022 released in early February 2021.

No business, no support

Distress among micro, small and medium enterprises (MSMEs) is widespread but only a few are being helped. Various reports confirm serious disruptions in business activity particularly among the country's reported 998,342 MSMEs. Various surveys reported some 80-90% of businesses seeing sales decline, 40-50% closing at least temporarily, and 10-15% expecting to close permanently in the April-July period.[11]

Labor department reports are more specific although limited in only covering the few formal sector establishments notifying it. Between January 2020 and January 2021, 101,472 establishments reportedly closed temporarily and another 2,878 permanently (aside from 64,474 with flexible work arrangements and 24,603 retrenching).[12] **(See Annex 18)**

Yet support to distressed MSMEs has been very sparing. For instance, only 7,560 MSME loans were reported released under Bayanihan 1 as late as September 2020. Meanwhile, 19,449 MSME loans were reported released with another 5,324 in the pipeline under Bayanihan 2 as of the end of December (it is not clear if these include loans processed and approved during the earlier Bayanihan 1 period).

Uncertain recovery

The rebound this year is not the start of recovery. There will be a spontaneous post-lockdown rebound in 2021 and the administration will misrepresent positive GDP growth starting the second quarter as an accomplishment. This will however be nothing more than bouncing back from the extremely low base last year especially in the second quarter (due to the lockdowns since March 2020) and the record economic collapse from extreme government inaction.

Growth rates will immediately start to moderate from the third quarter onwards and most likely return to levels of 6% or less only by 2022 at the earliest.

9 The GAA 2020 budgeted Php6.8 billion for TUPAD and Php885 million for OWWA social protection for OFWs. In the GAA 2021 this increased to Php19 billion and Php7 billion, respectively.

10 The pre-COVID Pantawid Pamilyang Pilipino Program (4Ps) is the only other major cash assistance program in the 2021 budget.

11 These results summarize findings of surveys by the International Trade Centre (covering April-May), United Nations Development Programme (June), and World Bank (July).

12 The labor department reports just 42,566 workers displaced by permanent closure and 386,135 retrenched for a total of 428,701 which is very small compared to the 2.4 million drop in the number of wage and salary workers in October 2020 from the year before according to the latest labor force survey.

The economy will not recover to its 2019 level before 2022 or even 2023

The unnecessarily severe economic scarring from closures, interrupted livelihoods, unemployment, falling incomes and depleted savings will continue to have an impact for years to come. The economy will not recover to its 2019 level before 2022 or even 2023.

The lack of real stimulus last year worsened the economic scarring which now greatly weighs on any rapid and real recovery, especially combined with the weakening growth momentum coming into the pandemic. Unfortunately, with a government fiscal response even weaker this year, the rebound-driven growth spurt in 2021 will be shallow and short-lived. This means prolonged economic distress especially amid an uncertain global economy.

The lack of real stimulus combines with shaky overseas remittances and tepid foreign trade and investment to hinder a return to the relatively high growth rates before the pandemic. The economy lacks a strong foundation in domestically-driven growth based on jobs, incomes and productivity from developed agriculture and robust Filipino industry.

This results in a disproportionate reliance on overseas work and remittances and on foreign trade and investment. Unfortunately, there are strong reasons to expect these to remain weak in 2021 if not for many years to come.

Beating early anxious forecasts, overseas Filipino (OF) cash remittances contracted by a relatively small 0.8% in the first 11 months of last year – falling by just US$218 million to US$27 billion in January-November 2020 from the same period the year before. **(See Annex 19)** Still, this is the first contraction in remittances in two decades since 2001.

OFW deployments fell by 60-75% in 2020

The small contraction is particularly welcome because record numbers of OFWs were displaced by the pandemic. Initial projections estimated the pandemic displacing 600,000 to nearly a million OFWs. As of mid-December 2020, the labor department estimated over 550,000 OFWs losing their jobs, including some 82,000 who opted to stay where they are instead of returning home for lack of work in the Philippines. As of end-November, 683,369 OFWs had applied for emergency assistance with 338,900 helped.

The relatively moderate drop in remittances may however just be due to United States (US)-based migrant OFs stepping up emergency support to their families and extended families in the Philippines. Remittances from most countries contracted last year but there was a notable US$551 million or 5.4% increase reported from the US which has the single largest concentration of OFs in the world.[13]

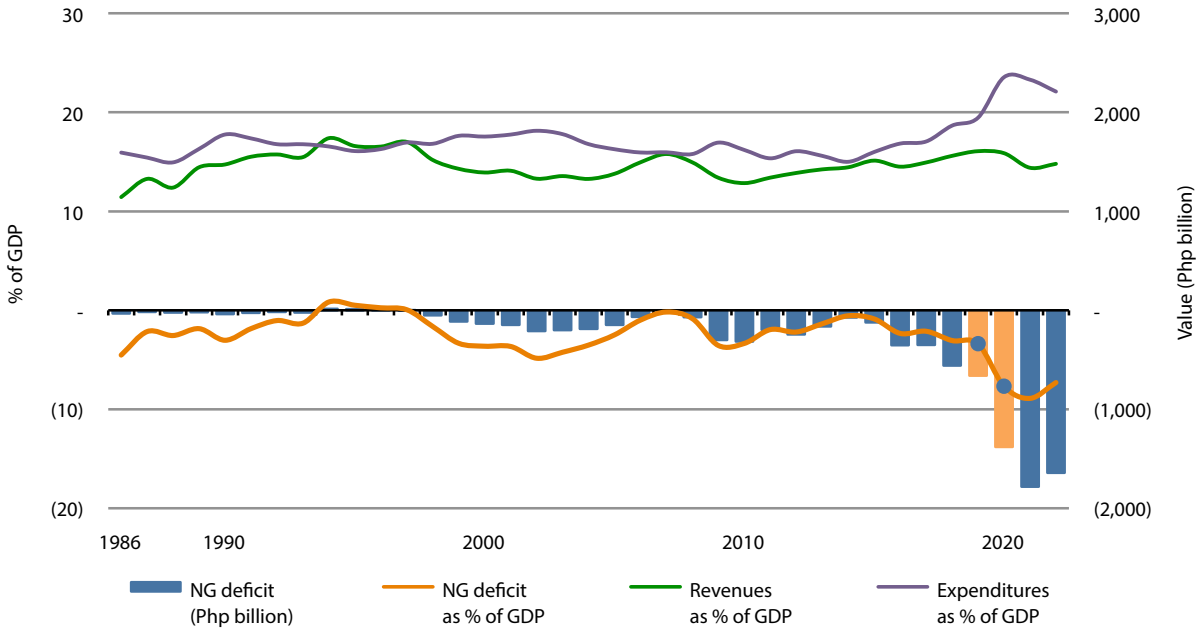
The prospects for overseas remittances are uncertain this year and may yet contract even more than last year. If the boost in 2020 was for instance because of exceptional emergency support from US-based migrants, then the extent to which this will be maintained this year remains to be seen.

There is however already downward pressure on remittances from the significant drop in OFW deployments last year aside from the effects of the crisis in foreign host economies. Only 682,000 OFWs left in the first nine months of 2020 consisting of 440,000 land-based migrants and 241,000 sea-based migrants. This is a considerable 60% less than the 1.72 million deployed in the same period the year before. There are also government reports that OFW deployments fell by as much as 75% in 2020 from tighter labor markets abroad.

On top of this, foreign trade and investment will be weak in 2021. The United Nations Department of Economic and Social Affairs (UNDESA) already sees subdued trade in 2021. Global trade in goods and services is estimated to have contracted by 7.6% in 2020 with projected growth of only 6.9% in 2021 – a rebound falling short of recovering trade to 2019 levels – and a slowdown to 3.7% in 2022.

13 The US hosted 3.5 million OFs (including 3.1 million permanent migrants) out of the total 10.2 million OFs worldwide, as of the latest official data for 2013.

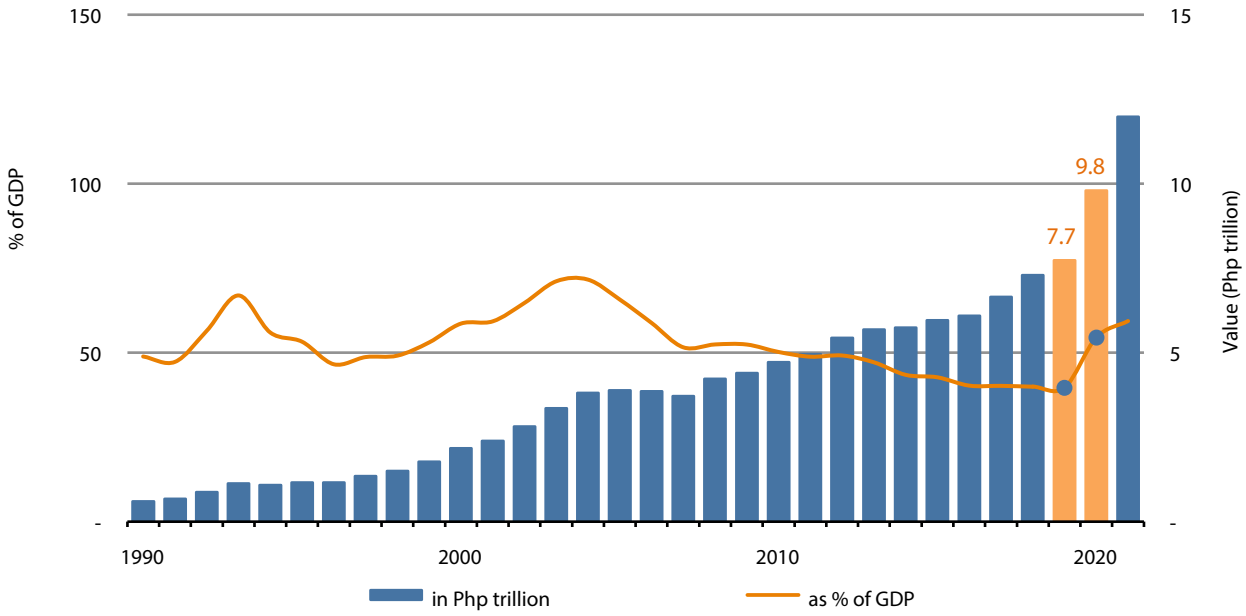
***Chart 7*. National government cash operations, 1986-2022* (as % of GDP; value in Php billion)**



GDP - gross domestic product NG - national government
* - 2020-2022 data are based on projections as per 178th DBCC Meeting

Sources: *Bureau of the Treasury, Philippine Statistics Authority National Accounts of the Philippines , and Development Budget Coordination Committee (DBCC)*

***Chart 8*. National government outstanding debt, 1990-2021* (as % of GDP; value in Php trillion)**



GDP - gross domestic product
* - 2021 data are based on projections as per DBM and 178th DBCC Meeting

Sources: *Bureau of the Treasury, Philippine Statistics Authority National Accounts of the Philippines, Department of Budget and Management (DBM) Budget of Expenditures and Sources of Financing , and Development Budget Coordination Committee (DBCC)*

The World Bank in turn sees subdued investment in emerging markets and developing economies. Investment growth is estimated to remain at or below average rates in the 2010s and insufficient to reverse investment losses during 2020. A 5.7% rebound is seen in 2021 softening to 4.3% in 2022 but, still, investment (excluding China) is projected to remain below pre-pandemic levels through to 2022. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) concurs and sees foreign direct investment (FDI) remaining low and below pre-crisis levels throughout 2021.

Beyond these, the record global levels of deficits and debt worldwide exacerbate the risks of debt distress. There is also the massive financial bubble inflating because of excessive liquidity and low inflation since last year. These combine to seriously threaten financial stability and the global financial system is increasingly fragile.

As it is, foreign trade drastically contracted last year. The trade deficit shrank not because the economy was producing more of its needs but only because imports fell faster than exports.[14] In 2020, FDI of US$5.8 billion in the first eleven months of 2020 was also already 11% smaller than the US$6.5 billion in the same period the year before. This continues a trend of falling FDI that started two years before the pandemic.[15]

Aggresive fiscal policy can help compensate for subdued foreign trade and investment until 2022

The Philippines has no choice but to navigate these adverse global trends. Aggressive fiscal policy can help strengthen the domestic economy to withstand global turbulence. However, the government's narrow-minded fiscal conservatism instead adds to these contractionary forces.

The continuing failure to spur aggregate demand and economic activity will keep joblessness, poverty and hunger high. The tens of millions of informal sector earners and their families are in the greatest distress. Workers in formal and informal enterprises are also seeing their real wages collapse.

Surging deficits

The Duterte administration's negligence in letting the economy collapse has resulted in the most rapid deterioration in the national government deficit and the biggest increase in debt in the country's history. The deficit is doubling in magnitude and as a share of GDP, from the equivalent of 3.4% of GDP in 2019 to 7.6% in 2020. **(See Chart 7)** Meanwhile, the Php2.1 trillion increase in national outstanding debt in 2020 from the year before is even more than the combined increases over the previous seven years. **(See Chart 8)**

Economic contraction badly hit revenues in 2020, which fell by an unprecedented Php696.2 billion to just Php2.85 trillion. This is 19.4% short of the original projection of Php3.54 trillion.

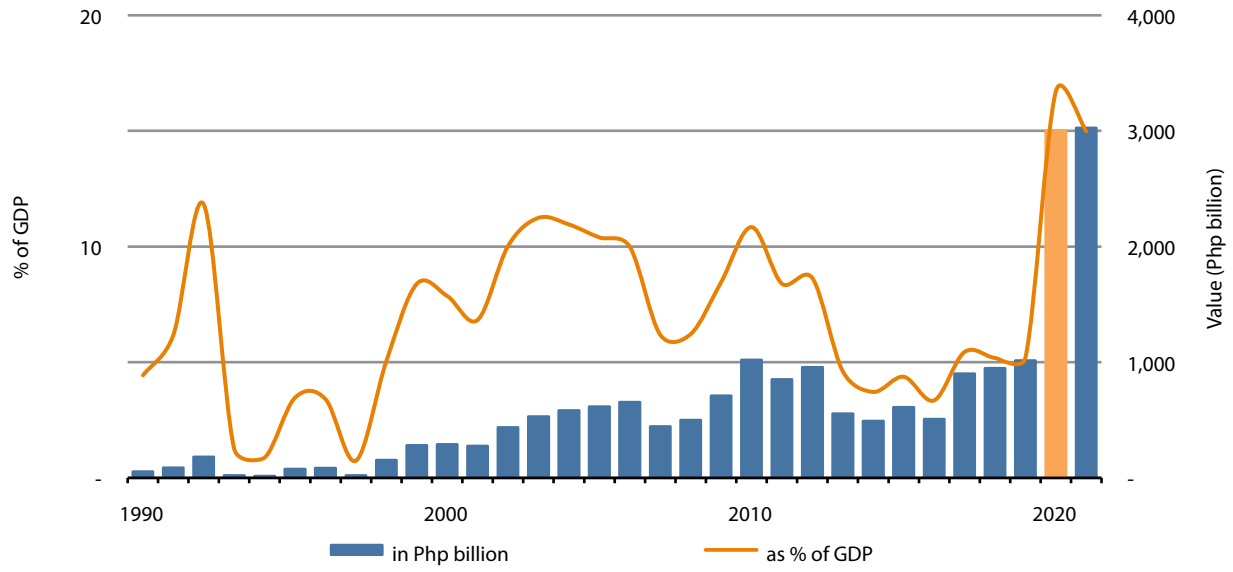
The steep drop in revenues is the real reason for the increase in the national government deficit and not any increased pandemic-related spending. To recall, the actual increase in government spending last year was even less than what was originally budgeted.

14 The big drop in goods imports is not because domestic substitutes are being produced but because: i) export-oriented TNCs in enclaves are importing less inputs due to the collapse of global value chains and demand worldwide; and ii) depressed domestic consumption demand for imports. The drop in services imports is also not from any domestic substitution but simply from less foreign travel and transport.

Similarly, the increase in foreign exchange (FOREX) reserves and strengthening of the peso are not signs of an improving economy. Forex reserves are rising because less imports means less demand for dollars which stay as forex reserves. The peso is 'strengthening' mainly for the same reason – less imports means less demand for dollars which drives its price (e.g. the foreign exchange rate) down.

15 FDI steadily increased from US$1.07 billion in 2010 to US$10.26 billion in 2017. However, this fell to US$9.95 billion in 2018 and further to US$7.69 billion in 2019.

***Chart 9*. National government gross borrowings, 1986-2021* (as % of GDP; value in Php billion)**



GDP - gross domestic product
* - 2020-2021 data are based on projections as per DBM and 178th DBCC Meeting

Sources: *Bureau of the Treasury, Philippine Statistics Authority National Accounts of the Philippines, Department of Budget and Management (DBM) Budget of Expenditures and Sources of Financing , and Development Budget Coordination Committee (DBCC)*

The national government deficit is projected to reach the equivalent of 7.6% of GDP in 2020, 8.9% in 2021, and 7.3% in 2022 (more than double the original targets of 3.2% in each year from 2020 to 2022). The 2020 deficit increases from an originally projected Php677.6 billion to around Php1.38 trillion.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) law which reduces the corporate income tax (CIT) paid especially by large corporations is a major contributor to the large budget deficits in 2021 and 2022 (and indeed all budget deficits hereafter).[16] CREATE reportedly results in foregone revenues of Php133.2 billion in 2021 and Php117.6 billion in 2022. These are record budget deficit figures. However, given the exceptional pandemic circumstances and the urgency of meaningful government intervention, a large deficit is not necessarily the problem per se.

For instance, the case can be made for even higher deficits if this is because of additional spending on emergency assistance for the people, strengthening the public health system, and real support to agricultural development and national industrialization. Such additional spending and budget deficits now will mean more rapid recovery, more economic activity much earlier, and correspondingly more revenue generation.

The main problem is rather that the Duterte government is not spending for these. Instead, its spending program remains as it was even before the pandemic and is still biased for infrastructure, militarism, and debt service. These will not spur real and rapid economic recovery.

Making things worse is how, on the revenue side, taxes are being generated from an increasingly regressive tax system that reduces direct taxes on the income of the rich and large corporations, increases consumption taxes, and avoids a wealth tax.

Soaring debt

A similar argument can be made for national government debt. Given the exceptional pandemic circumstances and the urgency of meaningful government intervention, additional debt to support increased spending on emergency assistance for the people, strengthening the public health system, and

16 CREATE lowers the currently 30% CIT to 25% for large firms and 20% for MSMEs in 2021; large and small firms will both have CIT of just 20% by 2027.

real support to agricultural development and national industrialization can be desirable. More so if these are from creditors willing to give very concessional terms.

The main problem rather is that the Duterte government is: i) borrowing on conventional market/official development assistance (ODA) terms and is not negotiating for better terms; ii) blindly repaying all debt to public/private creditors despite urgent COVID-19 response needs (instead of negotiating debt relief, restructuring or even cancelling on urgent development grounds); and iii) borrowing to mainly finance its infrastructure indulgence, militarism, and debt repayments. These are of course on top of the basic problem that debt is being paid for through an increasingly regressive tax system that disproportionately burdens poor and low-income taxpayers while lessening taxes paid by the rich.

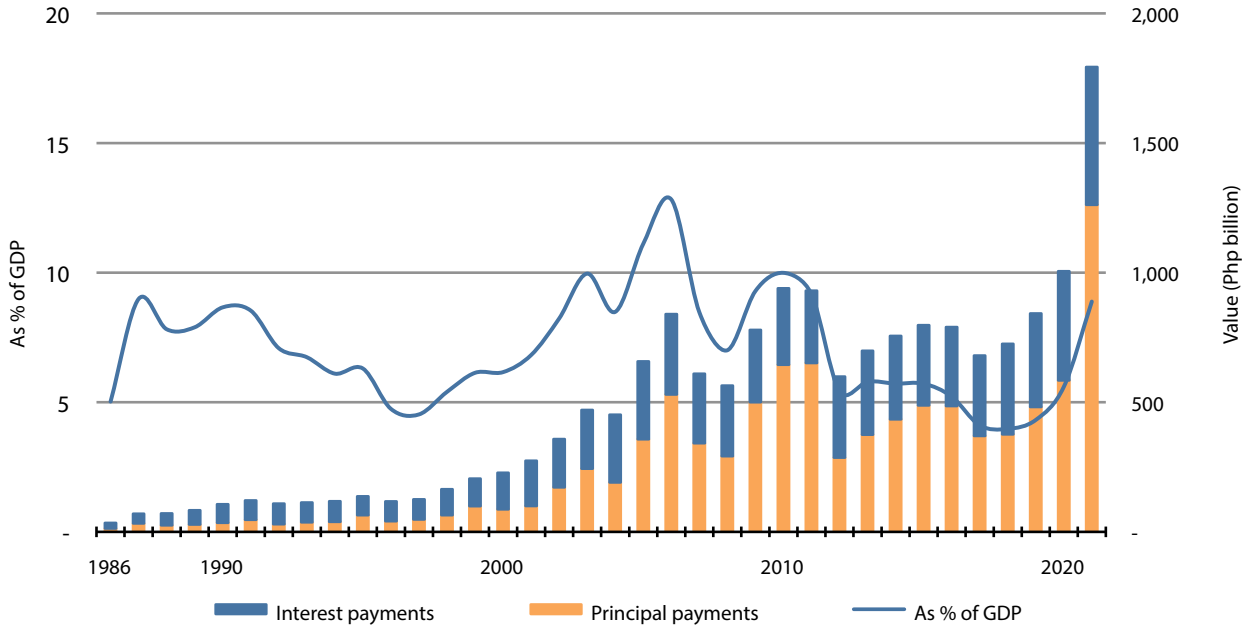
The obsession with creditworthiness is misplaced even from a mainstream perspective. Global interest rates have fallen to record lows and are even negative in real terms. With such low interest rates, 'creditworthiness' matters far less now than if interest rates were high.

As it is, public debt has soared to all-time highs. The national government outstanding debt reached Php9.8 trillion as of end-2020 – a record Php2.1 trillion or 26.7% increase from the end-2019 level. **(See Chart 8)** Domestic debt accounted for Php6.69 trillion and external debt for Php3.1 trillion. The debt-to-GDP ratio spiked from 39.6% in 2019 to 54.5% in 2020. This is the highest in 14 years since 2006 while still well below the 71.6% peak in 2004.

Apparently aware that economic activity and correspondingly revenue-generation will remain weak – especially with CREATE cutting tax revenues by Php250.8 billion in 2021 and 2022 – the government is planning to borrow Php3 trillion in 2021. Gross borrowings are unmatched and at magnitudes many times over what they had ever been. **(See Chart 9)**

The government is also set to pay Php1.79 trillion in debt service in 2021 – consisting of Php1.39 trillion in interest payments and principal amortization to domestic creditors, and Php402 billion to foreign creditors. **(See Chart 10)** These are marked increases from Php740.9 billion paid for domestic debt service and Php264.4 billion for foreign debt service last year.

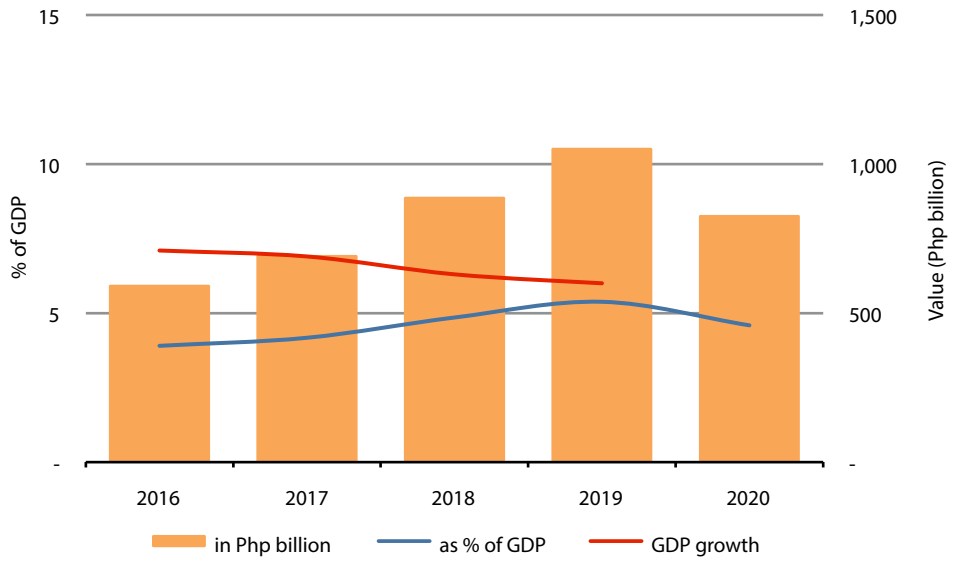
***Chart 10*. National government debt service, 1986-2021* (as % of GDP; value in Php billion)**



GDP - gross domestic product
* - 2020-2021 data are based projections as per DBM and 178th DBCC Meeting

Sources: *Bureau of the Treasury, Philippine Statistics Authority National Accounts of the Philippines, Department of Budget and Management Budget of Expenditures and Sources of Financing , and Development Budget Coordination Committee*

***Chart 11*. Infrastructure spending, 2016-2020* (as % of GDP; value in Php billion)**



GDP - gross domestic product
* - 2020 data on infrastructure spending as projected by the DBM

Sources: *Department of Budget and Management (DBM), and Philippine Statistics Authority National Accounts of the Philippines*

Only the Php531.6 billion in interest payments are reflected in the 2021 GAA. The Php1.26 trillion in principal amortization is, by accounting convention, not considered part of the national government budget.

The government's 'fiscal prudence' ironically makes soaring public debt even more unmanageable. A strong stimulus package last year could have mitigated the economic collapse and set the stage for early recovery starting this year. The government has to spend what's needed to generate economic activity which will help pay for this spending. Increasing economic activity generates more revenues to help the economy more quickly grow out of debt.

Unproductive infrastructure

Hyped as the main stimulus that the economy needs for recovery, the Build, Build, Build (BBB) program is however not the answer. The administration's vaunted infrastructure offensive was not enough to overcome these before the pandemic and will continue to fail to do so. **(See Chart 11)**

The main cause of economic suffering and biggest fetter to aggregate demand today is the extreme collapse in household incomes especially due to soaring unemployment. The impact of infrastructure spending on this is however limited because of the capital- and import-intensiveness especially of big-ticket projects.

Despite greatly increasing infrastructure spending since 2016, employment generation does not seem to be commensurate to the hundreds of billions spent. **(See Table 1)** The infrastructure program's direct job generation is presumably most reflected in construction employment. However, even including private sector projects, the average annual increase in construction employment over the 2017-2019 BBB period of 258,400 is even less than the average annual increase of 334,800 in the 2014-2016 period immediately before this.

This is likely because a large part of the hundreds of billions in BBB projects is spent on imported materials, equipment, machinery, contractors and perhaps even labor rather then spent domestically or on Filipino workers. This is also in addition to concerns about the absorptive capacity of implementing agencies with, for instance, apparently consistent underspending by the public works and transport departments of their infrastructure budgets.

***Table 1*. Public infrastructure spending and construction employment, 2013-2019**

Indicator	2013	2014	2015	2016	2017	2018	2019
Construction employment ('000)	2,373	2,578	2,697	3,378	3,537	3,865	4,153
Change from year before ('000)	141	205	119	681	160	328	287
Infrastructure spending							
Php billion	307	346	576	590	691	886	1,050
% of GDP	2.7	2.7	4.3	3.9	4.2	4.9	5.4

GDP - gross domestic product

Sources: *Philippine Statistics Authority National Accounts of the Philippines and Labor Force Survey, and Department of Budget and Management*

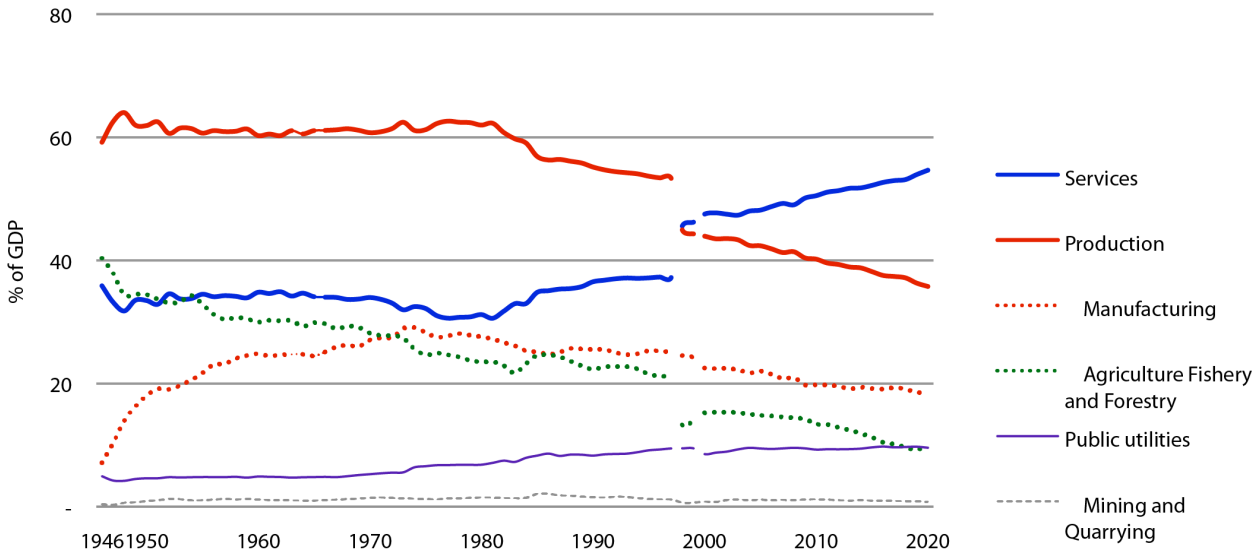
In contrast, the same amount given as emergency cash assistance to poor and low-income households will most likely be spent wholly and mainly in communities and the local economy. The increased consumption will immediately improve household welfare as well as support domestically-oriented small businesses, and by extension also boost aggregate demand and growth.

The profile of BBB projects proposed is also perplexingly oblivious to the weaknesses of the public health system that the pandemic exposed. The health department budget for human resources increases in 2021 and will hopefully be maintained in the years to come. **(See Annex 20)**

However, the budget for the health facilities enhancement program – covering the building and equipping of hospitals – is even cut. The infrastructure outlay for hospitals and health centers increases to Php14.7 billion but this is still smaller than the Php19.8 billion budget in 2018. **(See Annex 20)** It also pales in comparison to the Php760.8 billion infrastructure budget of the public works, transport and defense departments combined. **(See Annex 21)**

The economy was weak coming into the pandemic. The economic managers insist that the economy was strong before COVID-19 hit. However, growth was conspicuously slowing for three consecutive years in 2017-2019 from flagging consumption, investments and exports. **(See Annex 22)**

***Chart 12*. Gross Domestic Product by production, 1946-2020* (in %)**



* - Data for 1946-1997 were computed using GDP at constant 1985 prices, 1998-1999 at constant 2000, and 2000 onwards at constant 2018.

Source: Philippine Statistics Authority National Accounts of the Philippines

Job generation was also waning with the average annual increase in employment in 2016-2019 the lowest among five-year periods in two decades. **(See Annex 23)** Even before the pandemic it was the second weakest performance in the post-Marcos era – and upon the pandemic will certainly become the worst.

Real unemployment was already at a record high 4.7 million in 2019. This is higher than the officially reported 2.3 million in adjusting for the change in methodology in the 2000s for better comparability through time. **(See Annex 24 & Annex 25)** There is not enough available data yet to compute for 2020 but, with the economic collapse, this will certainly see a record high many times over.

The fading of relatively high growth was masked by infrastructure hype, over-emphasis on narrow financial metrics, and often just sheer economic bluster. Big business was prospering but the rest of the economy of smaller enterprises, informal livelihoods, and low-income households was not as fortunate.

Hyped poverty reduction in 2018 is somewhat superficial. This is partly because of the unrealistic national average Php71 per person per day poverty threshold. Another major reason is that the reported drop in poverty incidence is not because the poor got steady jobs and incomes but mainly because of hugely expanded cash transfers. **(See Annex 26)** Cash transfers to the poorest households almost doubled between 2015 (Php11,578) and 2018 (Php21,871) and this is likely what 'lifted' around 1.1 million families above the low poverty line.[17]

If the government was struggling to get the economy to pick up then, the severity of the disruption last year just makes it even harder today.

The economy will remain weak without major structural reforms. The unprecedented pandemic shock is hastening the economy's inevitable return to its accustomed and lower trend economic growth. The most important sources of sustainable long-term growth and development are domestic agriculture and Filipino industry. Unfortunately, these have been eroded by four decades of neoliberal globalization. **(See Chart 12)**

Persistently low levels of production and incomes are the forces of economic gravity that prevent sustained domestically-driven growth. Growth has been relatively rapid in recent years not from increasing productivity, jobs and incomes but mainly from remittances, shallow real estate and infrastructure, and debt. Domestic and global conditions are however becoming adverse and it is unlikely that these will be able to keep boosting the economy as they did before.

The Duterte regime's business-as-usual stance is untenable and needs to be fixed

Post-pandemic, the failure to implement more substantial structural reforms will mean an economy still weighed down by its fundamental backwardness. Whether in terms of relief and recovery or for long-term reforms, the most important thing in dire need of fixing is the Duterte administration's insistence on business-as-usual and stale failed strategies. This is untenable.

17 The social welfare department reports an average of Php11,578 given to each of the 4.4 million poorest households in the country under the 4Ps program in 2015 – consisting of 4.16 million households covered by the regular CCT program and another 237,859 under the Modified CCT (MCCT).

In 2018, cash transfers increased to an average of Php21,871 to each of the 4.18 million poorest households. The 4Ps program disbursed an average of Php19,471 – now including an additional rice subsidy – to 3.96 million households covered by the CCT program and another 227,990 under the MCCT. Added to this is the Php2,400 unconditional cash transfer that the TRAIN law temporarily gave the country's poorest ten million families.

Some 2.8 million families were around or just below the official poverty line in 2015, according to the FIES. At such low income levels, the combined cash transfers families received in 2018 amounted to between 16-20% of their family income. It is highly likely that the huge increase in cash transfers between 2015 and 2018 were behind the reported 1.1 million families being 'lifted' from poverty for being pushed above the poverty threshold (i.e. not because of any improvements in the economy and their livelihoods).

Self-serving authoritarian politics

Vaccines are being rolled out around the world in 2021 which promises the beginning of the end of the pandemic. The trajectory of authoritarian rule by law in the country is, on the other hand, getting worse with the Duterte clique of the ruling class seeking to extend its hold on power beyond the scheduled May 2022 national elections. It is motivated not just by the spoils of power but also to protect itself from accountability for its accumulating abuses – whether by staying in power or at the very least determining the next administration.

Every administration seeks to retain political power for as long as possible

Every administration seeks to retain political power for as long as possible. However, beyond any administration in the post-Marcos era, the Duterte administration has gone furthest in establishing authoritarian governance to achieve this. Pres. Rodrigo Duterte is a populist demagogue wielding the country's nominally liberal democratic system for his own purposes – unconstrained by laws and regulations and at times even opportunistically rewriting these.

Administration allies opened the year with a renewed Charter change offensive. This comes after the League of Municipalities and interior and local government department put this back into public discourse last year even while the pandemic was at its worst.

The pretext of foreign investment liberalization is being used as a cover for political revisions in the 1987 Constitution including term extensions. There cannot be any doubt that the overriding motive of the Duterte administration in pushing Charter change now is to remain in power notwithstanding how it is mobilizing disparate groups with their own interests such as foreign capital and a section of big business.

The economic arguments for removing so-called restrictive provisions – to spur recovery from the pandemic and to ensure long-term development – are however extremely weak. The public has moreover repeatedly shown that it will resist self-serving attempts by any administration to stay in power beyond its allotted term.

At the same time, the pandemic and the government's poor response precipitated the biggest and most rapid increase in joblessness, poverty, and inequality in the country's history. Public demands for meaningful relief and reforms will only increase as the crisis deepens. As demands increase, they will be a powerful challenge to the administration and especially if they join up in a concerted movement or collective action.

The wholesale deterioration in social and economic conditions potentially weakens public support for the administration. Adding to this is how corruption is perceived to be widespread in the Duterte administration reaching up to the inner circle of the president himself, including in its response to the pandemic. The Philippines' ranking has already slipped in a global corruption index released at the start of the year with the country placing 115th out of 180 countries. Corruption-related controversies are a proven trigger-point against Philippine presidencies.

The Duterte administration's political heavy-handedness to push its narrow agenda will worsen. It will use this to force Charter change to retain political power if it can. Failing this, it will wield the resources and influence of government to position its favored candidates to dominate the 2022 elections from the presidency down to local levels.

Among his innermost circle, long-time aide Sen. Bong Go and daughter Mayor Sara Duterte are floated for the presidency, at one point even in tandem with Pres. Duterte for the vice presidency. These may be trial balloons or diversionary. The Duterte clique will need to rein in individual political ambitions within its own ranks as well as prevent unification among the political opposition.

Bogus bogies

As it is, the administration has already used the pandemic to justify the further militarization of civilian governance and to reinforce its authoritarian disposition. This is part of its strategy to retain the support of the military and police. But it is also meant to contain unrest and prevent mass mobilizations against it from getting even larger and more sustained. Many of the government's human rights violations occur as part of a broad and systematic campaign against activists and grassroots organizations. **(See Annex 27)**

The government has conjured an unprecedentedly expansive 'terrorist' menace with so-called Communist-terrorists entrenched everywhere in Philippine society – in urban poor communities and rural villages, schools and universities, factories and offices, NGOs and mass media, local government, line agencies and Congress, and really anywhere there is potential opposition to the administration and its policies.

The alleged terrorist threat from invisible Communists nationwide aims to keep nation fearful

Propagated with hysterical official propaganda and red-tagging, the alleged terrorist threat from invisible Communists nationwide is designed to keep the nation anxious and on high alert. An ambiguous perennial menace has been created to justify political intimidation and outright repression. The targets are however not really terrorists lurking in the shadows but administration critics and social activists in plain sight.

As political anger rises, the Duterte administration will see threats against it everywhere from social media to mass media, and from peaceful demonstrations in the streets to within government itself. Attacks on the organized forces of the mainstream Left and civil society, the traditional political opposition, and pro-democracy forces in the private sector and among the general public will intensify. More so as the 2022 elections near or as other administration schemes to retain power emerge.

The National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) chaired by the president is at the center of this institutionalized state terrorism. Wielding peace and order rhetoric first used to justify the administration's 'war on drugs' and against criminality, the NTF-ELCAC orchestrates the repressive 'whole-of-nation' effort. This spans propaganda to legal attacks to activities by security forces including their black operations.

Among the adverse impacts of the political repression is to make the public policy space an echo chamber for the administration's deeply flawed policies. The attacks are most of all aimed at groups seeing policies from the perspective of the grassroots and hence critical of elite-oriented government practice. They are organized enough to have a wide constituency and political influence.

Stifling these groups takes away arguably the most important check not just to the government's poor COVID-19 response but also to the wide range of social and economic policies affecting the conditions of tens of millions of Filipinos. The current administration presses a hybrid of neoliberal free market 'reforms' and brazen crony capitalism. The pandemic-enabled expansion of state power threatens to worsen how the government is used to underwrite corporate profits rather than uphold the public interest. This will further entrench structural poverty and inequalities.

Perilous politics

As the 2022 elections near, there is still the political wildcard from lingering doubts about the president's health. Any deterioration into physical incapacity to rule or even death will have unpredictable consequences. The president's innermost circle will likely defy Constitutional succession. Infighting over any political vacuum created will be vicious especially in the absence of any other strong political personality.

These are material conditions for greater political instability in 2021. The situation today is the most volatile since the transition from the Marcos dictatorship to restoration of elite democracy in 1986, with

the greatest risk of a democratic rupture since the declaration of Martial Law in the early 1970s. The populist and authoritarian drift risks becoming even more institutionalized including through the May 2022 elections.

Nation faces greatest risk of a democratic rupture since declaration of Martial Law in 1970s

The attacks on political activism will have particularly dire consequences. Social movements have been at the forefront of the decades-long efforts to increase grassroots influence on economic policies and on governance. Without social movements, elite rule in the market economy and national politics threaten to become even more entrenched.

The growing political instability however also creates the conditions for the coalescing of the broadest range of political forces and the public against the Duterte administration. This can correct authoritarian decline as well as begin a process of real economic and political reforms.

Big, bold, and equitable economic response

The Philippines needs a much more ambitious COVID-19 economic response than the Duterte administration's current business-as-usual approach. A more honest understanding of the health and economic crises immediately points to measures commensurate to the magnitude of the problems at hand.

In particular, poor and low-income families should not be made to bear the cost of ensuring public health as is happening with the de facto approach of relying on interminable community quarantines and refusing emergency assistance. Every policy response involves trade-offs and distributing costs but the priority should be on helping the distressed majority poor and low-income Filipinos. Wealthy and upper-income groups have largely escaped the pandemic's worst impacts.

The pandemic and poor government response worsens already severe inequity in the country. The most job losses have been in sectors and occupations with the lowest pay and among Filipinos with the lowest savings and least alternatives. Unlike large firms, smaller enterprises have the least capacity to absorb economic disruptions. They are cash-strapped, have less access to low-cost financing, and have narrower networks and fewer options.

Poor and low-income families have the least flexibility to practice physical distancing whether in their communities or workplaces. Falling ill, they have the lowest ability to pay for health care and least access to decent medical facilities. Their children also suffer the most from disrupted schooling. Distance learning is worst for households forced to struggle with the limitations of modular teaching amid lack of resources for online education.

The government's COVID-19 response is vital to address these grossly inequitable burdens of the crisis. Its response can be made much more rational and humane. The three main elements in need of improvement are: 1) containing the coronavirus; 2) emergency relief and recovery; and 3) structural reforms for sustained growth and development. These are interrelated and mutually reinforcing.

(1) Containment

The economy cannot even begin to recover if the pandemic continues to spread and dampen economic activity. Improving the country's COVID-19 response starts with improved testing and tracing to more accurately track the coronavirus, and then expedient quarantining and isolation to more effectively contain its spread. A better public health situation will also greatly improve the traction and effectivity of other social and economic measures.

The absolute priority of containing the pandemic can be done with free testing, tracing contacts up to the ideal 1:25 to 1:30 in rural areas and 1:30 to 1:37 in urban areas, selective quarantines as needed, and speedy isolation with free treatment. Vaccines should be free and rationally distributed once available.

(2) Relief and recovery

More aggressive and expansionary fiscal policy is essential to arrest economic distress and spur recovery. In particular, the government needs to fundamentally shift its orientation and give much greater attention to alleviating the daily suffering of millions of Filipino families. It has to accept that continued complacency will only prolong recovery, and be much more creative and aggressive in mobilizing the needed resources.

The rescue package of genuine COVID-19 response for 2021 needs to add government spending on (additional to currently budgeted response measures):

1. **Php10,000 monthly emergency cash subsidies** to 18 million poor and low-income families (poorest 75% of families) – Php10,000/month for up to three months or Php5,000 for six months comes to Php540 billion.

2. **Php100 immediate wage relief for workers** (towards eventual implementation of a Php750 national minimum wage). Micro, small and medium enterprises (MSMEs) can be supported to give this for three months with a Php101 billion fund, tax relief and cheap loans.[18]

3. **Php40.5 billion in cash-for-work programs** for unemployed.

4. **Php78 billion in financial assistance** (zero/low interest rate and collateral-free loans) for informal earners.

5. **Php200 billion in financial assistance** (zero/low interest rate and collateral-free loans) for MSMEs, prioritizing Filipino-owned and domestically-oriented MSMEs.

6. **Php220 billion in agricultural support** to increase the productivity of farmers and fisherfolk.

7. **Php200 billion for COVID-19 health response** and **Php113 billion for distance education** to ensure quality education.

This sums to Php1.49 trillion which is equivalent to 8.2% of 2020 GDP and less than 8% of projected GDP in 2021. This is comparable in relative magnitude to the fiscal stimulus programs of Thailand (8.3%) and Malaysia (7.4%).

Lack of funding cannot be made the binding constraint to the crisis response needed. No single financing source will be enough but, with sufficient political commitment, different sources can be combined to raise the needed resources. The government can seriously consider the following to raise the necessary amount for the rescue and stimulus package including realigning funds to more urgent spending with greater social and economic impact.

1. Realign funds from:
   a. Php1.1 trillion **infrastructure budget** especially from import-intensive projects and those of lesser priority in today's changed conditions.[19]
   b. Php1.8 trillion in **debt service** starting with debt relief or maybe even cancellation of Php98 billion in payments to professed development agencies and friendly governments.[20]
   c. Spending on **unwarranted items** such as the NTF-ELCAC that violate human rights or that are prone to abuse such as confidential and intelligence funds.

18 Increasing the take-home pay of Filipino wage and salary earners who make up over 60% of the workforce will raise family incomes, improve the distribution of economic gains, and stimulate the economy. MSMEs facing difficulties can be given temporary wage subsidies to support the wage hike.

19 The public infrastructure program should be opened up to greater scrutiny. The feasibility studies of these projects were all drawn up at a time of giddy optimism about the economy. However, previous assessments of economic and financial viability will no longer hold in today's greatly changed conditions. At the very least, the social need for many of them will have been overtaken by more pandemic-related needs.

20 The scale of the social crisis can be used to justify at least a moratorium on the government's debt payments. The government will pay Php1.8 trillion in debt service in 2021 consisting of Php531.6 billion in interest payments and Php1.3 trillion in principal amortization. This includes US$1.8 billion (approximately Php98 billion) to development agencies and governments. Political will can overcome accustomed automatic appropriations and the habitual deference to creditors.

2. Issue Php300-500 billion **special COVID-19 emergency or solidarity bonds** targeted at large corporations, financial institutions and wealthy families.[21]

3. Sell Php300-500 billion more in **government securities to the BSP** (and in effect monetize the national government deficit).

4. Implement a **wealth tax** on families with net worth over Php1 billion – this can raise at least Php237 billion annually.[22]

5. Increase **personal income taxes** on the richest 2.5% of families – this can raise at least Php127 billion annually.[23]

6. Revert the **estate tax and donor's tax** to pre-TRAIN levels – this raises revenues over the 2020-2022 period by Php6.3 billion and Php6.6 billion, respectively.

7. Introduce a more progressive **two-tiered CIT scheme** with a lower 20% CIT for MSMEs and a higher 35% for large enterprises – this can raise at least an additional Php15 billion annually.[24] This can replace the CREATE law that permanently lowers corporate income taxes including on large corporations.

8. Introduce a **land value tax** to capture a portion of the increase in land values resulting from public investments in transport infrastructure especially, but not only, mass transport projects such as Metro Manila railways – this can raise some Php333 billion from the MRT-3, Malolos-Clark Railway, and North-South Railway projects alone.[25]

This sums to a universe of at least Php2.9 trillion in funds from which realignments can be made, Php1 trillion in emergency bonds and other government securities, Php391.9 billion in immediate revenues from progressive taxes, and at least Php333 billion more from a land value tax.

Financing can be raised equitably to moderate national budget deficits and make public debt more manageable. Revenue generation has to focus on those who, even with the pandemic, are still in a much better position to contribute to the national relief and recovery effort.

(3) Structural reforms

Basic structural reforms are essential for the economy to return to and sustain the 6%-plus growth rates of the last decade. As it is, the government's latest growth projections of 6.5-7.5% in 2021 and especially of 8-10% in 2022 are fanciful without bolder measures to develop the national economy, eliminate mass poverty, and reduce gross inequality.

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21 This is debt that can be designed more on solidarity terms rather than on crude financial metrics to minimize the burden on the government. For instance, they can be at low, zero, or negative interest rates and be zero coupon; making them tax-exempt can be a sweetener.

22 Applying a 1% tax on wealth above Php1 billion, a 2% tax on wealth above Php2 billion, and 3% tax on wealth above Php3 billion on the Php4.1 trillion wealth of just the 50 richest Filipinos will yield Php237 billion at no real cost at all to their livelihoods or welfare.

23 This targets the huge concentration of wealth in the country in the hands of a few. To illustrate, a 20 percentage point increase on the annual income of the country's richest 182,000 families can raise Php84 billion (equivalent to 20% of their annual income in 2015) and a 10 percentage points on the next richest 364,000 families another Php43 billion – or Php127 billion in total from just the richest 2.5% of families in the country. Tax brackets can be fine-tuned to increase income tax rates on the super-rich and to preserve TRAIN tax benefits for middle-income households.

24 IBON estimates on available corporate tax payments data from the Bureau of Internal Revenue (BIR). In ASEAN, countries with such a segmented CIT scheme include Thailand, Malaysia, Cambodia, and Brunei.

25 Asian Development Bank (ADB) experts have estimated the MRT-3 project to increase the value of commercial and real estate within one kilometer of its stations by an aggregate Php177.7 billion; the transport department meanwhile estimates the cumulative land value increase in the vicinity of the Malolos-Clark Railway and North-South Railway projects to reach Php1,156 billion. Capturing just 25% of these can generate Php333 billion while still leaving private property owners with a substantial windfall.

Gov't intervention should be used to re-orient the economy towards long-term growth and development

Policymaking worldwide is correcting the excesses of neoliberalism and the Philippines cannot remain stuck in the past. The pandemic-driven momentum of government intervention should be used to re-orient the economy towards long-term growth and development.

This goes far beyond relief and recovery and will need comprehensive and integrated plans spanning agricultural development, national industrialization policy, and expanding social services (notably strengthening the public health system and social protection). These will need a supportive array of fiscal policy, monetary and financial policies, and foreign trade and investment policies.

The general directions can however already be established and recovery efforts already oriented towards these. For instance, the criteria for supporting enterprises can include key industrial policy objectives: i) immediate but also future employment generation; ii) high forward and backward linkages (especially to Filipino enterprises, producers and markets); iii) contribution to long-term productivity gains (especially in terms of industrial science and technologies); iv) contribution to environmental sustainability (especially in using and promoting environmentally-friendly production processes); and v) contribution to long-term stability and self-reliance (especially in terms of food self-sufficiency and domestic industrial capacity).

The long-term benefits of re-orienting MSMEs towards more strategic goals will become evident once the immediate crisis has passed. Later steps can be made easier by taking progressive measures early on. The economy can also start to be made much more equitable and democratic if the support is made conditional not just on performance according to the above criteria but also on respecting workers' rights to decent wages and benefits, proper work conditions, and self-organization.

There should also be a more explicit bias for supporting Filipino MSMEs beyond mere statements of 'prioritizing' or being given 'preference'. This can include using government MSME windows and mechanisms more, actively reaching out and seeking MSMEs, and even setting explicit amounts for MSMEs.

It goes without saying that there should be much greater transparency about the enterprises receiving support and the public should be able to have direct and immediate access to detailed and timely reports on these. Public resources are being used and the public has a right to know how this is being used.

The pandemic has been extremely jarring for the Philippine economy and especially the working people who make up the majority of the population. It is urgent to give immediate relief and spur recovery. However, more than this, serious attention backed up with real political will can galvanize the nation to take the first real steps to the equitable and broad-based development that has long eluded the country.

ANNEXES

Annex 1. COVID-19 package of Southeast Asian economies, As of January 2021

Economy	GDP growth, 2020* (%)	Total package		Of which fiscal stimulus (income & health support)		Credit ratings		
		US$ M	% of GDP	US$ M	% of GDP	S&P	Moody's	Fitch
Malaysia	(5.8)	91,950	25.9	26,321	7.2	A-	A3	BBB+
Singapore	(5.8)	89,142	25.4	51,589	13.9	*nda*	Aaa	AAA
Thailand	(6.6)	84,092	16.0	43,603	8.0	BBB+	Baa1	BBB+
Indonesia	(1.9)	115,334	10.9	37,930	3.4	BBB	Baa2	BBB
Vietnam	2.9	26,968	10.3	12,903	4.9	BB	Ba3	BB
Timor-Leste	(6.8)	254	8.7	150	5.1	*nda*	*nda*	*nda*
Cambodia	(2.8)	2,210	8.3	210	0.8	*nda*	B2	*nda*
Philippines	(9.5)	23,108	6.3	14,990	4.0	BBB+	Baa2	BBB
Brunei Darussalam	0.1	318	2.7	*nda*	*nda*	*nda*	*nda*	*nda*
Lao PDR	0.2	30	0.2	8	*nda*	*nda*	Caa2	CCC
Myanmar	2.0	99	0.1	27	0.0	*nda*	*nda*	*nda*

* - GDP growth as projected by IMF except for Philippines, Singapore and Vietnam which are actual figures.

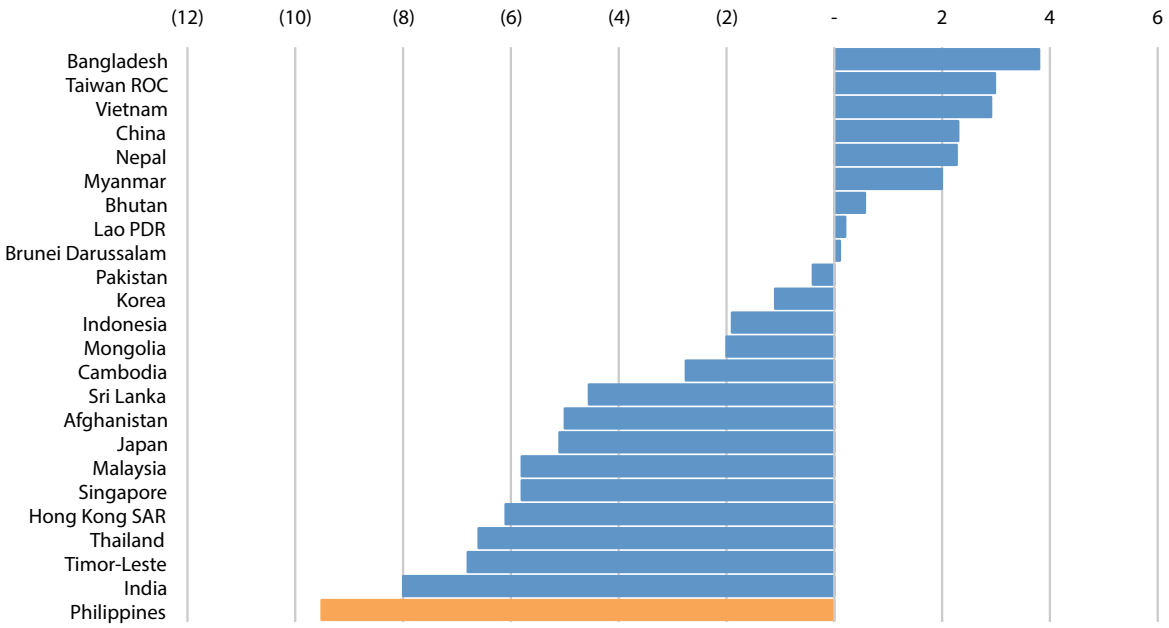
Sources: *Asian Development Bank COVID-19 Policy Database, International Monetary Fund (IMF) World Economic Outlook, Philippine Statistics Authority, Singapore Department of Statistics, Vietnam General Statistics Office, S&P Global (https://www.spglobal.com/ratings/en), Trading Economics (tradingeconomics.com), and Moody's (https://www.moodys.com/researchandratings/home)*

Annex 2. Reported cases and deaths in Southeast Asia, As of February 2021

Economy	Total cases	Total deaths	Active cases	Total cases per 1 million population	Deaths per 1 million population	Population
Indonesia	1,166,079	31,763	171,288	4,236	115	275,269,450
Philippines	538,995	11,231	27,992	4,880	102	110,460,013
Malaysia	245,552	896	51,977	7,529	27	32,615,975
Myanmar	141,423	3,175	10,564	2,589	58	54,630,457
Singapore	59,721	29	259	10,160	5	5,878,158
Thailand	23,557	79	6,068	337	1	69,906,176
Vietnam	2,050	35	543	21	0	97,867,709
Cambodia	474		20	28		16,858,358
Brunei	182	3	4	414	7	440,009
Timor-Leste	80		19	60		1,333,525

Source: *Worldometers.info, accessed February 8, 2020*

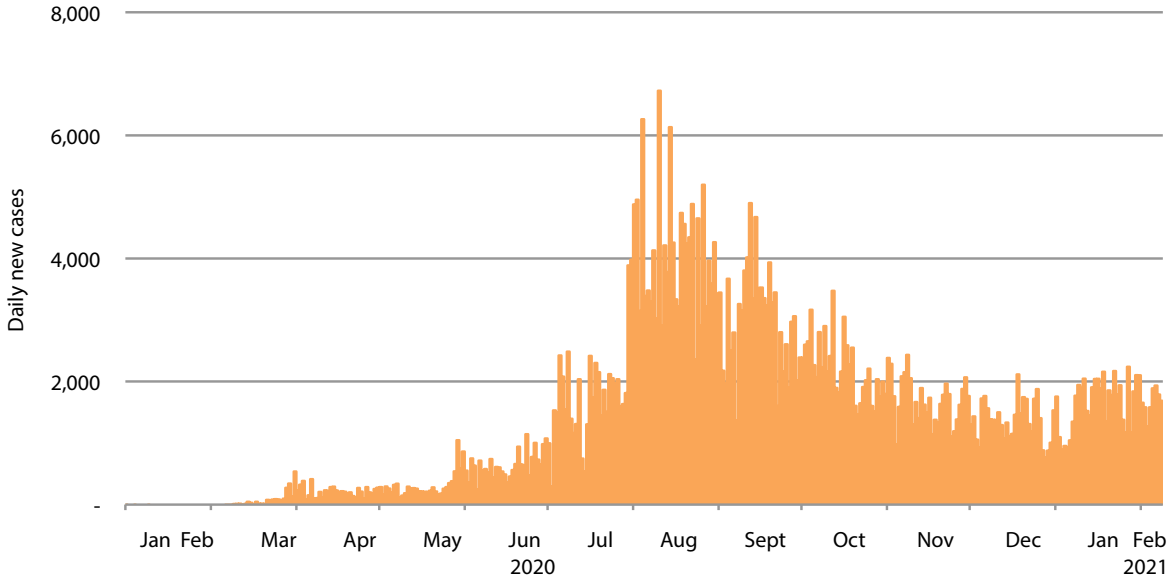
***Annex 3*. GDP growth in South, East and Southeast Asia, 2020* (in %)**



* - 2020 data are as projected, except for Taiwan, Vietnam, China, Nepal, Singapore, Hong Kong, and the Philippines which are actual figures.

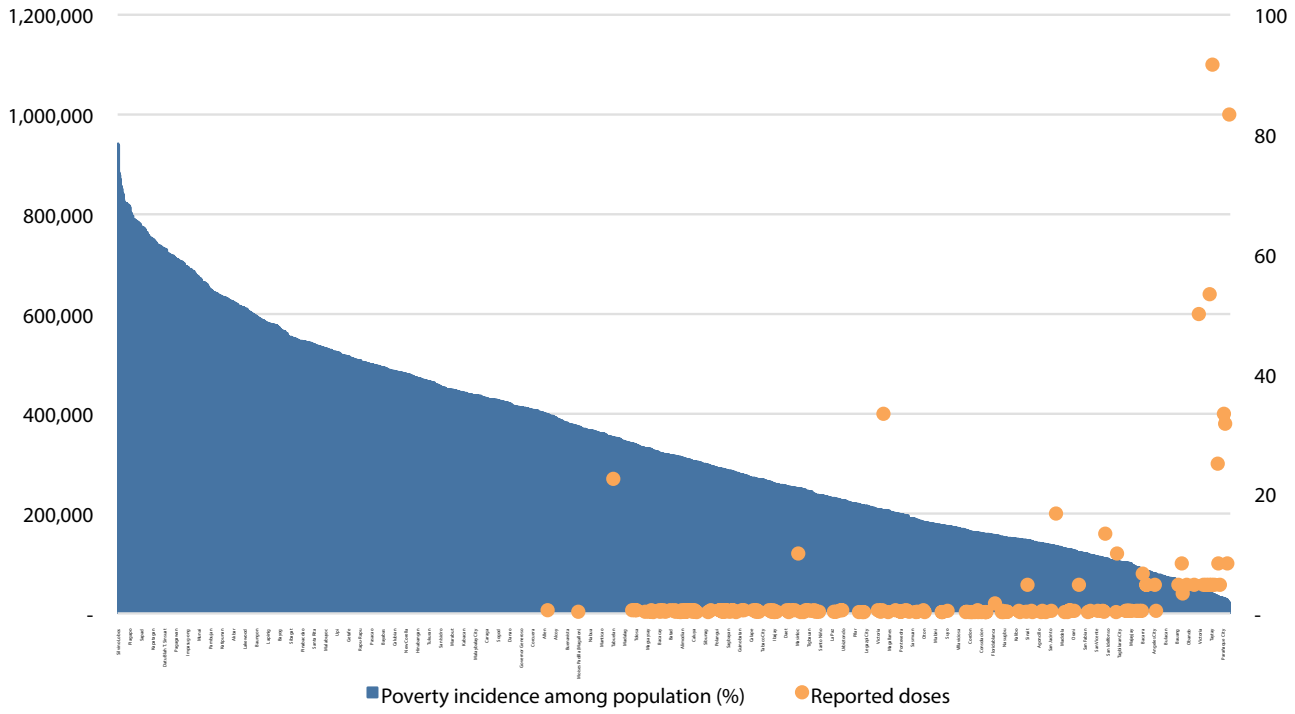
Sources: *International Monetary Fund World Economic Outlook October 2020 and January 2021, Taiwan National Statistical Bureau, Vietnam General Statistics Office, China National Bureau of Statistics, Nepal Central Bureau of Statistics, Singapore Department of Statistics, Hong Kong Census and Statistics Department, and Philippine Statistics Authority*

***Annex 4*. Daily reported COVID-19 cases, January 30, 2020-February 8, 2021**



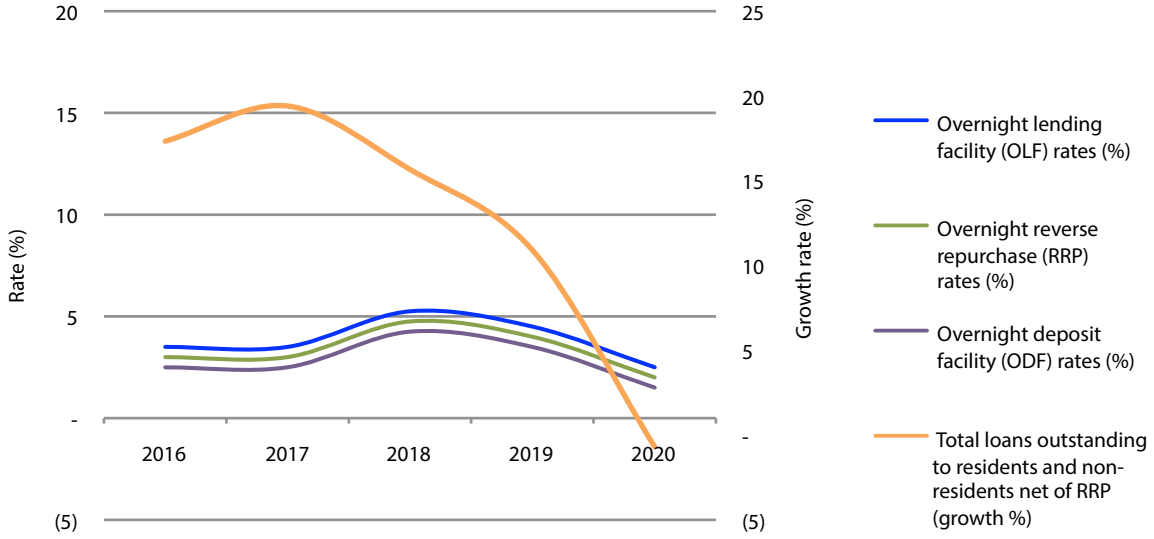
Source: *Our World in Data [https://ourworldindata.org/coronavirus]*

***Annex 5*. Poverty incidence vs. reported vaccine supply per municipality/city, As of January 14, 2021**



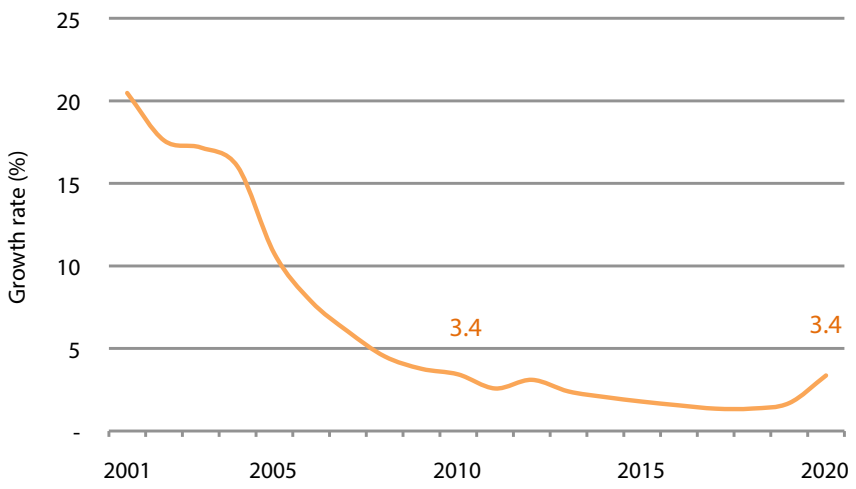
Sources: *Philippine Statistics Authority and The Philippine Daily Inquirer, "Local gov'ts with signed deals for COVID vaccine supply", January 16, 2021*

***Annex 6*. Selected domestic interest rates and growth of total loans, 2016-2020 (in %)**



Source: *Bangko Sentral ng Pilipinas*

Annex 7. Non-performing loans as % of total loans, 2001-2020 (in %)



Source: *Bangko Sentral ng Pilipinas*

Annex 8. National Accounts of the Philippines by industry group, 2016-2020 (growth rates; at constant 2018 prices; in %)

Industry group	2016	2017	2018	2019	2020
1. Agriculture, Forestry and Fishing	**(1.0)**	**4.2**	**1.1**	**1.2**	**(0.2)**
2. Industry Sector	**8.2**	**7.0**	**7.3**	**4.7**	**(13.1)**
a. Mining & Quarrying	5.5	2.1	2.0	3.6	(19.9)
b. Manufacturing	6.8	8.0	5.1	3.2	(9.5)
c. Electricity, steam, water and waste management	9.1	4.5	6.5	6.6	(0.7)
d. Construction	12.0	6.1	14.3	7.8	(26.0)
3. Service Sector	**8.2**	**7.4**	**6.7**	**7.5**	**(9.1)**
a. Wholesale and retail trade; Repair of motor vehicles and motorcycles	7.1	6.9	5.9	8.1	(5.7)
b. Transportation and storage	10.3	7.3	7.7	6.3	(31.2)
c. Accommodation and food service activities	11.9	11.6	8.6	6.2	(44.7)
d. Information and communication	6.0	4.5	6.7	6.5	5.1
e. Financial and insurance activities	8.8	8.4	8.4	11.9	5.8
f. Real estate and ownership of dwellings	4.5	5.7	5.4	5.2	(17.0)
g. Professional and business services	15.5	10.4	3.8	2.3	(9.3)
h. Public administration and defense; Compulsory social activities	7.5	9.1	15.2	13.4	4.4
i. Education	6.4	7.1	8.9	6.1	(11.9)
j. Human health and social work activities	7.4	6.6	(0.3)	4.1	(4.3)
k. Other services	7.1	2.2	4.5	6.5	(41.8)
Gross Domestic Product	**7.1**	**6.9**	**6.3**	**6.0**	**(9.5)**
Gross National Income	**6.8**	**6.8**	**5.9**	**5.2**	**(11.1)**

Source: *Philippine Statistics Authority National Accounts of the Philippines*

***Annex 9*. Employed persons by industry and hours worked, October 2019 and October 2020 (in '000)**

Indicator	October 2019 [r]	October 2020 [p]	Change
Employed persons	**42,537**	**39,836**	**(2,701)**
By industry			
Agriculture	**9,692**	**9,762**	**70**
Agriculture and forestry	8,425	8,427	2
Fishing and aquaculture	1,266	1,335	69
Industry	**8,126**	**7,299**	**(827)**
Mining and quarrying	161	156	(5)
Manufacturing	3,647	3,028	(618)
Electricity, gas, steam and air conditioning supply	83	71	(12)
Water supply; sewerage, waste management and remediation activities	57	70	13
Construction	4,179	3,974	(205)
Services	**24,719**	**22,776**	**(1,943)**
Wholesale and retail trade; Repair of motor vehicles and motorcycles	8,449	8,385	(63)
Transportation and storage	3,481	2,824	(657)
Accommodation and food service activities	2,009	1,342	(667)
Information and communication	432	453	21
Financial and insurance activities	644	601	(43)
Real estate activities	237	176	(61)
Professional, scientific and technical activities	309	288	(21)
Administrative and support service activities	1,690	1,733	43
Public administration and defense; Compulsory social security	2,740	2,428	(312)
Education	1,388	1,460	72
Human health and social work activities	591	602	10
Arts, entertainment and recreation	346	214	(132)
Other service activities	2,401	2,267	(134)
Activities of extraterritorial organizations and bodies	1	2	0
By number of hours worked			
Less than 40 hours	12,757	13,201	443
Worked 40 hours and over	29,457	26,248	(3,209)
With a job, not at work	323	387	65

[p] - preliminary

[r] - revised estimates based on 2015 Census of Population (POPCEN)-based population projection

0 - less than 1,000

Source: *Philippine Statistics Authority Labor Force Survey*

***Annex 10*. Selected labor force statistics, Annual 2016-2020 and Quarterly 2020* (population in '000; rate in %)**

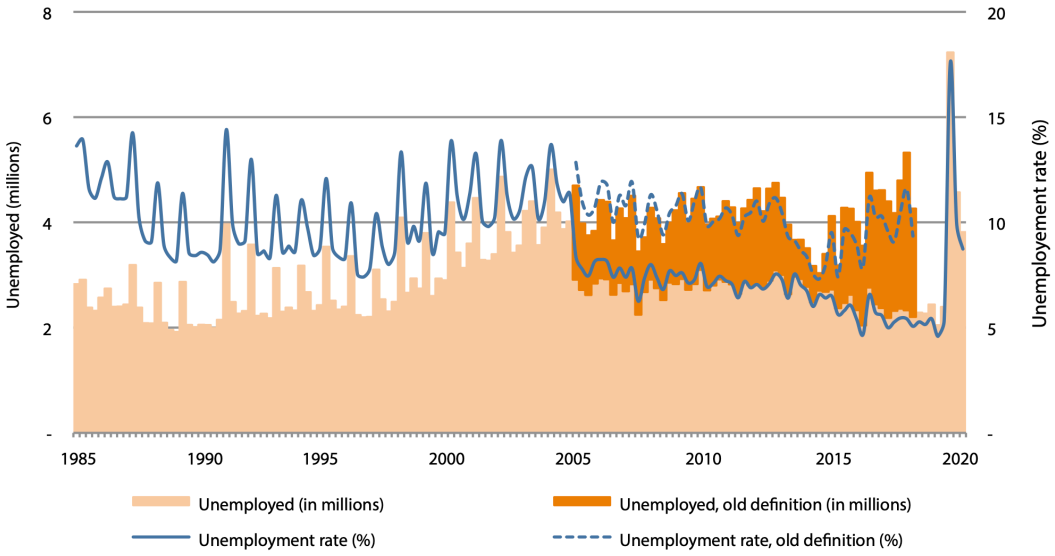
Indicator	2016	2017	2018	2019	Average 2020[p]	Jan 2020	Apr 2020	Jul 2020	Oct 2020[p]
Total 15 years old and over	**68,311**	**69,891**	**71,339**	**72,932**	**73,732**	**72,841**	**73,722**	**74,060**	**74,307**
Labor Force	**43,361**	**42,775**	**43,460**	**44,692**	**43,878**	**44,934**	**41,058**	**45,871**	**43,649**
Employed	40,998	40,334	41,157	42,428	39,378	42,543	33,830	41,302	39,836
Underemployed	7,513	6,506	6,734	5,934	6,395	6,299	6,398	7,136	5,747
Unemployed	2,363	2,441	2,303	2,264	4,500	2,391	7,228	4,569	3,813
Not in the Labor Force	**24,950**	**27,116**	**27,879**	**28,240**	**29,854**	**27,906**	**32,664**	**28,189**	**30,658**
Participation Rate	63.5	61.2	60.9	61.3	59.5	61.7	55.7	61.9	58.7
Employment Rate	94.6	94.3	94.7	94.9	89.7	94.7	82.4	90.0	91.3
Underemployment Rate	18.3	16.1	16.4	14.0	16.2	14.8	18.9	17.3	14.4
Unemployment Rate	5.4	5.7	5.3	5.1	10.3	5.3	17.6	10.0	8.7

[p] - preliminary

* - 2016-2019 figures are based on population projections according to the 2010 Census of Population and Housing, while 2020 figures according to the 2015 Population Census.

Source: *Philippine Statistics Authority Labor Force Survey*

***Annex 11*. Unemployed persons and unemployment rate*, 1985-2000 (in millions; in %)**



* - 2005-2018 also show data based on the old unemployment criteria to make comparisons with previous periods. These estimates are based on PSA's microdata sets on the LFS rounds for the said period.

Source: *Philippine Statistics Authority Labor Force Survey*

***Annex 12*. Labor force population and participation rate, 1985-2000 (in millions; in %)**

Source: *Philippine Statistics Authority Labor Force Survey*

***Annex 13*. Employed persons by class of worker, October 2019 and October 2020 (in '000)**

Class of worker	October 2019 [r]	October 2020 [p]	Change
Employed persons	**42,537**	**39,836**	**(2,701)**
Wage and salary workers	27,538	24,911	(2,627)
Worked for private household	1,653	1,582	(71)
Worked for private establishment	21,879	19,456	(2,423)
Worked for government or government corporation	3,874	3,777	(97)
Worked with pay in own family-operated farm or business	132	96	(36)
Self-employed without any paid employee	11,356	11,658	302
Employer in own family-operated farm or business	1,230	1,296	66
Worked without pay in own family-operated farm or business (Unpaid family worker)	2,413	1,971	(441)

[p] - preliminary

[r] - revised estimates based on 2015 Census of Population-based population projection

Source: *Philippine Statistics Authority Labor Force Survey*

Annex 14. Distribution of families by income group, 2018

Range of monthly family incomes *	Size of income group: Number of households	Size of income group: Number of persons
Less than Php10,957	2.9 million	17.7 million
Between Php10,957-Php21,914	8.4 million	40.7 million
Between Php21,914-43,828	7.6 million	31 million
Between Php43,828-76,699	3.1 million	11.2 million
Between Php76,699-131,484	1.2 million	3.8 million
Between Php131,483-219,140	358,000	1 million
At least Php219,140	143,000	360,000

* - for a family of 5; in 2018 prices

Source: *Philippine Institute for Development Studies Discussion Paper Series No. 2020-22 "Poverty, the middle class, and income distribution amid COVID-19", August 2020*

Annex 15. Daily wage indicators for the National Capital Region, June 2016, December 2018, December 2019 and December 2020

Indicators	Jun 2016	Dec 2018	Dec 2019	Dec 2020
Daily minimum wage (Php)	491	537	537	537
Real minimum wage (2012=100; in Php)	468	461	448	434
For a family of six members				
Estimated family living wage (Php)	1,077	1,196	1,230	1,269
Wage gap (Php)	586	659	693	732
Wage gap (%)	54	55	56	58
For a family of five members				
Estimated family living wage (Php)	897	996	1,025	1,057
Wage gap (Php)	406	459	488	520
Wage gap (%)	45	46	48	49

Sources: *National Wages and Productivity Commission, and Philippine Statistics Authority*

Annex 16. Selected wage indicators by administration

Administration	Number of wage hikes	Nominal wage (Php)			Real wage* (Php)		
		Starting	Ending/ To date	% increase	Starting	Ending/ To date	% increase
Aquino	6	37	118	218.9	136	209	54.4
Ramos	7	118	198	67.8	209	215	2.8
Estrada	2	198	250	26.3	369	399	8.2
Arroyo	7	250	382	52.8	399	410	2.7
Aquino	6	382	491	28.5	410	468	14.2
Duterte	2	491	537	9.4	468	434	(7.2)

* - real wage estimates per administration are based on the following base years: Aquino and Ramos 2000=100; and Estrada to Duterte 2012=100.

Sources: *National Wages and Productivity Commission, and Philippine Statistics Authority*

Annex 17. Cash assistance distributed as per Bayanihan 1 and 2, As of January 4, 2021

Program	Beneficiaries	Disbursed amount (in Php)	Average aid (in Php)	Aid/person/day* (in Php)
Bayanihan 1 (RA 11469)				
SAP-AICS (1st tranche)	17,597,757 families	99,197,378,450	5,637	6
SAP for PUV drivers	98,100 individuals	785,100,000	8,003	9
SAP-AICS (2nd tranche)	14,134,632 families	84,382,446,500	5,970	6
CAMP	657,201 individuals	3,286,000,000	5,000	5
TUPAD	337,198 individuals	1,264,000,000	3,749	4
AKAP	176,082 individuals	1,799,000,000	10,217	11
FSRF	591,246 individuals	3,000,000,000	5,000	5
SBWS (covering 2 months)	3.1 M individuals	45,620,000,000	14,716	16
Bayanihan 2 (RA 11494)				
SAP for non-4Ps	251,776 families	1,700,000,000	6,752	13
RSBSA	51,064 individuals	1,000,000,000	19,583	37
CAMP	914,335	4,577,000,000	5,006	9
TUPAD	797,222	4,547,000,000	5,704	11
AKAP	116,194	1,168,000,000	10,052	19

* - computed with an average family size of 5 members

AICS - Assistance to Individuals in Crisis Situation (DSWD)

AKAP - Abot-Kamay ang Pagtulong Program (Department of Labor and Employment, DOLE)

CAMP - COVID-19 Adjustment Measures Program (DOLE)

FSRF - Financial Subsidy for Rice Farmers Program (Department of Agriculture, DA)

PUV - public utility vehicle

RSBS - Registry System for Basic Sectors in Agriculture (DA)

SAP - Social Amelioration Program (DSWD)

SBWS - Small Business Wage Subsidy Program (Social Security System)

TUPAD - Tulong Panghanapbuhay sa Ating Displace/Disadvantaged Workers Program (DOLE)

4Ps - Pantawid Pamilyang Pilipino Program (DSWD)

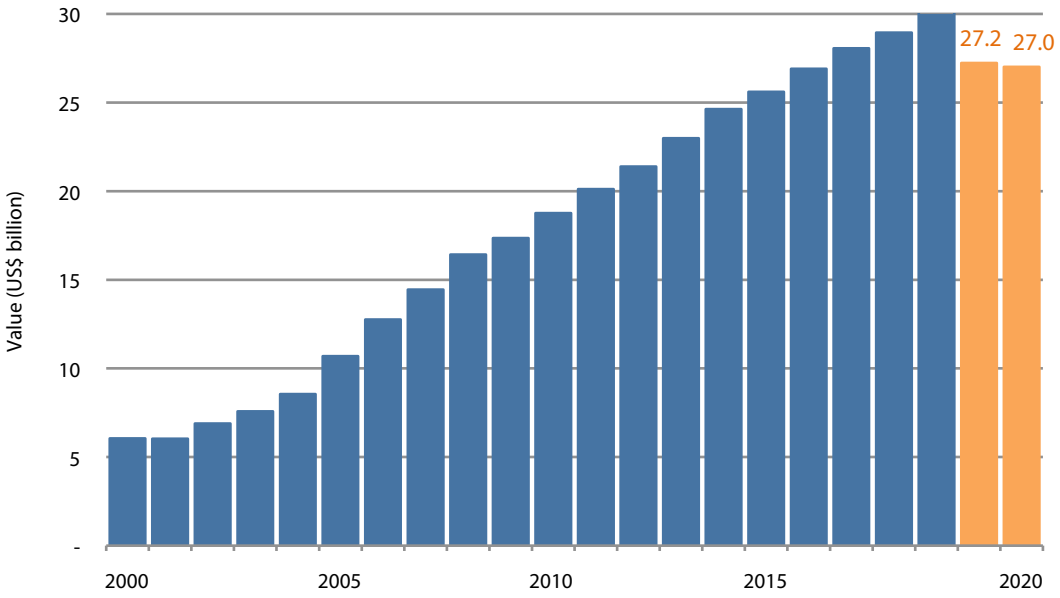
Sources: *The Official Gazette, and Department of Social Welfare and Development (DSWD)*

Annex 18. Jobs displacement indicators, January 2020-January 2021

Displacement due to --	Number of reporting establishments	Number of displaced workers
Retrenchments/reduction of workers	24,603	409,015
Permanent closure	2,878	44,912
Flexible work arrangements	64,474	2,386,119
Temporary closure	101,472	2,429,387

Source: *Department of Labor and Employment Jobs Displacement Monitoring Report, Yearend 2020 and January 2021*

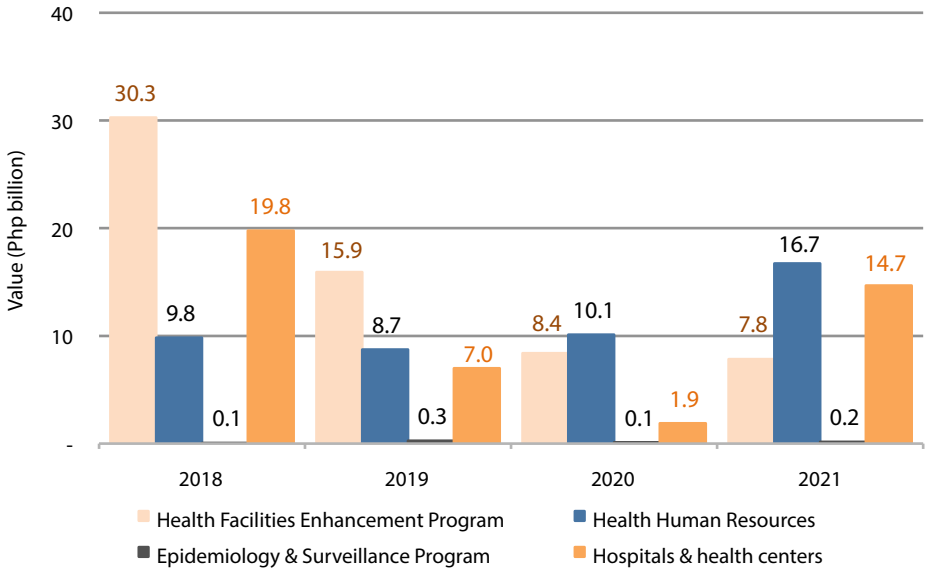
***Annex 19*. Overseas remittances, 2000-2020* (in US$ billion)**



* - 2019-2020 data are January-November only

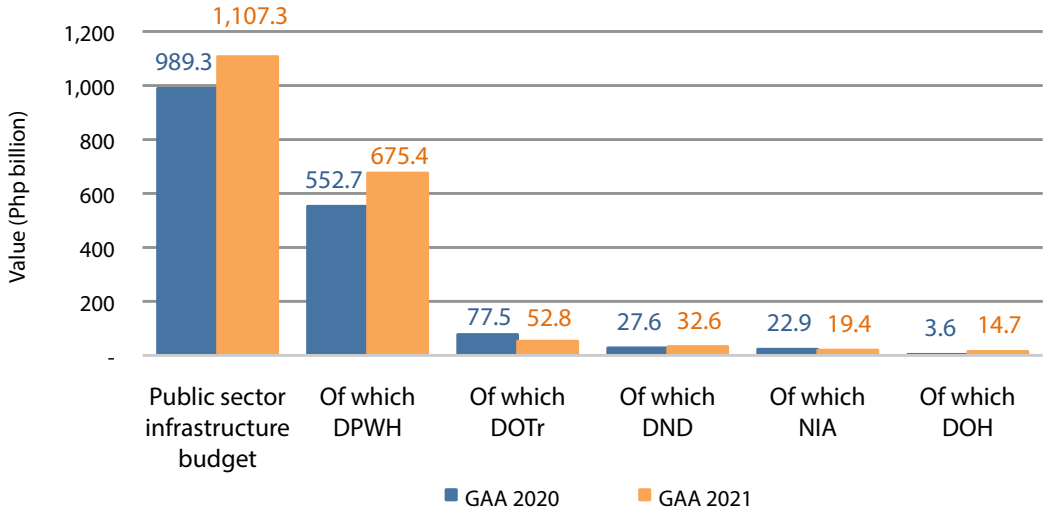
Source: *Bangko Sentral ng Pilipinas*

***Annex 20*. Selected health budgets, 2018-2021 (in Php billion)**



Source: *Department of Budget and Management General Appropriations Act*

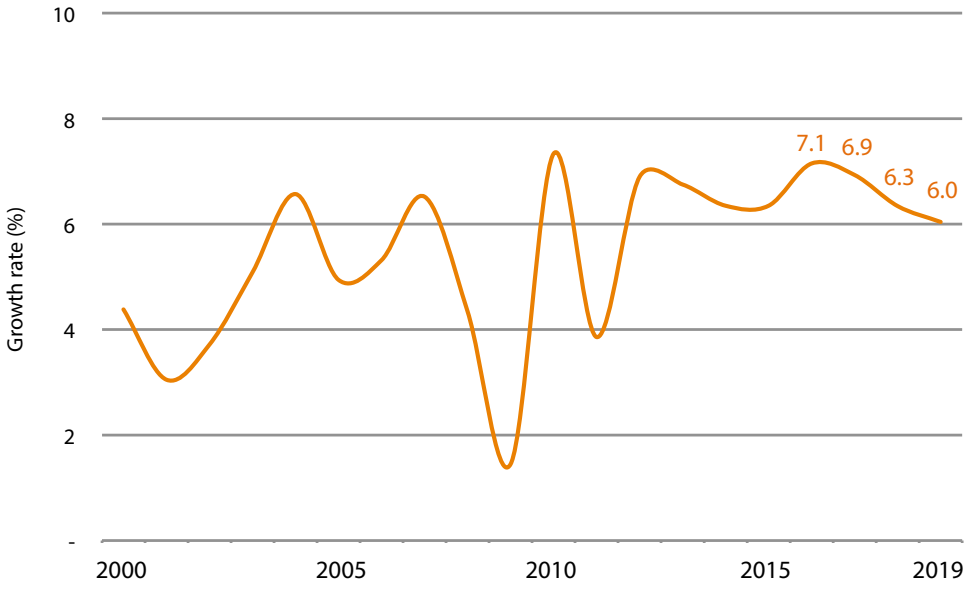
***Annex 21*. Public sector infrastructure budget by agency, 2020 and 2021 (in Php billion)**



DOH - Department of Health
DOTr - Department of Transportation
DND - Department of National Defense
DPWH - Department of Public Works and Highways
NIA - National Irrigation Administration

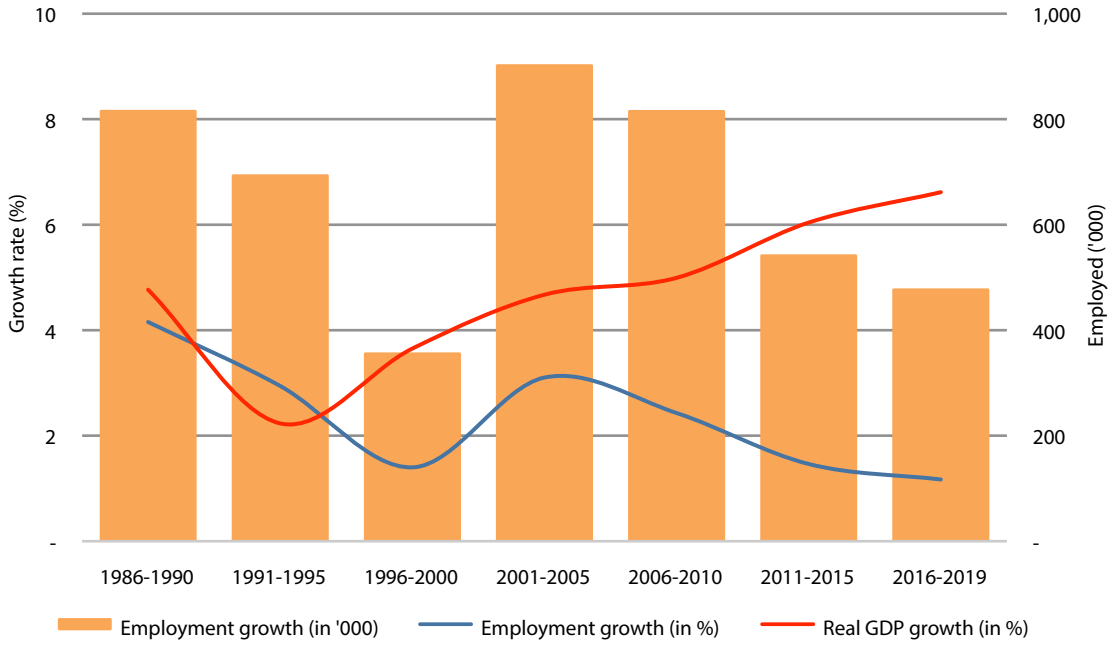
Source: *Department of Budget and Management General Appropriations Act (GAA)*

***Annex 22*. GDP growth, 2000-2019 (in %)**



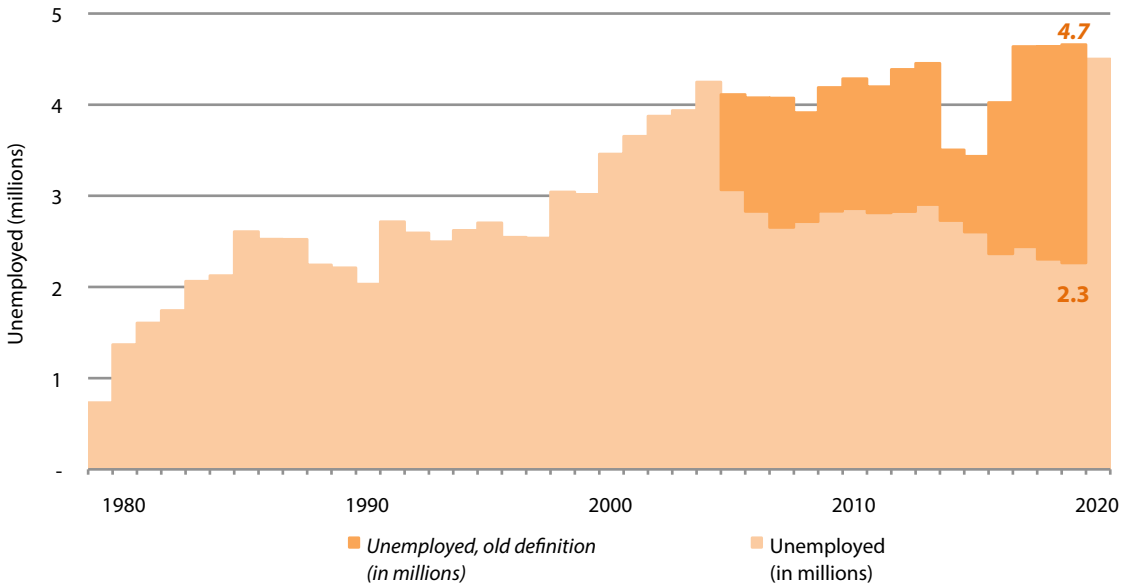
Source: *Philippine Statistics Authority National Accounts of the Philippines*

***Annex 23*. Employment growth and GDP growth, 1986-2019**



Source: *Philippine Statistics Authority National Accounts of the Philippines and Labor Force Survey*

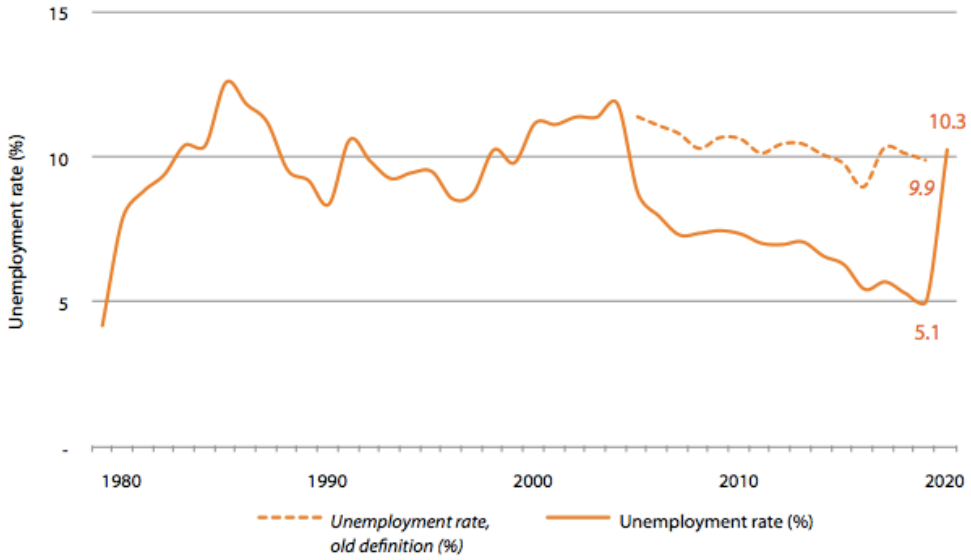
***Annex 24*. Number of unemployed persons, 1979-2020 (in millions)**



* - 2005-2019 show data based on the old unemployment criteria to make comparisons with previous periods. These estimates are based on PSA's microdata sets on the LFS rounds for the said period.

Source: *Philippine Statistics Authority (PSA) Labor Force Survey (LFS)*

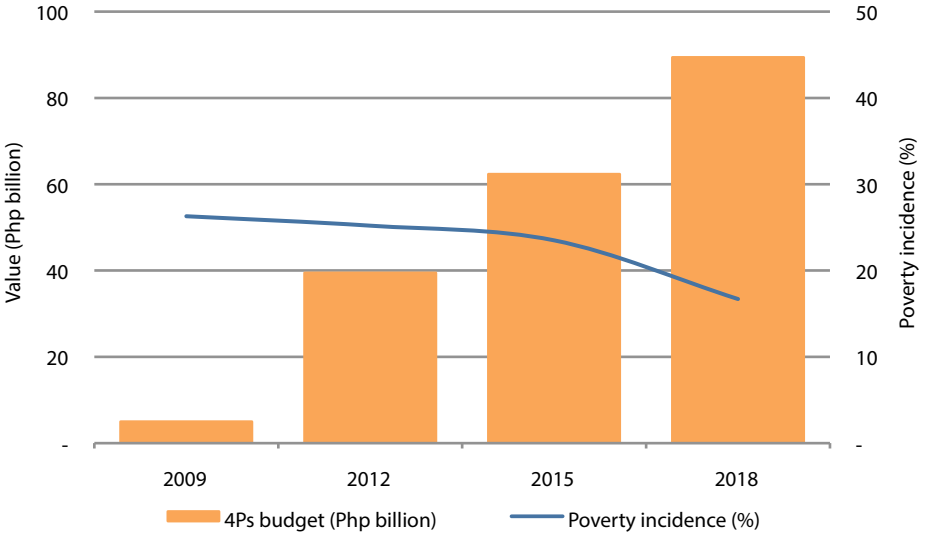
***Annex 25*. Unemployment rate, 1979-2020 (in %)**



* - 2005-2019 show data based on the old unemployment criteria to make comparisons with previous periods. These estimates are based on PSA's microdata sets on the LFS rounds for the said period.

Source: *Philippine Statistics Authority Labor Force Survey*

***Annex 26*. Budget for 4Ps vs. poverty incidence among population, 2009-2018**



4Ps - Pantawid Pamilyang Pilipino Program

Sources: *Department of Budget and Management, and Philippine Statistics Authority*

***Annex 27*. Number of victims of violation of civil and political rights, July 2016-December 2020**

Violations	Number of victims
Extrajudicial killing	376
Enforced disappearance	18
Torture	222
Frustrated extrajudicial killing	488
Illegal arrest without detention	2,635
Illegal arrest and detention	1,040
Illegal search and seizure	1,037
Physical assault and injury	485
Demolition	6,492
Violation of domicile	1,512
Destruction of property	7,068
Divestment of property	921
Forced evacuation	457,696
Threat / Harassment / Intimidation	103,843
Indiscriminate firing	8,592
Bombing	372,629
Forced / Fake surrender	3,349
Forced labor / Involuntary servitude	35
Use of civilians in police and/or military operations as guides and/or shield	147
Use of schools, medical, religious and other public places for military purpose	45,780
Restriction or violent dispersal of mass actions, public assemblies and gatherings	4,125

Source: *KARAPATAN Alliance for the Advancement of People's Rights*