



CARAGA

THIRD QUARTER **2020**

**REGIONAL
ECONOMIC
SITUATIONER**



Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
Caraga Region

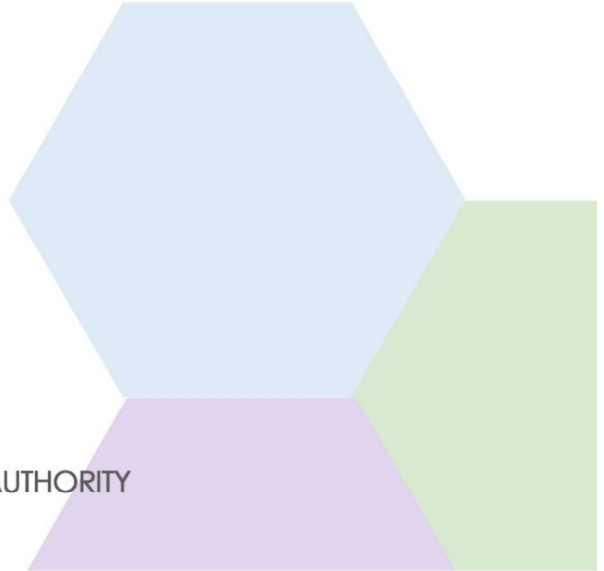


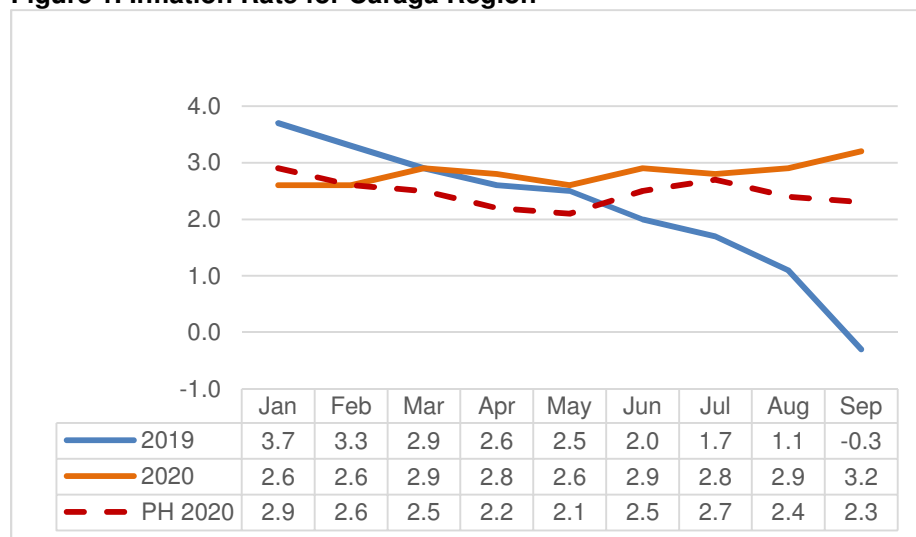
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MACROECONOMIC PERFORMANCE

The Philippines' inflation rate eased for the second straight month in September 2020 to 2.3 percent¹ from the 2.4 percent recorded in August 2020. However, the opposite was observed in Caraga Region as inflation rate accelerated to 3.2 percent in September 2020 from 2.9 percent in the previous month. Since the onset of the pandemic last March 2020, inflation in the region has been recorded higher than the national level.

Figure 1. Inflation Rate for Caraga Region



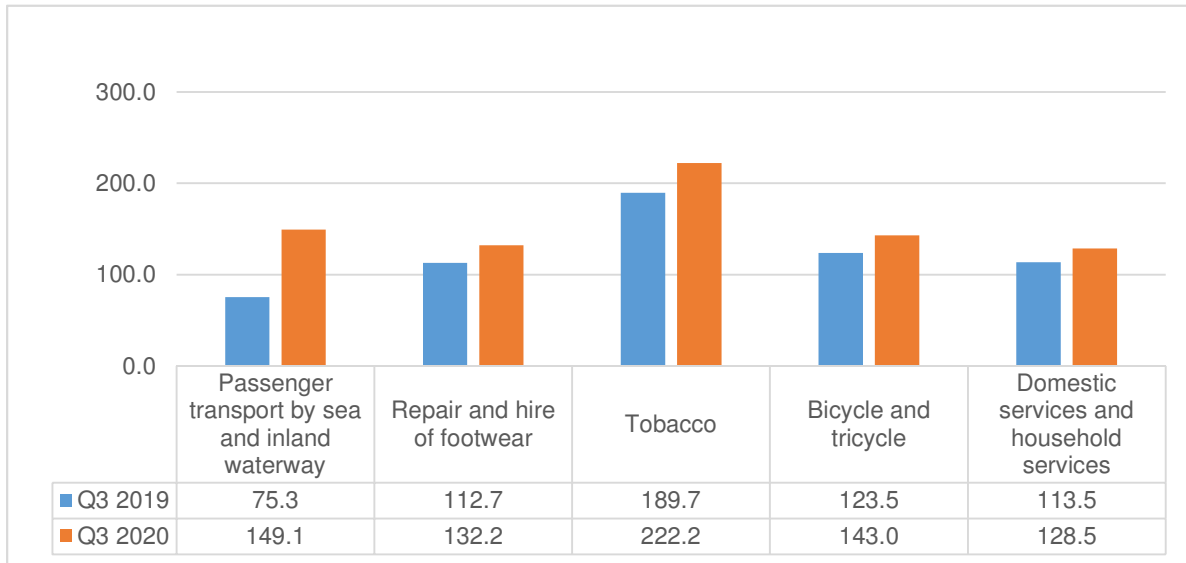
Source: PSA

Among others, the rise in the average prices within the transport commodity group led to the increase in the overall prices of goods in the third quarter of 2020 compared to the same period in the prior year. Particularly, average prices of passenger transport by sea and inland waterway increased by 98.14 percent during the period as compared to last year. Contributory to this remarkable year-on-year difference were the lower prices of passenger transport by sea and inland waterway recorded in 2019, resulting from meteorological disturbances such as Typhoon Hanna and Severe Tropical Storm Ineng.

Furthermore, the following factors are also seen to have augmented in the increase in prices during the period: increase in the charges for repair and hire of footwear, and domestic and household services by 17.33 percent and 13.22 percent, respectively; rise in the prices of tobacco by 17.11 percent as a result of the higher excise tax; and increase in the purchase price of bicycles and tricycles by 15.76 percent as consumers sought for alternative modes of transportation.

¹ Data sourced from PSA

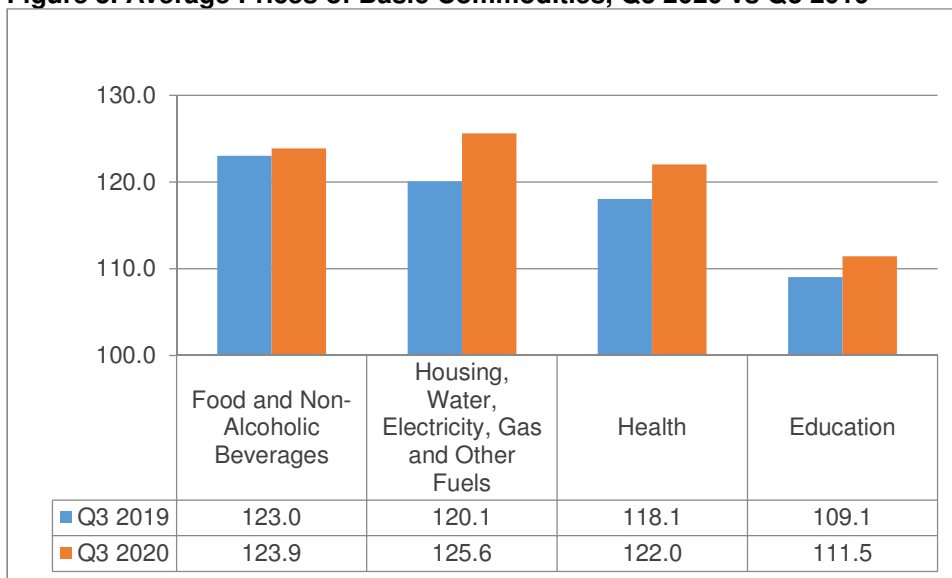
Figure 2. Top 5 Commodities with Highest CPI Growth, Q3 2020 vs Q3 2019



Source: PSA

Relatedly, average prices of basic commodities also rose slightly during the period. Specifically, prices of food and non-alcoholic beverages increased by 0.68 percent, while housing, water, electricity, gas and other fuels commodity group also rose by 4.61 percent resulting from the rise in charges for home repair-related services. Meanwhile, the health commodity group posted a 3.36 percent increment due to the increase in prices of outpatient services, medical services, and dental services. This may be attributed to the additional expenses incurred by the health facilities such as the purchase of personal protective equipment (PPE) for medical staff, among others.

Figure 3. Average Prices of Basic Commodities, Q3 2020 vs Q3 2019



Source: PSA

Employment rate improved

As the economy gradually reopened in the third quarter of 2020, the region's employment rate increased to 93.3 percent from 87.7 percent recorded in the previous quarter. Likewise, from its threefold increase in April 2020, the region's unemployment rate improved to 6.7 percent in July 2020 from 12.3 percent in April 2020. In addition, the 126,000 unemployed Caraganons recorded in April 2020 decreased to about 83,000 in July 2020. Underemployment rate also abated to 17.1 percent in July 2020 from 32.2 percent recorded in the previous quarter.

Figure 4. Labor Force Survey Results for July 2019, April 2020, and July 2020

Indicator	April 2020	July 2020	July 2019
Labor Force Participation Rate	57.0%	68.6%	63.4%
Employment Rate	87.7%	93.3%	95.2%
Unemployment Rate	12.3%	6.7%	4.8%
Underemployment	32.2%	17.1%	17.6%

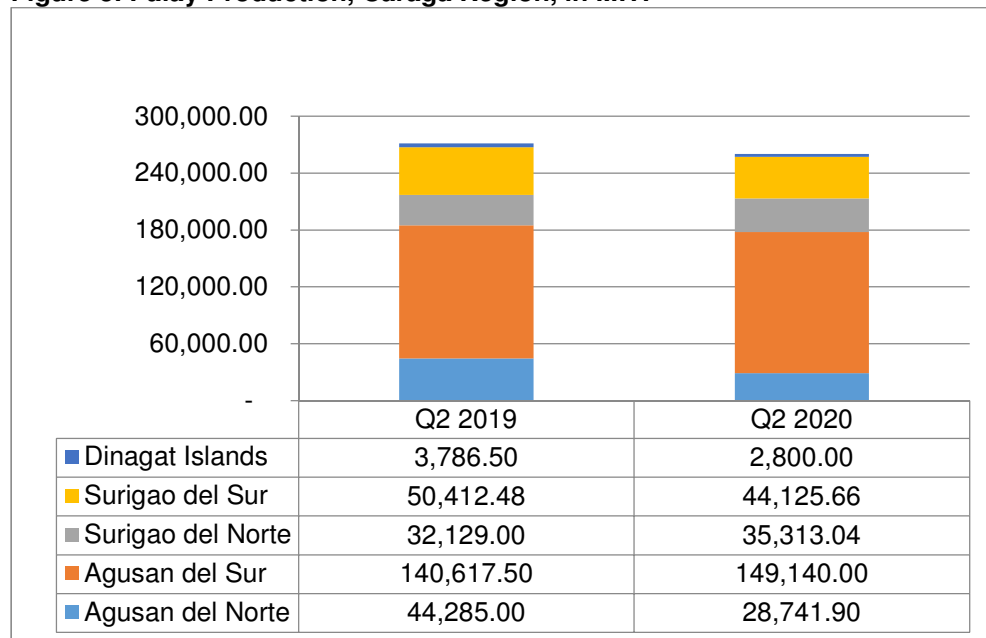
Source: PSA

AGRICULTURE, FORESTRY AND FISHERY SECTOR PERFORMANCE

Palay production slightly decreased

According to the latest data provided by the PSA, the overall palay production in the region declined by 4.1 percent in the second quarter of 2020 compared to the same period last year. Nevertheless, Agusan del Sur being the major palay producer in the region, increased its production by 6.1 percent during said period. Among others, this may be attributed to the continued farm mechanization programs and social amelioration programs conducted by DA Caraga to support their farmer beneficiaries amidst the pandemic.

Figure 5. Palay Production, Caraga Region, in M.T.

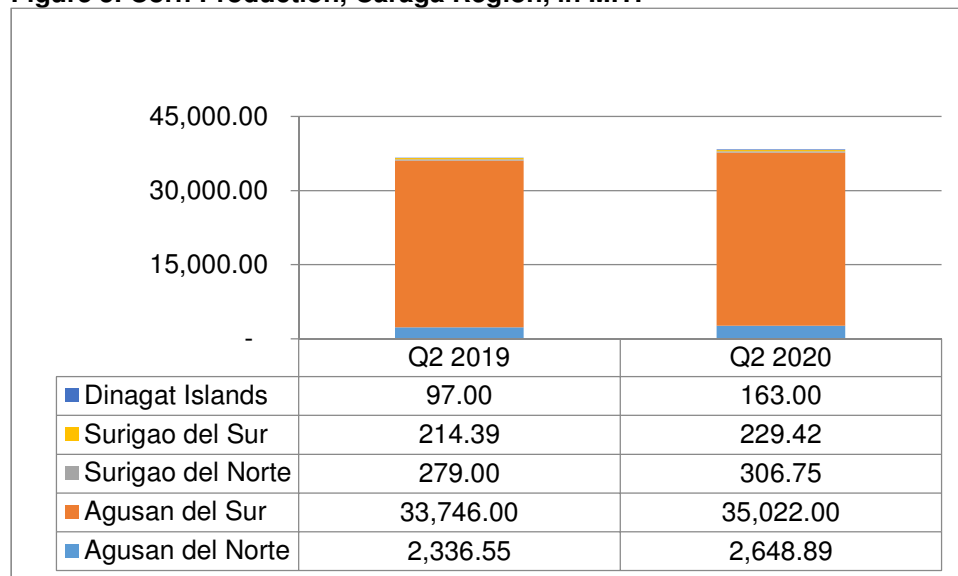


Source: PSA

Corn production improved

Meanwhile, corn production in the region improved by 4.6 percent in the second quarter of 2020 from the same period in 2019. All provinces have also registered increases in their corn production during said period. Agusan del Sur, the region's main corn producer, expanded its production by 3.8 percent. Also worth noting is that Dinagat Islands expanded its corn production by 68.0 percent during said period.

Figure 5. Corn Production, Caraga Region, in M.T.

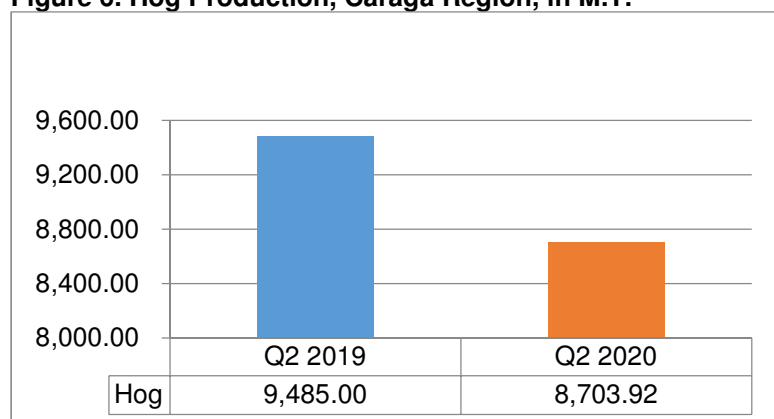


Source: PSA

Decrease in livestock production

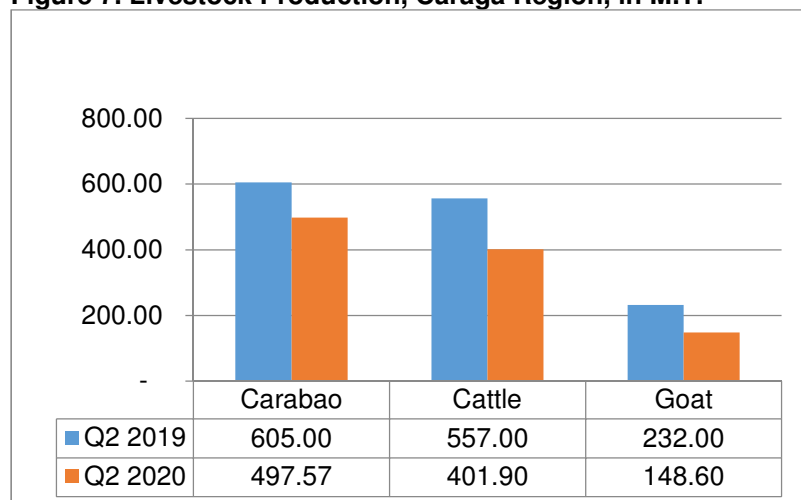
Preliminary data from PSA indicate a step down in the region's livestock production. In particular, Hog production declined by 8.0 percent, carabao production by 18.0 percent, cattle production by 28.0 percent, and goat production by 36.0 percent in the second quarter of 2020 compared to same period the previous year. Producers cited the lack of processing facilities and the travel restrictions in the region as among of the key reasons for the decline in livestock production.

Figure 6. Hog Production, Caraga Region, in M.T.



Source: PSA

Figure 7. Livestock Production, Caraga Region, in M.T.



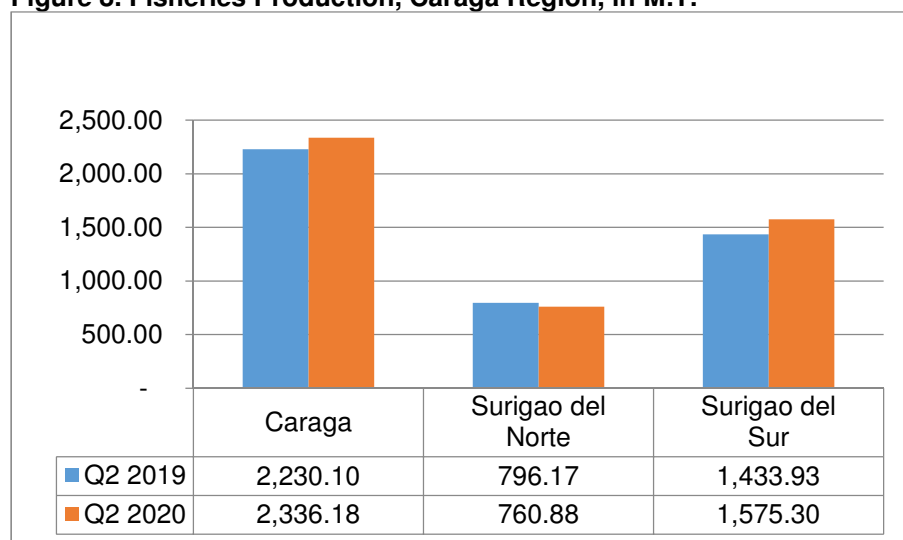
Source: PSA

Improvement in fisheries production

A declining trend in the region's fishery production has been observed since 2017. Nevertheless, the region experienced an improvement in its fishery production by 4.8 percent in the second quarter of 2020 from the same period in 2019. At the onset of the pandemic, BFAR Caraga continued to implement its programs to support the fisherfolks

in the region, such as the distribution of fingerlings and fishing equipment, and provision of financial aid to struggling fisherfolks², among others.

Figure 8. Fisheries Production, Caraga Region, in M.T.



Source: PSA

Log production and manufactured forest products increased

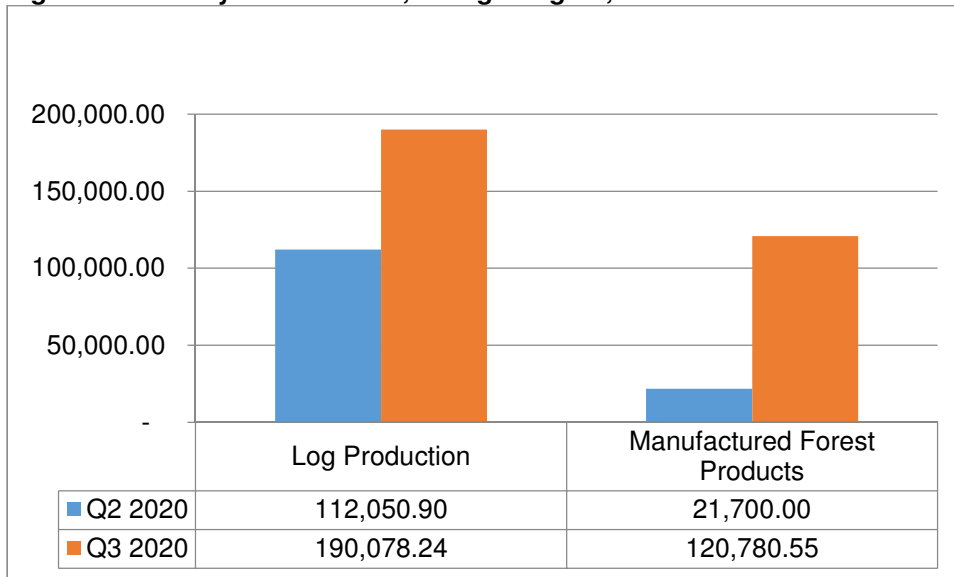
As travel restrictions in the region lessened, log production in the region increased by 70.0 percent in the third quarter of 2020³ from the previous quarter. This may be attributed to the implementation of general community quarantine (GCQ) across the region, which allowed the conduct of log production activities such as the harvesting and transporting of forest products. Relatedly, producers were seen as eager to harvest their tree logs due to the halt in their operations brought about by the implementation of the enhanced community quarantine (ECQ) across the region. Furthermore, the reported increase may have also been influenced by the increase in the disposition of log products to Regions 10 and 11. Increased disposition of log products in said regions is expected to prompt the harvesting of logs in Caraga since said regions are known to have higher market demand for abovementioned products.

Meanwhile, also observed is a 457 percent increase in the volume of manufactured forest products in the third quarter of 2020 from the previous quarter. During the second quarter of 2020, 15 out of the 21 WPPs suspended their operations while the remaining six (6) reduced their operations due to limited manpower. However, in the third quarter of 2020, 100 percent of the WPPs resumed their operations thereby reviving the region's overall production.

² Caraga Regional Recovery Plan (RRP)

³ Data sourced from DENR Caraga

Figure 9. Forestry Performance, Caraga Region, in M.T.



Source: DENR Caraga

INDUSTRY SECTOR PERFORMANCE

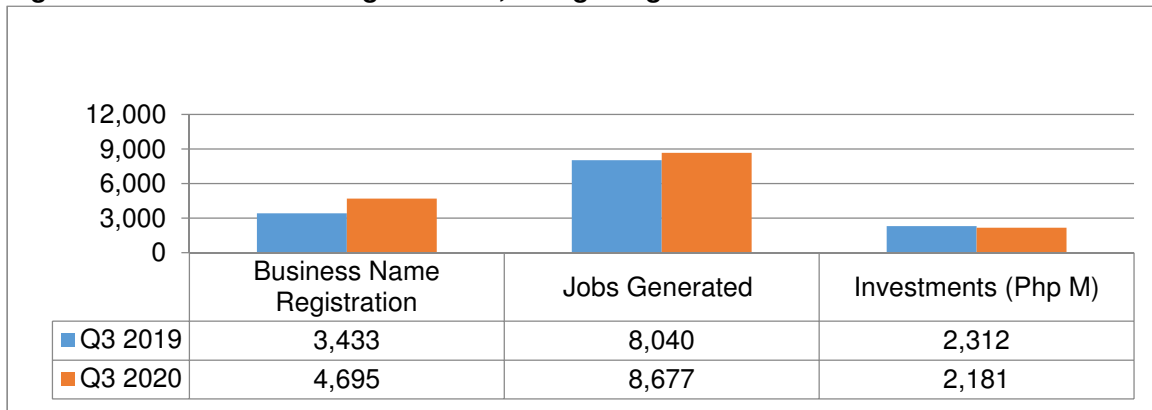
New business registrations recorded

New business registrations in the region increased by 37.0 percent in the third quarter of 2020⁴ from the same period in the previous year. Among others, said increase may be attributed to the rise in the number of online sellers in the region. Relatedly, local government units (LGUs) continued to require businesses to comply with the documentary requirements to secure a new business certificate prior to the issuance of business permit per DILG-DTI-DICT Joint Memorandum Circular (JMC) No. 1, S. 2016.

Relative to this, an increment of 8.0 percent in jobs were generated in the third quarter of 2020 from the same quarter last year. Meanwhile, the 6.0 percent decline in investments may be attributed to lesser amount of investments monitored in the region due to the pandemic, especially those coming from new MSMEs assisted.

⁴ Data sourced from DTI Caraga

Figure 10. New Business Registrations, Caraga Region



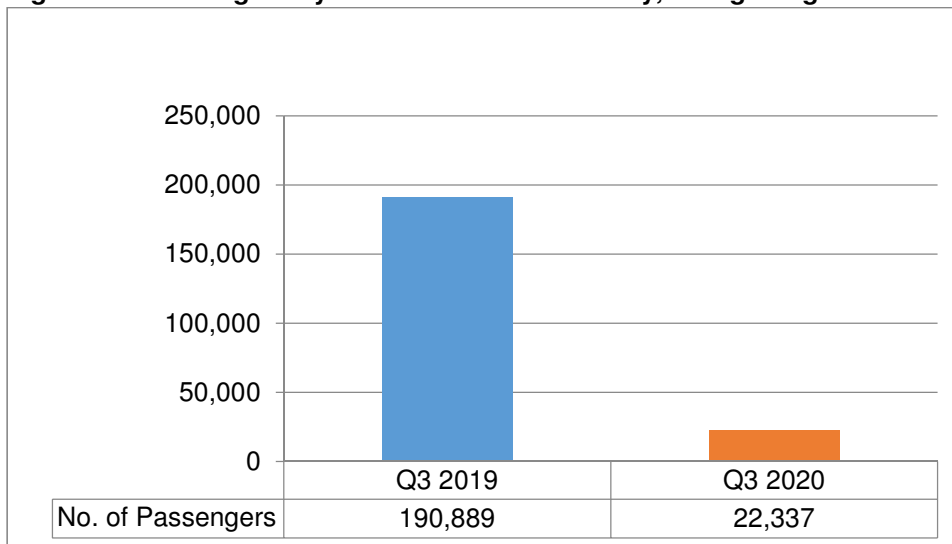
Source: DTI Caraga

SERVICES SECTOR PERFORMANCE

Transportation subsector affected

The region's transportation subsector continues to experience slow recovery despite the lifting of travel restrictions. For instance, the number of passengers at Nasipit Port declined by 88.0 percent in the third quarter of 2020⁵ compared to the same quarter in the previous year. This may be explained by the additional requirements that passengers have to comply, which pose as a large disincentive to travel. In addition, traveling for leisure is still highly discouraged at present.

Figure 11. Passengers by Sea and Inland Waterway, Caraga Region

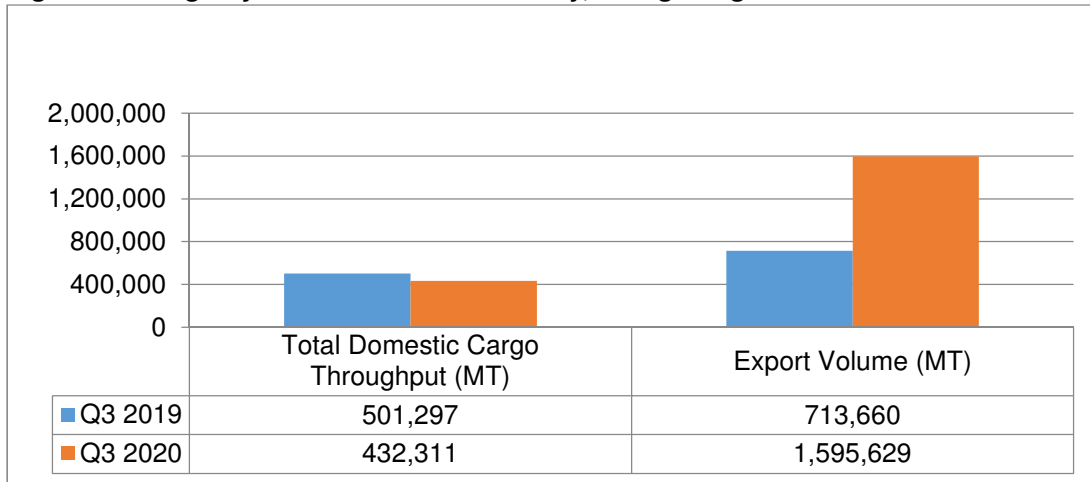


Source: PPA Nasipit

⁵ Data sourced from PPA Nasipit

Meanwhile, a 14.0 percent decline in total domestic cargo throughput in the third quarter of 2020 from previous year was observed. This can be attributed to the low volume of non-essential commodities shipped during the pandemic. However, a 124.0 percent increase in export volume was recorded during the period largely due to the high volume of nickel ore exported from the region by San Roque Metals Inc. and Agata Mining Ventures Inc.⁶

Figure 12. Cargo by Sea and Inland Waterway, Caraga Region

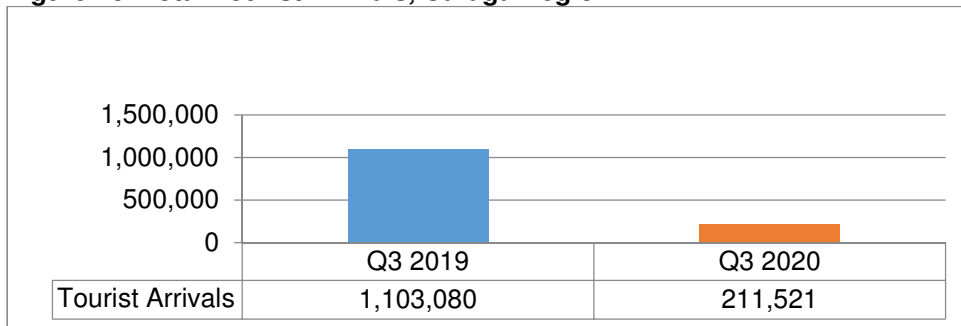


Source: PPA Nasipit

Tourist Arrivals Dropped

The tourism industry is among the severely affected due to the localized lockdown and travel restrictions implemented across LGUs in the region. Overall tourist arrivals in the region declined by 80.0 percent from 1.1 million tourists recorded in the third quarter of 2019 to 211,521⁷ in the same period this year. Likewise, tourist expenditure also declined by 80 percent from PhP 13.1 Million in the third quarter last year to PhP 2.5 Million this year.

Figure 13. Total Tourist Arrivals, Caraga Region

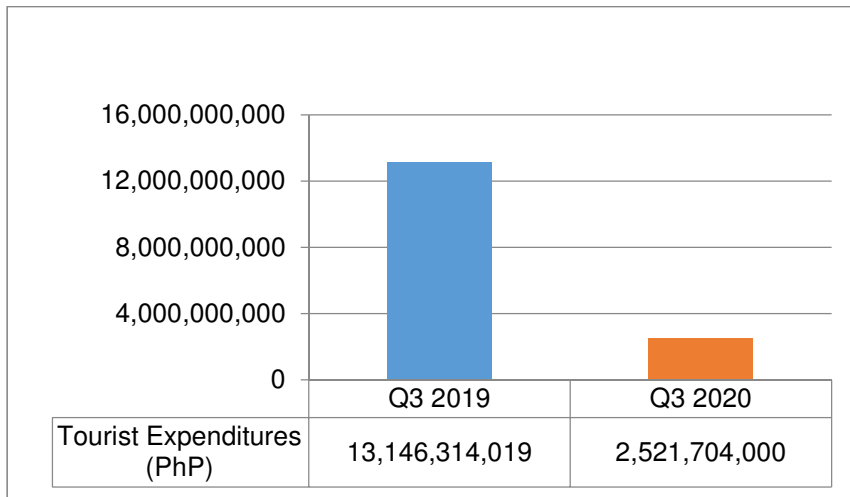


Source: DOT Caraga

⁶ Data sourced from PPA Nasipit

⁷ Data sourced from DOT Caraga

Figure 12. Total Tourist Expenditure, Caraga Region, PhP



Source: DOT Caraga

PEACE AND SECURITY

The intensified law enforcement operations, particularly through the anti-criminality campaign such as “Oplan Sita” and campaign against loose firearms, made significant impact in the region which resulted in the decrease of crime volume in the third quarter of 2020 from the same quarter last year⁸. The continued illegal drug operations also had direct bearing on the decrease of index crimes. Furthermore, the strengthened collaboration with all community stakeholders for a unified strategic plan to draw cooperation and eliminate local insurgency also helped in reducing crime in the region.

Meanwhile, the regional decline in the crime clearance efficiency and crime solution efficiency are presently being addressed through the continuous conduct of Investigation Officer Basic Course and Criminal Investigation Course by the PNP. Said courses intend to equip police officers on the basic skills and techniques in criminal investigation to facilitate the successful solution of crimes and filing of cases in courts.

Figure 12. Crime Data, Caraga Region

Indicator	Q3 2019	Q3 2020
Crime Volume	2326	2312
Crime Clearance Efficiency	89%	83%
Crime Solution Efficiency	94%	91%

Source: PRO13

⁸ Data sourced from PRO13

DEVELOPMENT PROSPECTS

Agriculture, Forestry, and Fishery Sector

The construction of a 4.86 km farm-to-market road situated in Placer, Surigao del Norte is presently ongoing through the Department of Agriculture-Philippine Rural Development Project (DA-PRDP). In total, the FMRs constructed by the DA-PRDP is seen to directly benefit a total of 8,898 farming and fishing households in the region.

Industry Sector

Roads Leveraging Linkages of Industry and Trade (ROLL IT) Projects amounting to PhP 878 Million⁹ are set to be completed within 2020 in the region. ROLL IT is a working arrangement between the DTI and DPWH to jointly undertake the planning, monitoring, and development of infrastructure project in priority economic and manufacturing zones.

Meanwhile, remarkable investments entering the region were also recorded such as those of Universal Power Solutions, Inc., a new operator of Battery Energy Storage Solutions (BESS) component under the Integrated Renewable Power Facility Hubs (R-Hub) in Placer, Surigao del Norte. With an investment of PhP 1.3 Billion, said facility will commence operations in December 2021.

Services Sector

JM McGregor Haggens, Inc. is embarking on a multi-billion peso project to position Bislig City, Surigao del Sur as a global destination port in Asia¹⁰. To be called “The Maritime City”, the said hub will be built in Bislig City considering its strategic location in the eastern border. Construction of the said project is scheduled to commence in 2021.

Completion of Big Ticket Projects

Completion of big ticket projects in the Region are foreseen to further prompt its recovery. The construction of access roads leading to airports is vital in reviving the local economy considering that air transport is an important enabler of economic growth and development as it provides vital connectivity at the national and regional levels. Likewise, construction of access roads leading to cargo ports will boost trading activities in the Region.

⁹ Data sourced from DTI Caraga

¹⁰ Data sourced from DTI Caraga

Table 3. Top 3 Big Ticket Projects for 2020 Completion, Caraga Region

Programs and Projects (PAPs)	Brief Description	Spatial Coverage	Start	End	Total Project Cost	Financing Source
Construction of Bridge Bonifacio - Poctoy Road leading to Surigao Airport, Surigao City, Surigao del Norte 2nd LD including ROW	Access Roads leading to Airports : Construction of Concrete Bridge	Surigao del Norte	2019	2020	151,000,000.00	NG-Local
Access Road Leading to Jubang Cargo Port, Dapa, Siargao, Surigao del Norte	Construction of Concrete Road	Surigao del Norte	2019	2020	150,000,000.00	NG-Local
Construction of Lumbocan Bridge along NRJ Daang Maharlika (Taguibo Section) - Masao Port	Bridge Construction (105 lm)	Butuan City	2018	2020	110,000,000.00	NG-Local

Source: Caraga RDIP