



## CY 2020 ANNUAL REGIONAL ECONOMIC SITUATIONER

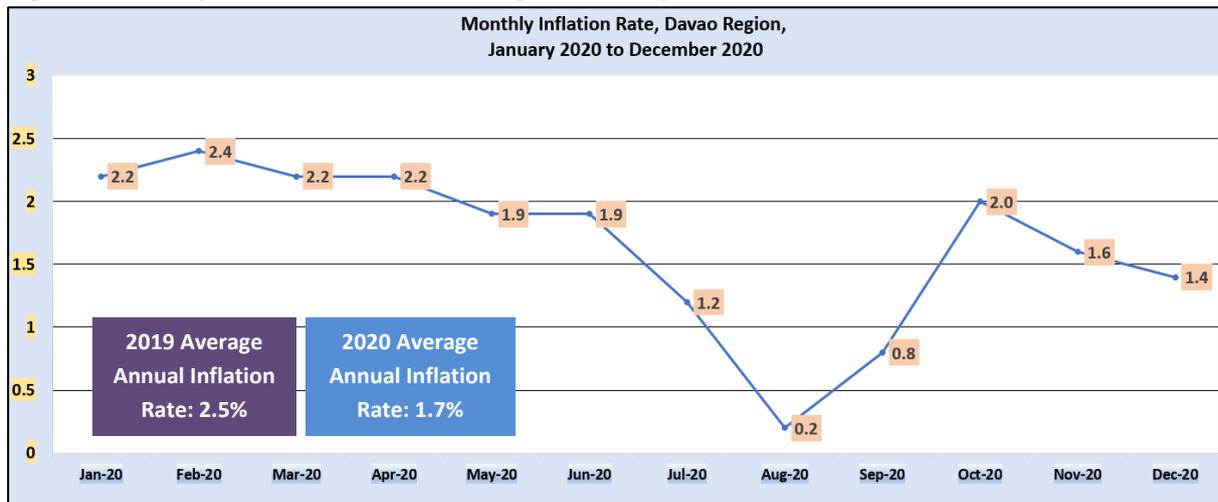
The 2020 Annual Regional Economic Situationer (ARES) provides a quick snapshot of the performance of Davao Region's economy by highlighting key socioeconomic indicators and assessing their performance for CY 2020 vis-à-vis CY 2019. The ARES also provides a brief development outlook for Davao Region.

### I. ASSESSMENT

#### Macroeconomic Performance

##### Prices and Inflation

Figure 1. Monthly inflation rates, Davao Region, January to December 2020



Source: PSA

The average monthly inflation rates of Davao Region exhibited a downward trend from January to August 2020 and sharply rose to 2.0% in October and declining again until December 2020. The average annual rate was recorded at 1.7%, lower than the 2.5% inflation rate recorded in 2019 and way within the target set by the Development Budget Coordinating Committee (DBCC) within the range of 2-4% inflation rate for 2020.

Table 1. Annual Inflation Rates, by Commodity Group, Davao Region, 2019-2020

Commodity	2019	2020	Change
<b>All items</b>	<b>2.5%</b>	<b>1.7%</b>	<b>(0.8) ppt</b>
Food & Non-Alcoholic Beverages	1.1%	1.1%	No change
Alcoholic beverages & Tobacco	8.0%	12.2%	<b>4.2 ppt</b>
Clothing & Footwear	3.3%	3.1%	(0.2) ppt
Housing, Water, Electricity, Gas & Other Fuels	4.0%	1.5%	<b>(2.5) ppt</b>
Furnishing, Household Equipment & Routine Maintenance of the house	4.8%	3.7%	(1.1) ppt
Health	5.5%	3.4%	(2.1) ppt
Transport	0.8%	0.0%	(0.8) ppt
Communication	0.7%	0.8%	0.1 ppt
Recreation & Culture	4.3%	1.2%	<b>(3.1) ppt</b>
Education	0.9%	1.2%	0.3 ppt
Restaurant & Miscellaneous Goods & Services	4.3%	2.4%	(1.9) ppt

Source: PSA

By commodity group, lower inflation rates were recorded for 7 out of 11 commodities in 2020, while one remained unchanged, and 3 commodities registered slightly higher inflation rates.

The lower inflation rates may be attributed to the caused temporary stoppage of businesses and work in the services and industry sectors resulting to lower demand for goods and services represented under the commodities of transport, recreation and culture, housing, water, and electricity, and furnishing and maintenance of the house, etc. The sharp rise in prices for alcoholic beverages and tobacco was attributable to the liquor ban imposed in Davao Region beginning in March 2020 under an Enhanced Community Quarantine (ECQ) due to COVID 19 pandemic.

Moreover, restrictions on the movement of persons dampened demand for travel and leisure services, restaurant services and other non-essential services, thus increase in prices for these services slowed down inflation.

## Labor and Employment

Figure 2. Employment and Underemployment Rates, Davao Region, 2019-2020

<b>Employment Rate</b>			
Quarter	2019	2020	Change
1 <sup>st</sup>	95.5%	95.4%	<b>(0.1)</b>
2 <sup>nd</sup>	96.9%	82.1%	<b>(14.8)</b>
3 <sup>rd</sup>	96.7%	92.0%	<b>(4.7)</b>
4 <sup>th</sup>	95.8%	93.2%	<b>(2.6)</b>

<b>Unemployment Rate</b>			
Quarter	2019	2020	Change
1 <sup>st</sup>	4.5%	4.6%	<b>0.1 ppt</b>
2 <sup>nd</sup>	3.1%	17.9%	<b>14.8 ppt</b>
3 <sup>rd</sup>	3.3%	8.0%	<b>4.7 ppt</b>
4 <sup>th</sup>	4.2%	6.8%	<b>2.6 ppt</b>

<b>Underemployment Rate</b>			
Quarter	2019	2020	Change
1 <sup>st</sup>	14.6%	14.2%	<b>(0.4) ppt</b>
2 <sup>nd</sup>	7.9%	20.9%	<b>13 ppt</b>
3 <sup>rd</sup>	12.1%	9.2%	<b>(2.9) ppt</b>
4 <sup>th</sup>	9.3%	9.0%	<b>(0.3) ppt</b>

Source: PSA

In terms of employment statistics, the Region's employment rates were generally high, except during the 2<sup>nd</sup> quarter of 2020 when the enhanced community quarantine was imposed. During this time, the employment rate declined to 82.1%, or 14.8 percentage points lower than the employment rate recorded one year ago. Consequently, unemployment rate increased to 17.9% and underemployment rose to 20.9%.

The pandemic resulted to non-hiring particularly in the services sector and shorter working hours with lesser compensation as part of the measures employed by the establishments to mitigate further losses during the 2<sup>nd</sup> quarter and 3<sup>rd</sup> quarters of 2020. In particular, the imposition of the ECQ continued in April, and was extended in Davao City until May 15, 2020, as the City was still considered high-risk for COVID-19 infection.

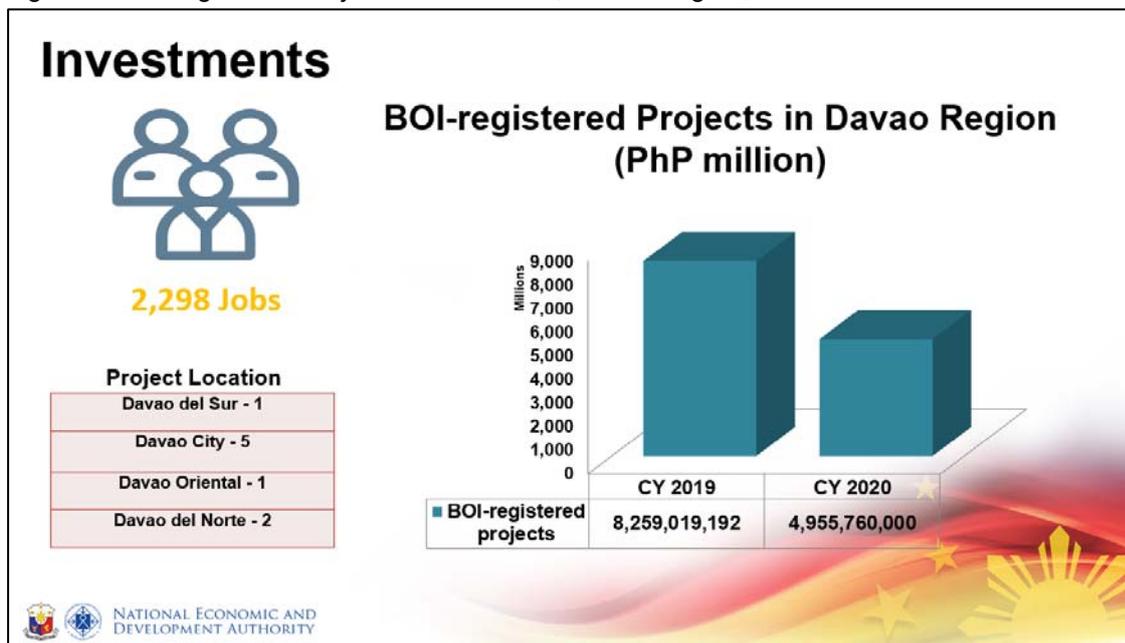
In terms of the impact of the COVID-19 pandemic to the regional economy, as of December 31, 2020, the Department of Labor and Employment reported that 1,087 establishments retrenched 18,470 workers. Further, 119 establishments in the Region permanently closed which displaced 2,122 workers due to following reasons:

a) downsizing of establishments; b) financial losses suffered by the companies; and c) redundancy of functions.

The top three (3) industries that reported retrenchment of workers and closure belong to the Service Sector, viz: 1) Administrative and Support Services; 2) activities of membership organizations, repair of computers and personal and household goods, and a variety of personal service activities; and 3) Accommodation and Food Service Activities.

## Investments

Figure 3. BOI-registered Project Commitments, Davao Region, 2019-2020



Source: BOI Davao

In terms of investments, Davao Region experienced setbacks due to the Covid-19 pandemic.

For 2020, the Board of Investments or BOI approved a total of 4.95 billion pesos worth of projects, 40 percent lower as compared to the 8.25 billion worth of projects registered in 2019.

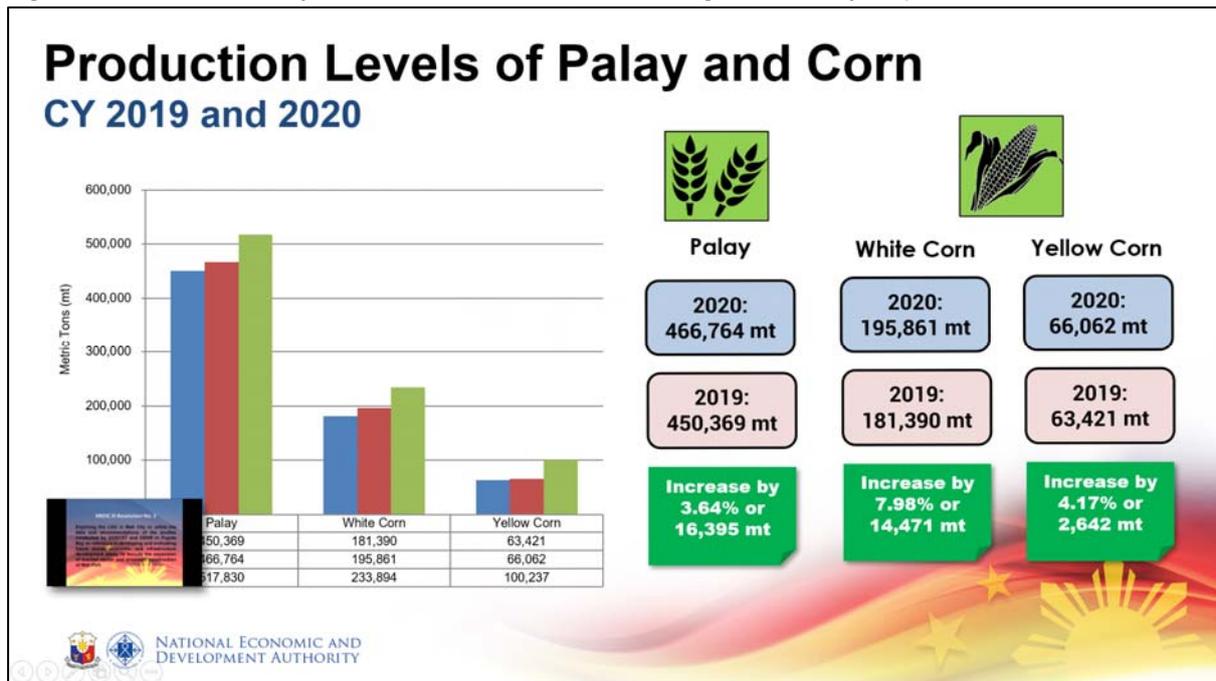
The BOI registered nine (9) new projects covering the following activities: manufacturing; real estate; agriculture, forestry and fishing; Accommodation & Food Service Activities; and Administrative and Support Service Activities. Five (5) projects are in Davao City; two (2) in Davao del Norte and one (1) each in Davao del Sur and Davao Oriental.

Six out of the nine projects are 100% Filipino owned; one project is 100% American-owned while the rest is a mix of either Filipino, Chinese and British ownership. Collectively, the projects are expected to generate 2,298 jobs.

## Sectoral Growth Drivers

### Agriculture

Figure 4. Volume of Palay and Corn Production, Davao Region, January-September, 2019-2020



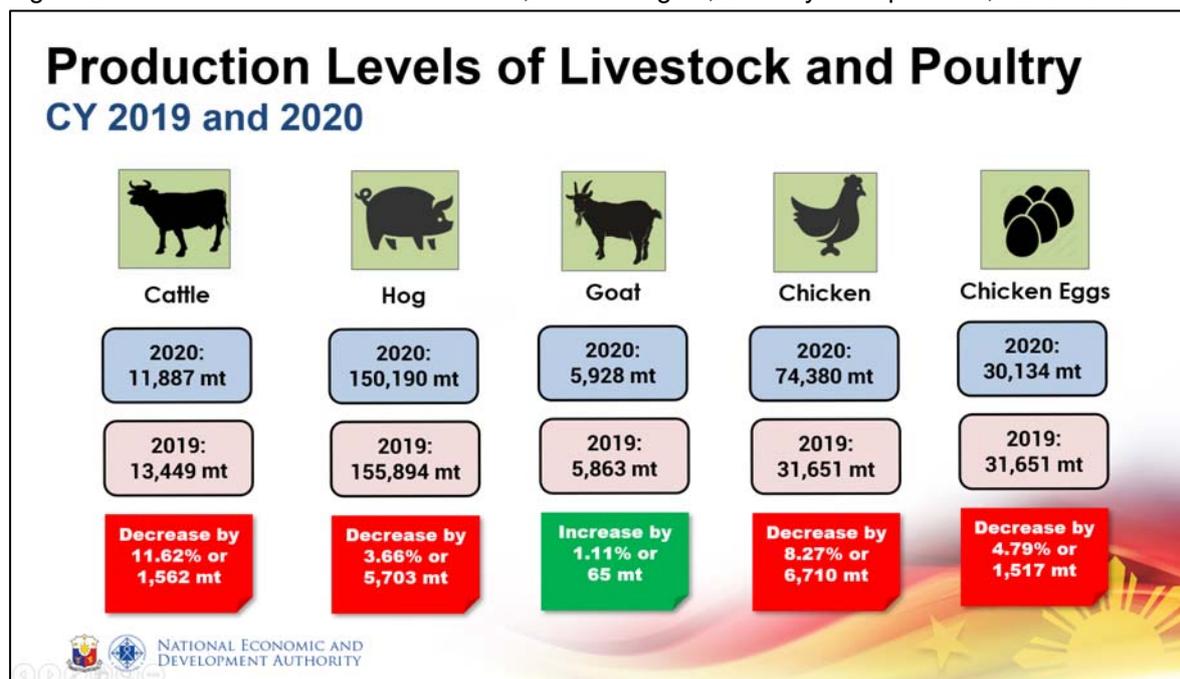
Source: PSA XI

In terms of the performance of the Agriculture sector, shown on screen are the production levels of Palay and Corn during CY 2020. It may be noted that the production of Palay increased by 3.64% or 16,395 metric tons (mt) as of CY 2020. Moreover, the production of white and yellow corn also increased in the similar period by 7.98% or 14,471 mt and 4.17% or 2,642 mt, respectively.

For palay production, the improved performance can be partly attributed to intensified efforts to provide farmers with access to high quality seeds and fertilizers under DA XI's Rice program.

Prices of rice in 2020 was relatively stable, prices for the well-milled and regular-milled rice ranges from PHP 39-43 and PHP 35-39, respectively. It was also observed that prices of rice declined in the last quarter of 2020. The Rice stocks inventory as of December 1, 2020 was at 2,766 thousand mt which was a decline of 10.7 percent from the previous year's level of 3,098 thousand mt. Nonetheless, the NFA has maintained a steady inventory of rice to meet the consumption requirements of the region.

Figure 5. Volume of Production of Fisheries, Davao Region, January to September, 2019-2020

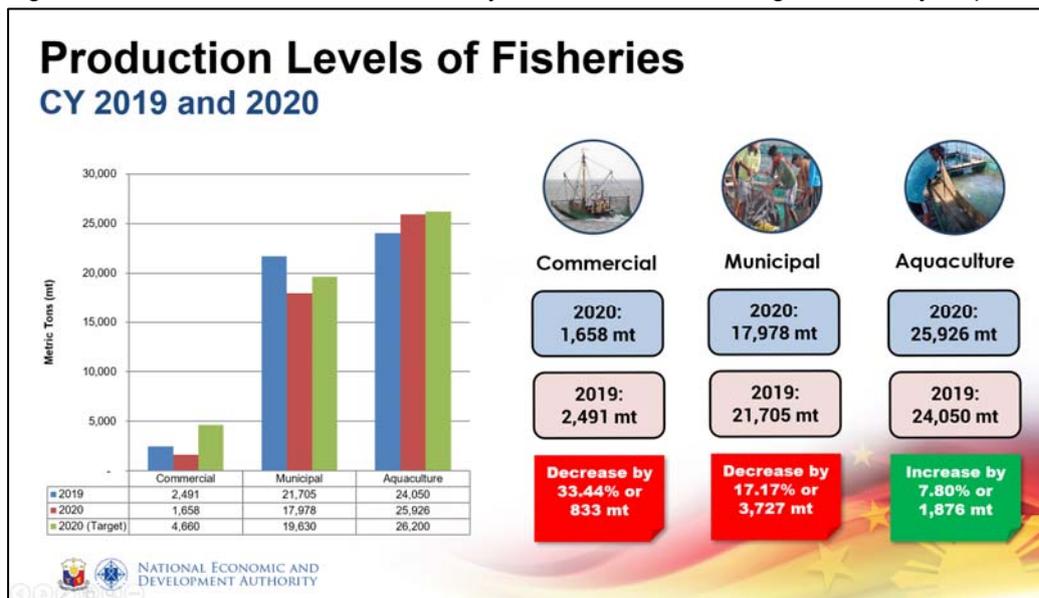


Source: PSA XI

On the other hand, the Region’s livestock and poultry production fell short of target for CY 2020 except for goat production. For livestock, both the cattle and hog production have declined by 11.62% or 1,562 metric tons (mt) and 3.66% or 5,703 mt, respectively, while goat production increase by 1.11% or 65 mt. Moreover, for poultry production, chicken and chicken eggs have also decreased by 8.27% or 6,710 mt and 4.79% or 1,517 mt, respectively.

This underperformance may be attributed to disruption of supply and value chain as a result of the community quarantine imposed nationwide in the first half of 2020 due to the COVID-19 pandemic that affected agricultural-related activities. In addition, the unfavorable climatic condition continues to affect the livestock and poultry productivity. Moreover, the decline in the hog production may attributed to the impact of the African Swine Fever (ASF) in most farms in Region XI.

Figure 6. Volume of Livestock and Poultry Production, Davao Region, January-September, 2019-2020



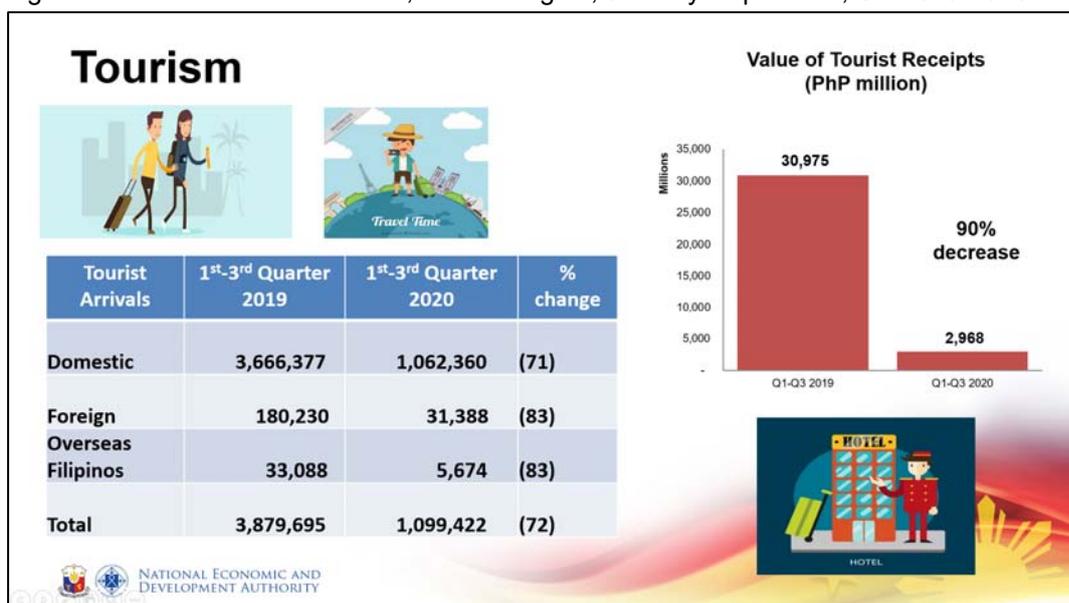
Source: PSA XI

For the fisheries subsector, only the aquaculture production posted an increase of 7.80% or 1,876 mt in the CY 2020. The production levels of commercial and municipal subsector decreased by 33.44% or 833 mt and 17.17% or 3,727 mt, respectively.

## Tourism

The tourism sector was considered as the most vulnerable from the effects of the pandemic such as cancellation of flights, travel restrictions and closure of borders to control the spread of the virus.

Figure 7. Tourism sector statistics, Davao Region, January-September, CY 2019-2020



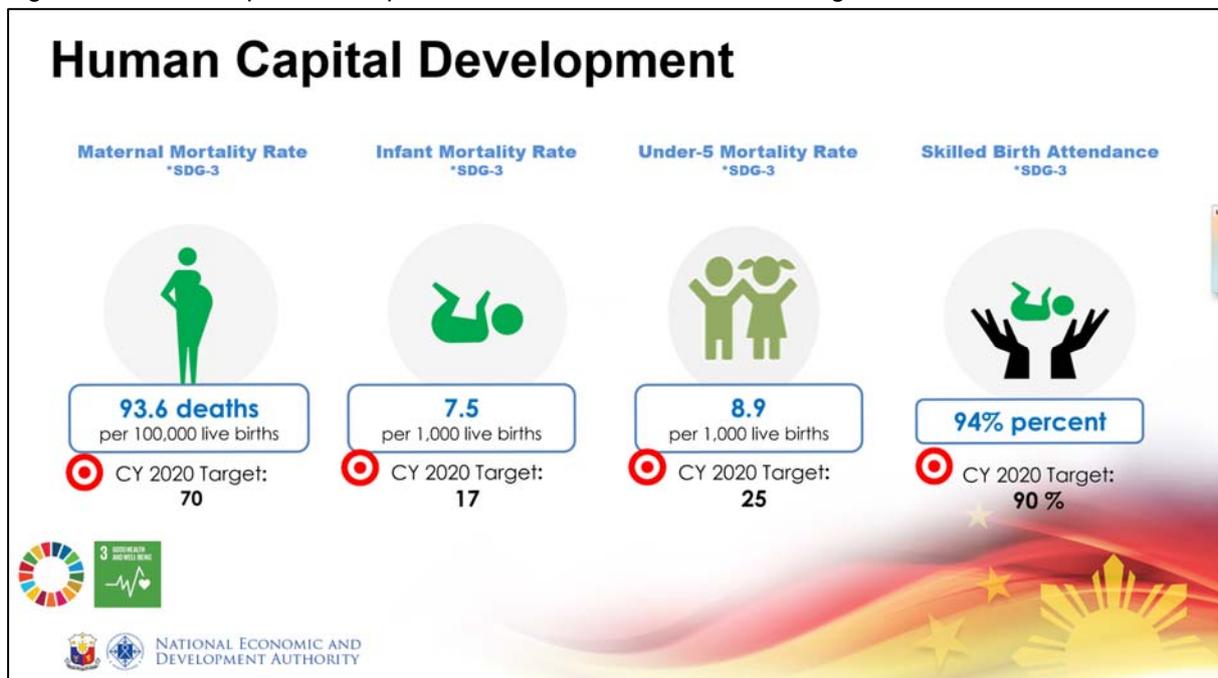
Source: DOT XI

Tourist arrivals declined by as much as 72 percent for the first three quarters of 2020 compared to the same period last year, with only about 1.09 million tourist arrivals recorded. Domestic tourists comprise the majority of tourist arrivals in 2020, followed by foreign tourists and overseas Filipinos. Majority of foreign tourists visiting Davao Region are from the USA, China, Japan, South Korea, and India.

With lesser number of tourists, value of tourist receipts also decreased by 90 percent, from 30.1 billion pesos during the first three quarters of 2019 to only 2.96 billion pesos during the same period in 2020.

## Social Development Sector

Figure 8. Human Capital Development Selected Indicators, Davao Region, CY 2019-2020



Source: DOH XI

As of the 3<sup>rd</sup> Quarter of 2020, Infant Mortality Rate, Under-5 Mortality Rate, and Skilled Birth Attendance for Davao Region all surpassed their CY 2020 Targets. The Maternal Mortality Rate per 100,000 live births is at 93.6%, which is below the CY 2020 target.

The four indicators shown on screen are tagged under Sustainable Development Goal 3, Ensure healthy lives and promote well-being for all at all ages.

Figure 9. Education Sector Selected Indicators, Davao Region, CY 2019-2020

## Education

Indicator	End-of-Plan Target (CY 2022)	CY 2020 Annual Target	CY 2020 Actual Accomplishment
<b>Net enrollment rate:</b>			
Kindergarten	100%	99.00	60.45
Elementary	100%	98.70	93.87
Junior HS	100%	82.40	85.44
Senior HS	100%	50.00	41.53
<b>School Leaver Rate:</b>			
Elementary	0.00	0.55	1.09
Junior HS	0.37	5.23	6.18
Senior HS	0.00	6.00	5.69
<b>Completion rate:</b>			
Elementary	97.00	97.00	95.29
JHS	90.00	90.00	81.51
SHS	85.00	85.00	72.25

Source: *DEPED XI*

On the Education subsector, only the Junior High School net enrolment rate has met its CY 2020 target.

DepEd XI reported that the deviations in the actual accomplishments under the net enrolment rate is due to the age requirement implementation during enrolment in the Kindergarten, Elementary and High school levels. In terms of School Leaver Rate, only the Senior HS has met its CY 2020 target. Further, the Completion Rate at all levels are below their CY 2020 targets.

Figure 10. Public Order and Safety Selected Indicators, Davao Region, CY 2019-2020

## Public Order and Safety

### Total Crime Incidents

Peace and Order Indicator (POI)	2019	2020	% Change
Index Crime <sup>1</sup>	2,843	1,707	-40%
Non-Index Crime <sup>2</sup>	12,394	14,432	16%

### Crime Solution Efficiency Rate

Peace and Order Indicator (POI)	2019	2020	Increase/ (Decrease)
Crime Solution Efficiency	84.82%	87.48%	2.66 points

<sup>1</sup> Index crime involve crimes against persons such as murder, homicide, physical injury and rape, and crimes against property such as robbery, theft, carjacking and cattle rustling

<sup>2</sup> Non-index crime are violations of special laws such as illegal logging or local ordinances.

Source: *PNP XI*

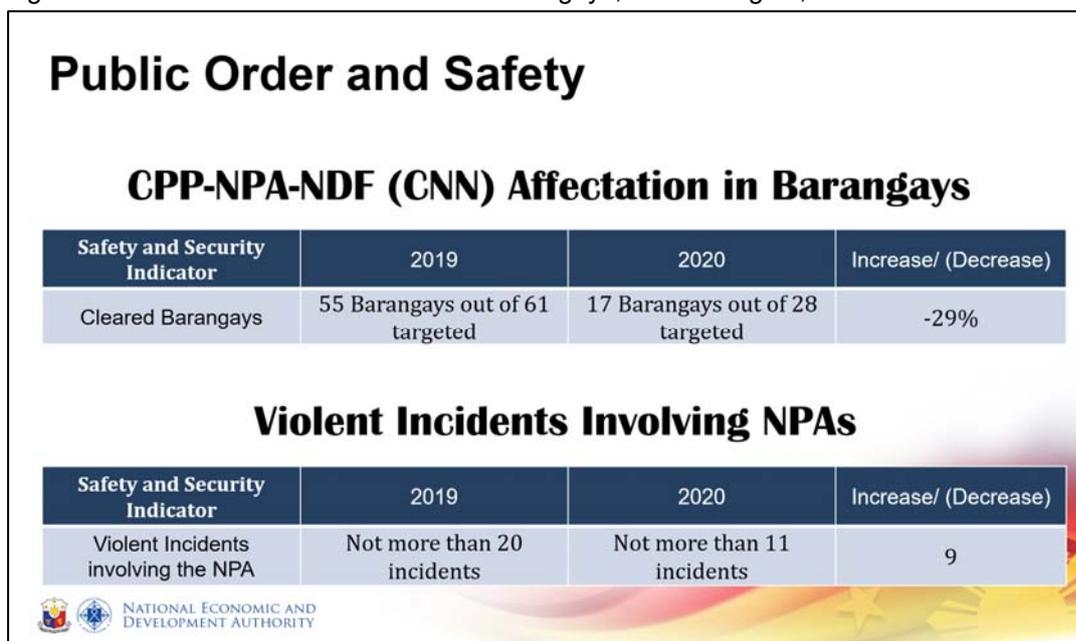
In terms of Public Order and Safety, a 40% decrease from the index crime but a 16% increase in non-index crime volume were recorded in 2020 as more violators of the special laws were apprehended

The decrease in index crime volume was due to the strict lockdown measures imposed throughout the Region, which prohibited non-essential travels and thereby, limited the movement of persons. While the pandemic may have restricted movement of persons, police operations against criminality and regular strong law enforcement operations were sustained.

However, the non-index crime volume increased compared to the previous year's record.

In terms of crime solution efficiency (CSE), which refers to the percentage of solved cases out of the total number of crime incidents handled by the PNP XI in a given period of time, the Region had 87.48% CSE rate during the CY 2020, higher by 2.66 percentage points from its rate in CY 2019. This better performance is due to the sustained visibility of the police force, particularly in response to COVID-19 during the quarantine period.

Figure 11. CPP-NPA-NDF Affection in Barangays, Davao Region, CY 2019-2020



Source: 10ID, PA

In terms of insurgency affection, the 10<sup>th</sup> Infantry Division of the Philippine Army was able to clear 17 barangays in CY 2020, which was about 61% of the targeted number of cleared barangays for the year. This is 29% lower than the previous year's performance which was 90% accomplishment. However, the Philippine Army was able to decrease the number of violent incidents involving the armed groups from 20 violent incidents in CY 2019 to 11 violent incidents in CY 2020.

The declining number of armed encounters of government forces with the NPA was attributed to the localization of EO 70 or the Whole of Nation Approach in ending insurgency. The intensified and focused military operations, and the implementation of Community Support Programs (CSPs) have simultaneously addressed the white areas which greatly affected the conditions of the communist-terrorist group (CTG).

## Infrastructure

Figure 12. Completed Infrastructure Projects, CY 2020

<b>Infrastructure: Completed Projects in 2020</b>				
<b>Project Desk Monitoring (completed projects 1Q-3Q 2020)</b>				
Location	No. of Projects	% share	Total Project Cost (in Php '000)	% share
Davao de Oro	40	29.85%	2,100,444.20	22.07%
Davao City	30	22.39%	3,453,421.27	36.29%
Davao del Sur	19	14.18%	975,625.90	10.25%
Davao del Norte	16	11.94%	1,239,177.00	13.02%
Davao Occidental	10	7.46%	507,335.14	5.33%
Davao Oriental	7	5.22%	1,202,054.70	12.63%
Davao de Oro & Davao del Sur	1	0.75%	298.25	0.00%
Regionwide	11	8.21%	37,610.00	0.40%
<b>Grand Total</b>	<b>134</b>	<b>100%</b>	<b>9,515,966.46</b>	<b>100%</b>

 NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Source: RPMC XI Project Monitoring Report

As of the 3<sup>rd</sup> quarter of 2020, the Regional Project Monitoring Committee (RPMC) XI monitored 134 completed projects with an aggregate cost of PhP 9.516 billion. Majority of these projects include the construction of new, improvement and repair of existing roads.

The major infrastructure projects in Davao Region completed in 2020, are as follows:

- a) Panabo Flyover Project which is a component of the French-Assisted “Mega Bridges for Urban and Rural Development Project” with a total project cost of PhP 480 million including road improvements. This project was completed on February 7, 2020 and was officially opened to the public on July 16, 2020.
- b) The Tagum Bulk Water Supply Project was implemented through a Joint Venture Company (Tagum Water Company, Inc.) between the Tagum Water District and Davao del Norte Water Infrastructure Company Inc. The project has a total investment cost of PhP 527 million. The project was completed on July 17, 2019, the commissioning ended on April 14, 2020 and started operations on May 18, 2020.
- c) The Mindanao 230kV Transmission Backbone is a component of the Mindanao-Visayas Interconnection Project (MVIP) of the National Grid

Corporation of the Philippines (NGCP). The completion of these transmission lines in the previous year was made possible amidst the challenges, including mobility restrictions and stringent health protocols, due to the CoViD-19 pandemic. These energized transmission lines shall secure the transmission service in the Region.

## **II. DEVELOPMENT OUTLOOK**

The prospects for the Philippine economy as a whole in 2021 are encouraging. With the continuous calibrated reopening of businesses and mass transportation, and the relaxation of age group restrictions, we expect more economic activities in the months ahead. This will lead to a strong recovery before the end of the year, when the government will have rolled out immunization program against COVID-19 for a majority of our people. The government has allocated 72.5 billion pesos for 2021 to provide vaccines to at least 50 million Filipinos.

The Development Budget Coordination Committee (DBCC) of the NEDA Board estimates that the economy will grow by 6.5 to 7.5 percent in 2021 and by 8 to 10 percent in 2022. The Duterte administration's efforts to increasingly open the economy while taking resolute steps to fast-track the vaccination program and keep the COVID-19 caseload to the lowest level possible, would boost business and consumer confidence that are crucial to a robust economic recovery.

Alongside the prospects for a mass vaccination program, the higher government spending through the Bayanihan II and the 2020 and 2021 budgets, as well as the swift congressional approval of key legislative bills would underpin economic recovery this year and onwards.

The speedy implementation of Bayanihan II, coupled with the extension of Bayanihan II to June 30, 2021 and the 2020 budget to December 31, 2021 will allow the government to spend some 195.3 billion pesos more in 2021. This translates to additional fiscal stimulus of around one percent of GDP in 2021.

Under the General Appropriations Act for 2021, the national budget amounts to around 4.5 trillion pesos or about 21.4 percent of the GDP. This includes a budget of 1.1 trillion pesos for infrastructure. With a multiplier of 2.27, meaning every peso spent creates another 1.27 pesos, some 1.7 million jobs can be created to accelerate the recovery. Timely implementation of infrastructure and other development projects will have the biggest impact on our recovery prospects.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill shall boost after-tax corporate income, leaving more funds for job creation and firm expansion to aid in the recovery of the businesses from the pandemic. The CREATE

Bill shall contribute 133 billion pesos worth of fiscal incentives in 2021. This is equivalent to 0.67 percent of GDP.

Another recovery measure was the recent enactment of Republic Act No. 11523 or the Financial Institutions' Strategic Transfer (FIST) will boost banks' capacity to free up capital and funds to lend to more businesses facing liquidity issues. According to the Bankers' Association of the Philippines (BAP), this can free up some 700 billion pesos in capital to potentially provide up to 3.01 trillion pesos in additional lending.

On the other hand, the swift passage of Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill will help strategically important companies by addressing solvency issues.

*Development prospects for Davao Region in 2021 include the following:*

An uptick in inflation rate is expected due to the rising prices of food and petroleum products experienced starting January 2021 resulting from the spike in oil prices in the world market.

The employment statistics are expected to improve due to resumption of businesses but these may still be at lower levels compared with the pre-COVID employments rates recorded in early 2020.

The Department of Trade and Industry expressed optimism on the business outlook for 2021 as government continue to implement recovery programs. Inflow of foreign direct investments is expected to pick-up given a more proactive, targeted investment promotion strategy in enticing foreign investors to relocate to the Philippines or expand their services and products. The country's new international investment promotion brand, dubbed as "Make It Happen in the Philippines," which was launched in November last year, is primarily designed to generate more investments. It targets investors in 18 markets in Asia-Pacific, Europe and America.

As one of the most adversely affected sectors, the Tourism Industry shall recover through the measures imposed by the DOT together with the LGUs which ensures the gradual but safe re opening of the TREs. This is also complemented by the private sector through innovative measures utilizing available technology.

Domestic tourist arrivals and receipts will remain low for FY 2021 since some of the destinations are not yet open and ready to accept guests/tourists. The industry would recover by the year 2022, after the vaccination program shall have been fully rolled out.

Domestic tourism is expected to lead the recovery of the country's tourism industry with Filipino travelers expecting to go to destinations closer to home and spending less amid lingering health concerns caused by the COVID-19 pandemic. Domestic travel will be the main priority as fewer people are likely to travel internationally in the near future. This is due to reduced incomes and travel budgets in view of the pandemic's impact on the economy. (Source: DOT Central Office).

With this, the Department of Tourism, together with other national government agencies, local government units (LGUs) and the private sector is implementing the Tourism Response and Recovery Plan and Tourism Development Plan with the end view of gradually reviving the tourism industry.

For the outlook on human development, health and education, the passage of Republic Act 11510 last December 23, 2020, otherwise known as the Alternative Learning System Law, or ALS Law, shall provide adequate support to ensure that more out-of-school youth will have access to quality basic education. The timely passage of the ALS law shall have a positive net effect on Davao Region's enrolment and completion rates, even amid the pandemic. Relatedly, President Rodrigo Duterte recalled his earlier approval of the pilot implementation of face-to-face classes under low-risk areas in view of the uncertainties and unconfirmed developments on the new strain of the CoVID-19 virus. Nonetheless, The Regional Development Council XI has passed a resolution enjoining relevant offices, such as the DICT, NTC, DOST, and Davao Region LGUs, to further support DepEd XI's continued implementation of Distance Learning Delivery Modalities. More on the CoVID-19 including the Vaccination roll-out programs will be presented later by DOH XI.

For sustained peace and order condition in the Region, the creation of the Metropolitan Davao Police Task Force or MDPTF, by the Police Regional Office XI, is a crucial mechanism to effectively address peace and order issues in the the Metro Davao area. This police task force was activated on October 23, 2020 as a transitory unit of the Philippine National Police for the Metro Davao Area.

The passage of the House Bill No. 7348, entitled, "An Act Institutionalizing the Revitalized Barangay Police Program of the Philippine National Police and Appropriating Funds Therefore". The deputization of *barangay tanods* shall be a good force multiplier in the implementation of the peace and order plan for the Region. PRO 11 has developed a framework and revitalized the concept of the Pulis sa Barangay in November 2019 and launched it in January 2020.

Further, the anticipated implementation of Barangay Development Programs (BDPs) in 215 NPA cleared-Barangays in Davao Region in March 2021 shall positively pave the way in ending local communist armed conflict as espoused in EO 70. The

Department of Budget and Management has approved PhP20 Million budget allocation for each of the identified 215 cleared-Barangays in this region under the BDP or a total of PhP 4.3 billion in 2021.

Despite the pandemic, the government is committed to fully implement the infrastructure program. In the 2021 GAA, about PhP 1.1 trillion, around 5.4% of GDP, is allocated to infrastructure. Acting Socioeconomic Planning Secretary Karl Chua estimates that around 1.7 million direct and indirect jobs would be created by the infrastructure program in 2021. This highlights the infrastructure program's pivotal role in reviving the economy given its high multiplier effect.

The major infrastructure projects in Davao Region included under the Duterte Administration's "Build, Build, Build" Programs that are expected to be fast tracked are as follows:

- 1) Davao City Coastal Bypass Road Project (DCCBRP) amounting to PhP 26.349 Billion. The DCCBRP is an 18.50-Km coastal road project which involves the construction/opening/asphalt paving of a 23-meter wide 4-lane road (with Bicycle lane), with slope protection including the construction of 6 bridges.

The Project is 83.87% completed based on total project cost released of PhP 8.588 Billion. Once completed, the road will serve as an alternative route to the already congested Davao-Cotabato Road en route to the city center. This aims to reduce travel time from Toril to Poblacion from 45 minutes to 15 minutes.

- 2) The Davao City Bypass Construction Project is a 4 lane – 45.5 km highway (2 - lane each direction), including Two (2)-2.3 km mountain tunnels, two (2)-Cut & Cover Tunnel (315 m & 130 m) at Cabantian Intersection and a 600 meter-Underpass along Davao-Bukidnon Road Intersection. The usual 1 hour and 44 minutes travel time between the two barangays will be reduced to 49 minutes. DCBCP consists of six (6) contract packages namely I-1, I-2, I-3, II-1, II-2 & II-3. Packages I-1, I-2 and I-3 is being financed by JICA Loan Agreement Nos. PH-P261 and PH-P273 while packages II-1, II-2 and II-3 is through GOP Funds.

The implementation schedule for the DCBCP is from December 2020 to January 2024. The Civil Works for Package I-1 which was awarded to Shimizu-Ulticon-Takenaka (JV) has started on December 21, 2020. Moreover, the Resolution of Award and Notice of Award to the JV of Nippon Koei Co., Ltd., Katahira & Engineers International Nippon Engineering Consultants Co., Ltd. in association with Philkoei International, Inc. were issued last December

9, 2020 for the Consultancy Services for Construction Supervision for Package I-1 and Tendering Assistance of Package I-2 and I-3. Detailed Engineering Design (DED) plans of Packages I-2, I-3 and II are for approval while the procurement of Consulting Services for Capacity Development for Tunnel Operation and Maintenance and Tender Document for procurement of O&M is ongoing.

- 3) The Davao City Expressway Project involves the construction of a two-way four lane urban 29.21 km- expressway with the standard cross section width of 20.1 meter for at-grade segment and 19.1 meter for elevated viaduct segment with an indicative cost of PhP 69.81 Billion.

The Project aims to: (i) link the City's main areas with centralized movement of passengers and cargo such as seaport and airport; (ii) relieve traffic pressure in the downtown area; (iii) improve the transport logistics and traffic congestion in Davao City and improve the traffic conditions of residents; (iv) greatly enhance the traffic capacity, mobility and level of service of the Davao City section of the Asian Highway 26 (AH 26); and, (v) drive the rapid economic and social development of Davao City, and Mindanao as a whole, by providing efficient transport infrastructure facilities, promoting tourism and providing faster and efficient urban travel.

- 4) The Samal Island – Davao City Connector Project connects Samal Circumferential Road in the Island Garden City of Samal to Davao City between R. Castillo-Daang Maharlika junction. The SIDC, having an indicative project cost of PhP 23.04 Billion, was reviewed and approved by the NEDA Board during on November 29, 2019 following the endorsements coming from the City Development Councils of Davao City and Island Garden City of Samal, as well as, the RDC XI. On January 14, 2021, the Philippine and Chinese governments signed a design and build contract for the SIDC.

- 5) The Davao International Airport Modernization is an unsolicited project proposal to expand and upgrade the facilities at the Davao International Airport to improve its operations. A proposal to operate, add and transfer through Public-Private Partnership submitted by Chelsea Logistics and Infrastructure Holdings Corp. is being considered and evaluated. The Davao City Development Council has issued the project its endorsement through CDC Executive Committee Resolution No. 02, series of 2019, "Favorably Endorsing to the RDC XI the DIA Modernization (Improvement and Expansion) Project under the PPP Scheme". This project was approved by the ICC-CabCom during its December 20, 2019 meeting. Three (3) projects to be implemented by CAAP in 2021 shall be attributed to the DIA Modernization. These are Consultancy Service for Detailed Engineering (for Passenger Terminal Building), the Rehabilitation/Expansion of Existing Passenger Terminal Building and the Construction of a Parallel Taxiway.

- 6) The Mindanao Railway Project (MRP) – Tagum – Davao – Digos Segment (MRP-TDD) shall provide the passengers travelling between Tagum and Digos a safe, fast and reliable transport option on the TDD commuter line. It is expected to serve approximately 134,000 riders a day by 2022 and up to 237,000 by 2032. Daily ridership is estimated to increase to 375,000 by 2042. The TDD segment of the MRP is expected to reduce travel time between Tagum City, Davao del Norte and Digos City, Davao del Sur from 3.5 hours to 1.3 hours. Project construction of the MRP-TDD segment shall start by the 2<sup>nd</sup> quarter of 2021. The Department of Transportation along with the concerned Local Governments Units are currently in the process of acquiring Right-of-Way. On January 4, 2021, DoTr conducted the Opening of Technical Documents for the Project Management Consultancy.
  
- 7) The Davao Public Transport Modernization (DPTM) Project or the High Priority Bus System (HPBS) Project is also expected to be completed in 2021. The Project is primarily aimed at improving mass public transport, address the worsening traffic congestion in Davao City and provide an efficient and affordable mode of transport for Davaoeños. This Project shall cost PhP 18.67 Billion (including the bus refueling).