

04

Philippine
Development Plan
2017-2022 Overall
Framework

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The Philippine Development Plan (PDP) 2017-2022 is the first medium-term plan anchored on the AmBisyonNatin2040, consistent with Executive Order No. 5, s. 2016. The priorities are guided by the Duterte Administration's 0 to10-point Socioeconomic Agenda, the regional consultations conducted by the various planning committees, and the social development summits that culminated in the 20@22 Agenda: *Malasakit at Pagbabago*.

The goal of the PDP 2017-2022 is to enable Filipinos to attain a *matatag, maginhawa at panatag na buhay*. It acknowledges the accomplishments of the previous administrations, adopts the good practices and carefully considers the lessons gleaned from these experiences.

Assessment and Challenges

The performance of the economy during the past administration, though impressive, actually fell short of the targets set in the PDP 2011-2016. In contrast, those pertaining to the social dimension – reducing poverty incidence and unemployment rate – surpassed the target. The target to significantly reduce underemployment, however, remains elusive.

INDICATOR (IN PERCENT)	TARGET			ACCOMPLISHMENT		
	2014	2015	2016	2014	2015	2016
GDP growth rate	6.5 - 7.5	7.0 - 8.0	7.0 - 8.0	6.2	5.9	6.8
GVA in AFF	(0.9) - 0.1	2.0 - 3.0	2.5 - 3.5	1.7	0.1	-1.3
GVA in Industry	9.8 - 11.0	8.6 - 9.7	9.3 - 10.3	7.8	6.0	8.0
GVA in Services	6.0 - 6.9	6.8 - 7.8	7.2 - 8.1	6.2	6.8	7.5
Unemployment rate	6.7 - 6.9	6.6 - 6.8	6.5 - 6.7	6.6	6.3	5.5
Underemployment rate	19	18	17	18.4	18.7	18.3
Poverty incidence		22.5			21.6	

Note: Figures in red imply that the accomplishment is below target.

The country's gross domestic product grew at an average of 6.1 percent during the period 2010-2016, the fastest 6-year moving average since 1978, although this was still below target. The 2014 below-par performance of 6.2 percent growth rate could be explained as due to typhoon (TY) Yolanda. The slowdown in 2015 largely reflected in the Industry sector was, perhaps, due to capacity constraints in major roads, ports and airports, as well as government underspending. The poor performance of Agriculture, meanwhile, can be traced to extreme weather events experienced by the country across the spectrum – tropical cyclones, El Niño-induced drought – and pest infestation. Worse, output in the fishery subsector suffered consecutive declines for six out of the past seven years, except in 2013.

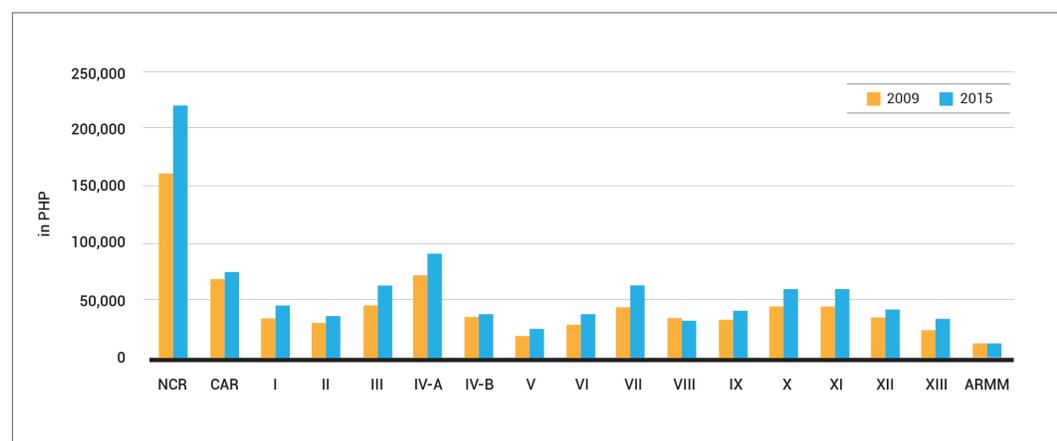
The more serious criticism against the Philippines' growth profile is the stark inequality in development. As illustrated in **Figure 4.1**, the per capita Gross Regional Domestic Product (GRDP) in the National Capital Region is not only the highest, but is more than twice that in CALABARZON (Region 4A), second highest per capita GRDP) and more than twelve times that in the Autonomous Region in Muslim Mindanao MM (lowest per capita GRDP).

The unemployment rate targets were surpassed. This was achieved by the dramatic reduction in the youth unemployment rate, from 16.6 in 2010 to 11.6 in 2016. Apart from the increased labor demand in support of economic growth, a big factor was the expansion of the Pantawid Pamilyang Pilipino Program (Pantawid Pamilya) to the secondary level and, beginning 2016, the implementation of the senior high school program, which increased school participation (and, therefore, reduced labor market participation) of those aged 15 to 17 years.

The underemployment rate, however, remained high. Despite the poor economic performance of agriculture, it continues to account for a significant share of employment – close to 30 percent. But the jobs available were seasonal and low-paying, hence, underemployment in the agriculture sector was about 25 percent, compared to 20 percent in industry and close to 15 percent in services.

The target to reduce poverty incidence was also met. From a baseline of 26.3 percent poverty incidence in 2009, the target was to reduce this to 22.5 percent in 2015 but the actual rate was 21.6 percent. This was due to the 82 percent increase in per capita income among the bottom three deciles, which was

Figure 4.1 Per Capita GRDP in Constant Prices, 2009 and 2015



much higher than the 29 percent increase in the poverty line. Subsistence incidence also declined from 10.9 percent of individuals in 2009 to 8.1 percent in 2015.

A major factor that resulted in the significant decline in poverty rate is the expansion of Pantawid Pamilya. Pantawid Pamilya provided cash transfers to family beneficiaries conditional on the attendance in school of child members and in Family Development Sessions of parent/s and the healthcare seeking behavior of families. In fact, the decline in poverty incidence would have been more pronounced had individuals and families been more resilient, and the economic sectors more prepared to withstand natural and human-induced shocks, or at least able to recover quickly from the shocks. Food inflation, though generally tame throughout the period 2010-2015, rose to at least 7 percent from June to October of 2014 due to the lingering effects of TY Yolanda, which was made worse by the decision to restrict rice imports in mid-2013. This situation proved very detrimental to the poor given that a sizable share of their budget goes to food, particularly rice.

Viewed from the perspective of the average citizen, however, the recent progress made in the economy and governance offers no immediate relief from the grind of daily living. There is a prevailing sense among

significant sections of the population – the farming communities that must deal with drought and typhoons, the rural folk who have no access to health and other social services, the urban poor who have the put up with the congestion and the neighborhood bullies, the minimum wage earners and middle-level professionals who must spend time in traffic travelling to and from work, the fresh college graduates as well as the credit-constrained small entrepreneurs whose time and energies are exhausted going through the bureaucratic maze to obtain clearances, the aggrieved ordinary citizen with no access to the authorities to obtain redress for substandard service – that either too little is being done or they have been completely bypassed by Government. This situation, where citizens feel increasingly alienated from their government, cannot be allowed to persist. Otherwise the door is opened for opportunists promising quick fixes that could only lead to far worse outcomes.

That many aspects of people's welfare are in fact only weakly reflected in earned incomes¹ should underscore the urgency of paying attention to outcomes in gauging the success of government actions. Although sustaining the momentum of economic growth must remain a key objective, the real measure of achievement is the extent to which people's lives have been improved.

Strategic Framework

By the end of 2022, more Filipinos will be closer to achieving their AmBisyon to have a “*matatag, maginhawa at panatag na buhay*.” The Administration will lay down a

solid foundation for more inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy.

¹ Philippine Human Development Network. (1994). *Philippine Human Development Report*. Retrieved from <http://www.hdn.org.ph/1994-philippine-human-development-report-human-development-and-peoples-participation-in-governance/>.

Targets

The Philippines will be an upper middle income country by 2022. In the medium-term, GDP growth is expected to strengthen further to 7-8 percent, in real terms. This means that the economy will expand by about 50 percent by 2022 from its base in 2016. Per capita income will increase from USD 3,550 in 2015 to at least USD 5,000 in 2022.²

Growth will be more inclusive as manifested by a lower poverty incidence in the rural areas, from 30 percent in 2015 to 20 percent in 2022. Overall poverty rate will decline from 21.6 percent to 14.0 percent in 2022 – equivalent to lifting about 6 million Filipinos out of poverty. The proportion of subsistence poor individuals will fall from 8.1 percent to 5.0 percent. Food inflation will also be closely monitored, to serve as an early warning indicator on the welfare of the poor. It should not go beyond the bounds set for overall inflation, which is at 2 to 4 percent.

The Philippines will have a high level of human development by 2022.³ This will be supported by improvements in education and health outcomes and the significant increase in incomes indicated above.

The unemployment rate will decline from the current 5.5 percent to 3-5 percent in 2022. Assuming a slight increase in labor force participation rate to 64.1 percent, this implies that 950,000 to 1.1 million new jobs will be generated per year. Youth unemployment rate will decline to about 8 percent from the current 11 percent⁴. In areas outside NCR (AONCR), emphasis will be on improving the quality of employment. The underemployment rate in AONCR will be reduced to 16-18 percent by 2022.

² Figures in US\$ are in PPP terms, using the Atlas method.

³ Based on the UNDP's Human Development Report country groupings

⁴ Figure corresponds to the October round of the LFS.

⁵ The Human Cost of Weather-Related Disasters 1995-2015.

There will be greater trust in government and in society. The indicators for this will need to be developed and then measured by the Philippine Statistics Authority for 2017 and 2022.

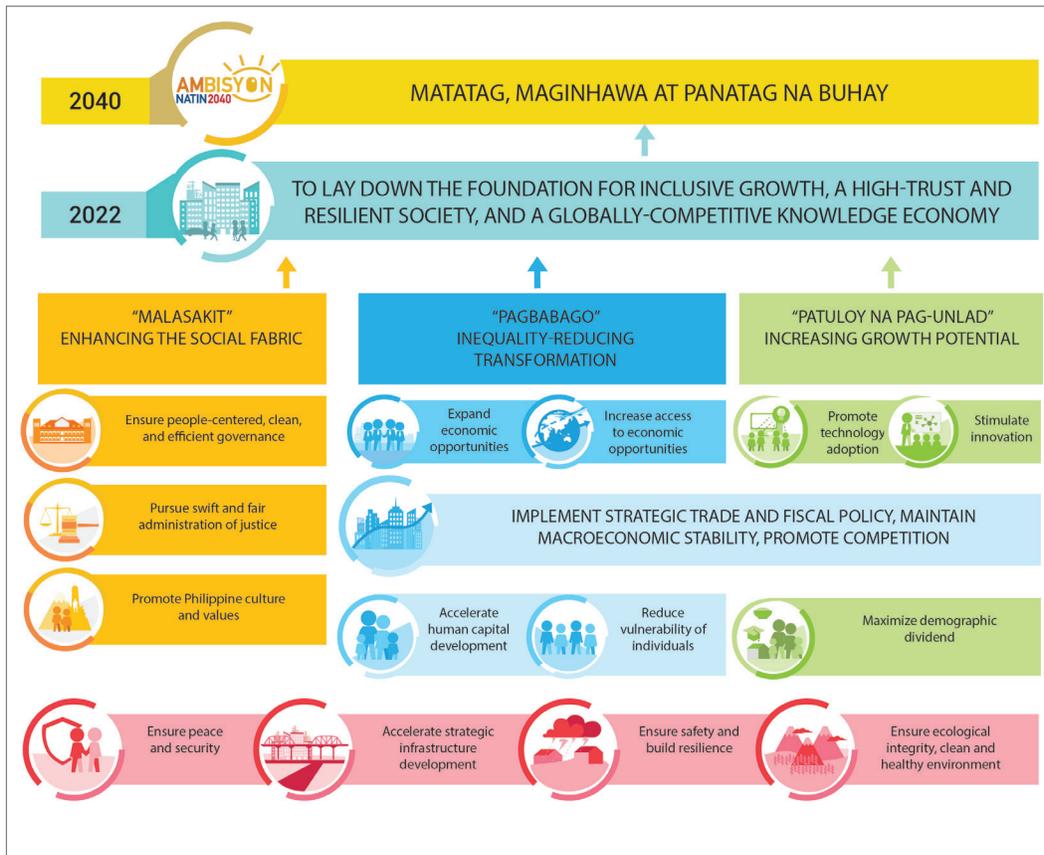
Individuals and communities will be more resilient. It should be noted that the Philippines ranks fourth in terms of number of natural calamities faced in 1995-2015⁵. This is on top of risks from human-induced hazards like ideologically-motivated conflict, criminality, house fires, etc. Building up resilience involves reducing exposure to hazards, mitigating the impact of the risks, and accelerating recovery if and when the risk materializes. An index will be developed, considering the interplay of these three components; data will be collected to estimate the baseline (2018) value and the value in 2022.

Filipinos will have greater drive for innovation. As measured by the Global Innovation Index, the Philippines will rank among the top one-third by 2022 from being in the top 60 percentile (74 out of 128 economies) in 2016. More individuals will be encouraged to obtain knowledge, or acquire skills and expertise. There will be more of the youth and adults (aged 15 and up) who will be engaged in employment, education or training.

Strategies

The strategies to achieve the targets cited above fall under the three major pillars of “*Malasakit*,” “*Pagbabago*,” and “*Patuloy na Pag-unlad*”. There are cross-cutting strategies, as well, to support the other interventions and to provide a solid bedrock for all strategies to work.

Figure 4.2 PDP 2017-2022 Overall Strategic Framework



Enhancing the social fabric: The aim is to regain peoples’ trust in public institutions and cultivate trust in fellow Filipinos.

Public offices will be characterized as people-centered, efficient and clean (*Chapter 5*). Government offices will be equipped with adequate facilities, personnel will be trained and systems will be improved to ensure the prompt delivery of services. Citizens will be also empowered to engage with the government.

Administration of justice will be perceived as swift and fair (*Chapter 6*). From a fragmented mode of delivering justice, a “sector approach” will be adopted. Processes -- from lodging of complaints to

investigation, prosecution, and conviction -- will be streamlined and harmonized across the different agencies in the executive and judiciary branches of government. Systems to exact accountability (including indicators of efficiency) will be put in place.

Filipinos will have increased awareness of and will learn to value the country’s cultural diversity and shared heritage (*Chapter 7*). Existing traditions will be meticulously documented and archived in Knowledge Development Centers and Institutes of Living Traditions to be established across the country. Heritage conservation plans will be formulated and implemented. Cultural education will be mainstreamed in basic and higher education.

Values for the common good, to include “*malasakit*” values, will be promoted using several media and integrated in school curricula. Personnel in government will also be taught about these values and how these will be demonstrated in public service.

“*Pagka-malikhain*” for development is another value that will be advanced under the PDP 2017-2022. This will include building awareness and appreciation for the arts, and then promoting creative excellence.

Inequality-reducing Transformation: Ordinary Filipinos will feel the “*Pagbabago*”.

For each *economic sector*, there will be more opportunities for growth of output and income, and sub-sectors and economic groups that used to lag behind, like small farmers and fisherfolk and MSMEs, will benefit from these opportunities (*Chapters 8 and 9*).

Opportunities in agriculture will be expanded by fostering linkages with the industry and service sectors for more efficient value-adding processes and more effective commercialization. For this to happen, productivity in agriculture will need to be raised. This will be done by first developing an integrated agricultural map to identify the comparative advantage of particular areas. Then, collaboration between and among the science, technology and extension systems in agriculture will be strengthened. Greater farm mechanization and technology adoption will be promoted. Organized farm management will be encouraged to achieve economies of scale. Climate-resilient small-scale irrigation systems will be constructed or retrofitted, as necessary.

The governance framework for fisheries management will be improved to make it effective. This includes, though is not limited to, undertaking regular fish stock

inventory, strictly enforcing measures against illegal, unreported and unregulated fishing, and regulating fishery structures. As with agriculture, the fishery subsector will also benefit from stronger linkages with the Industry and Service sectors for value-adding, packaging, storage, transport, distribution and marketing, and even financing.

The Industry and Service sectors will be globally competitive as the country strengthens its economic ties with other countries. Domestic suppliers, including MSMEs, will be encouraged to maximize the benefits of existing free trade agreements and other cooperative arrangements.

Increasing presence in the global market, supply and value chains will be made more efficient with stronger forward and backward linkages. This will require a dependable supply of raw materials, adequate labor and technology, and the presence of suitable soft and hard infrastructure.

Inclusive business models and social enterprises will be developed to better engage MSMEs.

MSMEs will enjoy easier access to finance. At the same time, financial literacy training will be provided to MSMEs, cooperatives, and to Overseas Filipinos and their families.

Restrictions on foreign investments will be eased and bureaucratic processes for both local and foreign investors will be streamlined.

Individuals and people groups will have more options to develop their full potential as aimed for. (*Chapter 10*).

Nutritional and health status will be improved by ensuring access to proper care at all life stages. Health financing programs will be sustained.

Lifelong learning opportunities will be made available to all. Government will invest in soft and hard infrastructure for basic education to make the facilities more accessible and the curriculum more relevant. Quality of higher and technical education will be improved so that they produce competent and highly nimble individuals and workforce.

Policies and programs will be put in place to increase the income-earning ability of individuals. These include apprenticeship and internship programs, opportunities for re-tooling and skills enhancement, and policies to promote work-life balance and ensure that workers receive decent wages.

Vulnerability of individuals will be reduced (*Chapter 11*). Some individuals and people groups have inherent vulnerabilities, like children, older persons, women, persons with disabilities, and indigenous peoples. Policies and programs will be put in place to ensure that their social, cultural and economic rights are protected and that they are eventually empowered to participate in the development of the country. There will also be programs to help ensure the well-being of individuals and families against economic risks, natural and human-induced hazards.

Communities will be more resilient (*Chapter 12*). The housing program of the Duterte Administration will be in line with the new urban agenda of developing integrated neighborhoods and sustainable communities. Innovative solutions to housing construction will be encouraged and alternative modes of financing will be developed to improve the access of families to decent housing. Community relations will be strengthened and community organizations will be empowered to engage with government in ensuring the safety, security and development of their communities.

Increasing potential growth: It is imperative that economic growth is accelerated and sustained for “*Patuloy na Pag-unlad*.” A major strategy to sustain and further accelerate growth in the future is by graduating to a knowledge economy (*Chapter 14*). Science, technology and innovation (STI) in agriculture, industry and service sectors will be promoted and even accelerated. Policies and programs to facilitate knowledge flows and protect intellectual property rights will be put in place or enhanced. A culture of creativity will be created, beginning with the very young students in basic education and all through higher and technical education. Innovation hubs will be established as a way of providing venues to nurture creativity and innovation.

Potential growth can be further enhanced by accelerating the full harvest of the demographic dividend (*Chapter 13*). There will be aggressive efforts to ensure that families will be of the size that they can adequately care and provide for. Age-appropriate sexuality education will be integrated in the school curriculum. Full information and orientation programs on responsible parenthood and reproductive health will be made widely available. Access to services will also be made easier in order to fully meet the need for modern family planning methods. This will be complemented by measures to increase the labor market participation of women, to defer childbearing and attain wholesome birth spacing (*Chapter 14*).

Enabling and supportive economic environment. Growth will be supported by maintaining macroeconomic stability, putting in place a strategic trade and fiscal policy, and enhancing access to financial services. The tax system, including its administration, will be made simpler, fairer, more equitable and internationally competitive (*Chapter 15*).

Market competition will be enhanced (*Chapter 16*). There will be broad-based communication and advocacy efforts to increase awareness about the benefits of market competition. Reporting and feedback mechanisms will also be developed through which consumers can report on anti-competitive behavior and practices of firms. At the same time, government policies and regulations will be reviewed to ensure competition-neutrality.

Foundations for sustainable development.

The physical environment, on the other hand, will be characterized by a balanced and strategic development of infrastructure, while ensuring ecological integrity and a clean and healthy environment.

The next six years will be characterized as the “golden age of infrastructure” in the Philippines (*Chapter 19*). Spending on infrastructure will increase to at least 5 percent of GDP from less than 3 percent previously. The program will be rationalized based on strategic masterplans effecting inter-regional connectivity and integrated province-level plans, some of which will be developed and some updated. There will be greater complementation of the different modes of financing infrastructure projects – locally-funded, foreign assisted, and projects under public-private partnership.

Implementation of the infrastructure program will be fast-tracked by adopting a 24/7 work schedule for major infrastructure projects. Other issues will be addressed by better governance, policy and regulatory reforms such as the creation of an apex body to coordinate efforts in the water resource sector, ensuring availability of right-of-way, and streamlining processes in the issuance of permits necessary to implement the projects.

All these will be underpinned by ensuring national security against internal and external threats (*Chapter 17*). There will

be earnest efforts to secure lasting peace through the resumption of peace talks and pursuing social justice. Agreements to resolve the conflict will be negotiated and implemented. Communities in the conflict-affected and conflict-vulnerable areas will be protected and developed. Government peace and development institutions will be strengthened to make them more responsive to peace, conflict and security issues.

Territorial integrity and sovereignty will be upheld and protected (*Chapter 18*). This will be achieved by strategic diplomacy and by continuously upgrading our defense capability. Government will strengthen bilateral relations, alliances and mutually-beneficial partnerships, ensure a strong presence in regional and multilateral forums, and develop new security and cooperation arrangements. The capability of the military, including law enforcers in terms of facilities, equipment and skills will be enhanced to protect our strategic interests and to effectively implement laws and policies.

A top priority of the Duterte Administration is the reduction of all forms of criminal laws and illegal drugs. This will be done through a holistic program that involves not only combatting crimes but also the corruption that perpetuate such acts (*Chapter 19*). The approach will be comprehensive and will include information and education campaigns, community organization and mobilization, and police-community partnerships to ensure public order and safety.

An important partner of development is the environment and natural resources (ENR) sector. Its contribution should be properly recognized, to wit: provisioning (e.g., food, raw materials, freshwater), regulating (e.g., local climate and air quality, carbon sequestration and storage, erosion prevention), supporting (e.g., habitats for species, maintenance of genetic diversity)

and cultural (e.g., *recreation, tourism*). However, improper use and abuse of ENR greatly diminishes the quantity and quality of its contribution to development and, if left unchecked for some time, can result in the deterioration of the quality of life of the people it serves.

The PDP 2017-2022 contains strategies to rehabilitate and restore degraded natural resources, and protect fragile ecosystems. Even in urban areas, green spaces will be expanded. At the same time, there will be programs to improve the welfare of resource-dependent communities as they take on the role of primary stewards of the ENR (*Chapter 20*). The interventions will be designed following a ridge-to-reef approach and a sustainable area development framework so that the interdependence of the different ecosystems are considered. Policies to define property and usufruct rights will be put in place so that responsibilities for care and management of the ENR are identified.

Migration and development. The PDP 2017-2022 gives attention to the special circumstances of OFs and their families, and aims to empower OFs toward inclusive and sustainable development. The objectives are to protect their rights and improve their well-being, whether here or abroad; to strengthen their engagement in governance; and to facilitate their participation in our country's development and ensure their smooth reintegration in Philippine society. The appropriate strategies are discussed in the relevant chapters of the PDP.

The next chapters are structured similar to this overview chapter. Each chapter begins with an assessment of previous accomplishments and the lessons learned. This is followed by an enumeration of the medium-term targets, all directed to the attainment of the 0-10 Socioeconomic Agenda and towards *AmBisyon Natin 2040*. The strategies to meet these targets are then elaborated next.

