

## 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

USEC Blesila Lantayona  
DTI, The Philippines



Mr. Gil "Butch" Carungay  
Consultant, DESA and DTI



Mr. Jacks Yeo  
DesignSingapore Council



### SPEAKERS



Mr. Tomás Díez  
FabLab Barcelona, Spain



Ms. Kae Batiquin  
HoliCow, Cebu



ASEC Asteria Caberte  
DTI, The Philippines



## Mr. Gil “Butch” Carungay

National Consultant, DESA

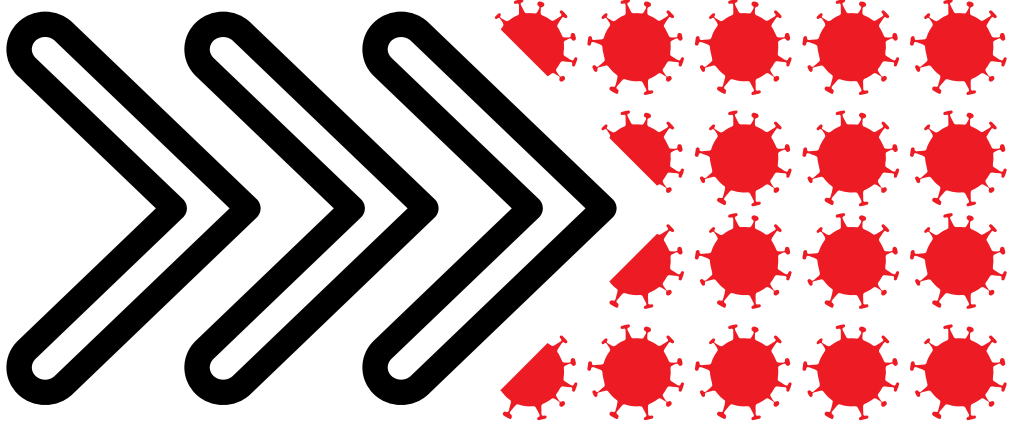
Senior Product Development Specialist, DTI



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.

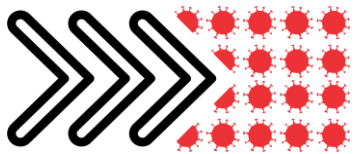


# CREATIVITY IN CRISIS

THE IMPACTS OF THE COVID19 PANDEMIC ON  
CEBU'S CREATIVE INDUSTRIES 23 July 2020 | By Gil "Butch" Carungay



**PRESENTATION OUTLINE**



# Cebu at a Glance

**Pre-Colonial Hub of Trade & Culture**

**Cradle of Christianity in Asia**

**Cebu Province: Most Prosperous in the Philippines**

**Cebu City: 2nd Largest Metro Area in the country**

**FIRST Spanish Settlement in the Philippines**

**3,292,874**  
Population of Cebu Province\*\*

**1,069,559**  
Population of Cebu City\*\*

**#12 in the Tholons Services Globalization Index**

**UNESCO Creative City of Design**

**2nd Best Island in Asia**  
CN Traveler's 2019 Reader's Choice Awards

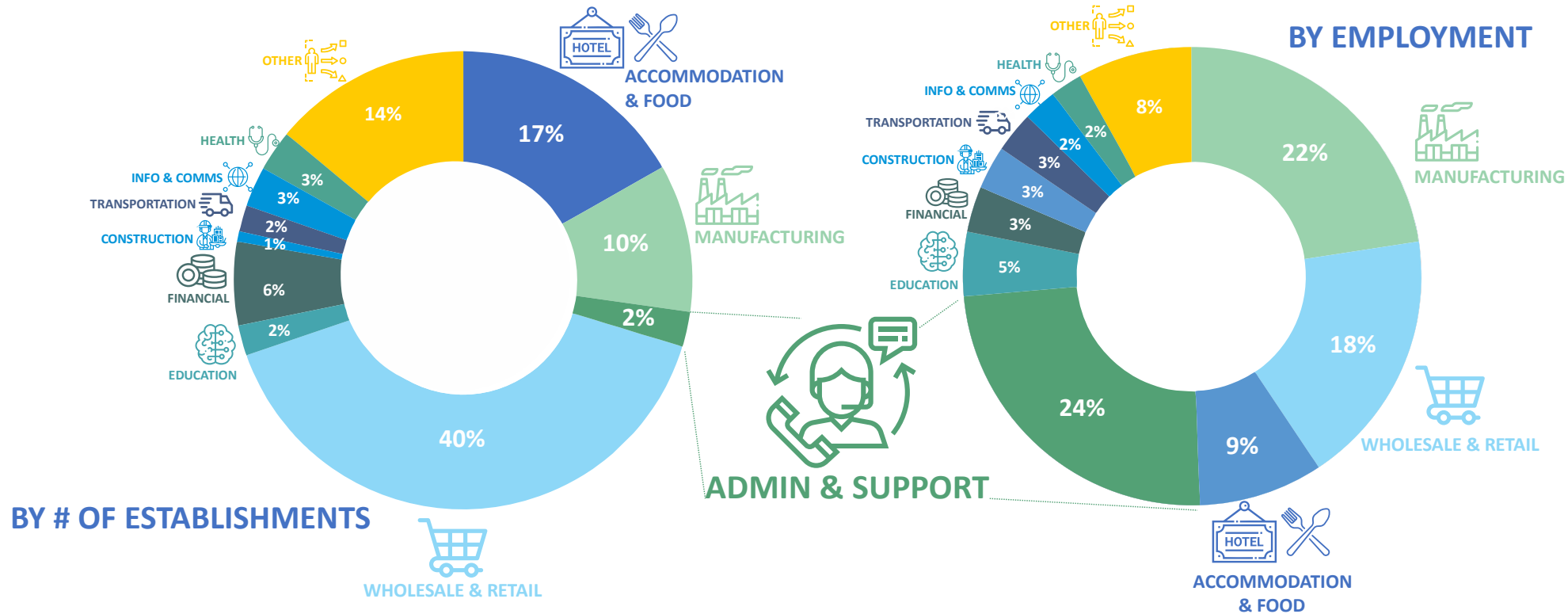
**7th Best Island in Asia**  
Travel + Leisure 2019 World's Best Awards

**Only Philippine City in the Euromonitor Top 100 City Destinations**

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

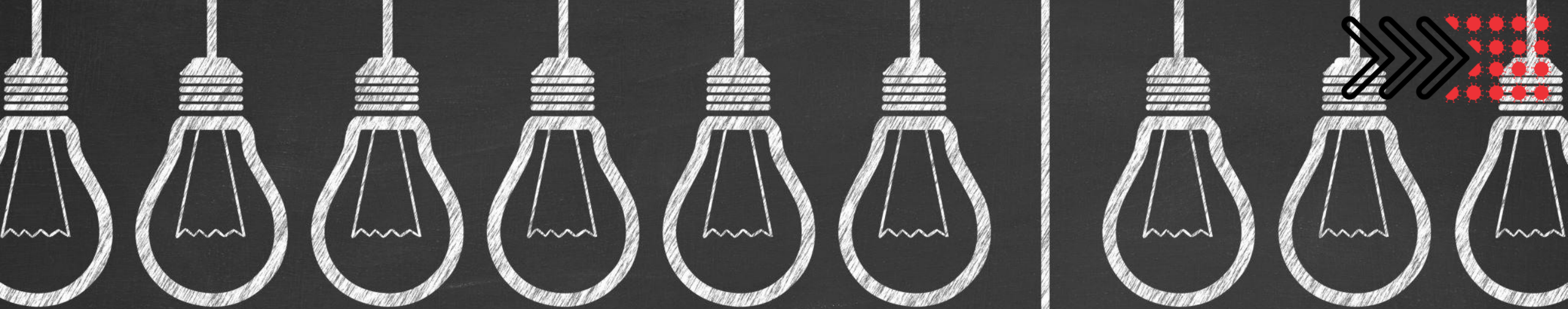


Cebu's Gross Regional Product is estimated to be in the range of \$15-\$18 Billion with Admin & Support being the largest employer despite only representing 2% of establishments.

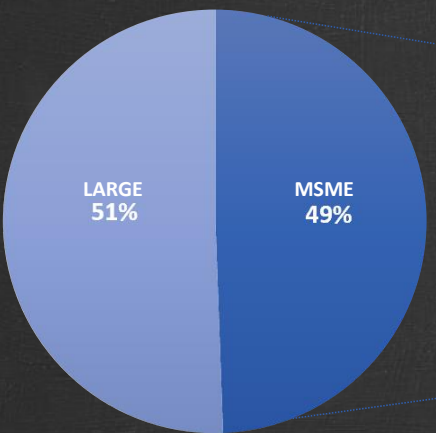


Gross Regional Domestic Product	Philippine Peso (000)	In US Dollars (2018)
GRDP-REGION 7	₱1,156,592,260	\$ 22,030,328,761
GRDP-Cebu* (Establishments)	₱795,748,258	\$ 15,157,109,685
GRDP-Cebu** (Employment)	₱961,382,273	\$ 18,312,043,297

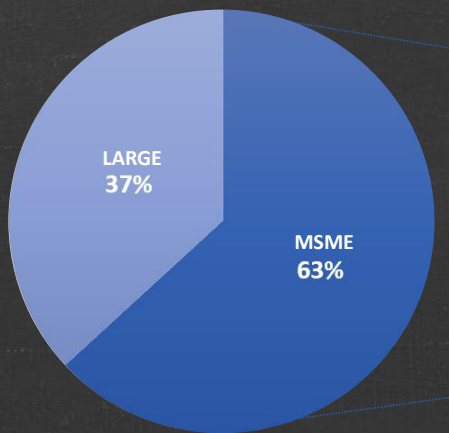
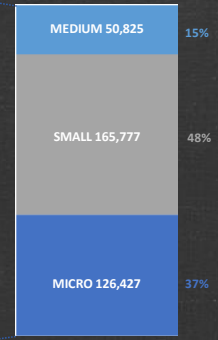
Source: Philippine Statistics Authority, 2018 List of Establishments



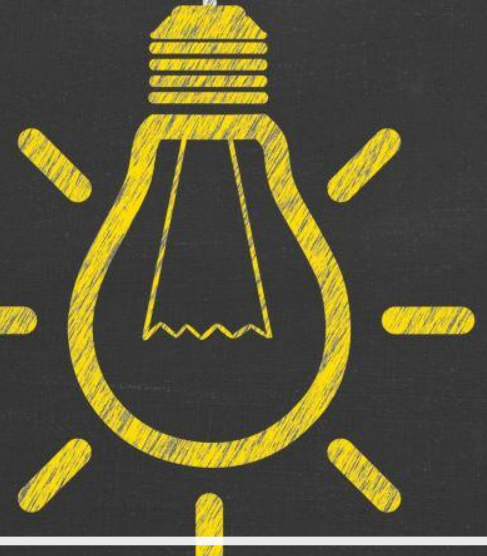
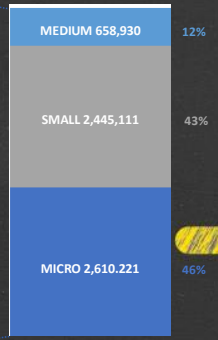
### MSME SHARE OF EMPLOYMENT



CEBU



PHILIPPINES

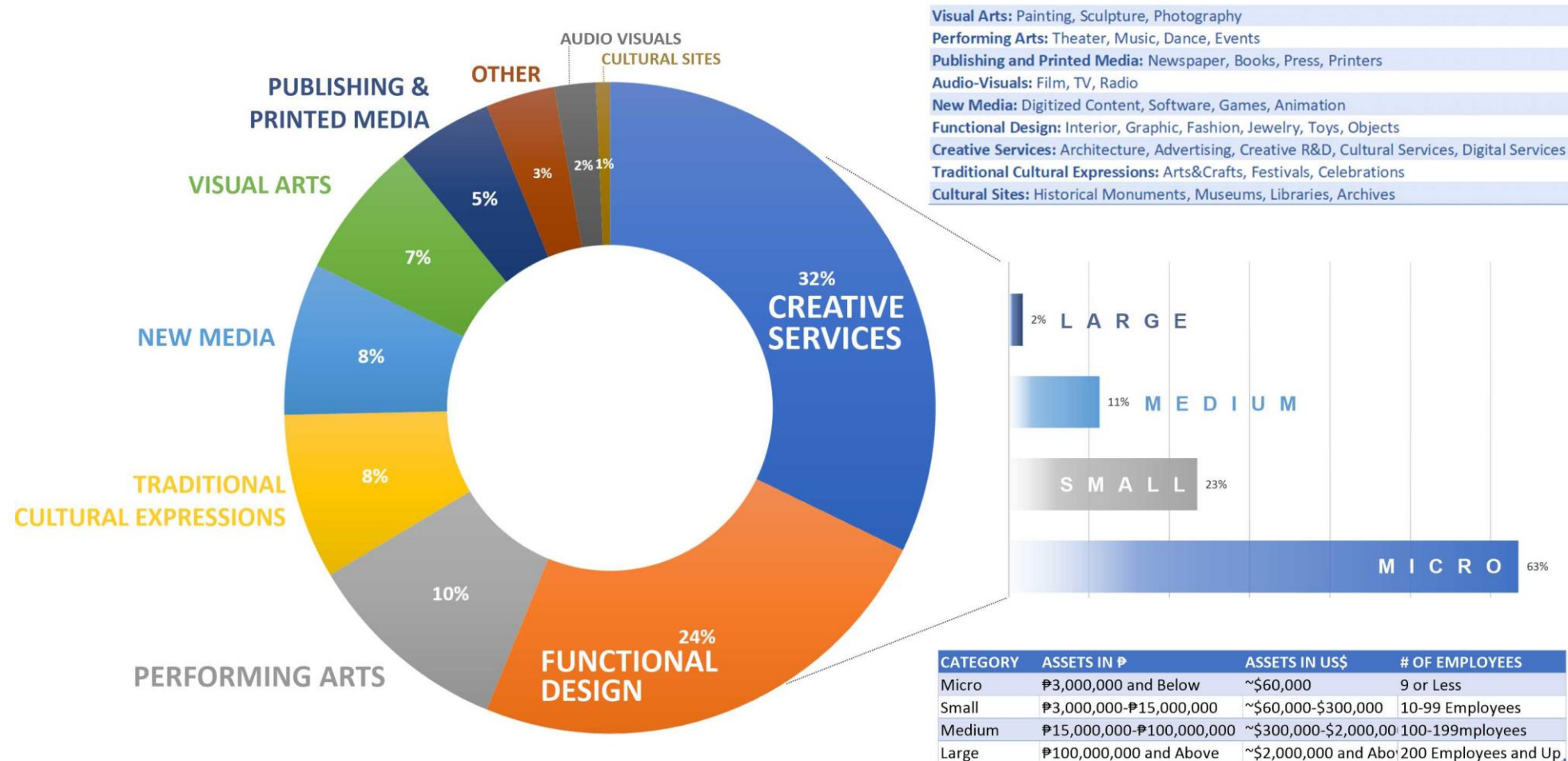


MSMEs play a major role in the Philippine economy employing about 63% of individuals nationwide although Cebu MSME account for just about half of employment.

Source: Philippine Statistics Authority, 2018 List of Establishments

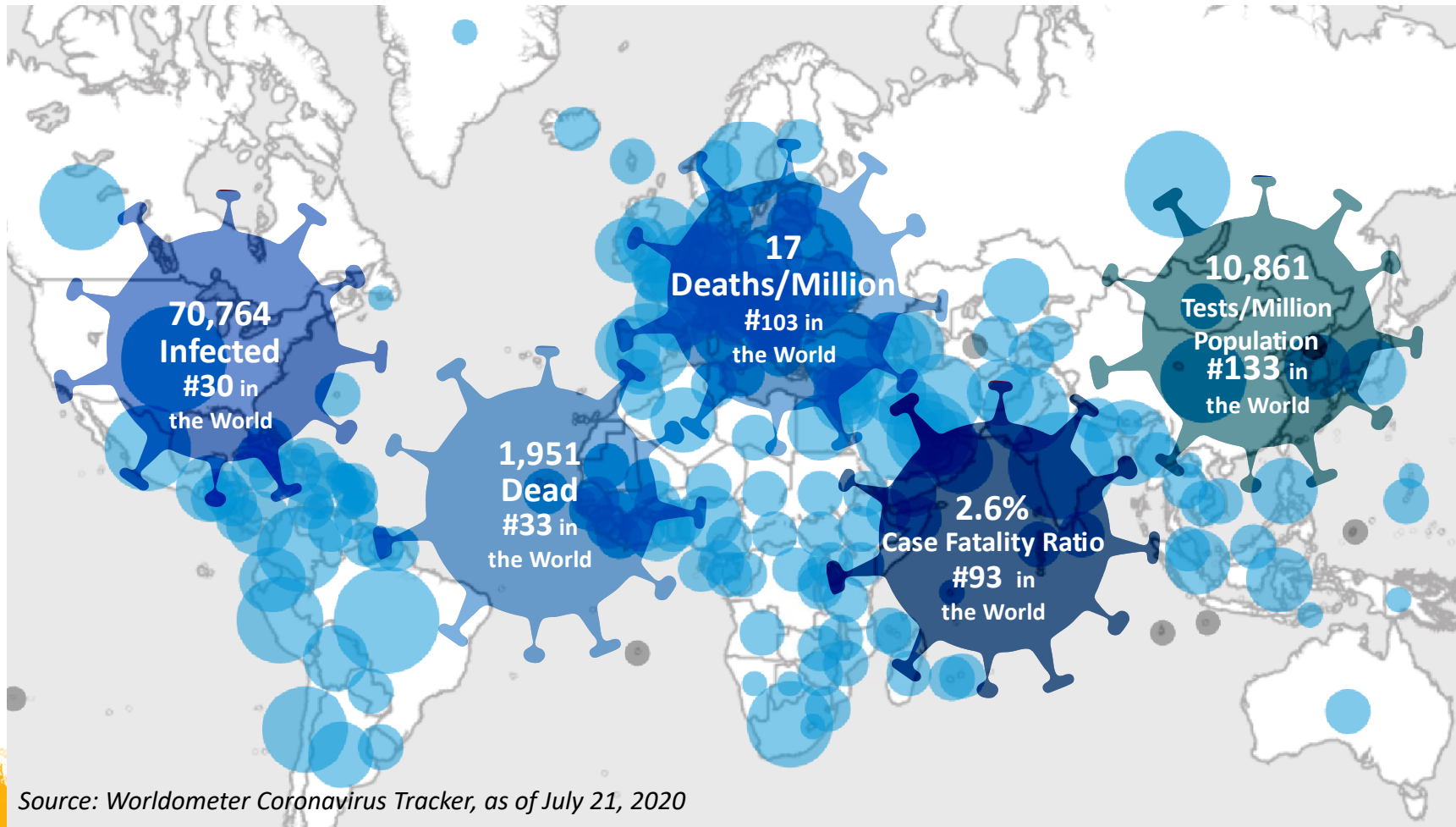


Creative Services and Functional Design make up the bulk of the estimated \$550 Million Creative Industries in Cebu.



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.



**8,302\*** # of Confirmed COVID19 Cases In Cebu City

**11%\*** Percentage Of COVID19 Cases in the Philippines

**1%\*** Percentage Of Cebu in Overall PH Population

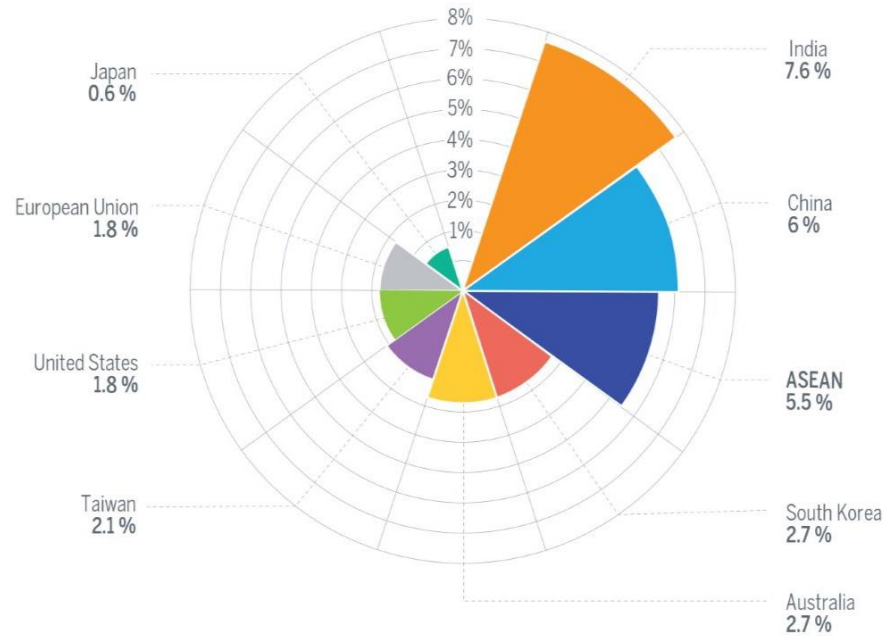


More than 4 months in some form of lockdown, it has been argued that Cebu City has endured the longest quarantine in the world. While the status has been downgraded recently, it still retains the current alert level of any city in the country.



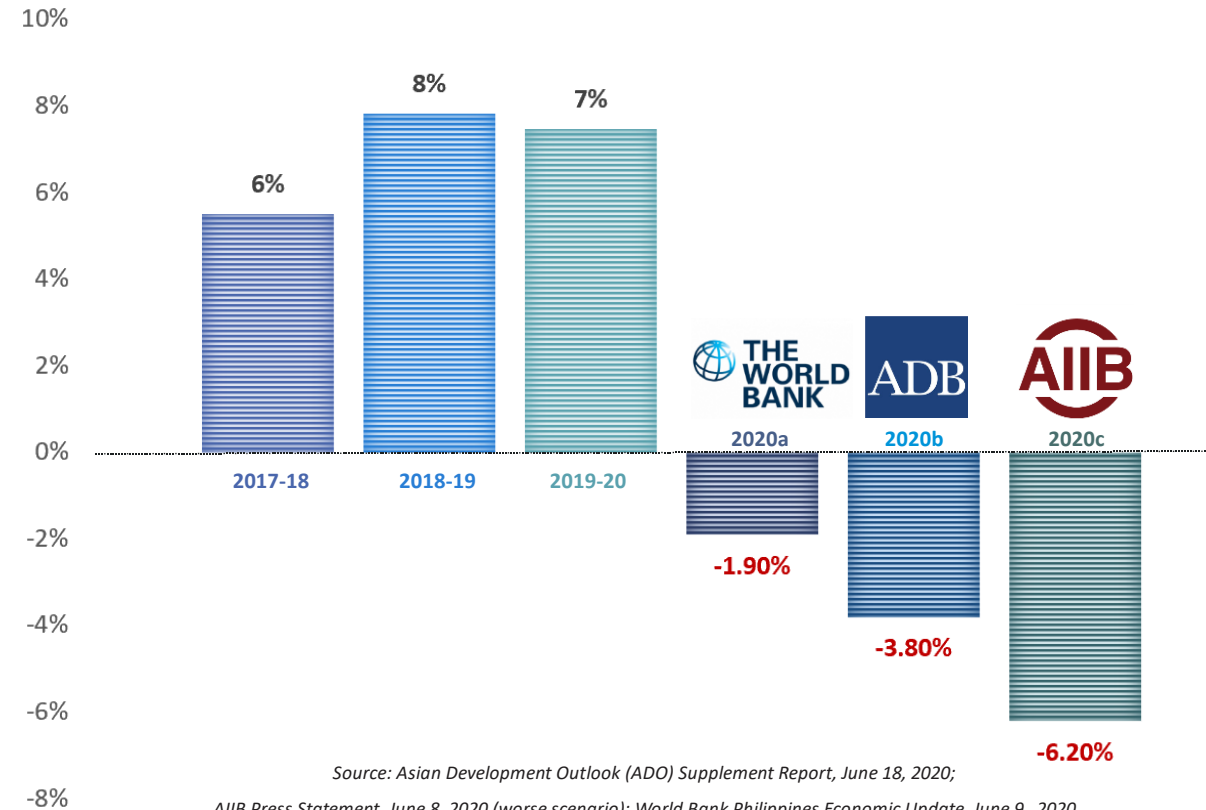
Prior to the pandemic, the Philippines had one of the most robust growth rates in the world BUT COVID19 has halted more than two decades of uninterrupted growth

PRE-COVID19 COMPARATIVE PROJECTED GROWTH RATES



Source: International Monetary Fund, 2017-2023

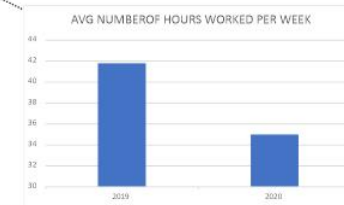
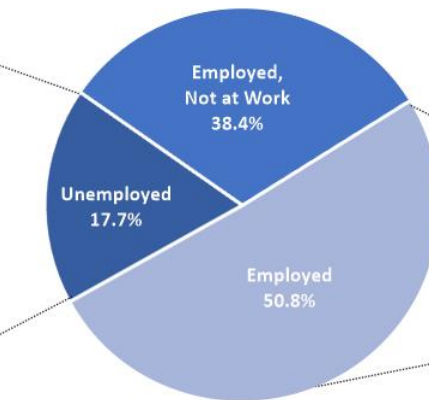
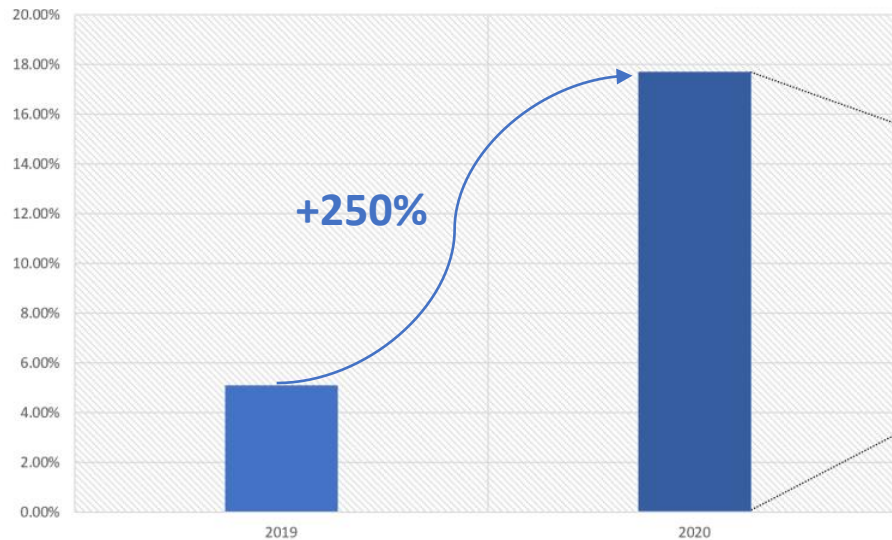
ESTIMATED COVID19 IMPACTS ON PHILIPPINE GDP





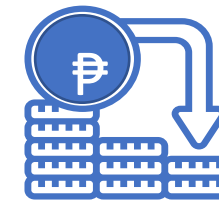
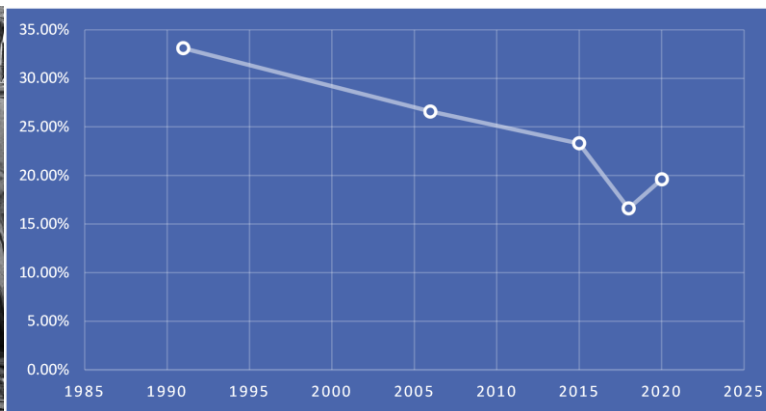
Latest surveys from Philippine Department of Labor and Employment paint even more dire results with the labor participation percentages at historical lows in every region.

### COVID19 IMPACT ON PHILIPPINE UNEMPLOYMENT



Source: Department of Labor and Employment, June 2020

### INCIDENCE OF EXTREME POVERTY

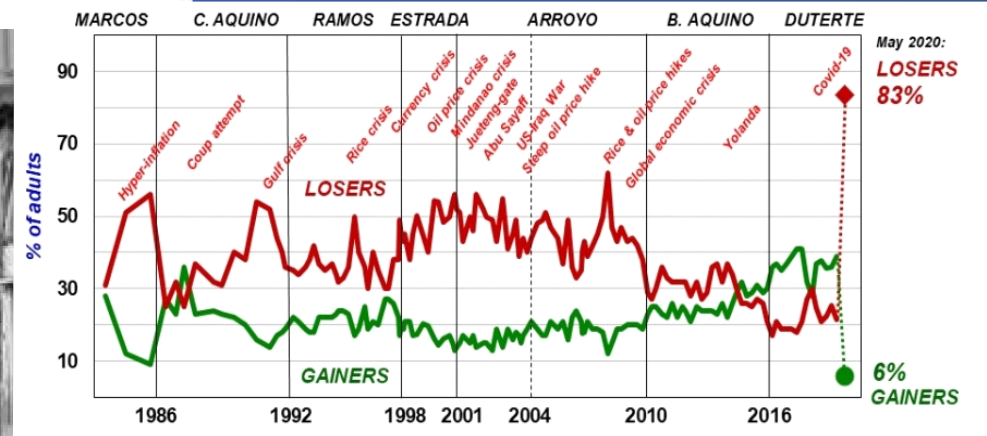


The COVID19-induced recession in the Philippines is expected to delay by at least two years the country's bid to achieve Upper Middle Class Status and increase of incidence of extreme poverty by 3 percentage points.

Source: Philippine Statistics Authority, The World Bank



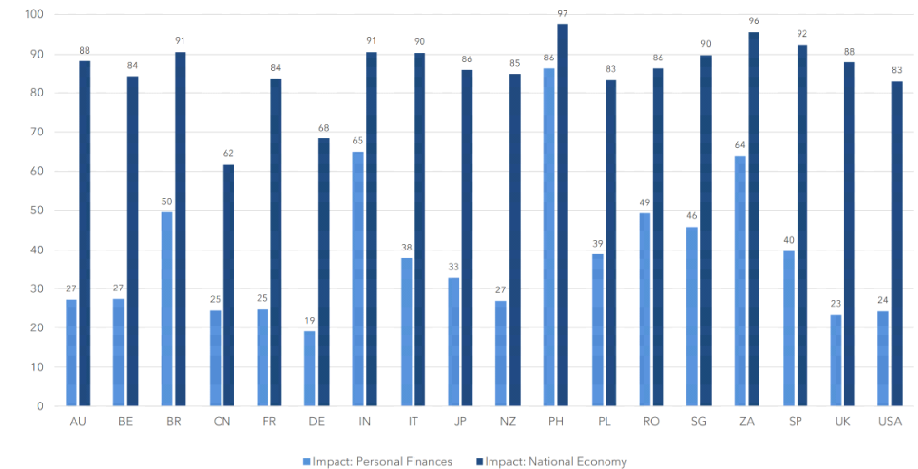
Consumer sentiment is at also at unprecedented lows especially when compared to those in other countries.



Source: Social Weather Survey, May 2020

### Impact on Personal Finances vs Country's Economy

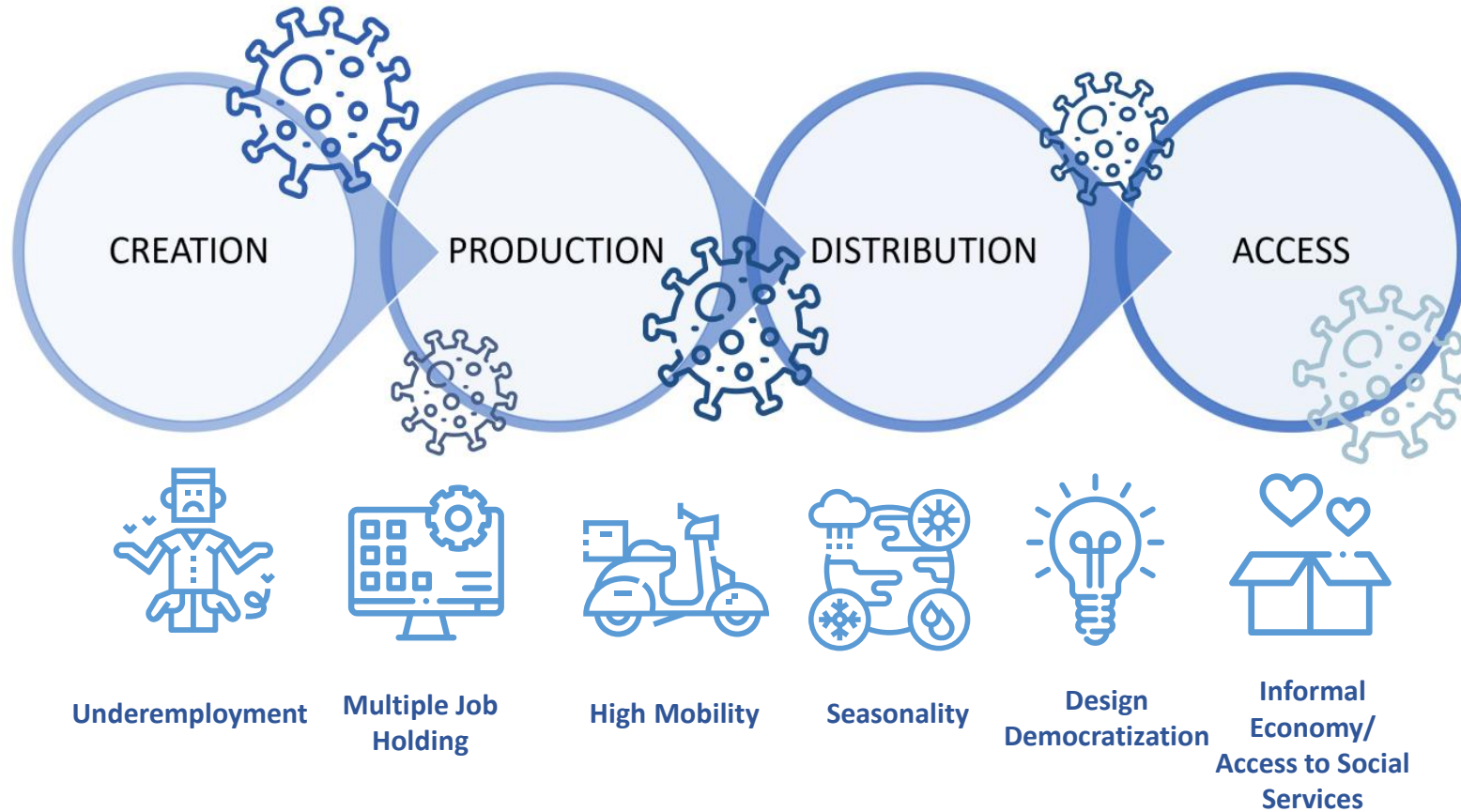
% who say they expect coronavirus / COVID-19 to have a dramatic or big effect on their personal finances vs the country's economy



Source: Global Web Index Coronavirus Research, July 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



64%

NO BUSINESS  
CONTINUITY PLANS

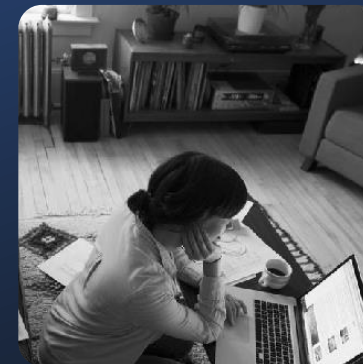


65%

CANCELED ORDERS/  
GIGS/EVENTS

9%

INCREASE IN  
ACTIVITY



74%

WILL CONTINUE  
TO WORK REMOTELY  
IN SOME FORM



## 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



**AMUMA: Homegrown Music Emergency Fund** is an initiative to build financial resource through crowdfunding and patronage.





## Sample Creative Cebu Response: Shelter In Place Affirmation

STAY HOME  
❤️  
*Stay Creative*

presented by **CEBU DESIGN WEEK**  
Connect. Create. Cultivate.

JARRA  
ANGBETIC

JEWELRY DESIGNER | JARRA JEWELS

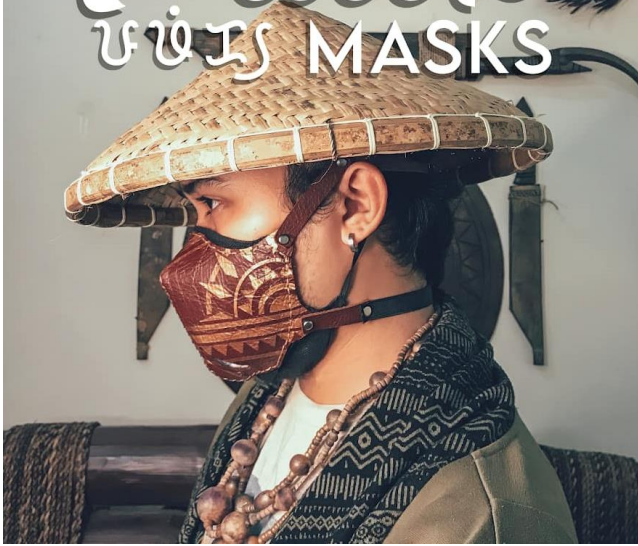
IMAGINATION  
FOR YOUR  
RELAXATION

**matic**  
matichub.com  
cebu@matichub.com

MANUALLY STENCILED, PAINTED, SEWN.

100% HANDCRAFTED.  
REAL LEATHER.

*Patik*  
UNUS MASKS



Sample Creative Cebu Response: Unique PPEs



## Sample Creative Cebu Response: Virtual Conferences

**LIVE.  
CREATE.  
CONNECT.**

MUSIC INDUSTRY  
MEETUP  
CONFERENCE

**MIM  
CON  
2020**

JULY 15-17  
2020

**keepsakes.** presents

**Cebu Hobby Events  
Organizers' Roundtable**

Sunday - May 31, 2020 - 6:00pm

Powered by 





Sample Creative Cebu Response: FB Marketplaces





From our DUAL DISCOVERIES Series

## Doing Business as a Creative

WITH ATTY. JANJAN YBAÑEZ PEREZ  
08:30 PM SATURDAY JUNE 13, 2020

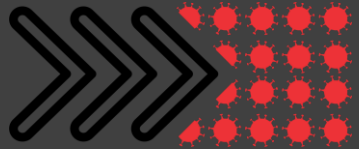
LEARN

- Budgeting
- How to make a business plan,
- Create a written agreement with your partners
- Create a legal identity for your business
- The kinds of employee contracts

**Jan Ralph Perez** is a CPA-Lawyer who was in private practice as a corporate lawyer for 12 years before joining government practice in the National Labor Relations Commission where he is presently employed.

Atty. Perez is also a creative, having done photography, writing, and music. He is still single and believes Rihanna when she says love is found in a hopeless place.

EXCLUSIVE EXCLUSIVE EXCLUSIVE  
\*250  
**hustle!**  
MEMBERS



## 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





RELIANCE ON  
LARGE GATHERINGS



CLOSE HUMAN  
INTERACTION



DEPENDENCE ON  
TRAVEL



DEPENDENCE ON  
GRANTS/PUBLIC FUNDS



RELIANCE ON  
INTERNATIONAL  
LOGISTICS



CONSUMPTION  
DURING PANDEMIC

Sub-sector	Large gathering essential	Close human physical interaction essential	Dependence on travel	Dependence on grants and public expenditure	Dependence on international logistics	Consumption during pandemic	Impact analysis
Music, Festivals and Events	Low	Very High	Medium	Medium	Medium	Very High	Medium
Film, TV and Digital Content	Medium	Very High	Medium	Medium	Medium	Very High	Medium
Gaming and Esports	High	Medium	Low	Low	Very High	High	Medium
Fashion	Low	Medium	Low	Low	Medium	Medium	High
Live Music, Theatre, Dance and E2 Performances	Very High	Very High	High	High	High	Low	Very High
Visual Arts and Sculpture	Very High	Medium	Medium	Medium	Low	Low	High
Education and Training	Very High	Very High	High	Medium	Low	Medium	High
Publishing	Low	Low	Medium	Low	Medium	Medium	Medium
Live Entertainment and Events: Weddings, Other Cultural Occasions and Event Supplies	Very High	Very High	High	Low	High	Low	Very High
Crafts	Low	Low	Very High	Low	High	Low	High
VFX Animation and Digital Art	Low	Low	Low	Low	Medium	High	Low
Museums, Galleries and Cultural Heritage (Ensemble)	Very High	High	High	High	High	Low	Very High
Musical Instruments, Wellness and Cosmetics	Low	Low	Medium	Low	Medium	High	Medium
Restaurants, Traditional Cuisine, and Street Food	High	Very High	Medium	Low	Low	Medium	High



TAILORED SUB-SECTORAL  
IMPACT ANALYSIS AND  
REBOOT STRATEGIES

Sub-Sectoral  
Reboot  
Toolkits

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.



# CEBU DESIGN WEEK

2020

3rd Edition

**Connect. Create. Cultivate.**

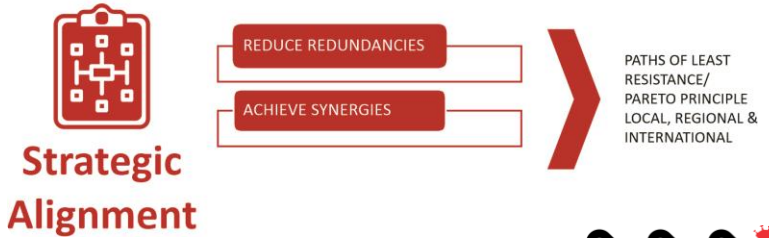
Pivot Blue Mango Awards into a set of challenges wherein cross-disciplinary teams tackle contemporary COVID19 problems and propose real-world solutions whether it be in materials, product and/or service design.







# 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

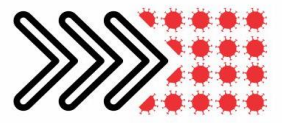
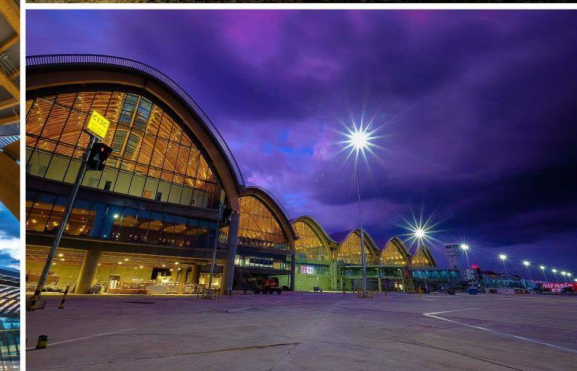
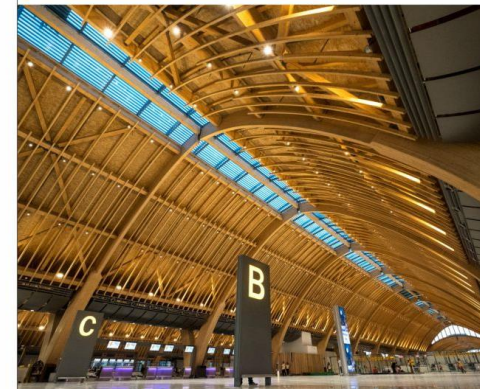
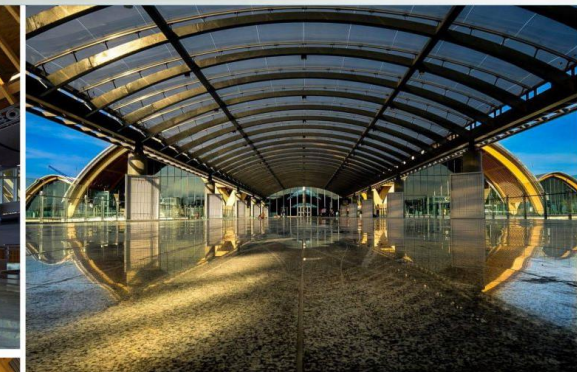
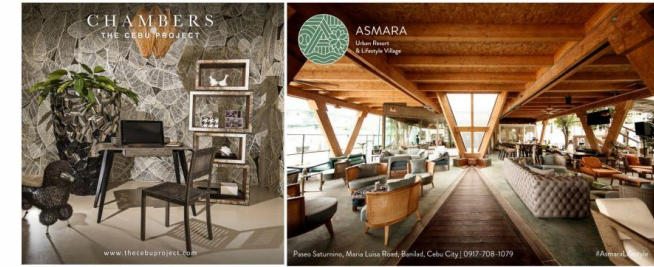
Creatives Industry practitioners are particularly vulnerable

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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@cebucoityofdesign

f CebuUnescoCityOfDesign