

# 04 Philippine Development Plan 2017-2022 Overall Framework





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The Philippine Development Plan (PDP) 2017-2022 is the first of four medium-term plans geared towards the realization of *AmBisyon Natin 2040*, the collective long-term vision and aspirations of the Filipino people for a *matatag, maginhawa, at panatag na buhay para sa lahat* (strongly-rooted, comfortable, and secure life for all). In the first three years of PDP implementation, critical reforms were put in place to ensure that development is steered to enable all Filipinos to attain their *AmBisyon* and that economic growth is inclusive and sustainable to improve quality of life. At the midterm of the Plan implementation, the world experienced the COVID-19 pandemic which will have an indelible effect on the socioeconomic development of the country. Thus, the PDP has been updated to build on the gains in recent years and consider the imperatives for recovery and adapting to the new and better normal state of affairs. Moving forward, the health and resiliency of Filipinos will be prioritized as the foundation for achieving *AmBisyon Natin 2040*.

## Updated Headline Targets

Core indicators and corresponding headline targets were identified to achieve the desired outcomes for the Plan period. Chapter 1 presented the accomplishment per core indicator vis-à-vis targets set during the preparation of the PDP. As discussed therein, accomplishments from 2017 to 2019 have been mixed – in most cases, targets were achieved in certain years, but fell short in others. In general, substantial accomplishments have been achieved towards a more inclusive growth, a high-trust and resilient society, and a globally-competitive knowledge economy. During the first half of the Plan period, key reforms have also been instituted which are expected to bear fruit in the succeeding years.

The immediate socioeconomic impact of the pandemic in 2020 is substantial. This will most likely spill over to 2021 and 2022. Taking this into consideration, some targets for 2021 and 2022 have been revised downwards. Since the updating of the PDP happened in the second half of 2020, the targets for 2020 were maintained. It is expected that a number of these targets will not be achieved

considering major disruptions in the programs, projects, and activities (PPAs) of the government and the private sector. Adaptive planning was done to prioritize urgent requirements to address the adverse impact of the pandemic.

The Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) created the Technical Working Group on Anticipatory and Forward Planning (TWG-AFP) to assess the impacts of the pandemic and the resulting community quarantine on various sectors of society and provide recommendations on rebuilding national confidence and adjust to the new normal. The resulting “We Recover As One” report of the TWG-AFP identified the immediate and critical PPAs of the different agencies in order to cushion the impact of the pandemic on the population, particularly the vulnerable sectors. It should also be noted that budgets of most government agencies were reduced in order to fund the immediate health and social protection requirements for the most affected sectors of the population.

**Table 4.1 PDP 2017-2022 Core Indicators and Headline Targets**

INDICATOR	BASELINE VALUE (YEAR)	PLAN TARGETS					
		2017	2018	2019	2020 <sup>2/</sup>	2021	2022
<b>GDP (growth rates) sustained</b>	7.1 (2016) <sup>r</sup>	6.5- 7.5	7.0-8.0	7.0-8.0	7.0-8.0	6.5-7.5	6.5-7.5
<b>GNI per capita (growth rates) increased</b>	4.5 (2015)	4.5	5.0	5.0	5.0	5.0-6.0	5.0-6.0
<b>Poverty incidence (% of population) reduced<sup>1/</sup></b>	23.5 (2015) <sup>r</sup>	-	17.3-19.3	-	-	15.5-17.5	-
<b>Subsistence Incidence (%) reduced<sup>1/</sup></b>	9.1 (2015) <sup>r</sup>	-	6.8	-	-	5.0-7.0	-
<b>Food inflation (%) kept stable</b>	1.7 (2016) <sup>a</sup>	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
<b>HDI improved</b>	0.701 (2015) <sup>r</sup>	Increasing	Increasing	Increasing	N/A	Increasing	N/A
<b>Unemployment rate (%) decreased</b>	5.4 (2016) <sup>r</sup>	5.1-5.4	4.7-5.3	4.3-5.3	3.8-5.2	7.0-9.0	7.0-9.0
<b>Employment generated increased (count)</b>	NA (2016)	900,000-1.1 Mn	900,000-1.1 Mn	900,000-1.1 Mn	900,000-1.1 Mn	2.4-2.8 Mn	1.0-1.2 Mn
<b>Youth unemployment rate (%) decreased</b>	11.5 (October 2016)	11.0	10.4	9.8	9.2	14.5-16.5	20.5-22.5
<b>Underemployment rate in areas outside NCR (%) decreased</b>	19.7 (2016)	18.3-20.3	17.8-19.8	17.4-19.4	16.9-18.9	16.0-18.0	15.5-17.5
<b>GII (rank) improved</b>	74 out of 128 economies (2016)	Increasing	Increasing	Increasing	Increasing	Increasing	Top one-third

Note: r – revised; a – adjusted original target set in 2016 will be retained;

<sup>1/</sup> No target/data since FIES is conducted every three years. The next FIES will be conducted in 2021.

<sup>2/</sup> The 2020 PDP targets set in 2016 will be retained

The medium-term goal remains the same: by the end of 2022, more Filipinos will be closer to their *AmBisyon* of living a *matatag, maginhawa, at panatag na buhay*. The health and resilience of Filipinos will be prioritized in the medium term as the foundation to achieving this aspiration. The following are the headline targets over the remaining Plan period.

**Economic growth.** With an expected contraction in 2020, economic growth in 2021 and 2022 is expected to be slightly lower than the initial target. For 2021 and 2022, growth in terms of Gross Domestic Product (GDP) is expected to be within 6.5 percent to 7.5 percent. The goal of reaching upper middle-income status for the country will most likely be achieved by 2022 or earlier. Gross National Income (GNI) per capita targets are 5.0 percent to 6.0 percent in 2021 and 2022, respectively.

**Poverty incidence.** The substantial decline in overall poverty from 2015 to 2018 will not be sustained over the period in 2018 to 2021,<sup>1</sup> given the impact of the COVID-19 pandemic. Hence, the target for 2021 is 15.5 percent to 17.5 percent, compared to 16.7 percent in 2018. While the next set of poverty estimates is expected in 2023, the initial target of 14 percent by 2022 is still achievable. The same can be said for subsistence poverty, with a substantial decline in the proportion of subsistence poor individuals from 9.1 percent in 2015 to 5.2 percent in 2018. The revised target for 2021 is 5 percent to 7 percent, which is within the 2022 target of 5 percent. Food inflation will be sustained at 2 percent to 4 percent in 2021 and 2022.

**Human development.** The human development index (HDI) of the Philippines has gradually increased from 2015 to 2019. The trend is expected to continue until 2022.

**Unemployment.** There has been a sustained improvement in employment levels from 2017 to 2019. The increase in unemployment in 2020 due to the pandemic is expected to gradually recover

beginning late 2020 and on to 2021. In addition, the labor force will substantially increase in 2022 as the first batch of K to 12 graduates will be graduating from college and are expected to join the labor force. Hence, unemployment targets in 2021 and 2022 are revised to 7 percent to 9 percent. This implies that 2.4 to 2.8 million jobs in 2021 and 1.0 to 1.2 million jobs in 2022 are expected to be created. As the bulk of the labor force are among the younger age group, youth unemployment is expected to increase from 14.5 percent to 16.5 percent in 2021 and 20.5 percent to 22.5 percent in 2022. On the other hand, the target for underemployment in areas outside National Capital Region (AONCR) is 16 percent to 18 percent in 2021 and 15.5 percent to 17.5 percent in 2022.

**Innovative society.** The Philippines' rank in terms of the Global Innovation Index (GII) significantly improved in 2019, ranking 54th out of 129 economies; then further up to 50th rank out of 133 countries in 2020. This is expected to increase with a target for the country to be among the top one-third (40th to 42nd rank) by 2022.

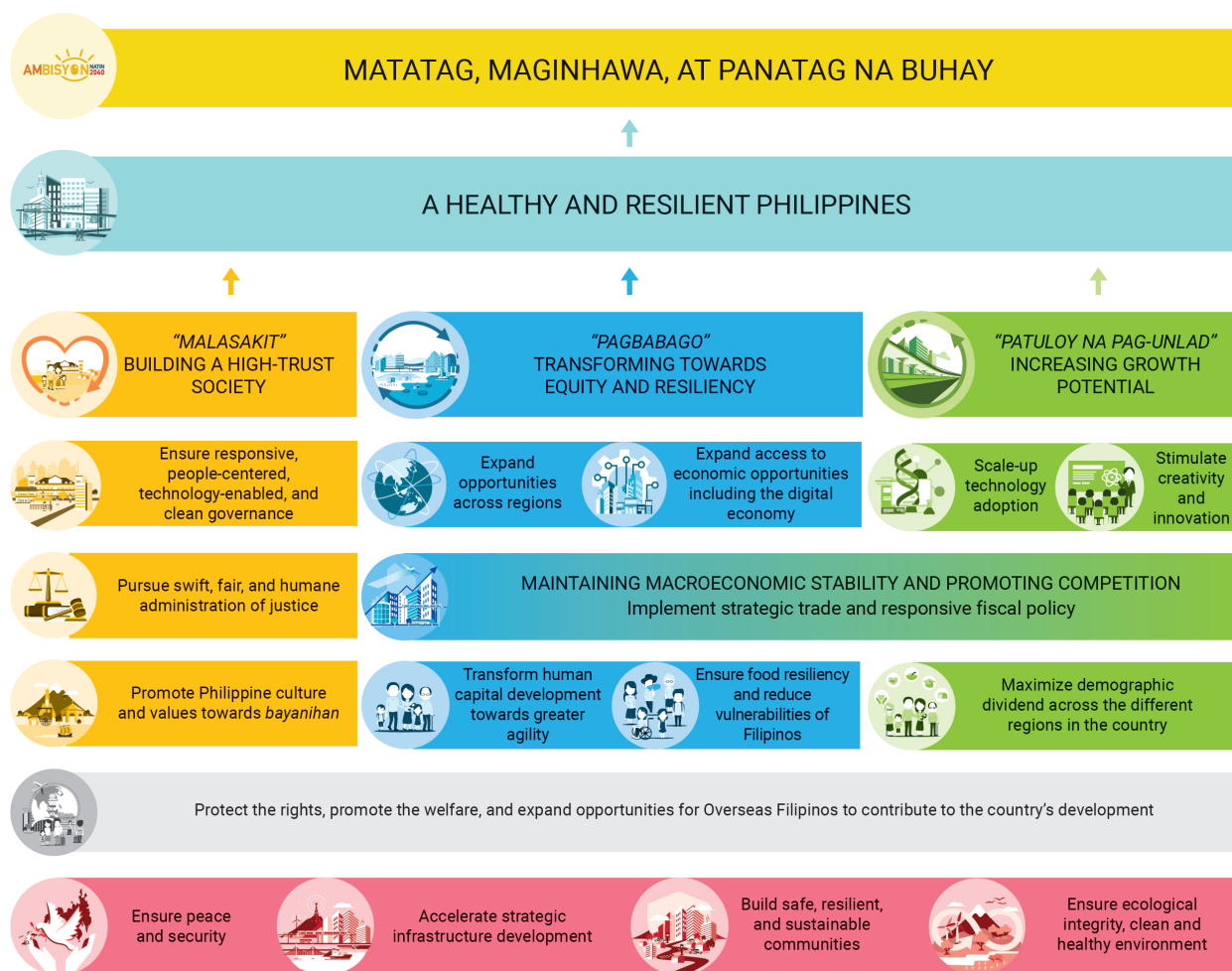
## Strategic Framework

The PDP 2017-2022 strategic framework was updated to align it with the imperatives for recovery and the new and better normal within the overall goal of a healthy and resilient Philippines. The strategies to achieve the abovementioned targets fall under the three major pillars of *Malasakit* (building a high-

trust society); *Pagbabago* (transforming towards equity and resiliency); and *Patuloy na Pag-unlad* (increasing growth potential). There are crosscutting strategies to support the other interventions, and bedrock strategies to provide a solid foundation for all strategies to work.

<sup>1</sup> The Family Income and Expenditure Survey (FIES) used to estimate poverty will be conducted in 2021 and will be done every two years thereafter.

Figure 4.1 Updated Philippine Development Plan 2017-2022 Strategic Framework



## Strategies

For *Malasakit*, the aim is to regain the people's trust in public institutions and cultivate trust among Filipinos.

Ensuring Responsive, People-centered, Technology-enabled, and Clean Governance (Chapter 5) focuses on building transparent, accountable,

and effective institutions resulting in efficient delivery of public services and high public trust. Over the past three years, major reforms in the governance sector increased the access to and quality of frontline services. The next step is to expedite the implementation of these laws. In light of the COVID-19 pandemic, the government will accelerate its shift to digital platforms for citizen engagement, service delivery, capacity-building, and accountability and anti-corruption mechanisms.

Public service continuity plans will be formulated across government agencies. Local government units (LGUs) will be capacitated for the implementation of the Supreme Court ruling on the *Mandanas* case.

**Pursuing Swift, Fair, and Humane Administration of Justice** (Chapter 6) aims to adopt a sector approach from a fragmented mode of delivering justice, thus, streamlining and harmonizing processes across the different agencies in the executive and judiciary branches of the government. Since the start of the Plan period, higher case disposition and clearance rates due to process improvements and increased number of prosecutors, public attorneys, and courts contributed to swift administration of justice. The COVID-19 pandemic emphasized the need for justice sector agencies to maximize the use of digital platforms in ensuring swift, fair, and humane administration of justice amidst such disruptions. Coordination and cooperation among justice sector agencies will further be strengthened and the agencies will continuously streamline and improve processes within the different pillars of the justice system.

**Promoting Philippine Culture and Values towards *Bayanihan*** (Chapter 7) highlights increasing awareness and promotes the value of the country's cultural diversity and shared heritage among Filipinos. This is a new chapter in the PDP, and this recognition has provided a venue for the culture sector to take stock of challenges and pursue strategies to address them. The government's greater awareness and recognition of the role of culture in the country's socioeconomic development prompted significant foundational efforts in the sector. Moving forward, the government will ensure that initial gains will be sustained to eventually establish sustainable mechanisms for cultural development from the national to local levels. The Filipino spirit of *bayanihan* will be invoked to enable the whole-of-government and whole-of-society response and recovery from the pandemic by promoting cultural awareness and understanding, inculcating values for the common good, advancing creativity for social impact, and strengthening culture-sensitivity in governance and development.

**For *Pagbabago*, economic and social opportunities will be ensured for all, to transform society and achieve equity and resiliency.**

**Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensuring Food Security** (Chapter 8) targets small farmers, fisherfolks, and micro, small, and medium enterprises (MSMEs) to ensure that the groups that lag behind will benefit from these opportunities. The first half of the Plan implementation was focused on improving the delivery of support services prioritizing small farmers and fisherfolk on financing, insurance, technologies, and intensified market matching, complemented with major policy reforms that created opportunities to pursue diversification and overall rural development. The COVID-19 pandemic and community quarantine has put greater emphasis on food security in the transition to the new and better normal. Thus, to contribute to the goal of achieving a healthy and resilient Philippines, the agriculture, forestry, and fisheries sector will focus on ensuring availability, accessibility, and affordability of nutritious food while continuously addressing persistent challenges faced by the sector. These challenges include constraints to land and water resources, vulnerability to climate change and disaster risks, long-standing institutional problems related to weak extension services, over-centralization, and lack of coordination and overlapping functions within and among agencies.

**Expanding Economic Opportunities in Industry** (Chapter 9A) aims to increase the sector's output by leveraging Industry 4.0 technologies and to usher in the growth of the digital economy. In the past three years, the industry sector's contribution to overall growth remains within its 10-year average, although the recent decline in output reflected lower domestic demand exacerbated by supply chain disruptions and policy uncertainty. Moving forward, the sector will operationalize the Inclusive, Innovation, and Industrial Strategy (i3S), to boost capacity of local



enterprises, adopt inclusive business models, and strengthen the startup ecosystem. The government will prioritize reforms to support the digital economy as these are essential elements for the new normal.

**Expanding Economic Opportunities in Services** (Chapter 9B) aims to maximize the sector's role as an integral backbone to a wide range of domestic and global industries. The services sector has established its position in recent years as the main driver of economic growth, top GDP contributor, and biggest employer of the country. However, with the sudden halt of major subsectors such as tourism and transport services, a shift to more digital-based services is needed to propel the services sector as part of the supply chain of high-value services in the global market. Hence, the necessary reforms to attract investments and push relevant services sub-sectors to become more competitive will be prioritized.

**Expanding Access to Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives** (Chapter 9C) aims to promote business inclusion among groups that lag behind. In the past three years, critical policy reforms have been established to assist startups, MSMEs, and cooperatives to gain access to finance and production networks, as well as enhance their productivity, efficiency, and resilience. Moving forward, the government and the business sector will pursue the full implementation of these reforms while addressing the adverse impacts of the pandemic, by providing assistance to enable enterprises to reconfigure business operations and build their resiliency to address the constraints of operation under the new and better normal.

**Transforming Human Capital Development Towards Greater Agility** (Chapter 10) ensures that individuals and groups will have more options to develop their full potential. From 2017 to 2019, reforms in nutrition and health were institutionalized through the passage of landmark legislations such as the Universal Health Care (UHC) Act and the First 1,000 Days Act. Similarly, access to education at all levels was expanded through the K to 12 Program and the Universal Access to Quality Tertiary Education. However, Filipinos' poor health-seeking behavior and the fragmentation of health service delivery systems, exacerbated by the pandemic, pose

a serious challenge that can undermine previous accomplishments. For the rest of the Plan period, the government will focus on addressing challenges that hamper the full realization of the Filipino people's full potential, such as malnutrition, early pregnancy, quality of education, and disruptions brought by the pandemic and other disasters.

**Ensuring Food Resiliency and Reducing Vulnerabilities of Filipinos** (Chapter 11) focuses on the provision of social protection for vulnerable groups. Social protection programs have provided considerable contributions in the reduction of poverty, inequality, and vulnerability in the country. The current pandemic has amplified the importance of social protection programs and the need to enhance distribution systems. For the rest of the Plan period, the government will focus on proactively minimizing Filipinos' exposure to risks and increasing their capacities to manage shocks, such as setting up registries for vulnerable sectors, expanding coverage of the Social Security System (SSS), and instituting employment insurance schemes.

**Building Safe, Resilient, and Sustainable Communities** (Chapter 12) shifts the focus from socialized housing to human settlements development in line with the new urban agenda of developing integrated neighborhoods and sustainable communities. The creation of the Department of Human Settlements and Urban Development (DHSUD) through Republic Act 11201 is a major reform to effect better policy and program coordination, reform advocacy, and implementation. The urgency to address the growing need for adequate housing in well-planned communities has never been a matter of survival until the country confronted the COVID-19 pandemic. The rapid increase of the spread of the virus is evident in various highly-dense communities, given the difficulty to observe safe social distancing in congested spaces and inadequate access to household water and sanitation. Moving forward, the housing and urban development sector will pursue building safe, resilient, and sustainable communities through the Building Adequate, Livable, Affordable, and Inclusive Filipino Communities (BALAI) program, in partnership with the private sector, the LGUs, and the communities.



**For *Patuloy na Pag-unlad*, future growth will be accelerated and sustained.**

**Reaching for the Demographic Dividend Across All Regions** (Chapter 13) and maximizing the full harvest of this dividend will require aggressive efforts to ensure that families will be of the size that they can adequately care and provide for. Towards this end, policies and programs to accelerate the demographic transition along with improving access to health and education services were instituted. However, the socioeconomic impacts brought about by the COVID-19 pandemic can possibly reverse these gains. To prevent this, the government will implement programs that will mitigate the pandemic's short and long term effects while continuing to address persistent issues on malnutrition, access to health services, and quality of graduates for employment. These will allow the country to still reach the demographic dividend and build a healthy and resilient Philippines.

**Vigorously Advancing Science, Technology, and Innovation** (Chapter 14) is a major strategy to sustain and further accelerate growth in the future by graduating to a knowledge economy. This is a new chapter introduced in the PDP 2017-2022, which recognized the need to strengthen the country's weak science, technology, and innovation (STI) ecosystem. Moving forward, the government will focus the sector's efforts towards health and resiliency. This will include the rollout of technologies that will help address the pandemic and its impacts. Various government support services for startups and MSMEs will also be ramped up to help them become more innovative and resilient in times of crisis. In pursuit of a more inclusive STI ecosystem, the creative arts will also be included in these efforts. The establishment of the National Innovation Council (NIC), which is seen to guide the country towards long-term STI development, will also be fast-tracked.

**An enabling and supportive economic environment supports the *Pagbabago* and *Patuloy na Pag-unlad* pillars.**

**Ensuring Sound Macroeconomic Policy** (Chapter 15) aims to promote a responsive fiscal policy by enabling budget policies and revenue measures, enhanced LGU capacity, improved private sector participation, and recalibrated debt and contingent liability management. It seeks to foster a resilient and inclusive financial system amid the COVID-19 pandemic through targeted supervisory actions and reforms, particularly in developing a more inclusive digital finance ecosystem, encouraging innovation in microfinance and microinsurance, and expanding consumer protection. As for the external sector, it promotes sustainability and resiliency through scaled up and diversified products and markets, and targeted comprehensive packages of support for specific products and services sectors. This is to take advantage of the shifts in business processes and consumer preferences under the new and better normal. Furthermore, key reforms such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, the Financial Institutions Strategic Transfer (FIST) Act, and the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act will be actively pursued and implemented. These reforms aim to lower corporate income tax and rationalize incentives, ensure a sound financial sector, and provide liquidity, equity infusion, and credit guarantees to sectors affected by the pandemic. The country's strong and stable macroeconomic fundamentals complemented with these strategies and responsive reforms will enable prompt recovery from the downturn caused by the COVID-19 pandemic towards a healthy and resilient Philippines under the new and better normal.

**Promoting Competition** (Chapter 16) reinforces the Philippine Competition Act through strategies that aim to foster an environment that penalizes anti-competitive practices, facilitates entry of players and creates an economic playing field where these players operate and grow, supports regulatory

reform to address restrictive laws and regulations that hamper competition, and improves trade policies to stimulate investments and innovation and boost competitiveness. With the recent issuance of the National Competition Policy (NCP) through Joint Memorandum Circular No. 1 issued by the NEDA and the Philippine Competition Commission (PCC) on July 30, 2020, the government will ensure that its responses and interventions follow competition principles to address market failures.

## Foundations for sustainable development are the bedrock strategies that support all the three pillars of the PDP 2017-2022.

These strategies will ensure that all the strategies identified above are implemented to achieve the intended outcomes.

**Attaining Just and Lasting Peace** (Chapter 17) emphasizes that peace is imperative for economic growth to be sufficiently buoyant, sustainable, and inclusive. The enactment and ratification of the Bangsamoro Organic Law marked a milestone in the peace process while the government institutionalized the whole-of-nation approach to end local communist armed conflict. Despite the successes, there is still a need to ensure that the gains of the peace processes are sustained towards community resilience and to avoid further escalation of conflicts. These can be achieved by implementing a smooth transition process in the BARMM, capacitating local governments to undertake localized peace engagements and strengthen convergence of national government agencies to end communist insurgency, and delivering the remaining commitments under closure agreements. Interventions in conflict-affected and conflict-vulnerable areas will be sustained while being mindful of new health protocols to ensure that the socioeconomic impacts of the COVID-19 pandemic will not aggravate the fragile situation in these areas.

**Ensuring Security, Public Order, and Safety** (Chapter 18) focuses on building the foundation for inclusive growth, a high-trust and resilient society, and a globally-competitive knowledge economy. Criminality has been reduced over the past three years, but efforts to address the prevalence of illegal drugs still need to be intensified. In terms of external security, successful negotiations for the formulation of the ASEAN-China Code of Conduct in the South China Sea is seen to ensure security and stability in the region. Moving forward, the government will continue to strengthen the capabilities of its security forces to ensure that the Philippine territory and sovereignty is defended. It also remains committed in its campaign against all forms of criminality, illegal drugs, transnational crimes, trafficking-in-persons, and violent extremism. During times of health emergencies, the whole of the security sector will be mobilized to adequately respond to the needs of the people, including the provision of support to sectors that bring food, basic necessities, and essential services to them.

**Accelerating Infrastructure Development** (Chapter 19) aims to support a higher growth trajectory and improve the quality of life in both urban and rural communities. It will plug the infrastructure gap to catch up with peers in the ASEAN region. Since 2017, the country's infrastructure development has been continuously founded on a robust pipeline of forward-looking infrastructure projects through the BBB agenda. In 2018, infrastructure spending exceeded the benchmark 5 percent of GDP which is twice the average spending over the past five decades. However, the challenges brought by the pandemic will alter the overall infrastructure development agenda. The resource requirements of the response to the pandemic is expected to reduce the fiscal space initially allotted for the portfolio of investments and could slow down the movement and implementation of programs and projects. Accordingly, the government reassessed its strategies and targets for the remaining Plan period to ensure that these remain relevant and achievable in the face of the new and better normal and in pursuit of a healthy and resilient Philippines. Even while facing constraints brought about by the pandemic, the government will remain mindful of the long-term development goals requiring early interventions.

**Ensuring Ecological Integrity, Clean, and Healthy Environment** (Chapter 20) guarantees an ecosystem that provides services; supports growth and performance of other services including agriculture, fisheries, industry, and services; and provides livelihood especially to resource-dependent communities. The pandemic and the mobility restrictions that were imposed have redirected attention to the most basic needs of air quality and food, and how these relate to human health. Hence, the shift towards sustainable development has now become an urgent matter of survival. Building on the reforms and accomplishments in the past three years of Plan implementation, the government will continue to improve the state of the environment and natural resources. Alongside this is increasing the resilience of resource-dependent and vulnerable communities against the converging risks arising from natural and biological hazards under a changing climate. The sector's goals and targets will be realized by addressing the long-standing issues on governance, monitoring, and evaluation.

**Protecting the Rights, Promoting the Welfare, and Expanding Opportunities for Overseas Filipinos (OFs)** (Chapter 21) focuses on the special circumstances of OFs and their families, and aims to empower OFs towards inclusive and sustainable development. From 2017 to 2019, there have been significant developments in International Migration and Development (IMD). For this PDP midterm update, a separate chapter on IMD has been added to ensure greater coherence and comprehensiveness in discussing issues, relevant indicators, and strategies

for OFs while upholding the commitments under the Global Compact for Safe, Orderly, and Regular Migration. With the COVID-19 pandemic and the subsequent global recession, the unprecedented volume of OFs who lost their jobs has heightened the government's efforts in supporting repatriated and returning OFs, and those who remain overseas. The capacity of OF-serving agencies are being scaled up to be able to serve and assist affected OFs. Further, the government is conducting skills retooling and upgrading programs, employment assistance, and short-term employment programs to facilitate local re-employment of OFs who have returned. The pandemic has highlighted the urgency of strategies already being pursued by the government in the first three years of the Plan implementation: (a) protecting the rights and improving the well-being of OFs; (b) facilitating the reintegration of returnees and expanding opportunities for OFs to participate in the country's development; and (c) strengthening OFs' engagement in governance.

The succeeding chapters will provide specific details for each strategy per pillar. Each chapter begins with an assessment of previous accomplishments and the lessons learned. This is followed by an enumeration of the medium-term targets, noting those indicators and targets that have been duly revised. The specific strategies and legislative agenda to meet these targets are then elaborated.

