

CHAPTER 4

Philippine Development Plan: 2021 Headline Accomplishments

The COVID-19 pandemic entered its second year in 2021 and the country, like the rest of the world, had another full year of coping with or living with the virus. In 2021, we partially recovered from the initial devastation brought about by the pandemic. The reversal in our growth rate in 2020 resulted from stringent and widespread quarantines that severely affected key economic sectors and people's incomes and jobs. Gross Domestic Product (GDP) growth declined to -9.5 percent compared to 6.1 percent in 2019. In the fourth quarter of 2020, we began to gradually relax restrictions and managed risks better. By the first half of 2021, quarantine impositions became more targeted to areas with the highest risks while vaccination was pursued relentlessly. Targeted quarantine resulted in more effective and efficient delivery of social protection programs and allowed more businesses to operate and more Filipinos to resume work. Thus, we were able to achieve relatively high growth rates in the second to fourth quarter of 2021, resulting in a 5.7 percent growth rate in 2021.

2021 TARGETS AND ACCOMPLISHMENTS

For this Socioeconomic Report, we compared the 2021 headline accomplishments against the targets in the Updated Philippine Development Plan (PDP) which was approved by the NEDA Board on January 7, 2021. The updating process of the PDP had to be done twice. NEDA initiated the updating process in 2019 and by early 2020, the Updated PDP was about to be completed. However, when the pandemic struck in early 2020, NEDA decided to postpone its release and revisit the whole PDP update. Given the pandemic, it was imperative to review the plan and integrate concrete strategies, interventions, and policy responses that would facilitate transition into the new normal, foster adaptive recovery, and build socioeconomic resiliency.

Some of the headline targets for 2021 and 2022 in the Updated PDP were revised downwards, taking into consideration the adverse impact of the pandemic in 2020, thus altering their envisioned trajectories. However, since updating the PDP was done during the second half of 2020, the targets for 2020 were maintained. The headline or core targets of the PDP reflect the higher-level goals of: (a) an inclusive society; (b) a high trust and resilient society; and (c) a globally competitive knowledge economy. Achieving these goals depends on how well the strategies and initiatives are implemented and the extent to which these effectively yield the intended sector and sub-sector outcomes.

While 2021 was a year of continuing challenges brought about by the pandemic, we saw that the adverse socioeconomic impact was cushioned by the reforms enacted before 2020 and the sustained macroeconomic performance in 2017, 2018, and 2019. These reforms are discussed in Chapter 1.

Economic growth. FY 2021 recorded a growth rate of 5.7 percent, which is below the 6.5 to 7.5 percent target for 2021. However, this exceeded the revised growth target, approved in December 2020, of 5.0 to 5.5 percent.¹ Had the pandemic not occurred, the Philippines would have become an upper middle-income country in 2020 due to the favorable growth in 2016 to 2019. The impact on per capita incomes is more pronounced as gross national income (GNI) per capita growth rate for FY 2021 is 0.4 percent against our target of 5 to 6 percent.

Poverty incidence. The 2021 target for reduction in overall poverty incidence is 15.5 to 17.5 percent, which implies that there would be no significant reduction in poverty incidence from the 16.7 percent poverty incidence in 2018. The full year 2021 poverty incidence results will be released in September 2022. However, the first semester results indicate a slight worsening of poverty incidence in 2021 compared to 2018. Overall poverty and subsistence poverty rates increased in the first semester of 2021 compared to the first semester of 2018. Food inflation in 2021 was recorded at 4.5 percent, which is above the target of 2 to 4 percent. This was mainly driven by supply constraints from the African Swine Fever. Top contributors to the high food inflation include meat, fish, and vegetables, which contributed 1.8 percentage points to full year headline inflation.

Human development. The 2021 Human Development Report, which is supposed to contain the 2020 human development indices (HDI), was not released by the United Nations Development Programme in 2021. Hence, assessment of 2020 target could not be completed. The combined 2021/2022 HDI report is expected to be released at the end of the second quarter of 2022.

Unemployment. Sustained improvement in employment levels from 2017 to 2019 suffered a setback in 2020 as mobility and operating restrictions were imposed on a number of sectors, resulting in an increase in unemployment rate of 10.3 percent and 2.58 million employment losses in 2020. Employment levels recovered in 2021, with a decrease in unemployment rate to 7.8 percent and a total of 4.61 million employment generated. Likewise, youth unemployment worsened in 2020 but improved in 2021 at 15.1 percent, which is within the target band of 14.5 to 16.5 percent. Similarly, underemployment, particularly in areas outside the national capital region, improved to 16.7 percent in 2021, achieving its target for the year.

Innovative society. Improvement of the country's rank in the Global Innovation Index (GII) in 2019 and 2020 was not sustained in 2021, where the Philippines ranked 51 out of 132 economies. The end-of-plan target is for the country to be within the top one-third of all economies (rank 44 and above). The country's rank in the GII infrastructure pillar pulled down the overall rank in 2021. This means that there is a need to improve the country's ICT access and use.

¹ In August 2021, the Development Budget Coordination Committee (DBCC) revised its growth assumptions for FY 2021 to 4.0 to 5.0 percent in light of the re-imposition of stricter mobility restrictions to effectively address the heightened risks brought by the COVID-19 Delta variant. Though these assumptions were readjusted upwards to 5.0 to 5.5 percent in December 2021 given the continued easing of restrictions and increasing mobility, they remain below the PDP target of 6.5 to 7.5 percent for FY 2021.

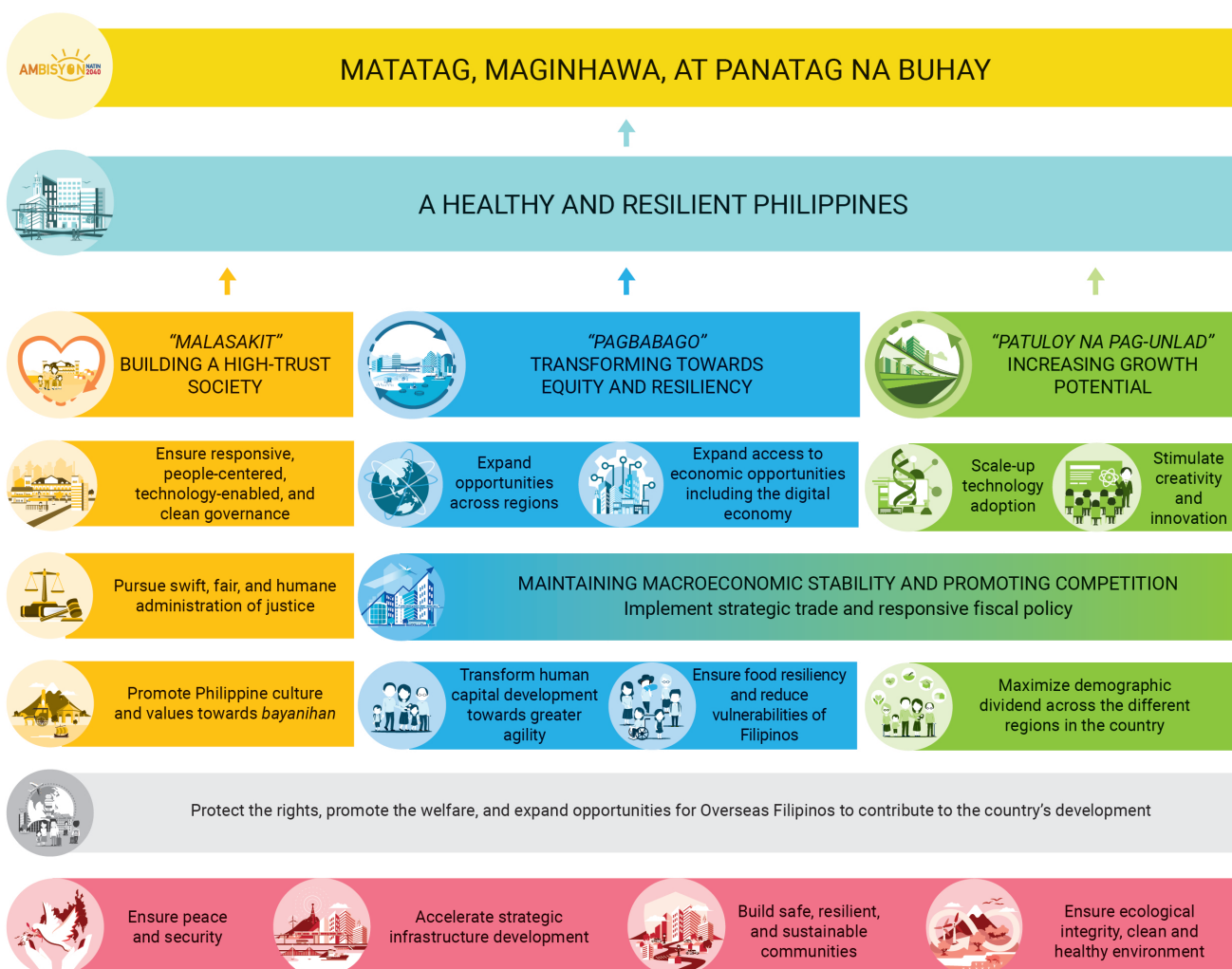
STRATEGIC FRAMEWORK

The thematic and sectoral accomplishments will be presented in the succeeding 17 chapters of the Socioeconomic Report. Using the Updated PDP framework (Figure 4.1), each chapter contains an assessment of the accomplishments and challenges, a chapter strategic framework, and the corresponding strategies for 2022 and 2023.

The formulation of these strategies considered the global and regional trends and prospects and the critical uncertainties that were elaborated in Chapter 2. Four potential futures were considered and guided the development of the said strategies. In addition, every chapter includes a persona that manifests the frustrations over the past couple of years and aspirations for the future.

The strategies will be the basis for proposed programs, projects, and activities of the relevant government agencies as well as the required budgets.

Figure 4.1 Updated Philippine Development Plan 2017-2022 Strategic Framework



RESULTS MATRIX

Table 4.1. Headline Indicators Results Matrix

INDICATOR	Baseline (YEAR)	TARGETS				ACCOMPLISHMENTS			REMARKS
		2019	2020 ²	2021	2022	FY 2019	FY 2020	FY 2021	
GDP (growth rates) sustained	7.1 (2016) ^r	7.0 – 8.0	7.0 – 8.0	6.5 – 7.5	6.5 – 7.5	6.1	-9.5	5.7	
GNI per capita (growth rates) increased	4.5 (2015)	5.0	5.0	5.0 – 6.0	5.0 – 6.0	3.9	-12.7	0.4	
Poverty incidence (% of population) reduced ¹	23.5 (2015) ^r	-	-	15.5 – 17.5	-	N/A	N/A	-	H1 2018: 21.1% H1 2021: 23.7% Full-year 2021 to be released in September 2022
Subsistence incidence (%) reduced ¹	9.1 (2015)	-	-	5.0 – 7.0	-	N/A	N/A	-	H1 2018: 8.5% H1 2021: 9.9% Full year 2021 to be released in September 2022
Food inflation (%) kept stable	1.6 (2016) ^a	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	1.5	3.0	4.5	
HDI improved	0.701 (2015) ^r	Increasing	N/A	Increasing	N/A	0.718	TBD	TBD	
Unemployment rate (%) decreased	5.4 (2016) ^r	4.3 – 5.3	3.8 – 5.2	7.0 – 9.0	7.0 – 9.0	5.1	10.3	7.8 ^p	
Employment generated increased (count)	NA (2016)	900,000 – 1.1 Mn	900,000 – 1.1 Mn	2.4 – 2.8 Mn	1.0 – 1.2 Mn	1.27 Mn	-2.58 Mn	4.61 Mn ^p	
Youth unemployment rate (%) decreased	11.5 (Oct 2016)	9.8	9.2	14.5 – 16.5	20.5 – 22.5	12.9	19.4	15.1 ^p	
Underemployment rate (%) in areas outside NCR decreased	19.7 (2016)	17.4 – 19.4	16.9 – 18.9	16.0 – 18.0	15.7 – 17.5	15.1	17.3	16.7 ^p	
GII (rank) improved	74 out of 128 economies (2016)	Increasing	Increasing	Increasing	Top one-third	54 out of 129 economies	50 out of 131 economies	51 out of 132 economies	

^{r/} revised; ^{a/} adjusted; ^{p/} preliminary and may change

^{1/} No target/data since FIES is conducted every three years.

^{2/} The 2020 PDP targets set in 2016 were retained.

^{p/} Based on 2021 annual estimates released by PSA in May 2022