

# THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Estimates as of 30 October 2020, for regular updating

## PILLAR I

Emergency support for vulnerable groups



## PILLAR II

Marshalling resources to fight COVID-19



## PILLAR III

Monetary actions and other financing support



## PILLAR IV

An economic recovery program to create jobs and sustain growth



## I Emergency support for vulnerable groups (current estimate of P505.6 billion)



- P206.7-billion Department of Social Welfare and Development (DSWD)-Department of the Interior and Local Government (DILG)-Armed Forces of the Philippines (AFP)-Philippine National Police (PNP) emergency subsidy program for 18 million low-income families in the informal sector.
- A credit guarantee program to support P120 billion in loans for small businesses.
- P46-billion Department of Finance (DOF)-Bureau of Internal Revenue (BIR)-Social Security System (SSS) Small Business Wage Subsidy (SBWS) Program for employees of small businesses.
- P37 billion in additional resources for local governments to support vulnerable sectors.
- P10-billion Land Bank of the Philippines (LANDBANK) loan program for Local Government Units (LGUs) to increase their emergency funding.
- P10-billion Land Bank of the Philippines (LANDBANK) loan program for small and medium enterprises, microfinance institutions, and cooperatives.
- P2-billion Department of Trade and Industry (DTI) loan program to support micro and small businesses affected by the economic impact of COVID-19.
- P203-million Department of Trade and Industry (DTI) livelihood program to provide livelihood kits, business advisory assistance, and other services to MSMEs.
- P1.2 billion in Social Security System (SSS) unemployment benefits.
- P31-billion Department of Agriculture (DA) programs to ensure food security and agri-fishery support (e.g., rice buffer stocking; resiliency programs for rice, livestock, white corn and corn, coconut, and fisheries; social amelioration programs and loans for farmers and fishers; agriculture insurance; farm-to-market support; projects for small ruminants and poultry, urban agriculture, revitalized gulayan; information, education, and communication projects).
- P3-billion Department of Agriculture (DA) cash assistance program for rice farmers.
- P2.6-billion Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC) loan assistance for marginalized farmers and fisherfolk, and micro and small enterprises engaged in agriculture and fisheries production.
- P300-million Department of Agrarian Reform (DAR) aid program to provide immediate and essential support services to agrarian reform beneficiaries (ARBs).
- P10.9-billion Department of Education (DepEd) basic education learning continuity plan.
- P3-billion Land Bank of the Philippines (LANDBANK) loan program for private academic institutions to allow them to implement a 'study now, pay later' scheme for students.
- P4.9-billion Department of Social Welfare and Development (DSWD) programs and protective services for individuals and families in crisis situations.
- P43.6-million Department of Social Welfare and Development (DSWD) comprehensive and integrated delivery of social services program.
- P3.8-billion Department of Labor and Employment (DOLE) program creating minimum-wage jobs for displaced informal sector workers.
- P2.6-billion Department of Labor and Employment (DOLE) cash assistance program to support affected formal sector workers.
- P5-billion Department of Labor and Employment (DOLE) cash assistance program for displaced Overseas Filipino Workers (OFWs).
- P145-million Department of Labor and Employment (DOLE) - Overseas Workers Welfare Administration (OWWA) emergency repatriation program for OFWs.
- P3 billion for Technical Education and Skills Development Authority (TESDA) free online upskilling courses for workers.
- P2.2 billion for various COVID-19 prevention programs under the Department of National Defense (DND), Department of the Interior and Local Government (DILG), Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), National Bureau of Investigation (NBI), and Office of the Presidential Adviser on the Peace Process (OPAPP).
- Documentary stamp tax exemption of credit extensions or restructuring of loan payments, and tax benefits and exemptions of COVID-19-related donations of relief goods, mandated under the Bayanihan to Heal as One Act (Bayanihan I) and Bayanihan to Recover as One Act (Bayanihan II).
- Bayanihan I and Bayanihan II grace periods on residential and commercial rent, and loan payments, without interest on interest, or additional penalties or fees under enhanced community quarantine.
- Proactive measures by the Department of Trade and Industry (DTI) against hoarding, panic buying, and profiteering.



# THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

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II



## Marshalling resources to fight COVID-19

*health insurance coverage for all COVID-19 patients; special risk allowance, hazard pay, and personal protective equipment (PPE) for frontline health workers; increased testing capacity; etc. (current estimate of **P53.2 billion**)*

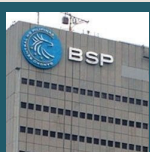
- P23.5 billion for the procurement of case management-related supplies, such as personal protective equipment (PPE) and medication by the Department of Health (DOH).
- P15.7 billion for the procurement of test kits and laboratory supplies.
- P3.1 billion for equipment and infrastructure under the Department of Health (DOH) programs.
- P636 million additional budget for Human Resources for Health (HRH) of the Department of Health (DOH) under the Bayanihan to Heal as One Act (Bayanihan I).
- P2.2 billion additional budget to augment operating expenses for hospitals and other health facilities in the country for COVID-19 patient management under Bayanihan I.
- P200.9 million estimated special risk allowance for healthcare workers.
- P3.6 billion for Philippine Health Insurance Corporation (PhilHealth) in-patient claims, COVID-19 testing center claims, and community isolation benefit packages.
- P18.5 million for PhilHealth's internal COVID-19 related expenses.
- P451.2 million in Philippine Charity Sweepstakes Office (PCSO) financial assistance to government hospitals for test kits, PPE, reagents, medical/diagnostic equipment, confinement, medicines, and laboratory/diagnostic procedures.
- P420-million Philippine Charity Sweepstakes Office (PCSO) fund turnover to PhilHealth to help shoulder the cost of hospitalization of COVID-19 patients.
- P400 million to augment the operational budget of the Philippine General Hospital (PGH).
- P150 million additional funding for the Veterans Memorial Medical Center (VMMC) for its COVID-19 response.
- P53.2 million for the production of COVID-19 test kits under the Department of Science and Technology (DOST).
- P1.7 million for the rollout of telehealth devices under the Department of Science and Technology (DOST) for various rural health centers in the country.
- P2.7 billion in estimated foregone revenue to expedite clearance and exempt imports of PPE and medical goods from taxes and duties.
- P5.1-million donation from the Department of Foreign Affairs (DFA) to the Philippine Red Cross for its COVID-19 response.
- Suspension of export requirements to ensure that export-oriented manufacturers of medical equipment and supplies can provide 80 percent of their daily production to government institutions and hospitals.
- Tax benefits, such as exemptions and full deductibility of donations of cash, medical supplies, critical healthcare equipment, and the use of property for the purpose of fighting COVID-19.



# THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Estimates as of 30 October 2020, for regular updating

III



## Monetary actions to keep the economy afloat and other financing support for emergency response and recovery initiatives

(P1.3 trillion liquidity infusion into the economy and P1.3 trillion financing support)

### Pillar III - A: Monetary actions to keep the economy afloat (P1.3 trillion)

- P46.2-billion expansion in liquidity in the next 12 months after a cumulative reduction of 175-basis-points (bps) in the policy rate by the *Bangko Sentral ng Pilipinas* (BSP, Central Bank).
- P1.3-trillion-worth of other liquidity enhancing measures from the *Bangko Sentral ng Pilipinas* (BSP, Central Bank), including the following:
  - Purchase of government securities from the secondary market;
  - 200-basis-point (bp) decrease in the reserve requirement (RR) ratios of universal and commercial banks, and non-bank financial institutions with quasi-banking functions (NBQBs), as well as a 100-bp RR cut for thrift banks (TBs) and rural banks (RBs); and
  - Approval of a policy allowing newly granted loans to micro, small, and medium enterprises (MSMEs) and large enterprises (LEs) as alternative compliance to the reserve requirement.

### Pillar III - B: Financing support for emergency response and recovery initiatives (P1.3 trillion, not included in total)

- P430.6 billion in official development assistance (ODA) loans (signed and in the pipeline) from multilateral and bilateral sources.
- P157.6 billion in remittances from government-owned or -controlled corporations (GOCCs) to the Bureau of the Treasury (BTr) to fund COVID-19 response measures (as of October 23).
- P117.7-billion-worth of 10-year and 25-year global bonds sold by the Bureau of the Treasury (BTr) to sustain COVID-19 response measures.
- P250.4-million Asian Development Bank (ADB) rapid emergency supplies grant.
- P150-million Asian Development Bank (ADB) grant to support health measures against COVID-19.
- P5-billion World Bank quick disbursing loan mechanism under the Fast Track COVID-19 Facility for purchase of medical supplies and test kits.
- P20-billion *Bangko Sentral ng Pilipinas* (BSP) advanced dividends to support the COVID-19 response programs of the national government.
- P540-billion short-term provisional advance from *Bangko Sentral ng Pilipinas* (BSP) to the national government authorized under the BSP Charter.



# THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Estimates as of 30 October 2020, for regular updating

IV



## An economic recovery program to create jobs and sustain growth (Bayanihan II and CREATE, worth **P699.8 billion**)

- P165.5 billion for programs to strengthen the health sector and pandemic response, and to provide assistance to households, businesses, local governments, MSMEs, and critically-affected sectors impacted by COVID-19 under the Bayanihan to Recover as One Act (Bayanihan II).
- P16.3 billion in estimated foregone revenue from the extended net operating loss carryover (NOLCO) under Bayanihan II to help businesses cope with losses in 2020 and 2021.
- P6.9 billion in estimated foregone revenue from tax exemptions for compensation and hazard pay for frontline healthcare workers under Bayanihan II.
- P1.16 billion in foregone revenue from the repeal of taxes on the sale or exchange of shares of stocks listed and traded through Initial Public Offerings (IPOs) under Bayanihan II to reinvigorate the stock market amid the pandemic.
- P14-billion-worth of financial relief to agrarian reform beneficiaries (ARBs) from the payment of interests, penalties, and surcharges of loans from government agencies and GOCCs, including the Land Bank of the Philippines (LANDBANK), under Bayanihan II.
- P459 billion in estimated incremental loans to micro, small, and medium enterprises (MSME) due to the P45 billion capital infusion to the Philippine Guarantee Corporation (PhilGuarantee), Land Bank of the Philippines (LANDBANK), and Development Bank of the Philippines (DBP) for loans and loan guarantees under Bayanihan II.
- P37 billion in estimated foregone revenue in 2020 from the reduction of the corporate income tax rate from 30 to 25 percent under the proposed Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill. CREATE aims to help businesses sustain operations and retain jobs.

### Other measures under the economic recovery program

- Conducted a nationwide survey (with more than 44,000 respondents) in April 2020 to assess the initial damage of COVID-19 to businesses, especially MSMEs. The results of the survey were used as a guide in crafting a bounce-back program with differentiated interventions for various groups (MSMEs vs. large businesses, manufacturing, hospitality, etc.).
- Conducted a follow-up nationwide survey (with more than 74,000 respondents) in July 2020 to measure the impact of the pandemic on businesses, with a focus on MSMEs. Results from the survey include the MSMEs' most needed forms of government support.
- Continued investment in social and infrastructure programs to help revive and sustain economic growth.



## THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Pillar	Item	In PHP millions	In USD millions	% of GDP
<b>I</b> Emergency support for vulnerable groups	DSWD-DILG-AFP-PNP emergency subsidy program for 18 million low-income families in the informal sector	206,665.6	4,127.5	1.1
	Credit guarantee program to support loans for small businesses	120,000.0	2,396.6	0.6
	DOF-BIR-SSS wage subsidy program for employees of small businesses (Small Business Wage Subsidy or SBWS)	46,000.0	918.7	0.2
	Additional resources for local governments to support vulnerable sectors	37,021.0	739.4	0.2
	LANDBANK loan program for LGUs to increase their emergency funding	10,000.0	199.7	0.1
	LANDBANK loan program for small and medium enterprises, microfinance institutions, and cooperatives	10,000.0	199.7	0.1
	DTI loan program to support micro and small businesses affected by the economic impact of COVID-19	2,000.0	6.0	<0.1
	DTI livelihood program to provide livelihood kits, business advisory assistance, and other services to MSMEs	203.0	2.9	<0.1
	SSS unemployment benefits	1,200.0	24.0	<0.1
	DA programs to ensure food security and agri-fishery support (e.g., rice buffer stocking; resiliency programs for rice, livestock, white corn and corn, coconut, and fisheries; social amelioration programs and loans for farmers and fishers; agriculture insurance; farm-to-market support; projects for small ruminants and poultry, urban agriculture, revitalized gulayan; information, education, and communication projects)	31,040.0	619.9	0.2
	DA cash assistance program for rice farmers	3,000.0	59.9	<0.1
	DA-ACPC loan assistance for marginalized farmers and fisherfolk, and micro and small enterprises engaged in agriculture and fisheries production	2,600.0	51.9	<0.1
	DAR aid program to provide immediate and essential support services to agrarian reform beneficiaries (ARBs)	300.0	6.0	<0.1
	DepEd basic education learning continuity plan	10,911.1	217.9	0.1
	LANDBANK loan program for private academic institutions to allow them to implement a 'study now, pay later' scheme for students	3,000.0	59.9	<0.1
	DSWD programs and protective services for individuals and families in difficult circumstances	4,887.0	97.6	<0.1
	DSWD comprehensive and integrated delivery of social services program	43.6	0.9	<0.1
	DOLE program creating minimum-wage jobs for displaced informal sector workers	3,835.4	76.6	<0.1
	DOLE cash assistance program to support affected formal sector workers	2,600.0	51.9	<0.1
	DOLE cash assistance program for displaced Overseas Filipino Workers (OFWs)	5,000.0	99.9	<0.1
	DOLE-OWWA emergency repatriation program for OFWs	145.0	2.9	<0.1
	TESDA free online upskilling courses for workers	3,000.0	59.9	<0.1
	DND-DILG-PNP-BFP-BJMP-NBI-OPAPP COVID-19 prevention programs	2,159.7	43.1	<0.1
<b>Pillar I subtotal</b>		<b>505,611.4</b>	<b>10,098.1</b>	<b>2.7</b>

\*Preliminary DOF staff estimates as of October 2020

\*\*Amounts in PHP are from BSP; amounts in USD and % of GDP are DOF staff computations

### Notes:

• USD/PHP exchange rate: Jan-Sep 2020 BSP average

• Projected 2020 GDP based on 2021 BESF

• Total amount of Pillar III-B is not included in the grand total to avoid double counting.

• Percent to GDP might not add up due to rounding off.

Reference: USD/PHP = 50.07 | GDP 2020 (in million PHP) = 18,647,586



## THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Pillar	Item	In PHP millions	In USD millions	% of GDP
<b>II</b> Marshalling resources to fight COVID-19	Procurement of case management-related supplies such as personal protective equipment (PPE) and medication by the DOH	23,540.0	470.1	0.1
	Procurement of test kits and laboratory supplies	15,770.0	315.0	0.1
	Equipment and infrastructure under DOH	3,080.0	61.5	<0.1
	Additional budget for Human Resources for Health of the DOH under the Bayanihan to Heal As One Act (Bayanihan I)	636.0	12.7	<0.1
	Augmentation for operating expenses for hospitals and other health facilities in the country for COVID-19 patient management under Bayanihan I	2,150.0	42.9	<0.1
	PCSO financial assistance to government hospitals for test kits, PPE, reagents, medical/diagnostic equipment, confinement, medicines, and laboratory/diagnostic procedures	451.2	9.0	<0.1
	PCSO fund turnover to PhilHealth to help shoulder the cost of hospitalization of COVID-19 patients	420.0	8.4	<0.1
	Estimated special risk allowance for healthcare workers*	200.9	4.0	<0.1
	PhilHealth in-patient claims, COVID-19 testing center claims, and community isolation benefit packages	3,610.0	72.1	<0.1
	PhilHealth internal COVID-19 related expenses	18.5	0.4	<0.1
	Estimated foregone revenue to expedite clearance and exempt imports of PPE and medical goods from taxes and duties*	2,701.5	54.0	<0.1
	Augmentation of the operational budget of the Philippine General Hospital (PGH)	400.0	8.0	<0.1
	Additional funding for the Veterans Memorial Medical Center (VMCC) for its COVID-19 response	150.0	3.0	<0.1
	DOST rollout of telehealth devices for various rural health centers in the country	1.7	0.0	<0.1
	DOST production of 1,300 COVID-19 test kits (for 26,000 tests)	53.2	1.1	<0.1
	DFA donation to the Philippine Red Cross for its COVID-19 response	5.1	0.1	<0.1
<b>Pillar II subtotal</b>		<b>53,188.1</b>	<b>1,062.3</b>	<b>0.3</b>
<b>III-A</b> Monetary actions to keep the economy afloat	BSP estimated expansion in liquidity in the next 12 months after a cumulative reduction of 175-basis-points (bps) in the policy rate **	46,200.0	922.7	0.2
	Other liquidity enhancing measures from the BSP including:** - Purchase of government securities from the secondary market; - 200-basis-point (bp) decrease in the reserve requirement (RR) ratios of universal and commercial banks, and non-bank financial institutions with quasi-banking functions (NBQBs), as well as a 100-bp RR cut for thrift banks (TBs) and rural banks (RBs); and - Approval of a policy allowing newly granted loans to micro, small, and medium enterprises (MSMEs) and large enterprises (LEs) as alternative compliance to the reserve requirement	1,262,600.0	25,216.7	6.8
<b>Pillar III-A subtotal</b>		<b>1,308,800.0</b>	<b>26,139.4</b>	<b>7.0</b>

\*Preliminary DOF staff estimates as of October 2020

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### Notes:

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## THE DUTERTE ADMINISTRATION'S 4-PILLAR SOCIOECONOMIC STRATEGY AGAINST COVID-19

Pillar	Item	In PHP millions	In USD millions	% of GDP
<b>IV</b> An economic recovery program to create jobs and sustain growth	Bayanihan to Recover as One Act (Bayanihan II) total appropriations for programs to strengthen the health sector and pandemic response, and to provide assistance to households, businesses, local governments, MSMEs, and critically-affected sectors impacted by COVID-19 (including GFI lending)	165,500.0	3,305.4	0.9
	Bayanihan II - estimated foregone revenue from the extended net operating loss carryover (NOLCO) to help businesses cope with losses in 2020-2021*	16,262.2	324.8	0.1
	Bayanihan II - estimated foregone revenue from tax exemptions for compensation and hazard pay for frontline healthcare workers*	6,900.0	137.8	<0.1
	Bayanihan II - foregone revenue from the repeal of taxes on the sale or exchange of shares of stocks listed and traded through Initial Public Offering (IPO) to reinvigorate the stock market amid the pandemic	1,160.0	23.2	<0.1
	Bayanihan II - financial relief to agrarian reform beneficiaries (ARBs) from the payment of interests, penalties, and surcharges of loans from government agencies and GOCCs, including LANDBANK*	14,000.0	279.6	0.1
	Bayanihan II - estimated incremental loans to micro, small, and medium enterprises (MSME) due to the P45 billion capital infusion to the PhilGuarantee, LANDBANK, and DBP for loans and loan guarantees*	459,000.0	9,167.2	2.5
	Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill - estimated foregone revenue in 2020 from the reduction of the corporate income tax rate from 30 to 25 percent*	37,000.0	739.0	0.2
<b>Pillar IV subtotal</b>		<b>699,822.2</b>	<b>13,976.9</b>	<b>3.8</b>
<b>Total Fiscal (Pillars I, II, IV)</b>		<b>1,258,621.7</b>	<b>25,137.2</b>	<b>6.7</b>
<b>Total Monetary (Pillar III-A)</b>		<b>1,308,800.0</b>	<b>26,139.4</b>	<b>7.0</b>
<b>Grand total</b>		<b>2,567,421.7</b>	<b>51,276.6</b>	<b>13.8</b>

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Reference: USD/PHP = 50.07 | GDP 2020 (in million PHP) = 18,647,586