REPORT ON NATIONAL INCOME ACCOUNTS (Q4 2021)

Table 1. Q4 2021 Economic Performance
(percent growth rate year-on-year, at constant 2018 prices)

PARTICULARS	2020		2021		
	Q4	FY	Q3	Q4	FY
GROSS DOMESTIC PRODUCT	-8.3	-9.6	6.9	7.7	5.6
GROSS NATIONAL INCOME	-12.1	-11.4	2.7	8.0	1.6
Net Primary Income	-55.9	-30.1	-50.6	15.0	-50.2
By Industrial Origin					
Agriculture, Fishery and Forestry	-2.5	-0.2	-1.7	1.4	-0.3
Industry	-10.6	-13.2	8.1	9.5	8.2
of which: Manufacturing	-4.9	-9.8	6.4	7.2	8.6
Services	-8.0	-9.2	7.7	7.9	5.3
By Expenditure					
Household Final Consumption Expenditure	-7.3	-7.9	7.1	7.5	4.2
Gov't Final Consumption Expenditure	5.1	10.5	13.8	7.4	7.0
Capital Formation	-32.2	-34.4	20.8	12.6	19.0
of which: Fixed Capital Formation	-30.0	-27.5	15.5	9.5	9.6
Exports	-10.2	-16.3	9.1	8.3	7.8
Imports	-20.2	-21.6	13.0	13.7	12.9

Source: Philippine Statistics Authority (PSA)

A. Highlights

1. The Philippine economy grew by 7.7 percent year-on-year in the fourth quarter of 2021. On a seasonally adjusted quarter-on-quarter basis, the economy also expanded by 3.1 percent. This growth performance was much faster than most analyst forecasts, making the country's expansion among the highest in the region. This sends a strong signal that the Philippines is on track to rapid recovery despite the impact of typhoon Odette.

2. The robust fourth quarter expansion brings full-year 2021 GDP growth to 5.6 percent. This exceeds the Development Budget Coordination Committee's (DBCC) target of 5.0 to 5.5 percent.

3. This sustained growth was driven by the successful management of risks such as targeting the areas with highest risk and allowing the rest of the economy to open. Our policies to move from a pandemic to an endemic paradigm have led to broad-based expansions across almost all sectors, despite challenges brought about by the continued persistence of COVID-19, various levels of quarantines, and prevalence of natural hazards.

4. For the full-year 2021, the industry and services sectors grew by 8.2 percent and 5.3 percent, respectively, representing a strong rebound from the contractions experienced by these sectors in 2020. The agriculture sector, however, experienced a slight decline of 0.3 percent. This was brought about by the challenges the sector continued to face, such as the African Swine Fever (ASF) and super typhoons, which affected agricultural production.

5. On the expenditure side, private consumption grew by 4.2 percent, a stark reversal from 2020's -7.9 percent. This indicates returning consumer confidence as a result of relaxed quarantine restrictions and the accelerated vaccination program.

6. Government expenditure also expanded by 7 percent. Meanwhile, external trade recovered at a faster pace in 2021. Exports grew by 7.8 percent, compared to -16.3 percent in the same period last year. The same trend can be seen in imports with a sustained growth of 12.9 percent in 2021, compared to -21.6 percent in the preceding year.

7. Moreover, investments recorded a robust growth of 19 percent rebounding from -34.4 percent in 2020. This was supported by a 37.4 percent growth in public construction as the government proceeded full steam with the implementation of the Build, Build, Build infrastructure program.

B. Gross Domestic Product (GDP) and Gross National Income (GNI)

8. The Philippine economy sustained its recovery, growing by 7.7 percent year-on-year in the fourth quarter of 2021. This is faster than the 6.9 percent growth in Q3 2021 and reverse of the 8.3 percent decline in Q4 2020. The government shifted its policy towards the alert level system with granular lockdowns to allow low-risk areas to resume economic activities. Quarantine restrictions were also relaxed as the majority of the country was placed under Alert level 2 in the latter half of Q4. The latest growth outturn is better than the 6.5 percent median forecast of private-sector analysts for the period.[1] On a seasonally adjusted quarter-on-quarter basis, the economy increased by 3.1 percent. Full-year (FY) 2021 real gross domestic product (GDP) grew by 5.6 percent.

9. Among major emerging economies in the region that have already released their Q4 2021 real GDP growth, the Philippines ranked first followed by Vietnam (5.2%) and China (4.0%). Philippine growth is also faster than the forecasted growth rates for India (6.0%), Indonesia (4.0%), Malaysia (3.0%), and Thailand (0.8%).[2]

[1] *https://www.bworldonline.com/gdp-growth-moderated-in-q4-poll/*
[2] Bloomberg consensus forecast for Q4 GDP as of 19 January 2022.

10. Similarly, the country's gross national income recorded an uptick of 8.0 percent in Q4 from 2.7 percent in Q3. Net primary income grew by 15.0 percent in Q4 from -50.6 percent in Q3, mainly due to the increase in inflow of compensation (0.6%) and property income (33.4%), but moderated by the decline in outflow of property expense (-3.9%).

C. Expenditure (Demand-side)

11. ***Household final consumption expenditure***. Household consumption growth increased to 7.5 percent in Q4 2021 from 7.1 percent in Q3 2021 and -7.3 percent in Q4 2021. This brings FY 2021 growth to 4.2 percent. This was supported by the gradual easing of quarantine restrictions, improving labor market outcomes, and higher vaccination rates.

    In particular, the faster growth in Q4 was mainly driven by higher spending on food and non-alcoholic beverages (5.2% in Q4 2021 from 2.8%), restaurants and hotels (21.9% from 12.0%) and recreation and culture (41.6% from 21.7%), as more business establishments were allowed to operate at a higher capacity and complement the increased demand during the holidays. This is also reflected in increased visits to retail establishments and recreational areas which went back to pre-pandemic levels in December 2021.[3]

12. ***Government final consumption expenditure***. Government expenditure growth slowed down to 7.4 percent in Q4 2021 from 13.8 percent in Q3 2021 but was faster than 5.1 percent in Q4 2020. For FY 2021, public spending grew by 7.0 percent.

    Maintenance and other operating expenses (MOOE) growth increased to 10.5 percent in Q4 2021 from 4.5 percent in Q3 2021.[4] This could be attributed to the implementation of the government's repatriation program and COVID-

[3] *https://ourworldindata.org/covid-mobility-trends*
[4] Less accounts payables, figures are based on PSA Key Economic Indicators for Q3 and Q4 2021

related responses such as vaccine procurement, hiring of contact tracers, and provision of financial assistance to rice farmers and displaced workers.[5] However, this was partially tempered by the slowdown in personnel services (PS) during the period.

13. ***Capital formation.*** Growth in total investments moderated to 12.6 percent in Q4 2021 from 20.8 percent in Q3 2021, albeit an improvement from -32.2 percent in Q4 2020. This brings FY 2021 growth to 19.0 percent.

    Gross fixed capital formation decelerated during the quarter (9.5% from 15.5%) primarily due to the slower growth in construction (15.0% from 23.8%) and durable equipment (2.7% from 6.6%). Investments in breeding stock and orchard development (-6.1% from -2.2%) and intellectual property products (17.9% from 20.2%) also weakened during the reference quarter.

    In particular, construction activities of households (15.6% from 63.2%) and the general government (25.6% from 53.8%) weakened, offsetting the increase made by corporations (3.5% from -11.7%). Nevertheless, this is a reversal of the contraction in Q4 2020 (-31.2% for household construction and -27.1% for general government). Meanwhile, the slowdown in durable equipment was largely due to the contraction in road transport (-6.9% from 8.6%).

14. ***Net Exports.*** Growth in net exports slightly improved to -28.5 percent in Q4 2021 from -29.3 percent in Q3 2021. Total imports continue to grow faster relative to total exports, indicating a stronger domestic demand. For FY 2021, net exports dropped by 30.0 percent.

    a. ***Exports.*** Growth in total exports weakened to 8.3 percent in Q4 2021 from 9.1 percent in Q3 2021, but rebounded from the 10.2 percent decline in Q4 2020. This brings FY 2021 growth to 7.8 percent. The slower growth in total exports was largely due to the slowdown in merchandise exports (5.3% in

[5] Department of Budget and Management (DBM). 2021 National Government (NG) Disbursement Report. Retrieved from: *https://www.dbm.gov.ph/wp-content/uploads/DBCC/2021/NG-Disbursements_October%202021_for-posting.pdf*

Q4 2021 from 9.0% in Q3 2021), particularly electronic data processing (2.0% from 27.8%) due to lower demand from the country's top export destinations such as China and Thailand.[6] However, this was partly tempered by the faster growth in semiconductors (15.7% from 6.8%).

In contrast, exports of services accelerated to 14.1 percent in Q4 2021 from 9.2 percent in Q3, owing to the uptick in business services (7.1% from -0.3%). Likewise, travel (63.4% from 58.1%) sustained its double-digit expansion as the number of visitor arrivals grew by 60.4 percent between October to November 2021.[7]

b. ***Imports.*** Total imports growth increased to 13.7 percent in Q4 2021 from 13.0 percent in Q3 2021 and -20.2 percent in Q4 2020. For FY 2021, total imports grew by 12.9 percent. This was supported by the growth in imports of services (9.8% from -3.9%), particularly travel (2.4% from -39.2%). On the other hand, merchandise imports (14.5% from 16.4%) softened due to the subdued growth in electronic products (1.0% from 13.7%) and a decline in base metal (-10.2% from 28.9%) and electrical machinery (-17.0% from 18.8%).

[6] Data from Philippine Statistics Authority
[7] PSA Key Economic Indicators as of Q4 2021

D. Production (Supply-side)

15. ***Agriculture, fishery and forestry.*** The agriculture sector recorded higher growth at 1.4 percent in Q4 2021, up from -1.7 percent in Q3 2021 and -2.5 percent in Q4 2020. This brings FY 2021 growth to -0.3 percent. This was brought about by the challenges the sector continued to face, such as the ASF and super typhoons, which affected agricultural production. Meanwhile, the improved performance in Q4 was mainly supported by higher production of corn (28.7% in Q4 2021 from -18.2% in Q3 2021) and slower decline in livestock production (-9.7% from -15.7%). These offset the weaker production of *palay* (0.2% from 5.6%).

    While the agriculture sector had been disrupted by weather disturbances in Q4, the Department of Agriculture stepped in to provide assistance to affected farmers and fisherfolk. These include emergency loans, crop insurance, and Quick Response Fund for rehabilitation of affected areas, among others.[8,9,10]

16. ***Industry***. The industry sector grew by 9.5 percent in Q4 2021, higher than 8.1 percent in the preceding quarter and -10.6 percent in Q4 2020. This brings FY growth to 8.2 percent. All subsectors posted faster growth during the quarter.

    a. ***Manufacturing***. Growth in the manufacturing sector rose further to 7.2 percent in Q4 from 6.4 percent in Q3 and a rebound from -4.9 percent in Q4 2020. This brings FY 2021 growth to 8.6 percent. The faster growth was largely due to higher production of food products (7.0% in Q4 2021 from 5.9% in Q3 2021) and coke and refined petroleum products (104.8% from 14.3%).

---

[8] *https://www.da.gov.ph/typhoon-affected-farmers-fishers-in-northern-luzon-get-p1-5-b-worth-of-agri-fishery-interventions/* (Accessed 26 January 2022)
[9] *https://www.da.gov.ph/da-allots-initial-p822-m-to-help-farmers-fishers-affected-by-typhoon-maring/* (Accessed 26 January 2022)
[10] *https://www.da.gov.ph/odette-affected-farmers-and-fisherfolk-receive-p3-billion-worth-of-interventions-from-da/* (Accessed 26 January 2022)

The country's manufacturing Purchasing Managers' Index (PMI) treaded above the 50.0 neutral threshold[11] throughout Q4 2021 and hit a nine-month high in December at 51.8 percent, as higher demand brought in new orders and higher output. Production volume also improved for the first time since March 2021.[12] More relaxed restrictions and holiday spending have contributed to higher manufacturing output during the period.

b. ***Mining and quarrying.*** The mining and quarrying sector grew by 7.9 percent in Q4 2021, up from 3.0 percent in the preceding quarter and a rebound from -16.4 percent in Q4 2020. This brings FY 2021 growth to 2.6 percent. The acceleration was primarily driven by the faster growth in stone quarrying and other mining and quarrying (21.7% in Q4 2021 from 21.2% in Q3 2021) and the slower decline in coal (-14.3% from -39.5%).

Issued on December 23, 2021, the Department of Environment and Natural Resources (DENR) Administrative Order (DAO) 2021-40 lifted the ban on open-pit mining for copper, gold, silver, and complex ores in the country and provided for additional enhanced parameters criteria for surface mining methods.[13]

c. ***Electricity, steam, water and waste management***. Utilities posted faster growth in Q4 2021 at 4.4 percent from 3.0 percent in Q3 2021 and 0.6 percent in Q4 2020, bringing FY 2021 growth to 4.5 percent. All subsectors recorded higher growth during the period, led by water supply (3.9% in Q4 2021 from -0.7% in Q3 2021), steam (5.7% from -7.9%), waste management (10.7% from 7.4%), and electricity (4.4% from 3.8%). The easing of quarantine restrictions which spurred economic activities

[11] October and November PMI for the Philippines at 51.0 and 51.7, respectively.
[12] IHS Markit Manufacturing PMI® report for December 2021, *https://www.markiteconomics.com/Public/Home/PressRelease/64b1316d60434be1893f99a8e978aeac*. Accessed on 26 January 2022.
[13] *http://databaseportal.mgb.gov.ph/#/public/documents/AD/Rules%20and%20Regulations* (26 January 2022).

boosted the consumption of utilities, especially during the holiday season.

d. ***Construction***. The construction sector posted a double digit growth for the third consecutive quarter at 18.5 percent in Q4 2021 from 17.4 percent in Q3 2021 and -26.8 percent in Q4 2020. This brings FY 2021 growth to 9.8 percent. The expansion was mainly due to the rebound of construction activities by financial and non-financial corporations, despite a slowdown in construction by households and government. From October to November 2021, non-residential building permits grew by 16.7 percent, reflecting the strong performance in private construction.

17. ***Services***. The growth in the services sector accelerated to 7.9 percent in Q4 2021, slightly faster than 7.7 percent in Q3 2021 and -8.0 percent in Q4 2020. This brings FY 2021 growth to 5.3 percent. All subsectors posted positive growth led by other services (30.1%), accommodation and food service activities (22.8%), transport and storage (18.2%), and wholesale and retail trade and repair of motor vehicles and motorcycles (7.4%).

a. ***Trade and repair of motor vehicles, motorcycles, personal and household goods.*** The sector grew by 7.4 percent in Q4 2021 from 6.5 percent in Q3 2021 and -4.0 percent Q4 2020. This brings FY 2021 growth to 4.3 percent. All subsectors posted faster growth in Q4: wholesale trade (4.7% from 1.5% in Q3 2021), sale and repair of motorcycles (5.4% from -3.1%), and retail trade (8.2% from 7.8%).

The de-escalation to Alert Level 2 in Q4 coupled with holiday festivities and the relaxation of age-based restrictions fueled the growth in wholesale and retail trade.

b. ***Transport and storage.*** The growth in transport and the storage sector accelerated to 18.2 percent in Q4 from 15.4 percent in Q3 and a reversal from the 20.1 percent decline in Q4 2020. This brings FY 2021 growth to 6.3 percent. While air transport (63.5% in Q4 2021 from 96.8% in Q3 2021) moderated during the period, all the other sub-sectors posted faster growth in Q4: land transport (15.8% from 14.7%), warehousing and storage (18.4% from 12.3%), water transport (33.0% from 17.1%), and postal and courier services (0.1% from -6.3%).

The relaxation of travel requirements for fully vaccinated individuals and the holiday season supported land and inter-island travel.[14] Similarly, MRT-3 and LRT-2 ridership increased by over 70 percent year-on-year in Q4 2021, albeit still below pre-pandemic levels.[15] In addition, end-of-year festivities increased e-commerce and retail establishments' demand for warehousing and storage.

c. ***Accommodation and food service activities***. The sector sustained double-digit growth in Q4 2021 at 22.8 percent from 11.8 percent in Q3 2021, a significant increase from -45.6 percent in Q4 2020. This brings FY 2021 growth to 7.8 percent. Both accommodation (33.7% in Q4 2021 from 8.1% in Q3 2021) and food and beverage service activities (19.1% from 12.9%) posted higher growth compared to the preceding quarter.

Restrictions were gradually eased in Q4, such that by mid-November, almost the entire country was placed under Alert Level 2, allowing establishments to increase their operational capacities. For instance, restaurants were allowed to increase their indoor dine-in services to 50 percent capacity for fully vaccinated individuals and outdoor dine-in services to 70 percent capacity. In addition, hotels and other accommodations were allowed to operate subject to guidelines issued by the Department of Tourism (DOT) and the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). Age- based restrictions were also loosened under Alert Level 2.

[14] *https://beta.tourism.gov.ph/news/dot-lists-destinations-without-testing-requirement*. Accessed on 26 January 2022.
[15] Data from the Department of Transportation

d. ***Information and communication.*** Growth was broadly steady at 8.5 percent in Q4 from 8.6 percent in Q3, but a significant improvement from the 1.9 percent growth in Q4 2020. This brings FY 2021 growth to 9.1 percent. Growth in communication (8.8% in Q4 2021 from 8.7% in Q3 2021) increased marginally, while growth in information and publishing (4.9% from 6.6%) moderated during the reference quarter.

e. ***Financial and insurance activities.*** Growth in the sector accelerated to 4.6 percent in Q4 2021, up from 3.9 percent in Q3 2021 and 4.3 percent in Q4 2020. This brings FY 2021 growth to 4.5 percent. The faster growth was largely due to the expansion in non-banks (7.3% in Q4 2021 from 2.5% in Q3 2021), which partly reflected the initiatives to expand financial inclusion and increase confidence in digital payments. As of end-October 2021, the *Bangko Sentral ng Pilipinas* (BSP) reported 35 licensed non-bank electronic money issuers (EMI),[16] which is more than three times the number of players in 2019.[17]

Other subsectors also posted positive yet slower growth during the period: insurance and pension funding (9.8% from 10.5%), activities auxiliary to financial services (2.2% from 5.8%), and banking institutions (1.6% from 2.8%). The deceleration in the growth of banking institutions generally reflects the tighter overall credit standards for loans to enterprises and households.

f. ***Real estate and ownership of dwellings.*** Growth in real estate and ownership of dwellings slightly moderated to 3.4 percent in Q4 2021 from 3.8 percent in Q3 2021, but an improvement from -14.9 percent in Q4 2020. This brings FY 2021 growth to 2.2 percent. Both real estate (6.4% in Q4

[16] EMIs can be classified as follows: banks; non-bank financial institutions supervised by the Bangko Sentral; and non-bank institutions registered with the Bangko Sentral as a monetary transfer agent. *https://morb.bsp.gov.ph/702-issuance-and-operations-of-electronic-money/* (Accessed 26 January 2022)

[17] *https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6046*

2021 from 6.6% in Q3 2021) and ownership of dwellings (0.9% from 1.3%) decelerated during the period. In particular, Typhoons Lannie, Maring, and Odette that entered the country in Q4 resulted in more than 369,000 damaged houses. Moreover, Colliers expects lease rates to decline due to subdued leasing and rising office vacancy.[18]

g. ***Professional and business service activities.*** Growth in the sector moderated to 7.6 percent in Q4 2021 from 10.6 percent in Q3 2021 and -8.9 percent in Q4 2020. This brings FY 2021 growth to 6.2 percent. Services under this sector remained stable as several enterprises, particularly those under the Information Technology and Business Process Management (IT-BPM) sector, have maintained work-from-home arrangements of up to 90 percent of their workforce.[19]

h. ***Public administration and defense.*** The sector posted slower growth in Q4 2021 at 3.3 percent from 5.4 percent in Q3 2021, but faster than the 1.3 percent growth in the same period last year. This brings FY 2021 growth to 5.2 percent. Disbursements for personnel services decelerated to 6.7 percent in Q4 2021 from 15.3 percent in the previous quarter.[20]

i. ***Education.*** Growth in the education sector decelerated to 5.9 percent in Q4 2021 from 13.6 percent in Q3 2021, but this is a significant improvement from -12.3 percent in Q4 2020. This brings FY 2021 growth to 8.0 percent. Both private (3.4% in Q4 2021 from 11.0% in Q3 2021) and public (7.3% from 14.7%) education slowed down during the period.

Nonetheless, the Department of Education (DepEd) reported a successful pilot implementation of face-to-face classes in 287 public and private schools in the country from November 15 to December 20, 2021. No confirmed COVID-19 cases were reported among the 15,683 learners who

[18] Colliers Property Market Report - Office (Q3 2021). *https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report_office-q3-2021-philippines* (Accessed 26 January 2022)
[19] *https://firb.gov.ph/firb-upholds-resolution-19-21-and-denies-peza-request-to-exempt-its-registered-it-bpm-enterprises-from-the-rules-on-wfh-arrangements/*. Accessed on 25 January 2022.
[20] PSA Key Economic Indicators, Q3 and Q4 2021

had participated. They cited positive feedback from learners, teachers, and parents, noting high attendance and performance among learner participants.[21]

j. ***Human health and social work activities.*** The sector sustained double digit growth for the fourth consecutive quarter, posting 15.9 percent in Q4 2021. However, this is slightly lower than the 17.5 percent expansion in Q3 2021 but a marked improvement from the 1.5 percent growth in Q4 2020. This brings FY 2021 growth to 15.0 percent. The slowdown in the sector was due to weaker growth in private human health (15.3% in Q4 2021 from 19.9% in Q3 2021) and social work activities (4.8% from 18.2%), albeit both remained positive.

k. ***Other services.*** The sector maintained its double-digit growth in Q4 2021 at 30.1 percent, up from 19.6 percent in Q3 2021 and a rebound from -43.4 percent in Q4 2020. This brings FY 2021 growth to 2.1 percent. Both arts, entertainment, and recreation (49.1%) and other service activities (7.2%) accelerated during the period.

The de-escalation to Alert Level 2 in most parts of the country for the latter half of Q4 increased the allowable capacity in establishments such as fitness studios and gyms,[22] and amusement parks and recreational venues.[23] Personal care establishments such as salons and barbershops were also allowed to increase their capacity to 50 percent for indoor and 70 percent for outdoor services.

[21] (63.5 percent from 96.8 percent) slightly moderated during the period.
[22] *https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/COVID19Resources/COVID-19+Advisories/Memorandum+Circular+No.+21-41+(with+CTC).pdf* (Accessed 25 January 2022)
[23] *https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/COVID19Resources/COVID 19+Advisories/MC2138_271021.pdf* (Accessed 25 January 2022)

E. Prospects and recommendations

18. ***The International Monetary Fund (IMF)[24] expects global economic growth to slow down from 5.9 percent in 2021 to 4.4 percent in 2022 and 3.8 percent in 2023.*** For 2022, this reflects the slower anticipated growth in United States and China. Additionally, renewed mobility restrictions amid the emergence of Omicron variant and higher inflation resulting from supply disruptions and higher energy prices are downside risks.

19. ***The robust fourth quarter expansion brings full-year 2021 GDP growth to 5.6 percent. This exceeds the Development Budget Coordination Committee's (DBCC) target of 5.0 to 5.5 percent.*** The economy is also expected to grow between 7.0 to 9.0 percent in 2022 and 6.0 percent to 7.0 percent in 2023 and 2024. The DBCC is confident that the country's GDP will return to its pre-pandemic level this year. These targets are generally in line with the private sector forecasts (see Table 2).

[24] International Monetary Fund, World Economic Outlook, January 2022.

Table 2: Consensus GDP Growth Forecasts[25]

Institution	As of	2022	2023
International Monetary Fund (IMF)	25-Jan	6.3	6.9
Bank of America Merrill Lynch	21-Jan	7.2	6.0
Barclays	21-Jan	6.8	5.6
JPMorgan Chase	21-Jan	11.1	6.3
Standard Chartered	21-Jan	7.5	5.3
Fitch Ratings	17-Jan	6.6	7.2
Goldman Sachs Group	13-Jan	7.1	6.3
World Bank	12-Jan	5.9	5.7
Nomura Securities	11-Jan	6.5	5.2
ING Group	7-Jan	5.4	4.5
Asian Development Bank (ADB)	14-Dec	6.0	-
Mean		***6.9***	***5.9***
Median		***6.6***	***5.9***

20. ***The strong 2021 performance shows us that we are on the correct path to a resilient recovery. The stage is now set for growth to accelerate in 2022.*** Although COVID-19 risks increased at the beginning of the year due to the highly transmissible Omicron variant, we were able to limit severe cases and deaths relative to the number of cases, because of our accelerated vaccination program and improvements in the healthcare system.

To further accelerate our recovery, the economic team has proposed a 10-point agenda to shift the country from a pandemic to endemic paradigm covering the following areas: 1) metrics; 2) vaccination; 3) healthcare capacity; 4) economy and mobility; 5) schooling; 6) domestic travel; 7) international travel; 8) digital transformation; 9) pandemic flexibility bill; and 10) medium-term preparation for pandemic resilience to prevent further scarring on the economy.

25 Various sources.

21. ***The country is in a better position to manage possible spikes.*** As of January 25, 2022, around 57.8 million Filipinos, or 75 percent of the 77.1 million target population, are fully vaccinated, while 60 million have received at least the first dose and 6.7 million individuals have availed of boosters.[26] With the significant improvement in inoculation numbers, the national government aims to achieve three target milestones[27]: (1) fully vaccinate the initial target of 77.1 million adult population and children aged 12-17 years old by the end of Q1 2022; (2) expand the number of fully vaccinated individuals to 90 million by the end of Q2 2022; and (3) achieve complete vaccination for the rest of the population, including booster doses by the end of Q3 2022.

    With the shortened interval for booster shots and the expansion of the vaccination program to children ages 5 to 11 years old starting this February, more Filipinos can avail of these life-saving doses. When approvals are available, the government also aims to expand vaccination to those aged 0 to 4 years old. All of these will enable the safe and full reopening of the economy, allow more Filipinos to work and earn a living, and restart all face-to-face learning.

22. ***We have put in place several game-changing reforms throughout the Duterte administration, and we will not slow down in these final months.*** We thank Congress for passing the Amendments to the Retail Trade Liberalization Act and the Foreign Investments Act. To complete the economic liberalization reforms, we reiterate the urgent need to finalize the bicameral conference approval and passage of the Amendments to the Public Service Act before Congress adjourns this February. This landmark legislation will open up key sectors, including telecommunications and transportation, to foreign investments subject to necessary safeguards. By doing this, it will create more meaningful employment opportunities, enhance innovation, lower prices, and improve the quality of goods and services for all Filipinos.

[26] National COVID-19 Vaccination Dashboard, Department of Health website
[27] 10 January 2022 President Rodrigo Roa Duterte's Talk to the People. Accessed from: *https://web.facebook.com/ntfcovid19ph/videos/3073137046261015*

23. ***As we recover, we need to improve our productivity and innovate to ensure that our development goals are inclusive and sustainable.*** The implementation of the Philippine Innovation Act will improve innovation governance, create a culture of futures planning to achieve the country's long-term innovation priorities, and provide support to Filipino innovators. This will be crucial in reaching an upper-middle income country status, and sustaining our growth to attain high-income country status in one generation.

24. ***Timely implementation of the government's national budget for 2022, along with faster utilization of the extended 2021 budget, will support economic recovery in the near term.*** The proposed FY 2022 Budget amounting to PHP 5 trillion will sustain the government's COVID-19 response efforts through the procurement of vaccines, continuous hiring of human resources for health, establishment of the Virology Institute of the Philippines, and continuous implementation of the National Health Insurance Program, among other strategic priorities such as infrastructure development.

25. ***The current broad policy directions are expected to be maintained post presidential election in 2022.*** This will be similar to the policy continuity demonstrated during the previous elections, bolstered by Executive Order No. 5, series of 2016, which officially adopted the AmBisyon Natin 2040 as the country's long-term vision, and mandates this to be the guide for medium-term development planning across at least four political administrations.

26. ***Close monitoring of the finalization and implementation of devolution transition plans (DTP) and the capacity development of local government units (LGUs) is key in light of the Mandanas Ruling.*** The effective implementation of the DTPs will ease pressure on the national government's fiscal space and ensure standards for the delivery of devolved services. Strategic communications and strong engagement of stakeholders will also be crucial in increasing LGU accountability.

27. ***We need to implement proactive policy measures to mitigate supply-side pressures on food prices.*** As meat remains among the main contributors to overall inflation, temporary pork importation measures, through the increased minimum access volume (MAV) and reduced tariff rates, may be extended to December 2022. The distribution may likewise be expanded to targeted areas outside of the National Capital Region Plus areas. Temporary importation measures will augment the supply of pork, while complementing the catch-up of domestic production. There is also a need to pursue measures to help improve the efficiency and competitiveness of the value chains for the livestock, poultry, and dairy sectors.

We strongly support the proposed livestock development and competitiveness bill to help improve the efficiency and competitiveness of the whole value chains for the livestock, poultry, and dairy sectors. Preliminary Senate hearings have been held to propose a measure that is more responsive to the needs of these sub-sectors, especially to improve the productivity and incomes of backyard raisers, and to address high prices of these products. We look forward to continuously working with our legislators to ensure the passage of a bill that will not only help improve agricultural productivity and increase the income of farmers, but will also address food security and lead to more affordable prices of protein-rich food for all 110 million Filipinos.

Meanwhile, on January 18, 2022, the Department of Agriculture (DA) has signed a Certificate of Necessity to Import (CNI) 60,000 metric tons (MT) of small pelagic fish (*e.g., galunggong,* mackerel, and bonito) to address supply gaps brought by the closed fishing season and damage from Typhoon Odette on the fisheries sector.[28]

28. ***It is essential that we strengthen the country's resilience to natural disasters, climate change, and future pandemics.*** Climate and disaster risk mechanisms need to be integrated in government plans, programs and

[28] *https://www.da.gov.ph/da-sees-necessity-to-import-60k-mt-of-fish-in-first-quarter-of-2022/*. Accessed on 24 January 2022.

projects, particularly on the adoption of climate- and shock-resilient technologies. Moreover, enacting a pandemic flexibility bill will fill in the gaps of the Philippine Disaster Risk Reduction and Management Act, particularly in response to future public health emergencies. The current pandemic has shown how budgetary and financial flexibility, national and local government policy alignment, electronic transactions, availability of manpower reserves (*e.g.,* healthcare workers, contact tracers, social workers), and health infrastructure are necessary to hasten implementation of health and social protection measures.

29. ***The resumption of limited face-to-face classes will mitigate the long-term impact of the pandemic on human capital development.*** DepEd had earlier reported good practices emerging from the pilot face-to-face classes since the start of its implementation in November 2021, both in learning delivery and in health and safety measures.[29]

30. ***On the external front, the Regional Comprehensive Economic Partnership (RCEP) needs to be prioritized to maximize the gains arising from this agreement.*** Led by the Department of Trade and Industry (DTI), the government's economic team has requested for the President's approval to certify the RCEP ratification as urgent for the Senate's concurrence.[30] Further delays in ratification may divert investments away from the country. Advocacy and information campaigns on utilizing the preference may also be undertaken to prepare exporters and producers to take advantage of the lower tariffs.

---

[29] *https://www.deped.gov.ph/2022/01/12/deped-reports-emerging-good-practices-in-first-month-of-pilot-face-to-face-classes*. (Accessed 24 January 2022)

[30] Economic team urges PRRD to certify RCEP ratification as urgent. Retrieved from: *https://www.pna.gov.ph/articles/1165700*. Accessed on 24 January 2022.