

CHAPTER 1

Accelerating and Sustaining Social and Economic Recovery

President Rodrigo Roa Duterte began his term by adopting a vision where Filipinos enjoy a *matatag, maginhawa* at *panatag na buhay*, alongside his administration's zero to ten-point socioeconomic agenda. Accelerating and sustaining economic growth was important; beyond this, many reforms needed to be in place to ensure that the growth is inclusive and that it enables every Filipino to achieve his or her aspirations.

In the past five years of the Duterte administration, game-changing policy reforms and programs that could result in long-lasting changes have been put in place. These reforms were clearly intended to be the foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. While the COVID-19 pandemic has set back a number of the gains, additional reforms were set in motion even amidst the pandemic.

The pandemic has certainly entailed major disruptions and forced the world to rethink the way things are done. While the fact that we now live in a volatile, uncertain, complex, and ambiguous (VUCA) world has been talked about, it has never become more real and felt than when the pandemic struck. In this light, the Socioeconomic Report (SER) 2021 pays due attention to the impact of major disruptions like the pandemic especially on ordinary people's lives. Correspondingly, the SER contains recalibration of strategies under the Philippine Development Plan (PDP) 2017-2022 to ensure that government programs and policies are responsive to people's needs and aspirations, as well as to new developments or emerging trends.

In the last year of the Duterte administration and the transition to a new regime, the government will need to sustain efforts to end the pandemic and navigate towards a new and better normal. The SER 2021 highlights the need for more reforms to further increase the country's potential for economic growth and greater inclusivity. In the transition year 2022, there is a need to focus on: 1) accelerating and sustaining social and economic recovery; 2) building resiliency; and 3) developing agility. The latter two are meant to ensure that the country can bounce back quickly in the event of another crisis.

Social and economic recovery is about getting back to pre-pandemic levels of economic output, and optimizing that economic performance to bring the country back its our pre-pandemic economic growth path. The Duterte administration has already put in place the foundations for inclusive economic growth. The smart strategy, therefore, for economic recovery is to build on these foundations, while addressing weaknesses that multiplied our difficulties and hindered the effectiveness of the government's response to the pandemic.

In addition, as in any recovery plan, it is important to begin with a rapid appraisal to determine the adverse effects of the country's pandemic experience. The government needs to formulate a catch-up plan promptly to address social and economic scarring, if any.

Building resiliency is about reducing exposure to risks and mitigating the impact in case the risk materializes.

Building resiliency requires new routines and early warning technologies that compel us to be attentive to the most significant risks. These systems, as well as our knowledge of the limits of private capabilities and gaps in insurance coverage should be the basis of well-calibrated public action. This requires vigilant surveillance of all possible sources of risks and their consequences, with data coming from various sources, which will then be compiled and analyzed using state-of-the art data analytics. We must accompany this with a protocol for classifying risk level and responding accordingly.

Mitigating the adverse impact of a crisis is about re-gaining or improving from the pre-crisis quality of life. The key to having an effective mitigation mechanism is a buildup of sufficient resources—such as in the form of savings, assets, food reserves, and insurance. Meanwhile, the means to an efficient mitigation mechanism is to enable individuals, families, and local government units (LGU) to build up these reserves. But for those who do not or are unable to build up reserves or buy insurance, the government then needs to implement a social protection mechanism with a system for targeting, accounting, and auditing.

Developing agility is about improving our ability to anticipate and decide swiftly. In a VUCA world, stimuli or shocks can be numerous and can come from various fronts: a novel virus or disease, geopolitical tensions, financial crisis, climate crisis, and technological breakthroughs, among others. An agile response to shocks in a VUCA world requires a collective effort of experts from several disciplines. Developing agility prepares one to anticipate and respond well to unforeseen stimuli or shocks.

The COVID-19 experience showed the importance of agility or organizational speed and nimbleness in responding to the pandemic. When the pandemic struck, resources had to be freed up, budgets were updated, agencies broke through silos, some rapid feedback mechanisms were set up, and adjustments were made. However, frontline workers and citizens encountered logistical difficulties and confusion as new standards and routines were not quickly and clearly communicated. Learning our lessons, it is important to introduce and encourage innovations that will make interactions between and among public institutions—from national to local—and private sector fast, nimble, and smart to be responsive to fast-changing circumstances.

Economic and social recovery, resiliency, and agility must be incorporated into the Budget Priorities Framework and must also form part of the goals of action plans as the government prepares for the next PDP. This first chapter of SER 2021 discusses the major foundations that have been laid down by the Duterte administration for inclusive growth, a high trust and resilient society, and a globally competitive knowledge economy. The discussion already embeds recommendations to quickly build on these foundations. This is followed by a short introduction of the National Action Plan Phase 5, being formulated by the National Task Force (NTF) against COVID-19. The chapter then concludes with the proposed priority development themes for the next PDP.

The rest of the chapters report on recent trends and prospects, progress made in terms of the targets in the Updated PDP 2017-2022, and the strategies and actions that need to be implemented.

FOUNDATION FOR ECONOMIC GROWTH

Macroeconomic stability. The PDP 2017-2022 included policies and programs for macroeconomic stability, strategic trade and fiscal policy, and competition. These are intended to ensure sound macroeconomic fundamentals.

The Tax Reform for Acceleration and Inclusion or TRAIN Law corrected the inequity of the tax system by reducing personal income taxes while broadening the tax base. The net fiscal effect is higher revenue, which allowed the increase of budget allotted to both infrastructure and social development.

Various expenditure management reforms, such as cash-based budgeting have also been introduced to address underspending while ensuring the effective and efficient delivery of public services. These reforms were instrumental to the country's credit rating improvement to BBB+, the highest rating it has achieved so far. In turn, this enabled government to draw on affordable financing for a massive social assistance package during the COVID-19 pandemic.

Even as government continues to mitigate the effects of the pandemic, the big challenge now is to maintain sound macroeconomic fundamentals, especially given the increased fiscal spending to fund the COVID-19 response amounting to 5.0 percent of 2020 gross domestic product (GDP)¹, and to address the economic contraction of -9.5 percent GDP growth in 2020. The economic team is recommending a package of fiscal consolidation strategies, consisting of a mix of growth-enhancing, revenue-increasing, and expenditure-rationalization measures. A few will require legislation but most only need executive action for these to be implemented immediately.

Increasing investments. Very recently enacted are amendments on laws governing foreign investments. These are amendments to the Foreign Investments Act (FIA, Republic Act No. 11647), the Retail Trade Liberalization Act (RTLTA, RA 11595), and the Public Service Act (PSA, RA 11659). Primarily, the amendments are intended to attract more foreign investments by relaxing foreign equity restrictions. More importantly, RA 11659 is expected to bring in more competition in strategic industries, like telecommunications, transport, and logistics, as soon as the law's implementing rules and regulations (IRR) and the corresponding sector regulations are issued. The improved and more affordable services, in turn, are expected to boost the overall competitiveness of the economy and enhance quality of life.

But to manifest the intent of these laws and realize the benefits, executive departments, especially the regulatory agencies, must ensure that their regulations and protocols are aligned accordingly.

Another measure that is expected to increase investments is RA 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE). The law provides immediate fiscal relief to domestic and foreign businesses in the Philippines by reducing the corporate income tax rate. At the same time, the investment incentive regime has been rationalized, with clear preference for investments to be placed outside of the National Capital Region (NCR), and to sectors covered by the Strategic Investment

¹ International Monetary Fund (IMF) Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic as of October 2021. <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19>

Priority Plan. This will need to be complemented by a business-friendly environment, especially in the prospective LGU destination.

Improving physical infrastructure. The government has embarked on an ambitious Build, Build, Build (BBB) program, which increased spending for infrastructure from 3.9 percent of GDP in 2016 to 5.8 percent in 2021, based on actual disbursement, and 4.5 percent² in 2022. In terms of count, Luzon (excluding NCR) has the greatest number of Infrastructure Flagship Projects (IFPs) with 30 (26.%), closely followed by NCR with 29 projects (25.9%), out of a total of 112 projects. Meanwhile, in terms of cost, Luzon also has the highest amount with PHP3.20 trillion, followed by NCR with PHP639 billion.

The BBB program is not yet completed. There are several projects still for completion in the coming years and there are other projects that remain in the project development pipeline. There may be revisions in project costs, which will require a re-appraisal. Re-prioritization may also be needed, with the expected tighter fiscal space. Despite these challenges, the government needs to sustain the BBB program to secure the economic and social benefits it promises to deliver—from the jobs generated during the construction phase, but more importantly, the better access to opportunities created once the infrastructure projects are completed.

Fostering a competitive business environment. As countries reel from the economic impact of the pandemic, competition policy has become even more crucial to guide decisions and strategies in boosting market efficiency. Administrative Order No. 44, s. 2021 (AO 44) issued on October 20, 2021 directed the adoption and implementation of the National Competition Policy. All government instrumentalities are mandated to: 1) adopt pro-competitive policies and interventions; 2) foster a level playing field between public and private sector businesses; and 3) assist the Philippine Competition Commission (PCC) in enforcing the Philippine Competition Act (PCA).

To fully implement AO 44, the government needs to conduct capacity building programs on competition policies, including the PCA.

FOUNDATION FOR INCLUSIVE GROWTH

Improving food accessibility and agricultural productivity. The Rice Tariffication Law (RTL), which replaced the quantitative restrictions on imported rice with tariffs, has improved consumers' access to the country's staple food with lower and more stable prices of rice. Compared to the peak in October 2018³, the average retail price of well-milled rice and regular milled rice decreased by PHP7.44 and PHP8.23 per kilo, respectively.⁴ These correspond to a 14.62 percent and 17.56 percent reduction in prices. At the same time, the RTL has enhanced farmers' productivity with the creation of the Rice Competitiveness Enhancement Fund (RCEF) to support programs on farm mechanization, seed development and distribution, credit expansion, and extension services. The RCEF programs, which complemented the interventions under the National Rice Program, contributed to the record-high production of almost 20

² Based on the revised PDP target for 2022, consistent with 2021 BESF.

³ Retail prices of well-milled rice and regular milled rice in October 2018 were at PHP50.90 and PHP46.87 per kilogram, respectively.

⁴ As of October 2021 data from the Philippine Statistics Authority.

million metric tons (MT) in 2021. Based on the Q4 2021 DA-PhilRice survey⁵, the integrated implementation of all RCEF programs increased the yield to 4.47 MT per hectare in the 2021 wet season from the 2019 baseline of 3.69 MT per hectare. This translates to an increase in gross revenue of PHP11,700 per hectare for rice farmers.

Increasing productivity and building resilience are critical issues for other agricultural commodities as well, including fish and livestock. Noting that these are the basic building blocks to achieving food security, interventions in the form of policies and programs should adopt the farm-to-plate framework and must be targeted and results-oriented, using indicators such as farmer's profits, adequacy of supply, affordability, and nutrition quality.

Expanding digital infrastructure. The Free Internet in Public Places Act aims to provide free, secure, and reliable internet service in public places across the country. Prior to this, the National Broadband Plan (NBP) was approved in 2017, which called for the government to also initiate investments in broadband infrastructure to complement private sector efforts in the delivery of universal, fast, and reliable broadband internet services to enable the shift towards a more digital economy. These are critical initiatives to bridge the digital divide and ensure that no one is left behind even while we transition to the new normal.

To further expand the coverage of the digital infrastructure, the government enabled the entry of a third telecommunications provider. DITO Telecommunity began its commercial operations on March 8, 2021, following the approval of its franchise.⁶ As of December 18, 2021, DITO Telecom achieved its 2021 target of five million subscribers.⁷ As of end-2021, DITO has coverage in Metro Manila and 44 provinces and major cities across the country.⁸

The next step is to further increase the digital infrastructure. While the amended PSA is expected to bring in more investments in digital infrastructure, there is still a need to address the digital divide. This may come by way of policies and government undertakings that might enable and direct private investments to the underserved areas. However, this may also be supported with direct public investments in digital infrastructure in currently underserved areas.

Enactment and Implementation of the Telecommuting Act. The enactment of the Telecommuting Act laid out the necessary legal framework to support telecommuting. The application of this law was maximized during the pandemic. In April 2020, the number of establishments implementing Flexible Working Arrangements (FWAs) reached 15,791, registering a 250 percent increase from March 2020. Meanwhile, establishments that specifically implemented telecommuting increased by 300 percent month-on-month (m-o-m) in April 2020. By the end of 2020, a total of 62,857 firms have adopted FWAs and 1.4 percent (or 872) of these implemented telecommuting. Most of these establishments are in the services sector (other services, accommodation and food, and retail trade).⁹

⁵ Presented during the 14th meeting of the RCEF Program Steering Committee on 01 April 2022.

⁶ The House of Representatives and the Senate approved the 25-year franchise of DITO Telecom on 24 August 2020 and 24 March 2021, respectively. On 18 May 2021, the President signed Republic Act No. 11537 extending DITO Telecom's franchise for another 25 years from its expiration on 24 April 2023.

⁷ <https://www.rappler.com/business/dito-telecommunity-users-december-18-2021>

⁸ <https://dito.ph/network-coverage>

⁹ Data on the establishments which resorted to Flexible Working Arrangements (FWAs), including telecommuting are based on the DOLE Job Displacement Reports.

Improving human capital. The impact of the pandemic and the attendant COVID-19 response measures on people's health, education, and overall well-being can be felt over many years and can affect the quality of present and future workforce. Even without the pandemic, there has been much to catch up on in terms of human capital development.

Education: The first senior high school cohort started during the Duterte administration in 2016. The following year, tertiary education in state universities and colleges were provided for free. The Universal Access to Quality Tertiary Education Act (UAQTE) was enacted in 2017. Implementation of free higher education began in Academic Year (AY) 2018-2019 which benefitted almost 1.2 million students in state universities and colleges (SUC) and Commission on Higher Education (CHED)-recognized local universities and colleges. As a result, enrollment in higher education, and technical-vocational education and training (TVET) increased to 1.6 million in AY 2020-2021.¹⁰

During the COVID-19 pandemic, face-to-face classes were suspended. Instead, learning was delivered using online classrooms, giving out printed modules, or a blended method combining the two modes of delivery. Access to the online delivery of instruction was severely limited by the low coverage and poor quality of digital connectivity. A study covering United States (US) students revealed that online learning is only 52 percent as effective as face-to-face learning. Adjusting this percentage by the performance of the Philippines in the 2018 Programme for International Student Assessment (PISA) relative to the US, NEDA estimates that the loss due to the suspension of face-to-face classes amounts to PHP11 trillion over the next 40 years without in-person learning, as each year of lost learning reduces future incomes of learners.

Going forward, there needs to be an aggressive plan to catch up on learning losses. The Department of Education (DepEd), CHED, and Technical Education and Skills Development Authority (TESDA) will require additional budget for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) to conduct remedial classes. Additionally, schools must be upgraded and learning systems must be developed for online learning. Necessarily, students will need to have access to reliable digital infrastructure.

Nutrition: The United Nations Children's Fund (UNICEF)¹¹ has labeled the first 1,000 days of a child as the brain's window of opportunity when cognitive skills develop dramatically, but this depends on the child's health and nutrition status during this time. RA 11148, or the *Kalusugan ng Mag-Nanay Act*, was enacted in November 2018 specifically to improve the delivery of essential services during the first 1,000 days of the child.

In 2020, the National Nutrition Council (NNC) began implementing *Tutok Kainan* in selected LGUs. *Tutok Kainan* is a dietary supplementation program for children 6-23 months and nutritionally-at-risk pregnant women. Its implementation during the COVID-19 pandemic only demonstrates the resolve of the government to ensure the well-being of the next generation of Filipinos.

¹⁰ Source: CHED-UniFAST

¹¹ <https://www.unicef-irc.org/article/958-the-first-1000-days-of-life-the-brains-window-of-opportunity.html>

The next step is to conduct a comprehensive evaluation of the project for possible expansion and replication, as this is one of the programs to be developed by NNC to LGUs. In addition, a service continuity plan is needed in the likely event that some mobility restrictions may have to be imposed.

Reintegration and Repatriation Programs for Overseas Filipino Workers (OFW). The government provided assistance to OFWs who were displaced due to the pandemic. From March 2020 to September 2021, 1.437 million overseas Filipinos were processed for repatriation through One Stop Shops. Moreover, from March 2020 to August 2021, 120,903 OFWs were provided with livelihood assistance and 134,602 OFWs were provided with training assistance.

FOUNDATION TO BUILD A HIGH-TRUST SOCIETY

Enactment and implementation of the Philippine Identification System (PhilSys) Act. The PhilSys Act was enacted in late 2018 and is intended to establish a single identification system for all citizens and resident aliens in the Philippines. Equally important, the Philippine Identification (PhilID) card will then be utilized to promote seamless service delivery, enhance administrative governance, reduce corruption, strengthen financial inclusion, and promote ease of doing business.

As of December 31, 2021, more than 52.8 million individuals have completed registration Steps 1 and 2 (demographic data collection biometrics capture), while 4.8 million have completed the Step 3 of the registration process (distribution of PhilID cards). In addition, more than 7 million PhilSys registrants applied for opening of bank account in LANDBANK, which co-locates in the registration centers. Executive Order No. 162, s. 2022 has recently been issued to “institutionalize the acceptance of the PhilID and PhilSys Number (PSN), as authenticated, as sufficient proof of identity and age in all government and private transactions.” To implement EO 162, frontline government agencies need to **reconfigure their databases and systems to recognize the PhilID and PSN**, especially the agencies that maintain registries for various government programs.

Enactment and Implementation of the Ease of Doing Business and Enhanced Government Service Delivery (EODB-EGSD) Act. The law created the Anti-Red Tape Authority (ARTA) under the Office of the President (OP) to oversee the harmonization and mainstreaming of various government processes that govern business-to-government and citizen-to-government transactions.

A major program of ARTA is the National Effort for the Harmonization of Efficient Measures of Interrelated Agencies (NEHEMIA). This aims to reduce time, cost, requirements, and procedures in sectors of economic and social significance by 52 percent within 52 weeks. The first phase covers common towers and connectivity (from 241 to 16 days), housing (obtaining building permits from 120 to 3 days for simple construction projects, 7 for complex, and 20 for highly technical projects), food and pharmaceutical (from 63 to 21 days), logistics (from 271 to 35 days), and energy sectors.

One of the major accomplishments of NEHEMIA is the Central Business Portal (CBP) that serves as a single window for all business-related information and transactions. It allows business applicants to register their businesses in just one step in less than a day, as compared to the previous manual process

with 13 steps that took up to 33 days to complete. The CBP is complemented by the Integrated Business Permits and Licensing System (iBPLS), which is a platform that enables electronic application and processing of business permits, building and occupancy permits, barangay clearance, and e-payment. There are 377 LGUs that are implementing the iBPLS module on business permit, 48 LGUs on barangay clearance, 11 LGUs on building permit and certificate of occupancy, and 5 LGUs utilizing e-payment. Of these, 267 LGU iBPLS have already been linked to the CBP while 17 have been integrated.

ARTA also developed a manual on Regulatory Impact Assessment (RIA) to provide guidance and information on the tools, processes, and procedures for appraising the potential impact of proposed regulations. The objective is to help government agencies design sound and effective regulations that provide the most benefit for citizens and stakeholders without causing any undue burden or cost.

The government needs to sustain efforts to ease business-to-government and citizen-to-government transactions. As with the previous initiatives, this will entail digitalization of more government processes and the acceptance of digital documents.

Peace initiatives. The Duterte administration has successfully negotiated peace agreements with all internal armed groups and is currently implementing these agreements.

The Bangsamoro Organic Law (BOL) provided for the establishment of the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) and for the Bangsamoro Government to be elected after a transition period. During the transition period, the Bangsamoro Transition Authority (BTA) served as the interim government. RA 11593, signed into law on October 28, 2021, extended the transition period given the challenges in instituting reforms and complying with the expectations set in the BOL, aggravated by the impacts of the pandemic. With the passage of RA 11593, the BTA will be able to further undertake relevant functions necessary for the establishment of a fully functioning BARMM Government. These functions include the enactment of priority legislations, determination of parliamentary districts, organization of the bureaucracy, full transfer of powers and properties to the Bangsamoro Government, and disposition of personnel of the ARMM, among others.

Meanwhile, peace initiatives with the Communist group were pursued through the National and Regional Task Forces to End Local Communist Armed Conflict. These were implemented to free barangays from communist-terrorist groups (CTG), reintegrate former rebels, and spur socioeconomic development in these conflict-affected areas.

Amnesty is an integral component of the government's comprehensive peace efforts towards reintegration, social healing, and reconciliation among former rebels and the affected families and communities. For this reason, the National Amnesty Commission was created (EO 125, s. 2021), and several Proclamations granting amnesty to members of internal armed groups (Proclamation Nos. 1090, 1091, 1092, and 1093) were signed on February 5, 2021.

FOUNDATION TO BUILD RESILIENCE

Enactment and progressive implementation of the Universal Health Care (UHC) Act. RA 11223 was enacted in 2019 to increase financial risk protection, enhance health system responsiveness, and improve health outcomes. Every Filipino is automatically covered in the National Health Insurance Program with expanded benefits like the *Konsultasyong Sulit at Tama (Konsulta)*,¹² and updated policies on No Co-payment/No Balance Billing for Philippine Health Insurance Corporation (PhilHealth) Benefit Packages.¹³ Social insurance premium adjustments are due in 2022 to enable even better coverage for health contingencies and to further reduce out-of-pocket expenses of members,

Meanwhile, 58 LGUs or UHC Integration Sites (UHC-IS) declared their commitment to establish a province- and city-wide health system (P/CWHS). The Department of Health (DOH) has developed a menu of technical assistance and support for UHC IS¹⁴ and capacity building interventions¹⁵ to augment the capacity of the centers for health development (CHDs) and LGUs to implement UHC. In addition, DOH and the National Privacy Commission (NPC) issued guidelines on the use of Telemedicine in COVID-19 Response.¹⁶ DOH also issued rules and regulations¹⁷ to set the minimum standards and licensing requirements of primary care facilities in the Philippines.

The COVID-19 pandemic has amplified the weaknesses of our health systems, including the governance structure. Hence, it is urgent to fully implement the UHC, which includes improving health facilities and human resources for health.

Enactment and implementation of the 4Ps Act. RA 11310 institutionalized the *Pantawid Pamilyang Pilipino Program* (4Ps), which provides cash grants to qualified beneficiaries subject to their compliance to certain conditions. These conditions are intended to break the inter-generational cycle of poverty by ensuring that the children receive healthcare and attend school. The enactment of the law provided certainty in program funding.

As of December 31, 2021, 4,091,590 household beneficiaries are covered under the conditional cash transfer (CCT) program.¹⁸ However, this group of beneficiaries is based on an outdated list. There is a need to update the CCT registry or the *Listahanan*, ideally in time for the implementation of the 2023 General Appropriations Act, especially amidst the COVID-19 pandemic. This will reduce targeting inefficiencies such as leakage and under-coverage for future subsidies.

Enactment and implementation of the Amended Social Security System (SSS) Act. The amended SSS Act included unemployment insurance as among the benefits of its members, which proved useful during the imposition of mobility restrictions. As of December 2021, the number of members provided with unemployment insurance benefits is 220, 443 since its implementation in 2019.

¹² PhilHealth Circular No. 2020-0002

¹³ PhilHealth Circular No. 2020-0024

¹⁴ DOH Memorandum No. 2021-0212

¹⁵ Includes creation of a UHC Implementers' Course, which aims to educate the policy implementers on the requirements, systems and tools available in strengthening the health system

¹⁶ Joint Memorandum Circular No. 2020-0001

¹⁷ DOH Administrative Order No. 2020-0047

¹⁸ Source: DSWD. Monthly Report on Pantawid Pamilya Implementation.

FOUNDATION TO INCREASE POTENTIAL FOR HIGHER GROWTH

Enactment of laws to promote the innovation ecosystem. Four landmark laws, recently enacted, will help promote a dynamic innovation ecosystem: (a) the *Philippine Innovation Act* which establishes the National Innovation Council (NIC) and elevates policy and planning on innovation to the highest levels of government; (b) the *Innovative Startup Act* which provides incentives, monetary, and operational support to innovative and technology startups to foster an innovative entrepreneurial culture; (c) the *Philippine Space Act* which provides the institutional framework to enable the country to reap the benefits from the development and use of space technologies; and (d) the *Balik Scientist Act* which further encourages Filipino experts, scientists, inventors, and engineers who are currently abroad to return and share their knowledge and expertise.

Establishment of Regional Inclusive Innovation Centers (RIICs). RIICs are a network of innovation agents that collaborate to commercialize market-oriented research towards the competitiveness of the region, thereby generating better employment opportunities and more entrepreneurial activities.¹⁹

As of end-2021,²⁰ there are 8 pilot RIICs,²¹ 9 local innovation programs launched, 5 innovation guidebooks, 5 RIICs with online platforms that have database of commercial technologies in the region, and 6 RIICs implementing innovation for business recovery (IBR).²² Further, over 100 Micro, Small, and Medium Enterprises (MSME) have been assisted through IBR activity, research and development (R&D) ideation workshops and industry-academe partnerships, 43 SUCs tapped in RIIC-facilitated activities and program, 9 industry-academe R&D projects in development, 5 technologies adopted by MSMEs, and 8 Local Grants-In-Aid (LGIA) funded industry-academe R&D project.

There is a need to expand these RIICs to other regions of the country and serve as convening platforms in the implementation of the National Innovation Agenda and Strategy Document (NIASD).

Issuance of EO 12 on the Strict Implementation of The Responsible Parenthood and Reproductive Health (RPRH) Act within the broader objective of realizing the demographic dividend of having a young, economically active population. DOH prioritized the following strategies to reduce unmet need: 1) post-partum family planning (FP, facility and community based); 2) outreach missions; 3) demand generation; 4) stock-out reduction; and 5) public sector availability of FP commodities. These are implemented with other government agencies, LGUs, development partners, and civil society organizations (CSO). In addition, a National Family Planning Communication Strategy 2020-2022 was developed to increase FP use among sexually active young people and post-partum women, among others. As a result, modern contraceptive prevalence rate among all women of reproductive age women (15-49 years old) gradually increased from 25.3 percent in 2017 to 27.4 percent in 2019.²³

¹⁹ <https://innovate.dti.gov.ph/programs/riics/>

²⁰ Based on the information provided by DTI (as of May 2022)

²¹ SHINE Cagayan Valley (Region 2), THRIVE Central Luzon (Region 3), LINC CALABARZON (Region 4A), BRIDGE Bicol (Region 5), Startup Island (Region 7), ZamPen InnoHive (Region 9), OROBEST (Region 10), ILIGANICE (Region 10), iSTRIKE Davao (Region 11)

²² A program designed to present a menu of options for micro, small and medium enterprises (MSMEs) through potential partners such as HEIs, startups, government partners and financial institutions to help MSMEs recover and ensure continuity of operations amidst the pandemic.

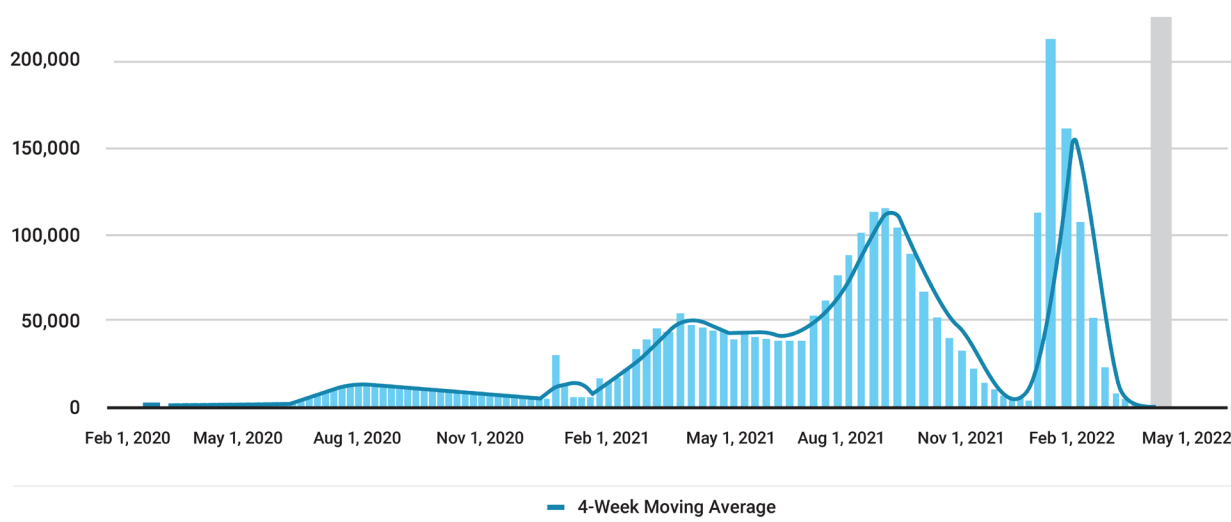
²³ Field Health Service Information System (FHSIS) data on mCPR does not show “true” prevalence but FP service statistics provided by public health facilities.

DepEd Order No. 31 s. 2018 “Policy Guidelines on the Implementation of Comprehensive Sexuality Education (CSE).” DepEd developed Detailed Lesson Plans (DLPs) for teachers integrating CSE key concepts and messages to the different learning areas. They also trained public school teachers in select regions (CALABARZON, VII and XI) on CSE.²⁴ This was then followed through by capacity building sessions on the enhanced CSE curriculum along with a Baseline Assessment of Capacities in Teaching CSE in three pilot Regions (I, VII, and XI).²⁵ DepEd also developed a CSE Primer for Parents and guardians that will serve as job aid for teachers to introduce the basic concepts of CSE to parents and guardians during school meetings. The DepEd, DOH, and the Commission on Population (POPCOM) also launched the Convergence of the CSE and Adolescent Reproductive Health Program in 2021 that is part of the whole-of-government response to address the high level of adolescent pregnancies and other reproductive health issues among young people.

ENDING THE PANDEMIC AND RECOVERING FROM ITS IMPACT

The first case of COVID-19 in the Philippines was recorded in late January 2020. Since then, there have been at least three episodes of COVID-19 waves, the highest being observed in January 2022 at around 40,000 cases in a day. This occurred three weeks after the case numbers had been very low.

Figure 1.1 Weekly Cases by Date of Onset of Illness



Note: There are still 698,429 cases with unreported date of onset of illness and date of specimen collection.

The Philippines’ COVID-19 response is summed up as PDITR+V (Prevent, Detect, Isolate, Treat, Reintegrate, and Vaccinate). Mobility restrictions were first implemented region-wide, then shifted to province- or city-wide in May 2020. Beginning October 2021, there was shift to granular lockdowns (GL). The GLs were accompanied by capacity restrictions in establishments or activities in the 3Cs (crowded, closed spaces, closed contact activity).

²⁴ DepEd Memorandum, DM-CI-2020-00237 “National On-line Training of Teachers on the Integration of CSE in the K to 12 Basic Education Curriculum
²⁵ Ibid.

Figure 1.2 Annual Gross Domestic Product (in current prices)

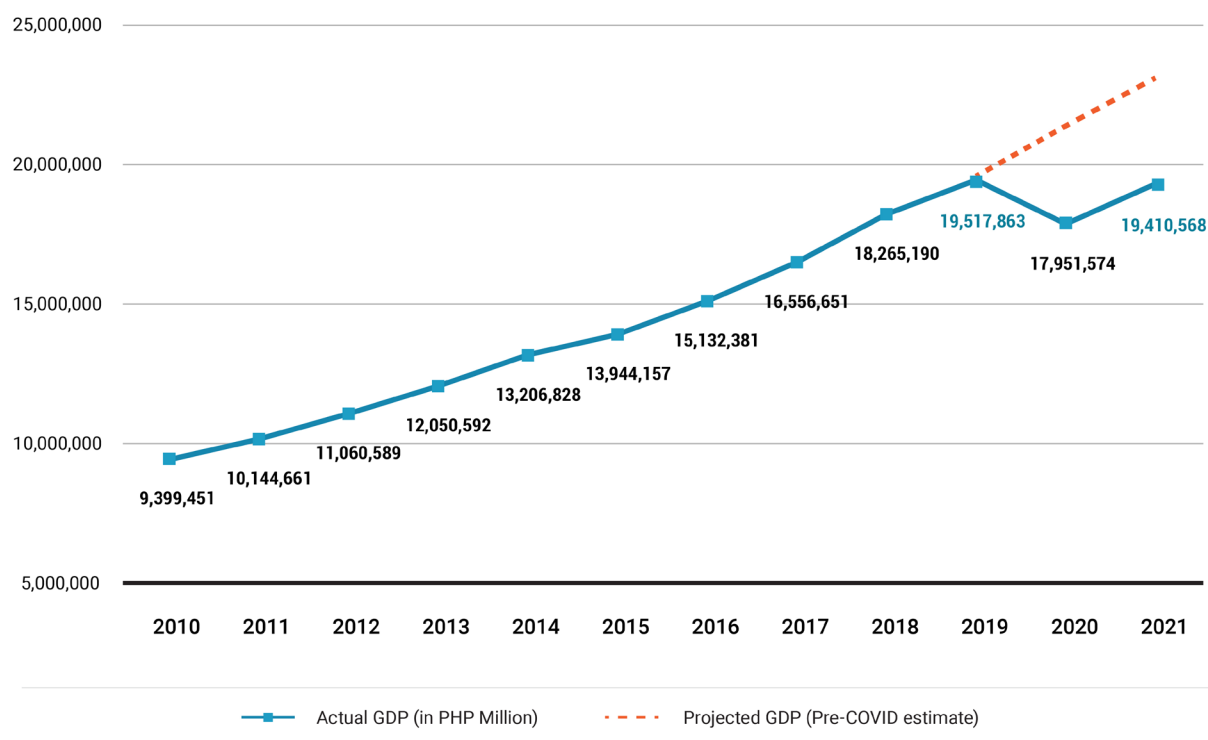


Figure 1.2 shows the economic impact of these mobility restrictions, including the gradual recovery coinciding with the easing of mobility restrictions. We see that the full year (nominal) GDP for 2021 was 99.5 percent of what it was in 2019. There have been social and economic losses over the past two years that need to be addressed.

NATIONAL ACTION PLAN PHASE 5 (NAP5)

Focusing on health and economic recovery, the National Task Force (NTF) against COVID-19 initiated the formulation of NAP5.²⁶ This is intended to guide government instrumentalities to transition from Alert Level 1 to a situation where COVID-19 is considered an endemic disease—where the country can return to normalcy but with caution. At the same time, NAP5 calls for the formulation and implementation of a catch-up plan to address possible social and economic scarring.

From a situation where government imposes the rules on minimum public health standards and mobility, NAP5 aims for a situation where individuals take responsibility for keeping themselves informed and protected against health threats. From a situation where anxiety over the health scare is compounded by anticipated and real financial stress, NAP5 aims to develop a plan to make individuals and businesses more resilient while building the capacity of health research and innovation.

²⁶ It must be noted that the NAP5 is still being finalized by the NTF, then to be approved by the IATF. Only a short introduction is given here.

Figure 1.3 Outcomes for a Healthy and Resilient Philippines



Figure 1.3 enumerates the outcomes desired to have a healthy and resilient Philippines and lists the strategies to realize these.

The implementation of the NAP5 will require public investments to: 1) increase health system capacity (health care facilities, equipment, testing kits and paraphernalia, procurement and/or manufacturing of medicines and vaccines, human resources for health, biosurveillance, health information systems, etc.); 2) repair structures to ensure proper ventilation; 3) accelerate digital transformation; 4) increase capacity for science, technology, and innovation; 5) enhance social protection programs; and 6) implement other programs that build resiliency and develop agility of individuals, businesses, civil society and government.

SUGGESTED PRIORITY THEMES FOR PDP 2023-2028

The next Philippine Development Plan must continue the reform agenda to enable and empower all Filipinos to enjoy a *matatag, maginhawa at panatag na buhay*. There is yet the unfinished business of the Duterte administration—the adverse social and economic impact of COVID-19 and the increasing likelihood of more risks and greater uncertainty in the future. Given this context, NEDA proposes the following priority themes: 1) regional equity; 2) smart infrastructure; 3) innovation; and 4) climate change adaptation and action.

Regional equity in opportunities is necessary for inclusive growth. The inequity in opportunities leads to inequity in outcomes. For instance, the national average life expectancy of Filipinos is 72.95 years, but this varies across regions. An individual born in 2010 is expected to live up to 75.19 years if born in NCR, but only up to 65.51 years if born in ARMM where access to services and development opportunities are much less than in NCR. This difference is expected to decline over time, but the impact of COVID-19 on life expectancy is still to be determined.

Smart infrastructure is the result of better planning with key result areas defined with respect to user experience. For instance, rather than reporting the kilometers of roads constructed, the time and cost for an average commuter or motorist to get from home to office should be addressed. Instead of the number of housing units built, it should be about communities re-settled. Instead of number of mobile subscribers, it should be about cost for a desired quality of service. At the minimum, this requires systems thinking and the conduct of regular user surveys.

“Innovation refers to the creation of new ideas that results in the development of new or improved products, processes, or services which are then spread or transferred across markets.”²⁷ Innovation is key to developing agility which, in turn, improves our chances of achieving *AmBisyon Natin 2040*, regardless of the challenges that may arise. It is important, therefore, that the innovations produce an inclusive, resilient, and sustainable society. Policies that encourage innovations must be accompanied by programs that hone the character qualities of innovators, and are informed by the needs of the MSMEs, especially those that serve the disadvantaged sectors of society.

Climate change is expected to gradually alter weather patterns, increase temperature, raise sea levels, and have other slow onset adverse impacts. The Philippines is one of the most vulnerable countries with respect to climate change.²⁸ The government has been preparing for this with the creation of the Climate Change Commission (CCC). However, capacities need to be increased. More climate experts working within various government agencies are needed. There is also a need to invest in mechanisms to monitor environmental quality and in regularly measuring the country’s natural capital so as not to be blindsided by climate trends and their social and economic impact.

²⁷ RA 11293 Section 3, g

²⁸ <https://niccdies.climate.gov.ph/climate-change-impacts#:~:text=Impacts%20of%20climate%20change%20in,as%20women%20and%20indigenous%20people.>

ABOUT THE SER 2021

The Socioeconomic Report (SER) 2021 is structured similar to the previous SER under the PDP 2017-2022, except in three respects: 1) inclusion of a new chapter on “Protecting the rights, promoting the welfare, and expanding opportunities for Overseas Filipinos;” 2) a depiction of alternative futures in Chapter 2, considering the combined effect of the digital divide (whether the divide is bridged or not) and the continued spread of COVID-19 and impacts of the ensuing restrictions (whether mobility restrictions will continue or not); and 3) for chapters 5 through 21, the “in-focus” section, which is a characterization of a persona²⁹ with his or her aspirations and current frustrations, mostly arising from the COVID-19-induced restrictions. The inclusion of such persona³⁰ serves as a reminder that strategies and interventions need to be human-centered and address realities on the ground.

Part I, including this chapter, provides the framework for SER 2021: environment scan covering the short term, alternative futures for the medium-term, the National Spatial Strategy, and the overall strategic framework.

Parts II-VI elaborate the strategies corresponding to each pillar of the PDP 2017-2022 Strategic Framework: *Malasakit, Pagbabago, Patuloy na Pag-unlad*, Enabling and Supportive Economic Development, Foundations for Sustainable Development, and International Migration. As previously stated, the inclusion of new or enhanced strategies was motivated particularly to address the personas characterized in each chapter.

²⁹ Not a real person or family and used for the purpose of illustrating the Filipinos’ aspirations and challenges faced with respect to the topic of the chapter.

³⁰ Not a real person or family but used for the purpose of illustrating the Filipinos’ aspirations and challenges faced with respect to the topic of the chapter.

