CAPACITY BUILDING EVENT:

The Impact of the COVID-19 Pandemic on Micro, Small and Medium Enterprises (MSMEs) in the Creative Industry Sector in the Philippines

SPEAKERS

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https://tinyurl.com/y4dhw2tf
Gil Zaire “Butch” Carungay is a creative entrepreneur, design advocate and community crusader who is passionate about the possibilities and intrinsic talent in his hometown of Cebu. He is also the Chief Creative Officer of ZAI Design Hive – the latest incarnation of the country’s pioneering fashion jewelry exporter which has since expanded to other disciplines and Chief Reinvention Officer of district 32 at mactan|cebu – the leading operator of commercial concessions at the Mactan Cebu International Airport.

He was the private sector lead in attaining Cebu’s UNESCO Creative City of Design designation and is the current Chair of the MATIC Hub, Affiliate Events Chair of Cebu Design Week 2020 and the Blue Mango Awards 2020. He is a past Chair of the Business Council of the European Chamber of Commerce of the Philippines, was Creative Director of the first Cebu Design Week and was an ex-President of FAME Foundation Philippines.

A graduate of the Wharton School of the University of Pennsylvania with a degree in Marketing and Finance, Butch worked in Strategic Planning at MCCann-Ericson and Corporate Strategy at American Express – both in New York – before returning to the Philippines.
THE IMPACTS OF THE COVID19 PANDEMIC ON CEBU’S CREATIVE INDUSTRIES 23 July 2020 | By Gil “Butch” Carungay
INTRO TO CEBU & ITS ECONOMY
CEBU’S CREATIVE INDUSTRIES
COVID19 IN THE PHILIPPINES
COVID19 IMPACTS ON CEBU’S CREATIVES
COVID19 RESPONSES
CONCLUSIONS AND NEXT STEPS
Cebu at a Glance

*Commission on Audit of the Philippines, 2018 Annual Report, Based on Total Assets
** Philippine Census, 2015 compounded by 2% per annum

Cebu Province:
- Most Prosperous in the Philippines
- First Spanish Settlement in the Philippines
- UNESCO Creative City of Design
- 3,292,874 Population of Cebu Province**
- 1,069,559 Population of Cebu City**

Cebu City:
- 2nd Largest Metro Area in the country
- Cradle of Christianity in Asia
- 3,292,874 Population of Cebu Province**
- 1,069,559 Population of Cebu City**
- #12 in the Tholons Services Globalization Index
- Only Philippine City in the Euromonitor Top 100 City Destinations
- 2nd Best Island in Asia
- 7th Best Island in Asia

CN Traveler’s 2019 Reader’s Choice Awards

Travel + Leisure 2019 World’s Best Awards
Cebu’s Gross Regional Product is estimated to be in the range of $15-$18 Billion with Admin & Support being the largest employer despite only representing 2% of establishments.

Source: Philippine Statistics Authority, 2018 List of Establishments
MSMEs play a major role in the Philippine economy employing about 63% of individuals nationwide although Cebu MSME account for just about half of employment.

Source: Philippine Statistics Authority, 2018 List of Establishments
Creative Services and Functional Design make up the bulk of the estimated $550 Million Creative Industries in Cebu.

Source: Philippine Statistics Authority, 2018 List of Establishments, UNCTAD Definition of Creative Industries, Cebu UNESCO City of Survey May-June 2020
The Philippines may have avoided the brunt of the health impact of the COVID19 pandemic based on latest statistics but the situation is still too unpredictable and fluid to assert this with full certainty.
More than 4 months in some form of lockdown, it has been argued that Cebu City has endured the longest quarantine in the world. While the status has been downgraded recently, it still retains the current alert level of any city in the country.
Prior to the pandemic, the Philippines had one of the most robust growth rates in the world BUT COVID19 has halted more than two decades of uninterrupted growth
Latest surveys from Philippine Department of Labor and Employment paint even more dire results with the labor participation percentages at historical rows in every region.

The COVID19-induced recession in the Philippines is expected to delay by at least two years the country’s bid to achieve Upper Middle Class Status and increase of incidence of extreme poverty by 3 percentage points.

Source: Philippine Statistics Authority, The World Bank
Consumer sentiment is at also at unprecedented lows especially when compared to those in other countries.

Source: Global Web Index Coronavirus Research, July 2020
Source: Social Weather Survey, May 2020
Every aspect of the Creative Value Chain has been impacted as emphasized pre-existing weaknesses in the Creative Industries -- accelerated changes that were already happening before the pandemic.
Survey Highlights

- 79% NO GOVERNMENT ASSISTANCE
- 92% COMPLETE SHUTDOWN WORK FROM HOME
- 65% CANCELED ORDERS/GIGS/EVENTS
- 64% NO BUSINESS CONTINUITY PLANS
- 9% INCREASE IN ACTIVITY
- 74% WILL CONTINUE TO WORK REMOTELY IN SOME FORM

Source: Cebu COVID19 Impact Surveys, May-June 2020
Sample Creative Cebu Response: Fundraising

Total amount raised: **PHP 3,260,000**

upon closing the **Final Day of Auction**

THANK YOU to all our generous artists and bidders!

**ART to the FRONT**
An online art auction to raise funds for the fabrication of PPEs for frontline health workers

**ANUMA: Homegrown Music Emergency Fund** is an initiative to build financial resource through crowdfunding and patronage.
Sample Creative Cebu Response: Shelter In Place Affirmation
Sample Creative Cebu Response: Unique PPEs
Sample Creative Cebu Response: Virtual Conferences
Sample Creative Cebu Response: FB Marketplaces
Sample Creative Cebu Response: Capacity Building
With government coffers already drained and all resources diverted to fighting this virus, we cannot expect much in terms financial assistance from the administration. Interventions have to be designed be low cost, high impact, easy to access and straightforward to implement.

**RELIEF | MARCH-AUG 2020**
- Alleviate economic impacts to creative practitioners

**REBUILD | AUG-SEP 2020**
- Assist in rebooting creative businesses under the new paradigms

**REVITALIZE | SEP 2020 & ONWARDS**
- Reenergize Cebu’s design scene and align with SDG30
Sub-Sectoral Reboot Toolkits

- Reliance on large gatherings
- Close human interaction
- Dependence on travel
- Dependence on grants/public funds
- Reliance on international logistics
- Consumption during pandemic

Tailored Sub-Sectoral Impact Analysis and Reboot Strategies

- Validated with Key Sub-Sectoral Stakeholders
- Align with Government Initiatives
- Incent/Simplify Creative Access to Stimulus
Evolve Cebu Design Week from a once a year event into a year-round platform, community and movement to align with SDG30.

Pivot Blue Mango Awards into a set of challenges wherein cross-disciplinary teams tackle contemporary COVID19 problems and propose real-world solutions whether it be in materials, product and/or service design.
Activate the Creative Cebu Grid, Launch the Online Portal and Leverage the UNESCO City of Design Designation
The paths ahead are still unclear and are paved with numerous challenges.

COVID19 remains a major threat and will be with us for a while.

Creatives Industry practitioners are particularly vulnerable.

Much more government stimulus is needed.

Opportunity to reassess the past trajectories.

Unprecedented number are realizing that there were many flaws in the old “Normal”.

Designers and artists need to reassert themselves and collaborate with each other.
THANK YOU AND PLEASE CONNECT WITH US.
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