

TECHNICAL NOTES

Gross Regional Domestic Expenditure

I. Introduction

The Gross Regional Domestic Expenditure (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 GRDE is intended to complement the current series of the Gross Regional Domestic Product (GRDP). The GRDE and its components are compiled and released annually. These are valued at current and constant 2018 prices.

The GRDE estimation, which is the same with the GRDP, is pegged to the national estimates. These are allocated to the regions using surveys and administrative-based data/indicators for its regional distribution.

The new series of the GRDE adopts the latest structure of the economy following the results of the overall revision and rebasing to 2018 of the annual national accounts. Among others, this covers the (1) digitalization of the economy; (2) emerging and highlighted industries and demand commodities such as information and communication, accommodation and food service activities, education, and human health and social work activities; (3) inclusion of valuables; (4) use of new classification based on the latest standards; and (5) advancement in measurement techniques and methods.

The configuration of the 2019 to 2021 GRDE is also revised in the overall revision and rebasing to highlight an additional expenditure item, which is Valuables.

1. Household Final Consumption Expenditure
2. Government Final Consumption Expenditure
3. Gross Capital Formation
 - A. Fixed Capital
 - i. Construction
 - ii. Durable Equipment
 - iii. Breeding Stock and Orchard Development
 - iv. Intellectual Property Product
 - B. Changes in Inventories
 - C. Valuables
4. Exports of goods and services to the Rest of the World
 - A. Exports of Goods
 - B. Exports of Services
5. Imports of goods and services to the Rest of the World
 - A. Imports of Goods
 - B. Imports of Services
6. Net Exports to the Rest of the Philippines
7. Net Exports (total)

II. Data and Data Sources

Data	Source Agency/ Data Source
1. Census of Population (POPCEN)	Philippine Statistics Authority (PSA)
2. Census of Population and Housing (CPH)	PSA
3. Census of Philippine Business and Industry (CPBI)	PSA
4. Annual Survey on Philippine Business and Industry (ASPBI)	PSA
5. Quarterly Survey on Philippine Business and Industry (QSPBI)	PSA
6. Monthly Integrated Survey of Selected Industries (MISSI)	PSA
7. Family Income and Expenditure Survey (FIES)	PSA
8. Census of Agriculture and Fisheries	PSA
9. Building permits	PSA
10. Foreign Trade Statistics (FTS)	PSA
11. Domestic Statistics	PSA
12. Regional Social and Economic Trends (RSET)	PSA
13. Household Survey on Domestic Visitors	PSA
14. Consumer Price Index (CPI)	PSA
15. General Wholesale Price Index (GWPI)	PSA
16. Construction Materials Wholesale Price Index in NCR	PSA
17. General Retail Price Index in NCR	PSA
18. Producer Price Index	PSA
19. Farmgate Prices	PSA
20. Survey on Overseas Filipinos (SOF)	PSA
21. Labor Force Survey (LFS)	PSA
22. Performance of Philippine Agriculture	PSA
23. Rice and Corn Inventory (NFA, Household, and Commercial)	PSA
24. National Expenditure Program	Department of Budget and Management (DBM)
25. Staffing Summary	DBM
26. Budget of Expenditures and Sources of Financing (BESF)	DBM
27. Cash Disbursement	DBM
28. Annual Financial Report	Commission on Audit
29. Ministries of BARMM (e.g., Tourism, COA, etc.)	BARMM
30. Raw sugar balance by sugar mills (In metric tons)	Sugar Regulatory Administration (SRA)
31. Composite Price of Raw Sugar	SRA
32. Recommended quantity of fertilizer applied to permanent crops	Bureau of Plant Industry

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33. Compendium on Research & Development Statistics	Department of Science and Technology
34. Petroleum Products Wholesale Posted Prices	Department of Energy (DOE)
35. List of establishments on off-shore exploration	DOE
36. Reported expenditures from petroleum service contracts	DOE
37. Regional oil capacities	DOE
38. List of establishments on mining exploration	Mines and Geosciences Bureau
39. Number of motor vehicles registered	Land Transportation Office
40. Mail volume handled	Philippine Postal Corporation
41. Average cost of electricity (residential)	Electric Cooperatives
42. Water consumption	Water districts
43. Number of mails posted	Philippine Postal Corporation
44. Number of mobile users by service provider	National Telecommunications Commission
45. Enrollment in public and private schools	Department of Education
46. Number of alien employees by region	Department of Labor and Employment
47. List of museums	National Museum
48. Balance of Payments	BSP
49. Exchange Rates	BSP
50. Passenger / aircraft data by region	Civil Aviation Authority of the Philippines
51. Domestic and International Passenger Traffic	Civil Aeronautics Board
52. List of members by region	IT & Business Process Association of the Philippines
53. Volume of Intellectual property: filings and grants/registrations of patents, utility model, industrial design	Intellectual Property Office of the Philippines
54. Number of regional travelers	Department of Tourism (DOT)
55. Length of stay	DOT
56. Financial Statements of Companies	Philippine Stock Exchange/ Local government units
57. World Bank Commodity Prices and Indexes	World Bank
58. Export and Price Indexes	US Bureau of Labor Statistics

III. Methodology

In the estimation of the 2019 to 2021 GRDE, the following points and assumptions were considered:

1. The GRDE estimation coincides with the GRDP estimation, wherein the total is pegged to the annual national estimates. Reconciliation and balancing of GRDP and GRDE using Supply and Use approach to come up with regional estimates.
2. The Household final consumption expenditure (HFCE) covers both individual and institutional households, as well as non-profit institutions serving households (NPISHs). It is assumed that the structures of NPISHs and institutional households are the same as that of the individual households. As recommended in the 2008 SNA, the HFCE estimates utilized the 2019 Philippine Classification of Individual Consumption According to Purpose (PCOICOP) to account for the various expenditures of the households. Output data from relevant industries, the Family Income and Expenditure Survey (FIES), and other regional indicators are utilized to come up with estimates of the HFCE. The Consumer Price Index (CPI) by region from PSA is utilized to come up with the constant estimates.
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 and defense; compulsory social activities (PAD) industry 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 of military equipment and structures. These items are now included as part of Gross capital formation under Durable equipment and Construction, respectively. The CPI by region from PSA is used as price 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 (DOTr). Public

construction now includes military structures. A composite deflator for each region is computed to derive the corresponding estimates at constant prices.

5. Durable equipment (DEQ) 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 DEQ used the distribution of cost, insurance and freight from the Foreign Trade Statistics (FTS) by region using the addresses of the importer while locally purchased DEQ utilized indicators of the Manufacturing sector from the GRDP. As mentioned above, estimates of regional expenditures for DEQ now includes military equipment. At constant prices, imported DEQ by region is estimated using the FTS as an indicator while locally purchased DEQ used the derived regional implicit price indices (IPIN) of the Manufacturing industry.
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. Estimates of Intellectual Property Products (IPP) 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 on the indicators related to these expenditure items. At constant prices, the most appropriate price indices related to the IPP sub-items are used as deflators.
8. For Changes in inventories, inventory data of selected agricultural commodities by region are available from the PSA 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 of GFCE.
9. Valuables (VAL) is a new item included under Gross capital formation in the overall revision and rebasing of the Regional Accounts of the Philippines (RAP). Acquisitions less disposals of Valuables are net acquisition of produced goods of considerable value that are not used primarily for purposes of production or consumption but are held as stores of value over time.

Valuables are expected to appreciate or at least not to decline in real value, nor to deteriorate over time under normal conditions. It can be acquired by any institutional units. The estimation of VAL is also the same approach with the DEQ using the Foreign Trade Statistics and Manufacturing industry as indicators for its imported and locally-produced valuables, respectively.

10. Exports of goods to the rest of the world (ROW) and Imports of goods from the ROW are new estimates that are included in the overall revision and rebasing of RAP in 2021. This is coming from the old estimates of Net Exports. Indicators by commodity of Exports of goods to the ROW and Imports of goods from the ROW are estimated using the regional breakdown from the Foreign Trade Statistics using the addresses of the exporter and importer, respectively. For the constant prices, composite price index is utilized using international prices (import and export commodity prices of US Bureau of Labor Statistics, and commodity prices from World Bank), and domestic price indicators (wholesale price index, producer's price index, farmgate price of PSA).
11. Other items from the Net Exports are the Exports of services to the ROW and Imports of services from the ROW. Exports of services to the ROW and Imports of services from the ROW are transactions and purchases of services between residents and non-residents. Exports of services to the ROW and Imports of services from the ROW are estimated by the top-down method using regional indicators for the different service components such as Regional Gross Output from GRDP, Number of Regional Travelers from DOT, Foreign Trade Statistics from PSA. For the constant prices, the price indicators utilized are the Regional Consumer Price Index (CPI) of the Philippines and the CPI of the top ten international trading partners of the Philippines.
12. Net exports to the Rest of the Philippines (ROP) is estimated from separate estimation procedures of the items: (1) Exports of goods to the ROP, (2) Imports of goods from the ROP, (3) Exports of services to the ROP, and (4) Imports of services from the ROW. The Exports of goods to the ROP and Imports of goods from the ROP are estimated using the Domestic Statistics by port and other administrative data from local government units. For the constant prices, composite price index of farmgate price index, producer's price index and industry-related Implicit Price Index (IPIN) is utilized, with the weights coming from the Supply and Use Table of the RAP. Meanwhile, the Exports of services to the ROP and Imports of services from the ROP utilized the Household Survey on Domestic Visitors, Regional Travelers from Department of Tourism (DOT), and Passenger / aircraft data by region from Civil Aviation Authority of the Philippines (CAAP).

IV. Concepts and Definition of Terms

1. **Gross Regional Domestic Expenditure** 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.
2. **Products and producing units** - Each industry consists of a group of establishments engaged in the same, or similar, kinds of activity and the classification are based on the PSIC.
3. **The Household final consumption expenditure (HFCE)** consists of expenditures made by resident households of the region (regardless of where such expenditure occurs) for their own final consumption on goods or services. This also includes purchases of consumer goods, estimated value of barter transactions, own account production and consumption of goods or services (i.e., paid domestic staff, imputed rent).
4. **Government final consumption expenditure (GFCE)** consists of expenditure, including expenditure whose value must be estimated indirectly, incurred by general government on both individual consumption goods and services and collective consumption services.
5. **Gross capital formation (GCF)** is measured by the total value of the gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables for a unit or sector.
6. **Gross fixed capital formation (GFCF)** is defined as the acquisition of produced assets (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals.
7. **Construction (CNS)** as capital formation refers to gross value or the total costs/ expenditure incurred from all new construction, additions and alterations, major repair, erection of prefabricated buildings or structures on the site, and construction of a temporary nature. The PSNA defines construction as GFCF on dwellings, buildings, other structures, and land improvements.
8. **Durable equipment (DEQ)** are machinery and equipment that are used repeatedly or continuously in production processes for more than a year. It includes outlays on improvements and alteration of capital goods that significantly increase their productivity and/or expected life.
9. **Breeding stocks and orchard development (BSOD)** are cultivated biological resources that cover animal resources yielding repeat products and tree, crop and plant resources yielding repeat products whose natural growth and regeneration are under the direct control, responsibility and management of institutional units.
10. **Intellectual Property Products (IPP)** include 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 since expenditures on these items or their value reflects the underlying intellectual property they embody.

11. Inventories are produced assets that consist of goods, which came into existence in the current period or an earlier period, and that are held for sale, use in production or other use at a later date. **Changes in inventories (CIN)** are measured by the value of the entries into inventories less the value of withdrawals and less the value of any recurrent losses of goods held in inventories during the accounting period.

12. Acquisitions less disposals of **Valuables (VAL)** are net acquisition of produced goods of considerable value that are not used primarily for purposes of production or consumption but are held as stores of value over time. Valuables are expected to appreciate or at least not to decline in real value, nor to deteriorate over time under normal conditions. It can be acquired by any institutional units.

13. **Exports of goods (EOG) to the ROW** consist of sales, barter, gifts or grants, of goods from residents to non-residents.

14. **Imports of goods (IOG) from the ROW** consist of purchases, barter, or receipts of gifts or grants, of goods by residents from non-residents.

15. **Exports of services to the ROW** are transactions/purchases of services by residents to non-residents.

16. **Imports of Services from the ROW** are transactions/purchases of services by non-residents to residents.

17. **Net exports to the ROP** is the difference between the sum of the Exports of goods and service to the ROP and sum of Imports of goods and services from the ROP.

V. Dissemination of Results

The Gross Regional Domestic Expenditure is being released annually in April. Latest GRDE publication is the 2019 to 2021 GRDE which is uploaded on 28 April 2022.

The web release materials include press release, statistical tables, infographics, publication report, and social cards.

VI. Citation

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VII. Contact Information

Mr. Mark C. Pascasio

Chief Statistical Specialist
Expenditure and Integrated Accounts Division
(02) 8376-2024
m.pascasio@psa.gov.ph

For data request, you may contact:

Knowledge Management and Communications Division

(02) 8462-6600 loc. 820
info@psa.gov.ph | kmcd.staff@psa.gov.ph