

“PH-PROGRESO”

Philippine Program for Recovery with Equity and Solidarity

Turning the crisis into an opportunity
A proposed economic recovery program

Draft proposal for discussion purpose only as of 28 May 2020

Vision for the Philippines

By 2022



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

Extreme poverty eradicated

3,500 → ^{at least} 3,996
USD USD

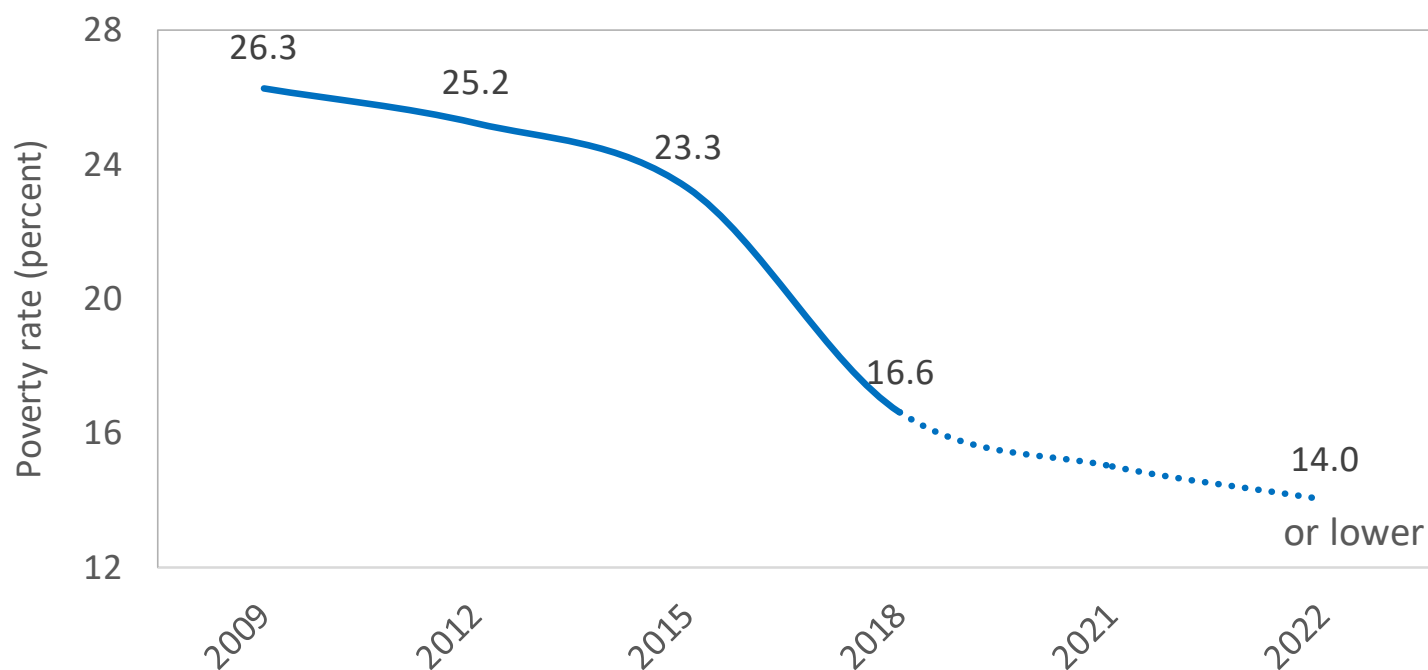
increase in Gross
National Income (GNI)
(achieve upper-middle income status
where Thailand and China are today)

3,500 → ^{at least} 12,376
USD USD

increase in Gross
National Income (GNI)
(achieve high income status
where Japan and South Korea are today)

Poverty reduction is encouraging.

Full-year poverty estimates among the population



Source: PSA

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

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



Key messages

1. The Philippines entered 2020 with strong growth prospects.

- a. **Building on past reforms and solid macroeconomic management** to deliver better.
- b. **Among the fastest growing economies** (average of 6.6% from 2016 to 2019).
- c. **Likely to become upper middle income country** in 2020 (USD 3,512 per capita).
- d. **Low and stable inflation** (average of 3.0% from 2016 to 2019).
- e. **Among the lowest ever rates of unemployment** (5.3%), **underemployment** (14.8%), and **poverty** (16.6%).
- f. **Strong fiscal position** (revenue of 16.1 percent of GDP, highest since 1997).
- g. **Falling debt to GDP ratio** (39.6 percent of GDP, lowest since 1986).
- h. **High gross international reserves** (USD 89 billion or 7.9 months of import).
- i. **BBB+ credit rating** (one notch below the A-rating)
 - i. Illustration: for every one trillion pesos in borrowing, a 1% lower interest rate due to good credit rating translates to a savings of 10 billion pesos per year.

Key messages




2. This strong foundation is due to...

- a. Conservative and responsible fiscal management.
- b. Tax reform (4 tax laws, 3 more packages to go).
- c. Structural reforms (rice tariffication, ease of doing business, national ID, UHC, universal access to tertiary education, etc.).
- d. BBB program (infra spending exceeded 5% of GDP in 2018).

3. But we have faced totally unexpected shocks in 2020:

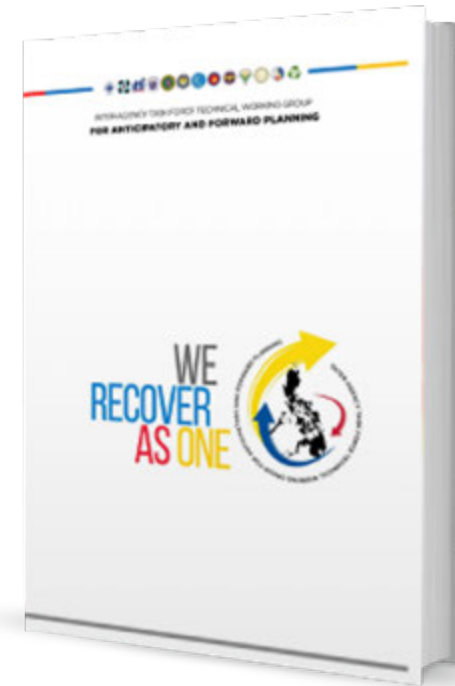
- a. Taal volcano eruption in January.
- b. Decline in tourism and trade due to global pandemic starting February.
- c. ECQ starting March to contain the virus.

Phased and adaptive recovery approach

	 EMERGENCY STAGE	 RECOVERY STAGE	 RESILIENCY STAGE
Period	March to May 2020	June to Dec 2020	2021 onwards
Analogy	Intubation in ICU	Dextrose in regular room	Vitamins at home
Law	Bayanihan I	Bayanihan II, GUIDE, FIST, CREATE	2021-22 GAA and other reform laws
Pillar	Pillar I and II	Pillar III and IV	Plan for a Healthy and Resilient PH
Key features	<ul style="list-style-type: none"> ● Budget and procurement flexibility. ● Subsidy to poor and low income. ● Small business support (grace period, wage subsidy) ● Support to key sectors (e.g. agri and OFW). ● Health system, capacity, and insurance. ● Support front-liners. 	<ul style="list-style-type: none"> ● Budget and procurement flexibility ● Reprioritization of 2020 budget. ● Priority BBB resumption. ● Demand side to raise income and create jobs: better targeted and implemented Bayanihan I programs. ● Supply side to support firms: Liquidity and equity infusion, and guarantee thru the financial sector. ● Targeted tax incentives. 	<ul style="list-style-type: none"> ● Reprioritization of the 2021 and 2022 budget. ● Structural reforms to turn crisis into opportunity to prepare for the new normal. ● Support Balik Probinsya, Bagong Pag-asa (BP²) Program.

We Recover As One

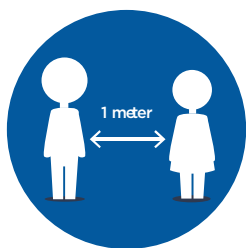
- Addressing the Uncertainty through
 - Information
 - Addressing losses experienced during ECQ
 - Preparing for the “new normal”



<http://www.neda.gov.ph/we-recover-as-one/>



NEW NORMAL – General Context



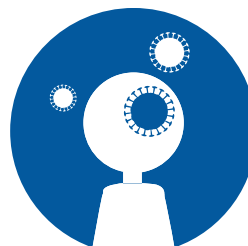
Social distancing
will still be
observed



Sporadic lockdowns
possible



Strict hygiene
and sanitation
protocols



Looming COVID19
threat will be foremost
in the minds of
individuals



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**Inclusive,
sustainable, and
more balanced
growth in the
Philippines**

Equal opportunity for all

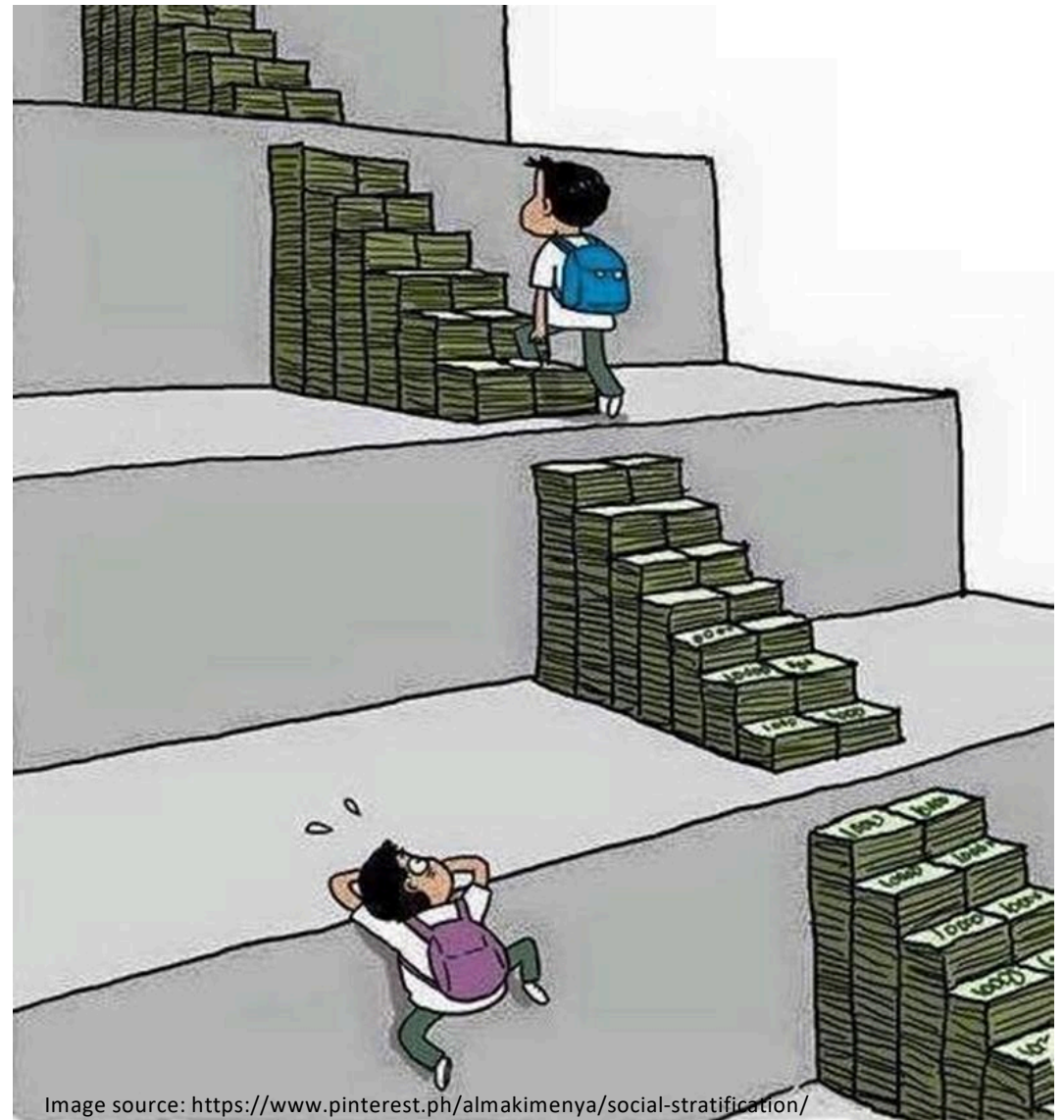


Image source: <https://www.pinterest.ph/almakimenya/social-stratification/>

**More than ever,
now is the time
for us to care
more for each
other and work
together.**

WE ARE NOT ALL
IN THE SAME BOAT



BUT WE ARE IN THE SAME STORM

52ware.com

Image Source: Image source: <https://stjustinmartyr.org/>

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Thank you.