



SPECIAL RELEASE

Gross Regional Domestic Expenditure of SOCCSKSARGEN Region Up By 6.9 percent in 2018

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In 2018, the Gross Regional Domestic Expenditures (GRDE) of SOCCSKSARGEN Region was valued at Php246.69 billion in real terms (2000 base year), about 6.9 percent higher than the previous year's level of Php230.78 billion. At current prices, this amounted to Php472.66 billion, an increase of about 10.8 percent from 2017.

GRDE is the sum of all final uses of goods and services in the regional economies during the year. The expenditure items under the Philippines' Gross Regional Domestic Expenditure (GRDE) include Household Final Consumption Expenditure (HFCE), Government Final Consumption Expenditure (GFCE) and Net Exports.

SOCCSKSARGEN REGION



5.2% (2018)

*At Constant 2000 Prices

5.3% (2017)

HFCE

Household Final Consumption Expenditure (HFCE) accounted for the bulk of the gross domestic expenditures in 2018. At Php197.02 billion at 2000 prices, it was able to sustain the expansion of 5.3 percent in 2017 to 5.2 percent in 2018. The share of HFCE slightly went down to 79.9 percent in 2018 from 81.2 percent in 2017.

The HFCE consists of the value of expenditure on goods and services by resident households for direct consumption. This includes purchases of consumer goods and services as well as barter, received in kind and produced and consumed by own household.



12.8% (2018)

*At Constant 2000 Prices

7.9% (2017)

GFCE

Government Final Consumption Expenditure (GFCE) grew by 12.8 percent in 2018, up from 7.9 percent in 2017. The GFCE of SOCCSKSARGEN Region totalled to Php27.05 billion at 2000 constant prices in 2018, Php3.00 billion more from Php23.98 billion in 2017. GFCE constituted 11.0 percent of the total GRDE in 2018, slightly lower than the 10.4 percent posted in 2017.



14.7%(2018)

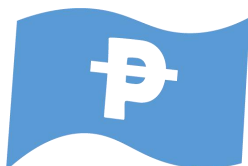
*At Constant 2000 Prices

6.5% (2017)

GCF

Gross Capital Formation (GCF) more than doubled in 2018. GCF grew by 14.7 percent in 2018, faster by 8.2 percentage points from the 6.5 percent growth in 2017. GCF was valued at Php108.65 billion in 2018 from Php94.73 billion in 2017. GCF constituted 44.0 percent of the total GRDE in 2018, way higher than the 41.0 percent posted in 2017.

GROSS CAPITAL FORMATION Subsectors



10.2%(2018)

*At Constant 2000 Prices

11.0% (2017)

**Fixed Capital
Formation**

Fixed Capital Formation (FCF) increased by 10.2 percent in 2018, more than double the 4.3 percent growth recorded in 2017. FCF amounted to Php104.81 billion pesos at 2000 constant prices in 2018, higher than the Php95.08 billion recorded in 2017. FCF was 42.5

percent of the 2018 GRDE and accounted for 96.5 percent of the Gross Capital Formation.

Fixed Capital includes capital formation from Construction, Durable Equipment, Breeding of Stock & Orchard Development as well as Intellectual Property Products.



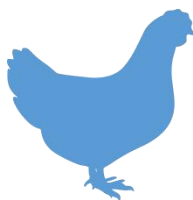
Construction

Investments on Construction in SOCCSKSARGEN Region amounted to Php30.94 billion in 2018. It went up by 12.0 percent in 2018, sustaining the 11.0 percent growth in 2017. Investments on Construction had a share of 12.5 percent in the 2018 GRDE; 29.5 percent of Fixed Capital Formation and 28.5 percent of the Gross Capital Formation.



Durable Equipment

Investments in Durable Equipment was estimated at Php66.22 billion in 2018. It grew by 8.5 percent in 2018 from a negative 0.8 percent expansion in 2017. Investments in Durable Equipment constituted 26.8 percent of the 2018 GRDE; 63.8 percent of Fixed Capital Formation and 61.0 percent of the Gross Capital Formation.



Breeding of Stock & Orchard Development

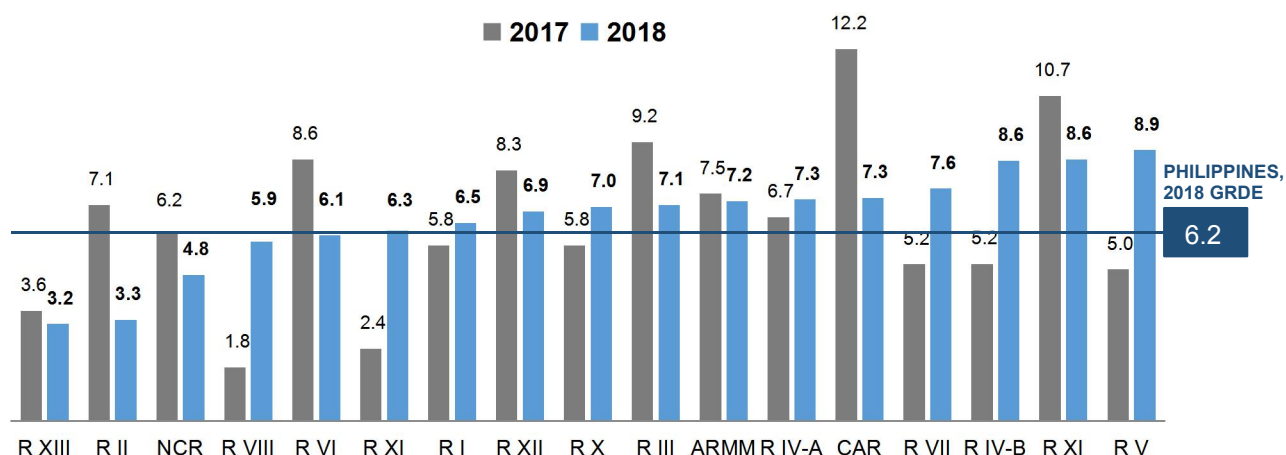
Investments on Breeding of Stock & Orchard Development totalled Php7.39 billion in 2018, an increase of 18.7 percent but a slow down by almost half compared to the 33.7 percent growth posted in 2017. Investments on Breeding of Stock & Orchard Development was about 3.0 percent of the 2018 GRDE; 7.1 percent of Fixed Capital Formation and 6.8 percent of the Gross Capital Formation.



Intellectual Property Products

Investments on Intellectual Property Products was valued at Php266.14 million in 2018, about 30.9 percent higher from 2017 sustaining its double digit growth (42.3%) the previous year. Investments on Intellectual Property Products was about 0.1 percent of the 2018 GRDE; 0.3 percent of Fixed Capital Formation and 0.2 percent of the Gross Capital Formation.

GRDE Growth Rates by Region, Philippines 2017-2018, At Constant 2000 Prices



Region V posted the highest expansion in real terms at 8.9 percent in 2018. It was followed by Region XI and MIMAROPA each with 8.6 percent growth. Eight (8) regions recorded accelerated growths in their GRDE in 2018: Region VIII (from 1.8% to 5.9%); Region V (from 5.0% to 8.9%); Region IX (from a 2.4% to 6.3%); MIMAROPA (from 5.2% to 8.6%); Region VII (from 5.2% to 7.6%); Region X (from 5.8% to 7.0%); Region I (from 5.8% to 6.5%); and Region IVA (from 6.7% to 7.3%). The remaining regions exhibited decelerated growths in 2018 compared to 2017.

Technical Notes:

The Gross Regional Domestic Expenditure (GRDE) is intended to complement the current series of the Gross Regional Domestic Product (GRDP), which is being published by the Macroeconomic Accounts Service (MAS) of the Philippine Statistics Authority (PSA). GRDE is defined as the expenditure of residents of the region in the domestic territory plus their expenditures in other regions including the rest of the world.

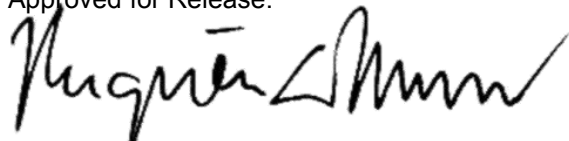
The revised/rebased GRDE series adopts the CY 2000 as the new base year, incorporating most of the recommendations of the 2008 System of National Accounts (SNA) and consistent with the Annual and Quarterly revised/rebased series of the Philippine System of National Accounts (PSNA).

In using the GRDE for specific studies or analyses, the following points should be considered:

1. The GRDE estimation starts with the GRDP estimates, which is pegged to the national estimates. These are allocated to the regions using survey and administrative-based data/indicators for regional distribution.
2. Household Final Consumption Expenditure (HFCE) covers both individual and institutional households, as well as non-profit institutions serving households (NPISH). It is assumed that the structure of NPISH and institutional households is the same as that of the individual households. As recommended in the 2008 SNA, the HFCE estimates utilized the Classification of Individual Consumption According to Purpose (COICOP) to account for the various expenditures of the households. Data from relevant production sectors, including the Family Income and Expenditures Surveys (FIES) are utilized to come up with estimates of HFCE. The price data used are the Consumer Price Index (CPI) by region of the PSA.
3. Government Final Consumption Expenditures (GFCE) is independently estimated by region using the regional data of the Commission on Audit (COA), which covers both the national agencies and local government units in the region for the revised estimates and the National Expenditure Program of the Department of Budget and Management (DBM) for the preliminary estimates. The GFCE is the summation of the Gross Value Added (GVA) of Public Administration (PAD) by region, which is estimated for the GRDP and the intermediate consumption of the government, which is estimated for the GRDE, including the government expenditures for individual services (i.e. public health, public education and social welfare). Consistent with the Annual and Quarterly revised/rebased estimates, the regional GFCE no longer includes government expenditures for military equipment and structures. These items are now included as part of Capital Formation under Durable Equipment and Construction, respectively. The price indices utilized in the GVA for the regional PAD and the CPI by region are used as deflators.

4. For construction, private construction is estimated using the regional building permit data of the PSA. The deflator used was composite deflator, taking into account the labor, raw materials, and other value added component of construction cost. Public construction is estimated using the trend of infrastructure outlays by government agencies from the Budget of Expenditures and Sources of Financing (BESF) compiled by the Department of Budget and Management (DBM), which is allocated to regions using the data on expenditure programs by region of the Department of Public Works and Highways (DPWH); and Department of Transportation and Communication. Public construction now includes military structures, as mentioned above. A composite deflator for each region is computed to derive the corresponding estimates at constant prices.
5. Durable equipment (DE) by region is estimated using commodity flow approach. The acquisition of durable equipment commodity can be directly imported or locally purchased. At current prices, imported DE used the distribution of cost, insurance and freight from the Foreign Trade Statistics (FTS) by region per port while locally purchased DE utilized indicators of the Manufacturing sector from the GRDP. As mentioned above, estimates of regional expenditures for DE now includes military equipment. At constant prices, imported DE by region is estimated using the FTS as an indicator while locally purchased DE used the derived regional implicit price indices (IPIN) for DE.
6. For Breeding Stocks and Orchard Development (BSOD), the estimates are based on the regional inventory, production and price data of the PSA. Afforestation is no longer part of BSOD since it is treated as an activity undertaken to produce a product for single use such as vegetable production. For the GRDE, each component of the BSOD is independently estimated for both the current and constant prices. Imports of breeding stocks are also considered in the estimates.
7. Intellectual Property Products (IPPs) is a new item included under Capital Formation. It includes expenditures on research and experimental development (R&D), software and databases, mineral exploration, and entertainment, artistic and literary originals. They are collectively known as IPP's since expenditures on these items or their value reflects the underlying intellectual property they embody. Estimates for IPP's are based on the corresponding items in the Annual Survey of Philippine Business and Industry (ASPBI) of the PSA and the R&D Survey of the Department of Science and Technology (DOST). Preliminary estimates are based in the indicators related to these expenditure items. At constant prices, the most appropriate price indices related to the IPP's are used as deflators.
8. For changes in inventories, inventory data of selected agricultural commodities by region are available of the PSA, National Food Authority (NFA) and Sugar Regulatory Administration (SRA). The inventory data of establishments by region is available from the Quarterly Survey of Philippine Business and Industry (QSPBI) of the PSA. For the other sub-sectors that do not have actual regional inventory data, appropriate indicators for regional distribution are used to obtain the regional estimates of changes in stocks. For crude oil and petroleum, the available regional storage capacity of bulk plants and refineries from the Department of Energy (DOE), and regional Maintenance and Other Operating Expense (MOOE) from the COA for the Government sector were used as indicators to allocate the national estimates into regions. The deflators used for the constant price estimates are the appropriate prices/price indices of the PSA, DOE and the estimated IPIN for GFCE.
9. In the absence of data on regional trade flow, net export was derived as a residual item. Hence, net export refers to the combined effect of the income flows between regions, the commodity flows between regions and the rest of the world. Net Export no longer includes the monetization/demonitization of gold. This item is treated as a financial asset under the financial account. Validation is made using the Foreign Trade Statistics (FTS) and commodity flow data of the PSA as well as GRDP estimates by region.

Approved for Release:



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