



ROLE OF MINDANAO IN NATIONAL DEVELOPMENT

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Authority (NEDA) Regional Development
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Business Webinar on Metro Davao and Metro Cagayan de Oro

メトロダバオ及びメトロカガヤンに
関するビジネスウェビナー

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REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

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Business Webinar 2021
22 January 2021

MERCEDITA A. SOMBILLA

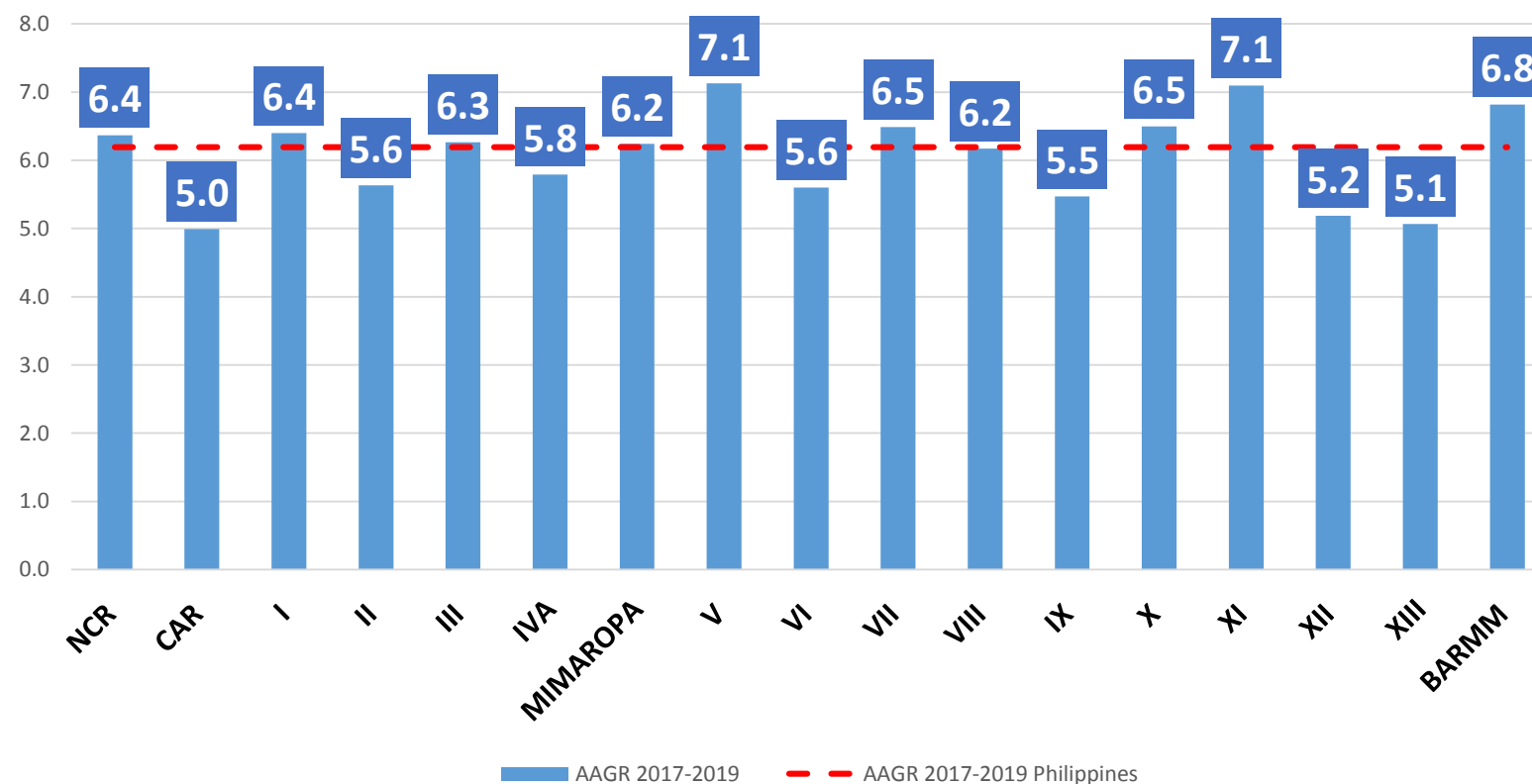
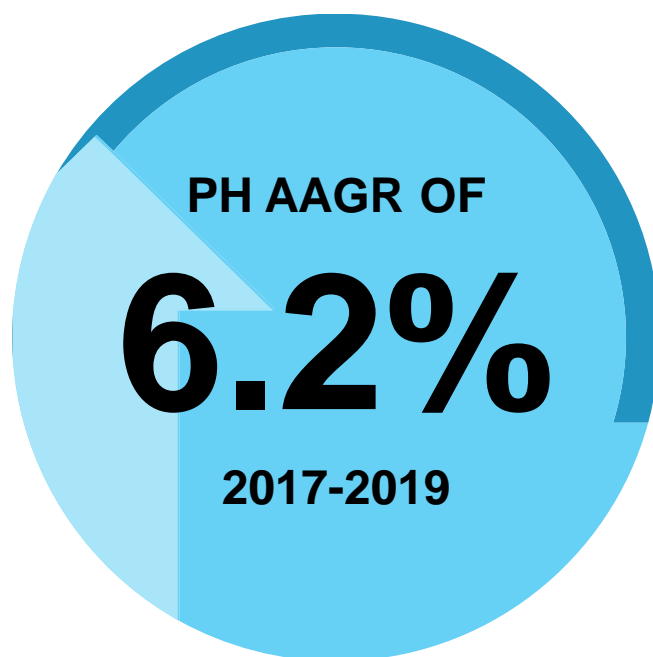
Undersecretary, NEDA Regional Development Group

Outline of Presentation

- I. National and regional economic performance
 - pandemic's impact to the economy
- I. Economic Outlook for 2021
- II. Development thrusts and strategies:
 - Philippine Development Plan
 - Regional Development Plans
 - Rehabilitation and Recovery Program

Economic Performance

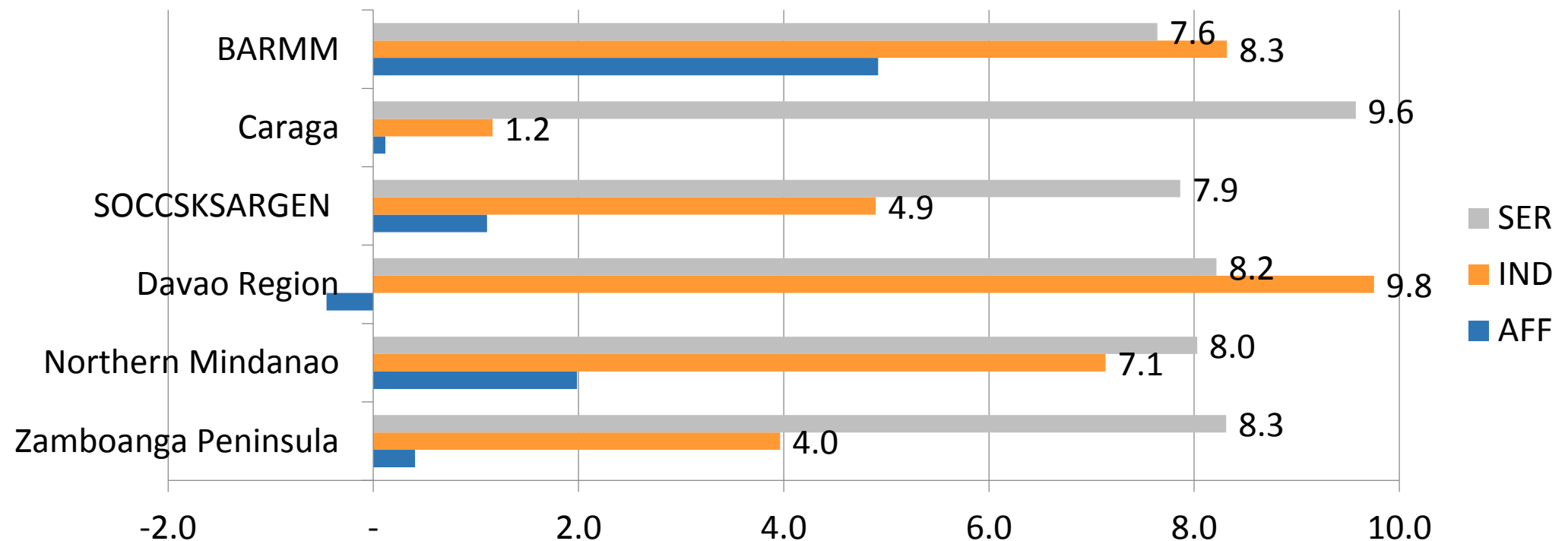
GRDP Average Annual Growth Rate (AAGR) 2017 – 2019, at constant 2018 prices



Economic Performance

Mindanao's economy is largely driven by Industry and Services

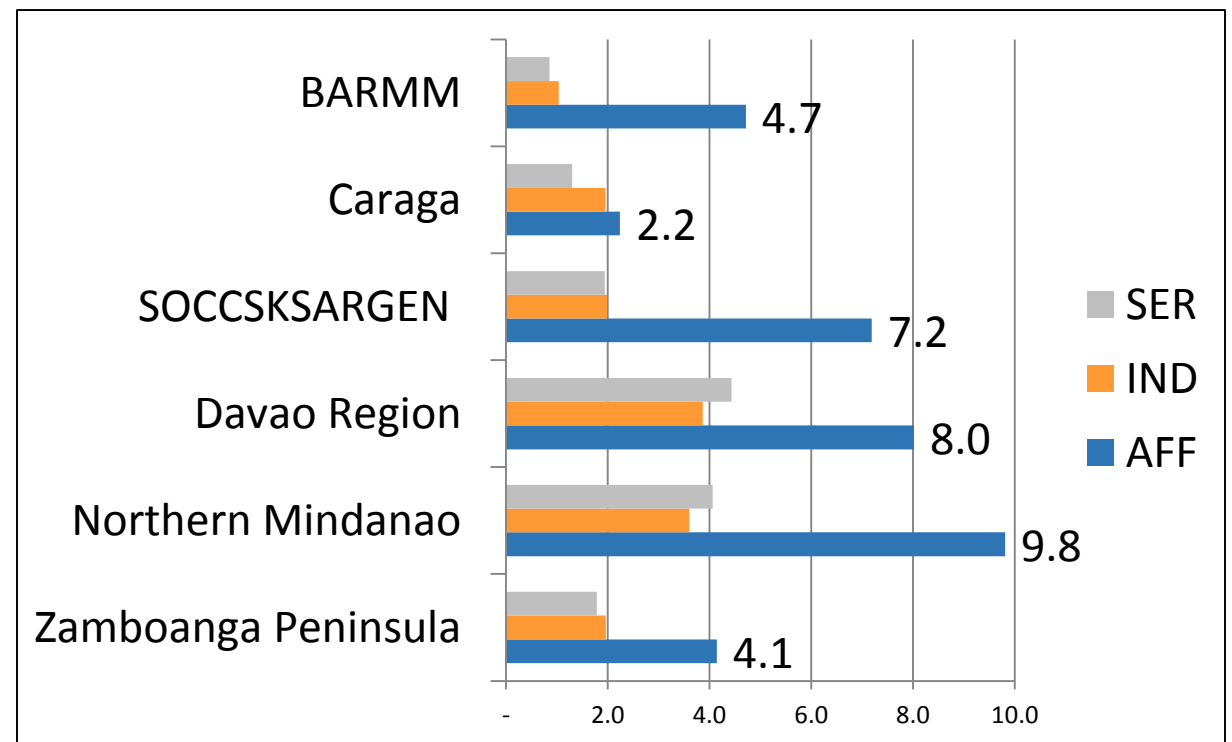
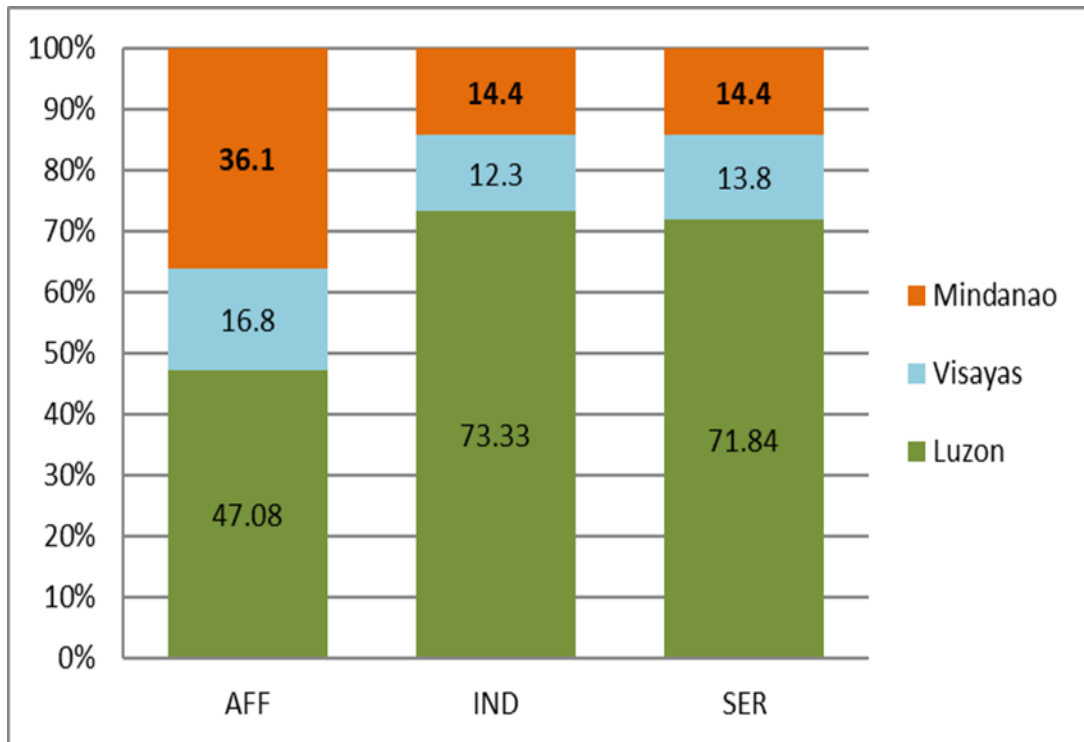
Mindanao regions' average growth rates per sector, 2017-2019 (at constant 2018 prices)



Economic Performance

Mindanao is predominantly agriculture-based

Mindanao regions' average share in the country's total output per sector, 2017-2019 (at constant 2018 prices)



Pandemic's Impact to the Economy

Philippines entered the crisis with strong economic prospects



Strong economic growth performance (6.6% average from 2016-2019)

- GDP growth rate 2017-2018 at 6.3 percent
- GDP growth rate 2018-2019 at 6.0 percent



Low and stable inflation

3 percent average inflation rate
from 2016 to 2019,
enabled by Rice Tariffication Law

Strong Fiscal Position

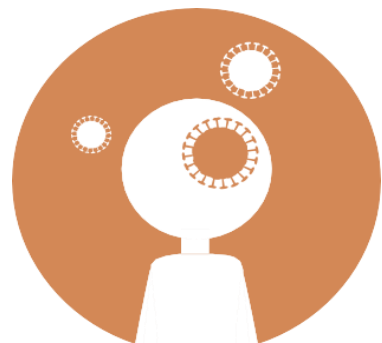
Highest revenue (16.1%) and lowest debt
(39.6%) as shares of GDP in 2019,
enabled by tax reform

Lowest poverty incidence

16.7 percent poverty incidence among
population, and 12.1 percent poverty
incidence among families as of 2018

Pandemic's Impact to the Economy

Current health crisis significantly impacted on the economy



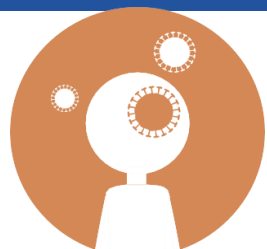
Real Growth Rates (%)	FY 2019	2019		2020			Q2 2020 vs Q3 2020
		Q1	Q4	Q1	Q2	Q3	
GROSS DOMESTIC PRODUCT	6.0	5.7	6.7	-0.7	-16.9	-11.5	↑
Household Final Consumption Expenditure	5.9	6.2	5.7	0.2	-15.3	-9.3	↑
Gov't Final Consumption Expenditure	9.6	6.4	17.0	7.0	21.8	5.8	↓
Capital Formation	2.5	9.8	2.5	-17.4	-53.7	-41.6	↑
Exports of Goods and Services	2.4	4.2	0.3	-4.4	-35.8	-14.7	↑
Imports of Goods and Services	2.8	8.9	-0.7	-8.7	-37.9	-21.7	↑

Source: Philippine Statistics Authority

Pandemic's Impact to the Economy

Current health crisis significantly impacted employment

With 75 percent of the economy forced to shutdown, unemployment and underemployment increased sharply.

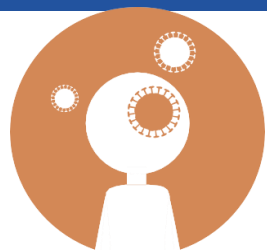


	Philippines		
	April 2019	April 2020	Increment
Unemployment (in millions)	2.3	7.3	5.0
Unemployment Rate (in percent)	5.1	17.7	12.5
Underemployment (in millions)	5.6	6.4	0.8
Underemployment Rate (in percent)	13.4	18.9	5.5

Source: Philippine Statistics Authority, Labor Force Survey

Pandemic's Impact to the Economy

Current health crisis significantly impacted employment

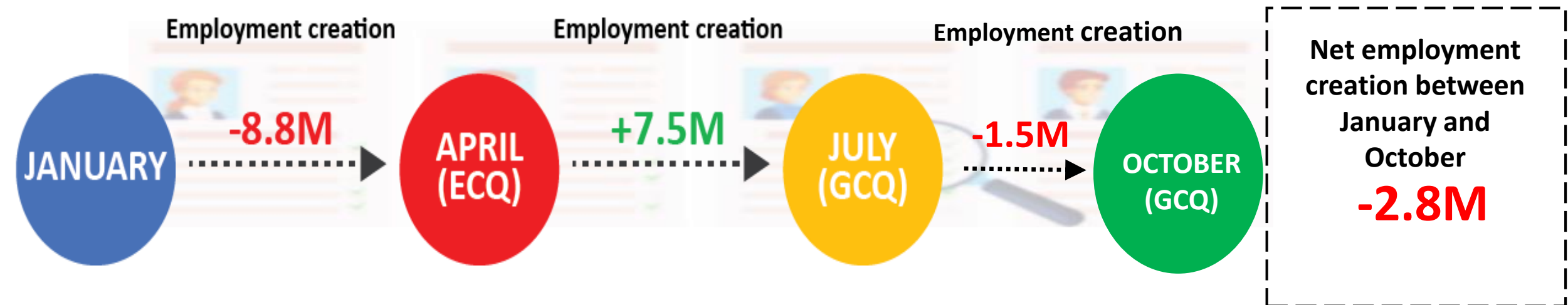


	Northern Mindanao			Davao Region		
	April 2019	April 2020	Increment	April 2019	April 2020	Increment
Unemployment (in millions)	0.12	0.24	0.12	0.06	0.35	0.29
Unemployment Rate (in percent)	5.0	11.1	6.1	3.1	17.9	14.8
Underemployment (in millions)	0.52	0.62	0.10	0.17	0.41	0.24
Underemployment Rate (in percent)	21.2	29.4	8.2	8.2	20.9	12.7

Source: Philippine Statistics Authority, Labor Force Survey

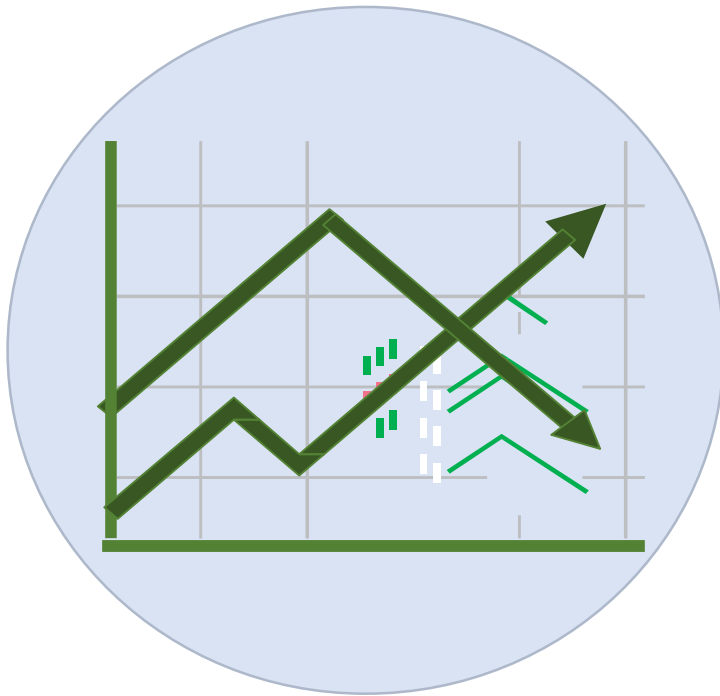
Economic Outlook for 2021

The labor market continued to show signs of recovery, though employment activities in some sectors remain subdued



Note: Due to rounding, some total employment creation figures may not correspond with the sum of the major sector data.

Economic Outlook for 2021



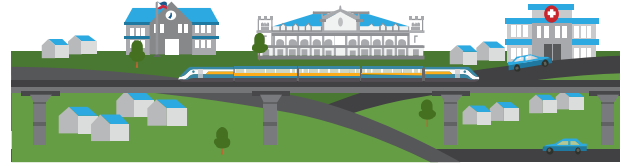
DBCC GDP Growth Assumptions as of 3 December 2020

Year	Real GDP Growth
2020	-8.5% to -9.5% (July: -5.5% to -6.6%)
2021	6.5% to 7.5%
2022	8.0% to 10.0%

Economic Outlook for 2021

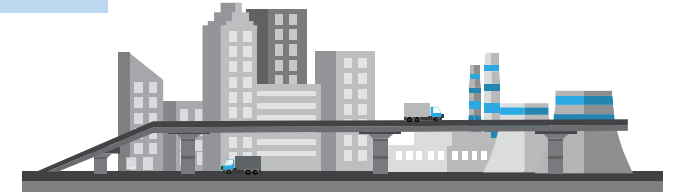
Expected Drivers of Growth

DEMAND



- **Household consumption:** Improved consumer and investor sentiments as the government boosts the country's health systems capacity along with monetary and fiscal stimulus measures to support the economy
- **Government spending:** Timely passage of the 2021 national budget to implement recovery programs.
- **Investment:** Investment in shovel-ready projects under the Build Build Build (BBB) program, health-related facilities, and digital infrastructure.
- **Exports:** Recovery of global trade, implementation of the Regional Comprehensive Economic Partnership (RCEP)

SUPPLY

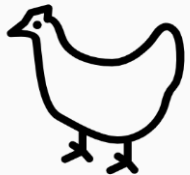


- **Industry:** The easing of community quarantine restrictions is expected to help the recovery in manufacturing and construction activities with spillover to utilities sector
- **Services:** E-commerce, increased demand for digital goods and services, warehousing and logistics, resumption of more public transport operations, domestic tourism
- **Agriculture:** Diversification program towards high-value crops; infrastructure investment

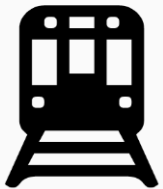
Key Employment Generators in Mindanao



Wholesale/retail



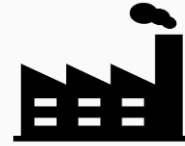
Agribusiness



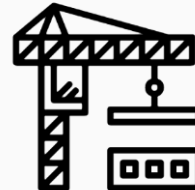
Transport and logistics



Hotel, restaurant,
tourism



Manufacturing



Construction



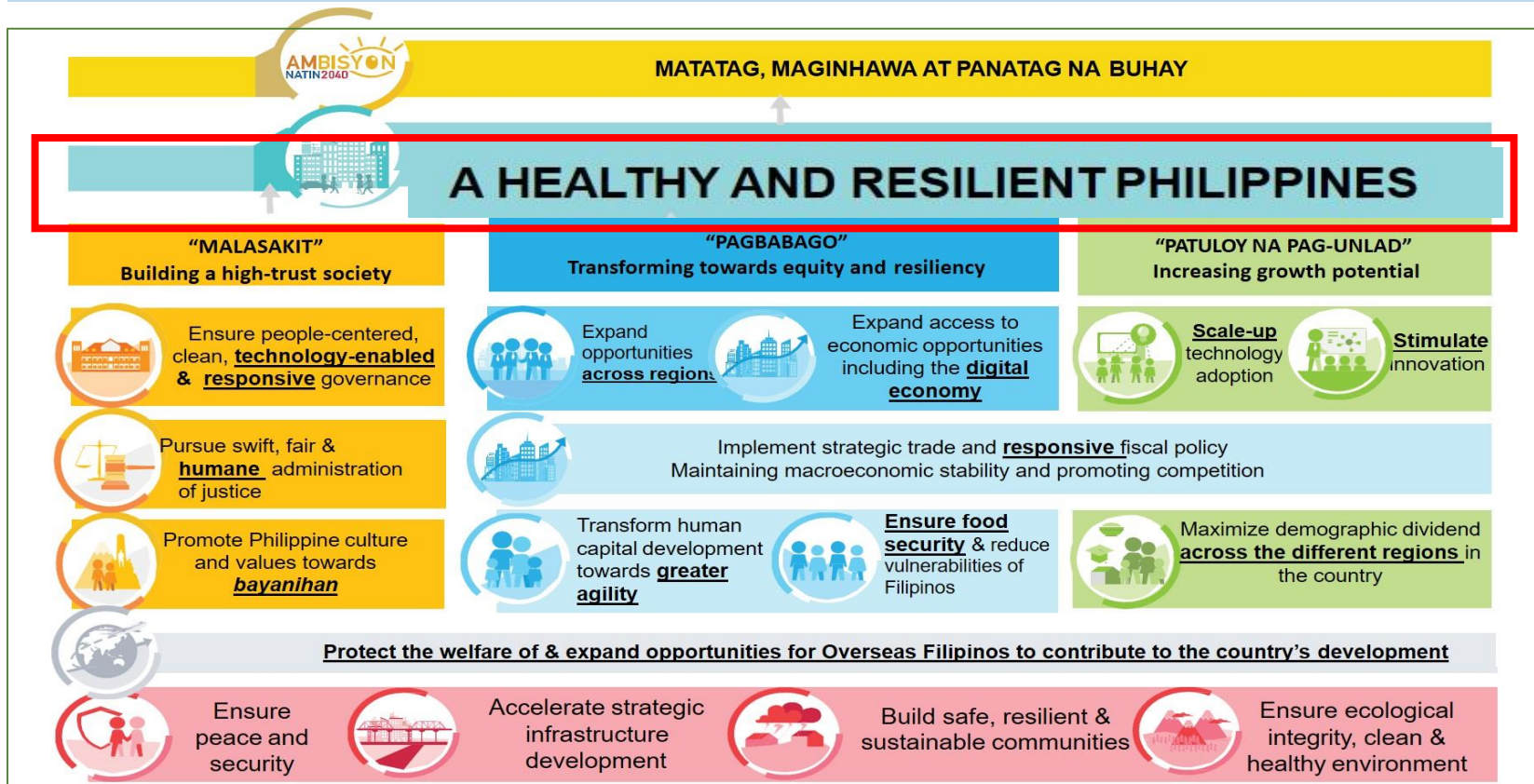
IT-BPM



Health and wellness

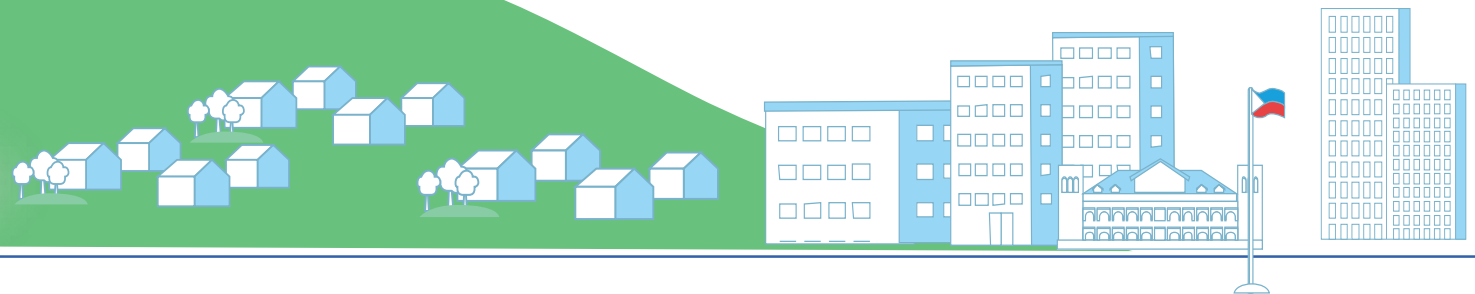
Development thrusts and strategies

Philippine Development Plan 2017-2022



Philippine Development Plan Midterm Update 2017-2022

Regional Development Plan 2017-2022





Agriculture

ZAMBOANGA PENINSULA: Center of Sustainable Agri- Fishery Industries

Zamboanga del Norte: coconut, mango, and cacao

Zamboanga Sibugay: Seaweeds, rubber, calamansi, and abaca

Zamboanga del Sur: Coconut, cassava, organic rice and duck farming

Dipolog City: Processed fish
Isabela City: Fish and Other Marine Products, rubber

Zamboanga City: Processed fish and cacao

SOCCKSARGEN: Agri-industrial Hub and Ecotourism Center

Midsayap-Kidapawan City (MK) Agri-Industrial and Eco-Tourism Corridor: Fruit capital, agri-processing center

Isulan-General Santos (IGS) Agri-Industrial and Eco-Tourism Corridor: Tuna Capital; high value commercial crops, corn and other agri-based products, fishery-based products

Lebak-Maasim- Alabel-Glan (LMAG) Coastal Development Zone: marine fishing, coconut, cement, marble, coffee

Caraga: Fishery, Agro- forestry, Mineral and Eco- tourism Center

Agusan del Sur: Agro-forestry center and food basket of the region; producers of palay and corn

Agusan del Norte: largest source of processed timber such as lumber and plywood in the region

Surigao del Norte and Surigao del Sur: accounts for 80 percent of the region's fishery output; with the top fishery species produced in the region include seaweed, frigate tuna, Indian sardines, yellow fin tuna and skipjack tuna

BARMM: Potential Halal Hub

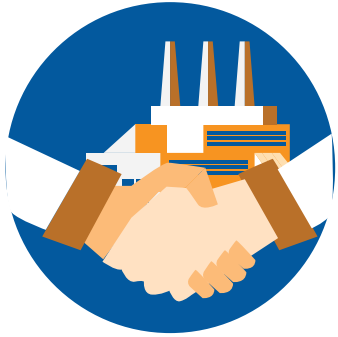
Agri-fishery sector mainly focuses on palay, corn, seaweeds, rubber, coffee, goat, abaca, banana, coconut and cassava production

Tawi-Tawi: Seaweeds Capital of BARMM

Sulu: Fruit Capital (mangosteen, durian, lanzones), Coffee Capital of BARMM

Davao Region

Davao region is host to an abundant banana industry, with banana remaining as Davao Region's top export commodity.



Industry

Northern Mindanao: Gateway and Industrial Core and Trade Center in the South

Cagayan-Iligan Industrial Trade Corridor: Host to 3,000 hectare PHIVIDEDEC Industrial Estate-Misamis Oriental;

Houses Del Monte Philippines, Nestle, Philip Morris Fortune Tobacco Inc., among others;

Location of the Mindanao Container Port;

Operationalization of the Metro Iligan Agri-Industrial Center

Davao Region: Financial, Trade and Services Center of Southern Mindanao

Davao City: Home to SteelAsia plant, the Philippines' largest steel manufacturer

Compostella Valley: location of APEX Mining Company Inc., largest gold producer in the region

Other mineral products that could be found in Davao Region are limestone, magnesite, lime, shale, silica, chromite, pozzolan, pebbles, earth fill, boulders, and sand and gravel

Caraga: Fishery, Agro-forestry, Mineral and Eco-tourism Center

Caraga: Home to largest gold deposit in the Philippines,

largest nickel deposit in Asia,

huge limestone reserves, and

One of the largest iron deposits in the world

Halal Industry is also being pushed by Zamboanga Peninsula (institutionalization of the Asian Halal Center); by Davao Region (establishment of Regional Halal Committee); SOCCSKSARGEN (completion of the Philippine National Halal Laboratory); and by BARMM (establishment of the Halal ecosystem and barter trading)



Services

Northern Mindanao: Gateway and Industrial Core and Trade Center in the South

Metro Cagayan de Oro: Serves as a major gateway and transshipment hub in Northern Mindanao, and key educational center in Mindanao

Alubijid, Misamis Oriental: Home of the Mindanao Techno Park

Gingoog-Camiguin: Tourism Adventure Loop

Lanao del Norte, Misamis Occidental: Eco-cultural tourism

Bukidnon: Agri-tourism

Davao Region: Financial, Trade and Services Center of Southern Mindanao

Metro Davao: Island's principal administrative, financial and commercial hub;

-serves as international trading center having direct international linkages due to the presence of an international airport and seaport.; and

-serves as Mindanao's center for excellence in education and health facilities.

Davao Gulf: Host to a number of private and publicly operated ports

Strategies to Support Mindanao Regions' Competitiveness

Banner Programs to Keep Jobs and Income



1. Balik Probinsya Program
2. Repurposing of Manufacturing
3. Assistance for Tourism, Travel and Transport
4. Assistance to the agriculture sector and support the food value chain
5. Active labor market facilitation
6. Enhanced BBB program

1. Boost consumer confidence and demand by:
 - a) COVID-proofing businesses to reduce fear
 - b) Increasing accessibility to markets (online platforms, contactless payments, logistics)
2. Fast-track implementation of government infrastructure projects
3. Implement strategic stockpiling initiatives with strong linkages to domestic manufacturers

1. Food production/food value chain improvement
2. Develop PPE Ecosystem
 - a) Address concerns on ease of doing including delays in regulatory approvals
 - b) Create platform for business matching (raw materials suppliers to end-product manufacturers)
 - c) Attract investors for gaps in supply chain
 - d) Provide testing laboratories
3. Launch investment promotion campaign (Make it Happen in the Philippines)
4. Digitization of the economy
5. Skills re-training and re-tooling program

Working Together Towards Recovery

- Manage risk and open more the economy.
 - Escalation of community quarantine should be last resort
- Enable a whole-of-society response to health pandemic and recovery by enhancing coordination and cooperation among the national government, LGUs, private sector, and civil society organizations; and building public trust and confidence;
- Intensify communication campaign to inform and educate everyone on the health protocols.





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THANK YOU

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