

PHL adopting 3-pronged approach to mitigate COVID-19

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The Duterte administration is implementing a three-pronged strategy to mitigate the social and economic impact of the current global health crisis anchored on providing emergency aid to marginalized and other vulnerable sectors, protecting health workers while boosting their capability to defeat the coronavirus pandemic, and keeping the economy afloat, Philippine Department of Finance (DOF)'s Finance Secretary Carlos Dominguez III has said.

Dominguez said on television that the primary concern of the government at this time is to ensure that the Filipino people are able to hurdle the crisis while preparing the economy for its return to normalcy and quick rebound as soon as the pandemic is over.

He said providing economic relief to low-income households and other vulnerable sectors who need them the most, and

providing the necessary support for frontline health workers in fighting the disease were the main reasons why President Duterte had asked--and was granted by--the Congress with special but limited powers to, among others, realign, reallocate or reprogram savings of items in the 2020 national budget and other legally available funding sources.

To support the economy, Dominguez said the government has utilized monetary tools such as the recent purchase by the Bangko Sentral ng Pilipinas (BSP) of P300 billion-worth of government securities from the Bureau of the Treasury (BTr), and the reduction of the reserve requirement ratio (RRR) for universal and commercial banks by 200 basis points, which is expected to inject P200 billion into the economy.

Dominguez pointed out that the Philippines' economic fundamentals remain "very strong" and that the government is in full command to effectively address the COVID-induced crisis.

"Our initial package (of measures) has three goals: support our people, those who have lost their livelihoods; support the efforts of our frontliners to combat the coronavirus by purchasing personal protective equipment (PPEs), medical ventilators, and others; and third, to support the economy as a whole," Dominguez said in an interview during the cable news program *Bloomberg Markets Asia*.

Dominguez said the Department of Finance (DOF) is also tapping concessional loans and grants from multilateral agencies to augment the funding requirements of the government's response to the COVID-19 pandemic.

"We are in talks with them (multilateral agencies) right now and the talks are going well. This will go a long way to support our efforts to combat this virus," he said.

The Finance secretary pointed out that what is happening in the Philippines as a result of the COVID-19 emergency is also the same one in other countries, including highly developed and more stable economies.

He said that with gross domestic product (GDP) growth expected to drop and tax collections weakening because the Luzon-wide Enhanced Community Quarantine (ECQ) has led to massive work stoppages, the economic team is expecting the budget deficit to be higher than its original projection of between 3 and 3.6 percent, when the shutdown was not yet in place.

Dominguez pointed out, though, that these projections will depend on how long the crisis will last.

"We are going to tap all markets at this point. Again, as I said, it depends on how long this lasts. But we are prepared, very well prepared to increase our debt levels," Dominguez said.

He pointed out that the Philippines is well-positioned and fully capable of raising its debt-to-GDP ratio, which, from 70 percent in the past has now significantly improved to 41 percent.

"So we're in a very good position to combat this coronavirus and we have the debt capacity to do that," Dominguez said.

As for the government's goal of securing an "A" credit rating that could be imperiled because of the economic fallout from the pandemic, Dominguez said the paramount concern of the government at this time is not the opinion of rating agencies, but the survival of its citizens.

"We understand the concerns of the credit agencies, but again I suppose we are not the only ones in this. I think practically the whole world is facing the same problems that we do," he said. "Our main concern now, as I said, is no longer the credit agencies' opinion of us but the survival of our people, the support to those whose livelihoods are affected and, of course, supporting our general economy to be ready for the inevitable return of normalcy."

Dominguez said the Philippines' financial markets have so far steadied after it temporarily shut down last March 17 as a result of the economic fallout from the COVID-19 pandemic.

He said there are no plans to repeat the shutdown and that the state pension funds--Social Security System (SSS) and Government Service Insurance System (GSIS)--which were directed to increase their share purchases to help prop up the stock market, would have to act responsibly to ensure that their investments also benefit the future generations of Filipinos.

"At this point, we will keep a steady hand in the market and we will see how this develops," Dominguez said. "As you know the state funds have a responsibility to the future generations as well. While we are supportive of the market, we have to do it in a very responsible way."