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DOF ECONOMIC BULLETIN ON GROSS REGIONAL DOMESTIC EXPENDITURE (GRDE)

- In 2021, economic growth rose in all 17 regions as the country recovered from a deep recession induced by the COVID-19 pandemic. Region IVA (CALABARZON) topped all regions in the growth race with a 7.6% growth, closely followed by Bangsamoro Administrative Region (BARMM) and Cordillera Administrative Region (CAR) with 7.5% each. Region III (Central Luzon), CARAGA, Region X (Northern Mindanao) and Region VIII (Eastern Visayas) followed with 7.4%, 7.2%, 6.3% and 6.0%, respectively. NCR, the largest region, grew by 4.4% in 2021, while the Luzon regions (excluding NCR) averaged 6.7% growth. The Visayas and Mindanao regions posted an average growth of 5.7% and 6.1%, respectively. (Table 1)
- Regional growth was more even in 2021 than in 2020 and 2017, but slightly less even than in 2018 and 2019. The coefficient of variation of growth rates dropped to 0.216 in 2021 from 0.341 in 2020 implying lower dispersion of growth rates. BARMM, CARAGA and Region VIII, three of the top 7 in regional growth are low-income regions. (Table 2)
- Per capita regional expenditure closely followed the growth pattern in GRDE with CAR topping GRDE growth with 6.6%. Closely following are Region XIII (CARAGA) with 6.1%, Region III (Central Luzon) with 5.7%, Region IVA (CALABARZON) with 5.7% and BARMM with 5.4%. The differential in economic growth ranking and per capita growth ranking is due to population growth which is low in CAR (0.8% population growth) and Region XIII (1.1%) and higher in BARMM (at 2%).

- Of the 17 regions, only BARMM has fully recovered from the pandemic with average per capita regional expenditure higher by 1.3% in 2021 than in 2019. The expenditure losses to be recovered by regions range from 1.2% for Zamboanga Peninsula and 10.5% for Central Luzon, the most COVID- affected region.
- All regions experienced growth in gross capital formation in 2021 except for a few regions. Eleven of the 17 regions experienced double digit growth in capital formation with BARMM at the top of the list with 93.9% growth, CALABARZON with 46.4% and Central Luzon with 42.8%, MIMAROPA with 22.9%, Central Visayas with 20.4%, SOCCSKSARGEN with 18.4%, NCR with 17.8%, Zamboanga Peninsula with 17.7%, Ilocos Region with 14.6%, and Davao Region with 13.1% and CARAGA with 11.0%. The few regions with negative capital formation are CAR with -10.3%, Region VIII (Eastern Visayas) with -2.8% and Region II (Cagayan Valley) with -1.3%, all of which were adversely affected by natural disasters. Gross regional expenditure growth is positively correlated to regional capital formation and negatively correlated to the dummy for occurrence of natural disasters. (Table 4)
- On average, natural disasters trim down economic growth by about 1 to 2 percentage points each year. In 2019, SOCCSKSARGEN suffered most from strong earthquakes in October 2019 and MIMAROPA was hit by successive strong typhoons. In 2020, the whole country was ravaged by the COVID-19 pandemic and huge parts were severely affected by the African swine fever. In 2021, typhoons, landslides and floodings ravaged crops and infrastructure in Cagayan Valley, Eastern Visayas and CAR.

DOF View

In view of the strong correlation with economic growth, investment should be encouraged by the regions. Regions should set up investment marketing campaigns, focusing on their regions' attractive features especially their human and natural resources and their infrastructure advantages. Likewise, they need to improve on their approval procedures to lower investment costs.

An average of 20 typhoons strike the country every year. To speed up recovery from natural disasters, investors and entrepreneurs may need to look for appropriate insurance coverage. Disaster insurance is now available in the market.

Table 1. Growth Rates of Gross Regional Domestic Product, constant 2018 prices						
		2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
NCR	National Capital Region	5.6	5.6	7.0	(10.0)	4.4
CAR	Cordillera Administrative Region	9.4	5.7	4.4	(10.2)	7.5
I	Ilocos Region	5.6	5.9	7.3	(7.7)	4.6
II	Cagayan Valley	7.8	4.6	6.9	(9.8)	5.1
III	Central Luzon	10.4	6.9	5.9	(13.9)	7.4
IVA	CALABARZON	7.7	7.1	4.6	(10.5)	7.6
	MIMAROPA Region	6.3	8.6	4.3	(7.5)	3.3
V	Bicol Region	5.5	6.9	8.2	(8.3)	4.3
VI	Western Visayas	8.3	4.8	6.3	(9.7)	5.9
VII	Central Visayas	7.1	7.1	6.2	(9.5)	5.4
VIII	Eastern Visayas	3.0	7.0	5.6	(7.4)	6.0
IX	Zamboanga Peninsula	3.1	6.3	4.6	(5.2)	5.7
X	Northern Mindanao	6.0	7.1	5.6	(5.3)	6.3
XI	Davao Region	8.8	7.2	7.1	(7.5)	5.9
XII	SOCCSKSARGEN	7.8	6.9	3.5	(4.4)	5.2
XIII	Caraga	6.1	5.2	5.4	(6.9)	7.2
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao	10.1	7.7	5.8	(1.9)	7.5
	PHILIPPINES	6.9	6.3	6.1	(9.5)	5.7
	Coefficient of Variation	0.297	0.160	0.211	0.341	0.216

Source: Philippine Statistics Authority

Table 2. Growth Rates of Per Capita Gross Regional Domestic Product, constant 2018 prices							Population Growth (%)
		2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2020 - 2021
NCR	National Capital Region	4.0	4.1	5.6	(11.1)	3.2	1.2
CAR	Cordillera Administrative Region	8.3	4.6	3.4	(11.0)	6.6	0.8

I	Ilocos Region	4.5	4.9	6.3	(8.5)	3.8	0.8
II	Cagayan Valley	6.5	3.3	5.7	(10.8)	4.0	1.0
III	Central Luzon	8.2	4.9	4.0	(15.3)	5.7	1.6
IVA	CALABARZON	5.3	4.8	2.5	(12.2)	5.7	1.9
	MIMAROPA Region	4.8	7.1	3.0	(8.6)	2.1	1.2
V	Bicol Region	4.2	5.7	7.1	(9.3)	3.3	1.0
VI	Western Visayas	7.2	3.8	5.3	(10.5)	5.0	0.8
VII	Central Visayas	5.4	5.5	4.7	(10.7)	4.1	1.2
VIII	Eastern Visayas	1.6	5.6	4.2	(8.6)	4.7	1.3
IX	Zamboanga Peninsula	2.2	5.4	3.8	(5.9)	5.0	0.7
X	Northern Mindanao	4.4	5.7	4.3	(6.5)	5.1	1.1
XI	Davao Region	7.1	5.5	5.4	(8.9)	4.3	1.5
XII	SOCCSKSARGEN	6.0	5.2	1.9	(5.7)	3.9	1.3
XIII	Caraga	4.8	3.9	4.2	(8.0)	6.1	1.1
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao	7.9	5.5	3.7	(3.8)	5.4	2.0
	Coefficient of Variation	0.346	0.174	0.300	0.293	0.246	
	PHILIPPINES	5.2	4.7	4.6	(10.8)	4.3	1.3
Source: Philippine Statistics Authority							

		2017	2018	2019	2020	2021	2021 vs 2019 (%)
NCR	National Capital Region	415,210	432,181	456,532	405,655	418,530	(8.3)
CAR	Cordillera Administrative Region	165,997	173,651	179,544	159,800	170,398	(5.1)
I	Ilocos Region	108,156	113,471	120,625	110,396	114,544	(5.0)
II	Cagayan Valley	104,093	107,568	113,688	101,457	105,560	(7.1)
III	Central Luzon	165,346	173,452	180,396	152,779	161,484	(10.5)
IVA	CALABARZON	167,558	175,563	179,868	157,838	166,756	(7.3)
	MIMAROPA Region	111,920	119,813	123,356	112,692	115,096	(6.7)
V	Bicol Region	82,254	86,916	93,050	84,412	87,219	(6.3)

VI	Western Visayas	106,750	110,783	116,631	104,412	109,664	(6.0)
VII	Central Visayas	144,511	152,478	159,686	142,630	148,463	(7.0)
VIII	Eastern Visayas	91,113	96,204	100,261	91,678	95,962	(4.3)
IX	Zamboanga Peninsula	96,610	101,872	105,711	99,477	104,439	(1.2)
X	Northern Mindanao	158,825	167,832	175,018	163,728	172,022	(1.7)
XI	Davao Region	155,504	164,042	172,912	157,484	164,214	(5.0)
XII	SOCCSKSARGEN	101,425	106,737	108,812	102,594	106,547	(2.1)
XIII	Caraga	103,863	107,932	112,471	103,520	109,826	(2.4)
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao	49,170	51,898	53,825	51,758	54,535	1.3
	PHILIPPINES	164,885	172,712	180,661	161,235	168,224	(6.9)
Source: Philippine Statistics Authority							

		Level (billion ₱)			Growth Rate			
		2019	2020	2021	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
NCR	National Capital Region	1,629.3	1,111.5	1,309.3	20.2	(0.7)	(31.8)	17.8
CAR	Cordillera Administrative Region	26.4	32.9	29.5	(2.4)	(18.3)	24.7	(10.3)
I	Ilocos Region	220.7	163.3	187.1	6.5	13.9	(26.0)	14.6
II	Cagayan Valley	147.9	92.7	91.4	11.8	10.1	(37.4)	(1.3)
III	Central Luzon	610.6	327.9	468.3	0.8	3.5	(46.3)	42.8
IVA	CALABARZON	770.8	355.4	520.4	(7.2)	8.2	(53.9)	46.4
	MIMAROPA Region	86.4	56.8	69.8	60.5	9.3	(34.2)	22.9
V	Bicol Region	198.3	148.8	161.2	13.3	9.2	(25.0)	8.3
VI	Western Visayas	171.8	137.8	139.2	39.4	10.3	(19.8)	1.0
VII	Central Visayas	299.3	198.9	239.5	11.6	16.1	(33.5)	20.4
VIII	Eastern Visayas	194.3	123.7	120.3	26.5	7.0	(36.3)	(2.8)
IX	Zamboanga Peninsula	107.9	92.6	109.0	7.8	(3.2)	(14.2)	17.7
X	Northern Mindanao	185.5	139.2	149.6	(1.5)	7.4	(25.0)	7.5

XI	Davao Region	257.6	217.4	245.8	13.8	7.1	(15.6)	13.1
XII	SOCCSKSARGEN	81.8	69.5	82.3	35.2	(18.8)	(15.0)	18.4
XIII	Caraga	97.7	84.5	93.8	25.9	(26.2)	(13.5)	11.0
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao	46.0	22.9	44.5	11.3	7.8	(50.1)	93.9
	PHILIPPINES	5,132.3	3,375.8	4,061.0	11.3	3.5	(34.2)	20.3
	Coefficient of Variation				1.0	4.7	0.7	1.2

Source: Philippine Statistics Authority

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