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Chapter 1

Overview and Introduction

The long-term vision remains the same, and has become even more pronounced with the emergence of new threats

Every Filipino aspires to enjoy a “matatag, maginhawa, at panatag na buhay”. This is AmBisyon Natin 2040. Sensitive to these aspirations, the Duterte administration has embraced the mission to enable and empower every Filipino to achieve his or her AmBisyon. The Philippine Development Plan (PDP) 2017-2022 has been formulated to lay down the foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. This foundation is intended to be strong enough for the next three development plans to build on.

During the first three years, a number of needed reforms have been enacted. The reforms have been game changing and the desired social and economic outcomes were achieved, even surpassing the targets, at times. This primarily stems from the conscious effort to include social protection components as part of the reform program. This was done to cushion the expected adverse, though temporary, effects, thereby increasing support to the reform.

Almost four years in, the Philippines was on its way to becoming an upper-middle-income country, until the once-in-a-century global pandemic, caused by the coronavirus disease (COVID-19), struck. The immediate response was to save lives by first restricting social and economic activities to limit the spread of the virus, while improving the country’s health system capacity.

The health system capacity has since been substantially improved. However, the social and economic restrictions had adverse social and economic consequences. The challenge at hand, is to muster as quick as possible an economic turnaround and much depends on being able to manage the risks and transition to the “new normal”.

Even at this time of COVID19 global pandemic, the country has been benefitting from the reforms enacted and already implemented (e.g., Rice Tariffication Law, Sin Tax Reform Law, Ease of Doing Business and Efficient Government Service Delivery Act, Tax Reform for Acceleration and Inclusion, Telecommuting Act, Social Security Act of 2018, Balik Scientist Act, etc.). A more accelerated timeline concerning the other reforms would have substantially built up the country’s resilience (e.g., PhilSys Act, Universal Health Care Act, Philippine Innovation Act, entry of a third telecommunications provider, Free Internet in Public Spaces Act, etc.). This pandemic also lends urgency to crucial reform initiatives that will encourage strategic industries to locate in the country (e.g., amendments to the Foreign Investment Act, Public Service Act, Retail Trade Liberalization Act, and the Corporate Recovery and Tax Incentives for Enterprises or CREATE). Over the immediate term, there is a need to address financial risk that may have worsened because of the mobility restrictions imposed to contain COVID19, the proposed Financial Institutions Strategic Transfer (FIST) and Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) laws are designed to manage such risks.
We are 20 years away from 2040. While there seems to be ample time to catch up on the targets related to AmBisyon, recent developments have shown that social and economic gains can easily be reversed. Hence, together with economic recovery, building resilience is now the urgent and important development objective. Being resilient, after all, is an essential component of the AmBisyon: having a secure future (panatag na buhay).

**Embracing AmBisyon Natin 2040**

Early into his administration, President Rodrigo Roa Duterte issued Executive Order No. 5, s.2016 “approving and adopting the twenty five-year long-term vision entitled AmBisyon Natin 2040 as guide for development planning.”

*AmBisyon Natin 2040* represents the collective aspirations of Filipinos to enjoy a “matatag, maginhawa at panatag na buhay.” This was the result of various focus group discussions and nationally representative survey undertaken by the National Economic and Development Authority (NEDA) in early 2016.

*AmBisyon Natin 2040* reveals the many dimensions of well-being that Filipinos value the most: strong family and community ties, a comfortable lifestyle, and a secure future. It should then be the mission of government to steer development processes to enable and empower every Filipino to achieve these aspirations.

The same EO adopted the following vision for the Philippines:

> By 2040, the Philippines shall have been a prosperous, predominantly middle-class society where no one is poor; our peoples live long and healthy lives, are smart and innovative, and live in a high-trust society.

**A Plan with a Vision: The Philippine Development Plan 2017-2022**

The strategic framework of the PDP 2017-2022 (Figure 1) is guided by *AmBisyon Natin 2040*. The goal is to lay down the foundation for inclusive growth, a high trust and resilient society, and a globally competitive knowledge economy.
Chapter 1: Overview and Introduction
Updated Philippine Development Plan 2017-2022

Figure 1.1 The Philippine Development Plan Framework

The strategies to achieve this objective are organized under the three major pillars of “Malasakit,” “Pagbabago,” and “Patuloy na Pag-unlad.”

The Malasakit pillar is about enhancing the social fabric. The strategies aim to build the foundations for a high-trust society by ensuring a clean, efficient, and people-centered governance; guaranteeing swift and fair administration of justice; and increasing awareness of the different cultures and values across Philippine society.

The Pagbabago pillar is about effecting inequality-reducing transformation. It consists of strategies to expand economic opportunities, accelerate human capital development, reduce vulnerability, and build safe and secure communities.

The Patuloy na Pag-unlad pillar is about increasing potential growth. It consists of strategies to enhance the factors necessary to accelerate and sustain growth and development through 2040. It is about promoting science, technology, and innovation. It also covers strategies to reap the demographic dividend.
Supporting these pillars are policies and programs to ensure sound macroeconomic fundamentals and promote healthy competition. Furthermore, realizing the importance of rectifying or improving initial conditions that are the foundations for sustainable development, the PDP 2017-2022 contains policies and programs to ensure peace, security, and public order and safety; accelerate infrastructure development; and address environmental concerns.

This PDP also gives deliberate attention to the special circumstances of Overseas Filipinos and their families, with the aim of empowering them to achieve their aspirations for a “matatag, maginhawa at panatag na buhay.” Special focus is given to their eventual reintegration and active participation into the country’s development processes.

**Reforms Instituted**

Running on a platform of change, the Duterte administration has introduced a number of much-needed and long-awaited reforms, some of which have been institutionalized through legislation. These game-changing reforms are expected to yield net benefits to society and even provide a robust foundation on which to build resiliency. Some reforms were admittedly radical and were expected to result in short-term negative effects given initial trade-offs. However, a feature of these reforms is the deliberate inclusion of safety nets to cushion the sectors that might be adversely affected, though temporarily, by the reform.

Figure 2 re-draws the strategic framework of the PDP 2017-2022, but indicating the major reforms undertaken. This is followed by a discussion of the major reforms that can be used a basis for greater resilience.
The PhilSys Act establishes a national digital ID system that will provide every Filipino with proof of identity. This national ID will facilitate transactions in business and with government by providing a credible but easily accessible instrument for “know your customer” protocols. This will also fast-track financial inclusion and facilitate the provision of targeted transfers from government, as the need arises.

The Ease of Doing Business and Efficient Government Service Delivery Act, meanwhile, directs all agencies in government to streamline government processes, particularly those concerning business (B2G) and consumers (C2G), and rationalize or even harmonize regulations. Under the “new normal”, businesses need to reconfigure processes or change product lines altogether, and these may require a new set of permits. This law requires government to be facilitative so that businesses can quickly undertake the changes and new investments required.
Farmers and fisherfolk are expected to benefit from the Sagip Saka Act which provides various forms of assistance to improve (a) production and productivity; (b) access to financing and better technologies; and (c) business support and development services. Access to finance is further increased with the Agricultural Free Patent Reform Act which makes agricultural free patents tradable and bankable instruments.

A major reform in the agriculture sector is the Rice Tarification Law. This is a long-awaited reform designed to open the market for rice trade. The previous regime of quantitative restrictions on imported rice provided price support to the rice farmers. But this made the retail price of rice expensive as a result. Despite the price support, rice farming in the Philippines has been unprofitable, especially when compared to other countries in Asia (Bourdey et. al., 2016). To balance the interests of farmers and those of consumers toward overall efficiency and economic growth, the law (1) replaces the quantitative restrictions on imported rice with tariffs of 35 to 40 percent, and (2) establishes the Rice Competitiveness Enhancement Fund (RCEF) coming from the tariff revenues. The RCEF consists of an annual appropriation of PHP 10 billion for six years to fund programs on farm mechanization, seed development, propagation and promotion, credit assistance, and extension services, which were specifically identified to improve the productivity of rice farmers, reduce production cost, and link them to the value chain. The excess from the PHP10 billion tariff revenue collection will still be given to rice farmers and appropriated by Congress the following year for the direct financial assistance to rice farmers, titling of agricultural rice lands, expanded crop insurance program, and crop diversification program. The fund provides assistance to rice farmers in the form of farm machinery and equipment, high-yielding seeds, access to affordable credit, and skills training programs on farm mechanization and modern farming techniques. The impact on consumers was evident—the retail price of rice went down by about 9 percent in 2020, from its average in 2018, before the law was enacted. The impact on rice farmers, on the other hand, will require a more extensive impact evaluation. What is clear though, is that the palay subsector grew by 7.2 percent during the second quarter of 2020 amid the very strict economic lockdown from the same period in 2019.

To further facilitate investments, the Revised Corporation Code of the Philippines eliminates barriers to entry of both small and large enterprises by permitting the formation of one-person corporations and by allowing stockholders or members to exercise their rights through remote communication and in-absentia voting, among others. As remote communication becomes part of the “new normal”, this amendment of the Corporation Code will ensure that business meetings and voting can proceed.

As part of human capital development, the Universal Access to Quality Tertiary Education Act provides free tuition in state universities and colleges, free technical and vocational education and training, tertiary-education subsidy, and student loans. On the other hand, the Philippine Qualifications Framework Act reinforces and strengthens the recognition of knowledge and skills acquired outside the formal education systems through a system of pathways, equivalencies, and credit transfers. To further increase employability, the Tulong Trabaho Act provides free training fees and additional financial aid to qualified beneficiaries enrolling in selected training programs (STPs). These reforms ease the financial burden of acquiring tertiary education, reskilling and retooling programs, which the workforce will also need to adjust to the “new normal.”

The Pantawid Pamilyang Pilipino Act institutionalizes the Pantawid Pamilyang Pilipino Program to reduce the vulnerabilities of children in poor families. The program provides cash transfers to family beneficiaries conditional on health, nutrition, and education outcomes for a maximum of seven years. Other features of the law also provide effective ways of engaging with poor families even for information and communication campaign, which will be useful to help them adjust to the “new normal”, inter alia.
The **Universal Health Care Act** aims to provide health care coverage to all Filipinos, when and where needed, without having to bear huge financial burden. It is a package of health care reforms centered around health care financing. Among others, it replaces the fragmented system of health care provision with a network approach. This is to be funded by taxes on tobacco and alcohol.

The **Social Security Act of 2018** strengthens the Social Security System, which is an important institution in building resilience. It also provides economic support to workers who have been involuntarily displaced.

The creation of the **Department of Human Settlements and Urban Development (DHSUD)** reorients housing policies and programs towards building communities, in addition to building houses. These policies and programs must now consider resiliency and sustainability conditions.

The “new normal” will definitely require innovative ways of doing production, socialization, consumption, governance, etc. Operationalizing these innovations requires an ecosystem covering science, technology, and innovation (STI). Four landmark laws were recently enacted to help establish the ecosystem. These are (a) the **Philippine Innovation Act** which establishes the National Innovation Council (NIC), an inter-agency and multisectoral committee that effectively elevates policy and planning on STI 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 share their knowledge and expertise in the country.

The entry of a **third telecommunications player**, meanwhile, will create a more competitive environment to help ensure affordable and reliable internet services in the country. This is expected to accelerate the digital transformation of the country. Further reforms in the **Public Service Act** and **Foreign Investments Act** will open the sector more.

The Tax Reform for Acceleration and Inclusion or **TRAIN Law** corrects the inequity of the tax system by reducing personal income taxes while broadening the tax base. The resulting increase in revenues allowed for the expansion of infrastructure and social services budget. Various **expenditure management reforms** have also been introduced to address underspending while ensuring the effective and efficient delivery of public services. These reforms were instrumental to improving the country’s credit rating to BBB+, the highest rating it has achieved so far. In turn, this has enabled the government to mobilize resources for a massive social assistance package during the COVID19 pandemic.

The signing and subsequent ratification of the **Bangsamoro Organic Law** marks a historic and significant milestone in the decades-long struggle for self-governance and peace in Mindanao. This has paved the way for lasting peace, which is an essential pre-condition for building resilience.

Government has embarked on the **Build, Build, Build** program, which is an ambitious infrastructure program that increases spending for infrastructure from 4 percent of GDP in 2016, based on actual disbursement, to 5.5 percent in 2021, and 4.3 percent in 2022.

A **National Transport Policy (NTP)**, together with its Implementing Rules and Regulations (IRR), has also been adopted. Among others, the policy prioritizes the movement of people, rather than of vehicles, and provides the basis for offering alternative means of mobility.
In the energy sector, reforms have been enacted to encourage investments and reduce the electricity bills of consumers. To facilitate the processing of investment applications in the energy sector, Executive Order No. 30, s. 2017 was created. Another law, the Energy Virtual One-Stop Act, was created to simplify and speed up permitting process for new power generation, transmission, and distribution projects. The Murang Kuryente Act was enacted in 2019 to help reduce consumers’ monthly electricity bills and strengthen consumer welfare protection, through the utilization of the government’s share from the Malampaya Fund to pay for the National Power Corporation’s (NPC) stranded contract costs and stranded debts. Furthermore, the Energy Efficiency and Conservation Act establishes a framework for institutionalizing energy efficiency and conservation, and promoting the use of energy-efficient technologies. All these are important in encouraging investments in the new normal which may require more geographically-dispersed areas of production, including home-based production.

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, reliable broadband internet services towards a digital economy. These are critical initiatives to bridge the digital divide in order to ensure that no one is left behind even while we transition to the new normal.

The current pandemic has demonstrated the link between ecological integrity and human health, from the need for better ventilation and sunlight, to ensuring that human activities do not encroach on animal habitats (as a means of preventing zoonotic diseases). The Expanded National Integrated Protected Areas System or ENIPAS Act expands the coverage of the country’s national protected areas (3.1 million hectares), strengthens institutional arrangements for the management of protected areas, and streamlines the process for accessing the Integrated Protected Area Fund (IPAF) for additional financial resources and economic opportunities in the sites.

**Results delivered**

In addition to the reforms instituted, the Duterte administration has committed to a set of targets that indicate progress towards inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. Table 1 shows the headline outcome indicators, the targets, and the accomplishments during the first three years of the administration.
Table 1.1 PDP 2017-2022 Headline Indicators: Targets vs. Accomplishments, 2017-2019

<table>
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<tr>
<th>INDICATOR</th>
<th>BASELINE VALUE (YEAR)</th>
<th>PLAN TARGETS</th>
<th>ACOMPLISHMENT</th>
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<tr>
<td>GDP (growth rates) sustained</td>
<td>6.9r (2016)</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Poverty Incidence (% of Pop'n.) reduced</td>
<td>23.5 (2015r)</td>
<td>17.3-19.3</td>
<td>N/A</td>
</tr>
<tr>
<td>Rural Poverty Incidence (%) reduced</td>
<td>34.0 (2015r)</td>
<td>25.6</td>
<td>N/A</td>
</tr>
<tr>
<td>Subsistence Incidence (%) reduced</td>
<td>9.1 (2015r)</td>
<td>6.8</td>
<td>N/A</td>
</tr>
<tr>
<td>Food Inflation (%) kept stable</td>
<td>1.7a (2016)</td>
<td>2-4</td>
<td>2-4</td>
</tr>
<tr>
<td>Human Dev't. Index (HDI) improved</td>
<td>0.693r (2015)</td>
<td>Increasing</td>
<td>Increasing</td>
</tr>
<tr>
<td>Unemployment Rate (%) decreased</td>
<td>5.4r (2016)</td>
<td>5.1-5.4</td>
<td>4.7-5.3</td>
</tr>
<tr>
<td>Employment Generated increased</td>
<td>n.a. (2016)</td>
<td>900,000-1.1 Mn</td>
<td>900,000-1.1 Mn</td>
</tr>
<tr>
<td>Youth Unemployment Rate (%) decreased</td>
<td>11.5 (Oct 2016)</td>
<td>11.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Underemployment Rate in areas outside NCR (%)</td>
<td>19.7 (2016)</td>
<td>18.3-20.3</td>
<td>17.8-19.8</td>
</tr>
<tr>
<td>Global Innovation Index (rank) improved</td>
<td>74 out of 128 economies (2016)</td>
<td>increasing</td>
<td>increasing</td>
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On accelerating economic growth. Gross Domestic Product (GDP) grew by 6.7 percent in 2017, well within the target growth rate for the year. Beginning 2018, the target was to grow between 7 and 8 percent. However, the country’s GDP growth moderated to 6.2 percent in 2018, and 6.0 percent in 2019. This was due to global headwinds marked by increased tendencies towards protectionism, especially coming from the developed economies. The reenacted budget in 2019 also contributed to the less-than-targeted economic growth.
On improving employment numbers. The Duterte administration has delivered on its promise of improving employment numbers. In 2017, unemployment rate increased, but has since declined. In 2018, unemployment rate is estimated at 5.3 percent; in 2019, it went down further to 5.1 percent, both within target.

The net job loss in 2017 can be explained by the higher school participation rate among the youth aged 15-24 years, resulting from the required additional two years of basic education and further encouraged by the tuition fee assistance for higher education. This also explains the increase in youth unemployment rate from 11.9 percent in 2017 to 13.4 percent in 2018. This, however, improved to 12.8 percent in 2019.

In 2018, net jobs generated reached almost 900,000. This further increased to 1.27 million in 2019, which is more than the target, as the Build, Build, Build program implementation gained traction.

Underemployment rate in areas outside the National Capital Region (AONCR) reflects the increase in full-time jobs outside Metro Manila. This remained within target, at 17.1 percent and 15.2 percent in 2017 and 2019, respectively.

On ensuring that economic growth benefits the poor. Food inflation rate remained low in 2017 at 3.0 percent, but escalated to 6.8 percent in 2018 due to the mismanagement of the country’s rice supply. Food inflation then dropped to 2.1 percent in 2019, primarily due to the implementation of the Rice Tariffication Law.

What would be considered a significant accomplishment of the Duterte administration is the rapid decline in overall and rural poverty incidence beyond targets. Overall poverty incidence declined from 23.5 percent in 2015 to 16.7 percent in 2018, while rural poverty incidence declined dramatically from 34.0 percent in 2015 to 23.5 percent in 2018.

The reduction in poverty incidence in 2018 was achieved despite the high food inflation. This was because of the higher number of paid jobs generated and a deliberate effort to cushion the poor from the adverse, though temporary, effects of the TRAIN law and infrastructure program. This was done by providing transfers to low-income families (estimated at 10 million) through the Unconditional Cash Transfer program, which has been implemented for three years. In addition, the Human Development Index (HDI) was estimated by the United Nations Development Programme to have increased from 0.699 to 0.712. This marks the first time that the country joins the category of high-level HDI.

From a baseline ranking of 74 (out of 126 economies) in 2016 according to the global innovation index, the country jumped to rank 54 (out of 129 economies) in 2019. The country is considered as among the innovation achievers, having scored above average in most innovation dimensions relative to other lower middle-income countries.
Directive for the next two years: focus on recovery and resilience

Further demonstrating the resolve to enable and empower every Filipino to achieve his or her Ambisyon, the government has implemented two major initiatives: Bayanihan to Heal as One (Bayanihan 1) and Bayanihan to Recover as One (Bayanihan 2).

Bayanihan 1 provided funds to address the requirements of COVID19 for tracing, testing, and treatment while assisting low-income families and returning overseas Filipinos (OFs) who were economically displaced because of the quarantine restrictions. Some 17.6 million and 14 million low-income families received the first and second tranches of the Social Amelioration Program, respectively. Meanwhile, the Small Business Wage Subsidy program benefitted 2.1 million workers employed by small businesses that were adversely affected by quarantine restrictions.

Bayanihan 2 will sustain the efforts to improve health system capacity, particularly on contact tracing, testing and isolation protocols. It will also provide financial assistance to the sectors that were adversely affected by the pandemic – transportation, tourism, education, and micro, small, and medium enterprises (MSMEs). Assistance will also be given to the agriculture sector in the form of credit, farm inputs, and training; and skills training, particularly on digital skills, to the displaced workers.

Both initiatives include provisions to build resilience. To sustain this, the PDP has been updated to focus its strategies towards having a healthy and resilient Philippines while facilitating economic recovery. See Figure 3.
The updated PDP presents a comprehensive environmental scan of the political, economic, social, technological, ecological, and legal dimensions under the new normal (Chapter 2).

The National Spatial Strategy (Chapter 3) is also updated to meet the demands of the new normal.

Moreover, this updated PDP contains five major programs designed to build the resilience of individuals, families, business, government, and society under the new normal: (1) health system improvement, (2) food security and resiliency, (3) learning continuity, (4) digital transformation, and (5) regional development through the Balik Probinsya Bagong Pag-asa Program.

These are integrated into the previous strategies, as will be discussed in Chapter 4.

*Health system improvement.* The Universal Health Care Act provides a comprehensive framework for health system improvement. The reform calls for a paradigm shift in the provision of care, from being fragmented and facility-based, to having a network of care with primary care facilities acting as the gatekeeper. The lessons from the COVID19 pandemic would then add strengthening of health care
outreach services and even home-based care. Health promotion also needs to be a prominent feature of health care. More importantly, there needs to be a careful assessment of the current state of health care promotion and provision in the country, and a plan and investment program over the medium term on how to improve it to become better prepared for any future health crisis, but which we hope does not come.

*Food security and resiliency.* Food security is about access to safe and affordable food at all times. Food resiliency is having food security during times of crisis or emergencies. During the imposition of the enhanced community quarantine, data show that while 86 percent of farmers were able to continue their agricultural work, only 65 percent were able to sell their produce. On the other hand, people in the cities found it very difficult to access fresh produce. Over the next two years, policies and programs will be guided by a food value chain approach – from farm to plate. In addition to programs to improve agricultural productivity, there will be investments in storage facilities, postharvest, cold chain, and even technologies that prolong the shelf-life of food. Urban residents also need to attain some level of food sufficiency.

*Learning continuity.* The big challenge under the new normal is to build 21st century knowledge, skills, and competencies in a way that is safe to learners and teachers. Even modern pedagogical approaches are centered around participation, teamwork, and collaboration. Added to this is the problem of the digital divide that, if not addressed, will translate to inequality in access to education and may even worsen inequality in the longer term.

Education sector agencies will thus design inclusive mechanisms that deliver quality education. Lifelong learning will remain a priority strategy, but especially focusing on digital skills training.

*Digital transformation.* Government will accelerate its digital transformation agenda, beginning with the implementation of the National Broadband Plan and the Free Wi-Fi program. More and more government transactions will be enabled using the digital platform. Similarly, there will be technical and financial assistance programs to help businesses, especially the MSMEs, to transition towards greater digitalization.

In parallel, government will ensure safety and security of digital transactions, including digital payments. The framework for consumer protection will also be reviewed to encompass the new normal way of transacting.

*Regional development.* While this has been the goal of the original PDP, the COVID-19 pandemic has made regional development an urgent matter. We have seen that the virus could be transmitted rapidly in densely populated areas. This has highlighted the need to have well-ventilated living quarters, workspaces, and public spaces. It is also important to have more green outdoor public spaces.

A major initiative to decongest urban areas is the *Balik Probinsya Bagong Pag-asal* Program (BP2). The program encourages Metro Manila residents, especially informal settlers, to return to their home provinces. BP2 will provide assistance for transportation expenses, livelihood, housing, and education, among others. Over the medium term, there will be various investments in infrastructure, agriculture, business, transportation, and access to health care. These investments will reduce inequality in the quality of life across the various regions.
We have also seen the benefits of having well-planned communities where people’s places of residence are close to where they work, where there is nearby access to health care facilities and food, and so on. All these underscore a need to review the different comprehensive land use plans and local development plans. At the same time, disaster risk reduction and management plans need to be revised to include the occurrence of pandemics in the whole framework.

The Build, Build, Build (BBB) program will remain a major strategy for economic recovery. The list of infrastructure flagship projects has recently been updated considering the new priorities listed above. The foundational role of infrastructure development in achieving the goal of having a healthy and resilient Philippines is recognized. At the same time, the employment to be generated by the implementation of BBB projects will be instrumental in accelerating economic recovery.

**Enact the remaining reforms**

**To ease financial capital constraints resulting from the pandemic**

The restrictions on mobility and business operations that were imposed to prevent the spread of COVID19 while health systems were being improved exacted pressure on the cash flow and financial position of businesses and families. An online survey conducted by NEDA in early April 2020, three weeks into the imposition of Enhanced Community Quarantine (ECQ) in Luzon and other regions of the country, show that while about two-thirds of businesses did not operate during the ECQ, more than three-fourths continued to pay wages to their pre-ECQ pool of workers. This cash flow problem could negatively affect significant portions of the business sector, as payments to suppliers were being deferred, and ultimately to financial institutions, as loan repayments were being postponed. This could lead to a rise in nonperforming loans and a heightened reluctance of banks to extend credit. If the situation is prolonged, this will delay economic recovery.

Two important pieces of legislations are being proposed to address the aforementioned problem – (1) the Financial Institutions Strategic Transfer’ [FIST] bill, which seeks to create special purpose vehicles to help financial institutions offload their COVID19-induced nonperforming assets; and (2) the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE), which creates a special investment vehicle that would infuse capital into key enterprises while preserving employment (and talents) therein.

**To increase strategic investments, including Foreign Direct Investments (FDIs)**

While the accomplishments with respect to social, economic, and environmental outcomes have been impressive, the past three years has demonstrated that there are limits to the country’s infrastructure and investment capacities. Moreover, these limits may be due to restrictive policies that limited the entry of FDIs. Some of these restrictions can be addressed by amending laws or regulations such as the Public Service Act, Foreign Investment Act, and the Retail Trade Liberalization Act.
The Corporate Recovery Tax Incentives for Enterprises (CREATE), meanwhile, will usher in a more competitive tax and incentive regime for businesses – corporate income tax rate will be reduced (by 10 percentage points for small businesses and by 5 percentage points for all others); incentive structure can be nuanced depending on the type of investment, location and subject to agreed performance targets. CREATE is expected to encourage investments in strategic industries that are especially needed by the country to build resilience.

With respect to infrastructure provision, public-private partnerships will remain an option to address infrastructure gaps in various social and economic sectors, while still recovering from the economic shock due to COVID-19.

To ease human capital constraints

In addition to attracting additional external investments, it is important to begin developing the country’s knowledge economy. Related to this, the Philippines needs to improve its capacity for intellectual property right protection. In the next two years, increasing knowledge and improving the knowledge ecosystem to improve health and building resilience should be prioritized to improve education and health outcomes.

To improve governance over the management of resources

As population increases, as the economy grows, and as growth centers expand, there will be greater and competing demand for land resources. A national land use framework needs to be established to define the indicative priorities for land utilization and allocation across residential, infrastructure, agricultural, and protective uses. The framework will also guide efforts, monitor developments related to land use, and evolve policies, regulations, and directions of land use planning processes.

Another critical concern today, which is bound to worsen over the immediate future, is the access to and quality of water supply. The National Capital Region and CALABARZON are already under a state of absolute water scarcity; Ilocos Region, Central Luzon, and Bicol Region are under water scarcity; and MIMAROPA and Central Visayas are under water stress. New sources of drinking water need to be developed. Equally important is to institute governance reforms in the sector, where the institutional set-up is weak and fragmented. There is a need to create an apex body that will act as the single lead agency to oversee/coordinate overall policy and project / program implementation. The creation of a Water Regulatory Commission is also proposed to harmonize regulatory practices, processes, and fees in the water sector.

To improve the governance over the environment

The more robust way to address environmental degradation is to effect behavioral change. This becomes even more important as we see the close links between human health and quality of the environment. To this end, NEDA has formulated the Philippine Action Plan for Sustainable Consumption and Production which consists of a package of actions with respect to policy and regulation, research and innovation, infrastructure, and education and promotion. It also encompasses the issues of waste management, sustainable business and lifestyles, and efficient use of resources.
To expand market linkages for MSMEs

As MSMEs are encouraged to innovate and participate in the global market, they need to comply with international quality standards. Currently, the need is to develop the personal protective equipment (PPE) ecosystem to afford the country’s health care system a reasonable level of security over the supply of PPEs. Prescribing the country’s National Quality Infrastructure covering standardization, metrology, testing analysis, quality management, certification, and accreditation is an important step to gain access to markets, especially global markets. Beyond harmonized rules and procedures, the testing laboratories need to be strategically dispersed across the country in order to provide MSMEs easy access to the facility.

Keeping the Long View

We now realize that twenty years until 2040 is a long time and many challenges may come at any time and may place obstacles along the way. COVID19 may just be one of these. It is important to quickly recover lost ground, ensure sustainability of the gains by building resilience, then get back on track towards the AmBisyon Natin 2040.

In the remaining Plan period, the Duterte administration is renewing its commitment to enable and empower every Filipino to enjoy each and every one of his or her aspirations - matatag, maginhawa at panatag na buhay.
Chapter 2

Global and Regional Trends and Prospects

While some of the trends identified three years ago remain relevant, the coronavirus (COVID-19) pandemic is expected to exert an unprecedented impact on global and regional developments over the next few years. The Philippines will have to nimly maneuver through the following health, environmental, economic, social, political, and technological trends as it pursues development towards a healthy and resilient Philippines.

Health and Environmental Trends

The COVID-19 Pandemic

Since it was first reported in China in December 2019, confirmed cases of COVID-19, caused by the novel coronavirus SARS-CoV-2, have exceeded 42 million individuals in over 200 countries, leading to over 1.1 million deaths over a period of 11 months. Some estimates, based on serosurveys, indicate that the actual number of infections could be 7 to 27 times larger than the confirmed cases. Similarly, the number of deaths may be double the official estimate. In any case, early results from seroepidemiologic studies indicate that in most cases, less than 10 percent of the population have been infected with COVID-19, likely far below the level that would confer herd immunity.

As of late October 2020, a rapid rise in cases and deaths was reported in Europe. More gradual uptick was also observed in Africa, Eastern-Mediterranean and Western Pacific regions. Declines continued to be reported in the Americas and South-East Asia, although the incidence of new infections remains high, and collectively these two regions contribute over half of new cases and deaths observed globally. New cases are driven mainly by France, UK, Spain, Italy, Russia, Czechia, Germany, Poland, and Netherlands in Europe; USA, Brazil, Argentina, Colombia, and Mexico in the Americas; India, Indonesia, and Nepal in Southeast Asia; Iran, Iraq, and Morocco in Eastern Mediterranean; Philippines in the Western Pacific; and South Africa in Africa.

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The majority of countries in Africa, Eastern Mediterranean, Europe, and Americas continue to report community transmission of COVID-19. In contrast, most countries in Southeast Asia and the Western Pacific are reporting only either clusters of cases, sporadic cases, or even no active cases. Only four countries (Bangladesh, Indonesia, Philippines, and Papua New Guinea) in the two regions are still reporting community transmission.

Despite the overall uptrend in cases, incidence of deaths has remained relatively stable, possibly due to better case management. The results of several clinical trials for other novel and repurposed therapies are expected in the last quarter of 2020 and first quarter of 2021. At the same time, the long-term impact of the disease is still not well understood. To improve detection, WHO is evaluating over 50 diagnostic tests, including several potentially game-changing rapid diagnostic tests.5

As of mid-October 2020, there are around 200 candidate vaccines, 44 of which are now undergoing human trials, while 10 have reached Phase 3 trials of safety and efficacy.6 Some of the leading trials may report results in the last quarter of 2020.7 The Philippines is participating in the WHO Solidarity Vaccine Trials, with 12 hospitals around the country designated as trial sites. Aside from these, the country is also studying results of clinical trials of vaccines from six companies from China, Russia, Australia, and Taiwan.8 Phase 3 vaccine clinical trials are set to begin in November 2020.9 (see Chapters 10, 11, and 14 for additional information).

Global production capacity is estimated at 1 billion doses by end-2020, rising to an estimated 8 billion by end-2021.10 Other estimates note that while there is a high probability that at least one vaccine will be approved by 2021, it will likely take over a year to produce enough doses for healthcare professionals worldwide, and that it could take at least until 2023 before there are enough doses to cover most of the world population.11,12 An important challenge therefore is ensuring equitable access to vaccines, therapeutics, diagnostics, and other essential products (including personal protective equipment and oxygen). WHO is coordinating efforts to equitably distribute 2 billion vaccine doses by 2021 to immunize health care workers and the vulnerable.13 However, as of late September, less than 7 percent of the USD38 billion total funding needed, has been pledged.

The COVID-19 pandemic is a stark reminder of the rising risks from infectious disease outbreaks. Between 2011 and 2018, WHO tracked 1,483 epidemic events in 172 countries. Climate change, urbanization, and the lack of water and sanitation are all factors that contribute to fast-spreading, catastrophic outbreaks. Antimicrobial Resistance (AMR) also poses a significant and growing threat. The Global Preparedness Monitoring Board has previously warned that the world is not prepared for a fast-moving, virulent

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10 WB. East Asia and the Pacific Economic Update, October 2020.
respiratory pathogen pandemic. Previous World Bank and WHO analyses indicate that most countries would need to spend on average between USD1 to 2 per person per year to reach an acceptable level of pandemic preparedness.\footnote{Global Preparedness Monitoring Board. “A world at risk: annual report on global preparedness for health emergencies.” 2019.} (Impressions in the Philippines’ health care system are discussed in Chapters 1, 4, and 10)

Climate Change

Human activities are estimated to have resulted in a 1.0 degree Celsius global warming above pre-industrial levels. If it continues to increase at current rate, the world is expected to be warmer by 1.5 degree Celsius (°C) between 2030 and 2052. In such a scenario, warming of extreme temperatures in many regions; increases in frequency, intensity, and/or amount of heavy precipitation in several regions; and an increase in intensity or frequency of droughts in some regions are expected. The number of hot days is projected to increase in most land regions, with highest increases in the tropics.\footnote{UN Climate Action Summit 2019

UN-IPCC, ibid}

Global emissions are reaching record levels and show no sign of peaking. The last four years have been the hottest on record, and winter temperatures in the Arctic have risen by 3°C since 1990. In effect, sea levels are rising, coral reefs are dying, air is becoming more polluted, and there are more heatwaves and risks to food security.\footnote{Climate Analytics, Country Profile: Philippines, “Decarbonising South and South East Asia”, May 2019

DOST-PAGASA, 2018.}

The Intergovernmental Panel on Climate Change (IPCC) projects that global mean sea level will rise to 0.26 to 0.77 meters with global warming of 1.5°C by 2100. Sea level will continue to rise well beyond 2100, and the magnitude and rate of this rise depend on future emission pathways.\footnote{United Nations Intergovernmental Panel on Climate Change (UN-IPCC) Special Report: Global Warming of 1.5C}

The IPCC also expects that “global warming of 1.5°C will shift many marine species to higher latitudes and worsen the damage to many ecosystems. Furthermore, the loss of coastal resources will increase, while the productivity of fisheries and aquaculture will be reduced. For example, coral reefs are seen to decline by a further 70 to 90 percent.”

Countries in the tropics and Southern Hemisphere subtropics are projected to experience the largest impacts on economic growth due to climate change should global warming increase from 1.5°C to 2°C. Indeed, the World Bank and Climate Analytics have cited the Philippines as one of the countries most vulnerable to climate change with its high exposure to extreme weather events and long coastlines subject to rising sea levels.\footnote{DOST-PAGASA, 2018. https://pubfiles.pagasa.dost.gov.ph/iaas/FINAL_observed_climate_trends_and_projected_climate_change_in_the_Phils_2018.pdf.}

The DOST-PAGASA reported a warming of an average rate of 0.1°C per decade and will continue to increase in the future. Projection shows that the country will experience an average temperate increase by as much as 0.9°C - 1.9°C in a moderate emission scenario and 1.2°C - 2.3°C in a high emission scenario in 2036 to 2065. By the end of 21st century, this increase could range from 2.5°C - 4.1°C if there is no concerted effort to cut greenhouse gas emissions.\footnote{see Chapters 3, 18, 19, and 20.}
The UN-IPCC also projects that risks from some vector-borne diseases, such as malaria and dengue fever, will increase with warming from 1.5°C to 2°C.

**Economic Trends**

**Weaker Economic Outlook Amid COVID-19 and the Great Lockdown**

After relatively weak global growth in the past three years, the International Monetary Fund (IMF) projects that the pandemic and resulting restrictions in economic activities will push the global economy into a recession in 2020, shrinking by -4.4 percent. After rebounding by 5.2 percent in 2021, global growth is expected to gradually slow down again to about 3.5 percent in the medium-term. Most countries in the region are expected to contract, with the notable exception of China. Within the ASEAN-5, only Vietnam is expected to post positive growth. Malaysia and Indonesia GDP are expected to recover to pre-pandemic levels by 2021, while Thailand and the Philippines will do so only by 2022. (The impact of the pandemic on the Philippines’ growth prospects are discussed further in Chapter 4)

**Figure 2.1 GDP Growth**

![Figure 2.1 GDP Growth](image)

*Source: IMF World Economic Outlook, October 2020*


21 The IMF baseline projection assumes that social distancing will continue into 2021 but will subsequently fade over time as vaccine coverage expands and therapies improve. Local transmission is assumed to be brought to low levels everywhere by the end of 2022.
While oil prices are expected to pick up after dipping in 2020, the IMF now expects it to remain below USD60 even by 2025, amid subdued aggregate demand. Downside risks abound from the following: multiple waves of COVID-19 pandemic outbreaks, slower than expected recovery as lockdowns are gradually lifted and consumers adapt to ‘new normal,’ potential financial crises as governments take on higher fiscal spending/debt and as financial markets diverge from the real economy, destabilizing policy and geopolitical developments (e.g., Brexit, Hong Kong, North Korea, China-India conflict), trade war escalation and uncertainty, renewed stress towards financially vulnerable countries, and sharper-than-expected slowdown in key economies (i.e., China, EU). Upside risks include supply shocks from geopolitical tensions (e.g., Saudi Arabia Oil Tanker Attack).

### Slower Global Trade Amid Shifts in Supply Chains and Rising Protectionism

Global trade experienced strong growth in 2017 to 2018 at an average of 4.5 percent growth, before slowing to less than 1 percent in 2019. However, with the pandemic, the IMF projects that global will shrink by 8 percent in 2020, before recovering by 7.9 percent in 2021, and gradually easing to 3.5 percent in the medium-term. For the ASEAN-5, the average decline in exports is 7.4 percent in 2020, before recovering by 12.2 percent in 2021. For 2020, a double-digit decline is expected in Indonesia, Malaysia, and the Philippines, with a full recovery expected only by 2022 for Malaysia, Thailand, and the Philippines. Slowing global trade is compounded by weaker external demand, terms-of-trade losses, and supply chain disruptions (e.g., due to production restrictions or border delays). Indeed, the World Trade Organization (WTO) notes that sectors with more complex value chains as well as services trade will be most affected by the COVID-19 pandemic.

The slowdown in trade is happening amidst rising protectionist tendencies over the past decade. Trade restrictions by WTO members have reached historic highs. The stockpile of import restrictions implemented since 2009, and still in force, is estimated to affect around USD 1.7 trillion or 8.7 percent of world imports. While trade facilitation measures have likewise been introduced, these have been outpaced by restrictive measures.

Given the pandemic, there may be some shifts in supply chains with rising political pressure to re-shore production to reduce perceived vulnerabilities from reliance on foreign producers. Firms may also reconfigure their global production networks to manage the risks of production disruptions better. The pandemic may also induce protectionist measures to shield local firms given weakening local economies or limit exports given domestic needs.

Over a period of seven months to mid-May 2020, WTO members implemented 363 new trade and trade-related measures, 256 of which (about 71%) were linked to the pandemic. Of the pandemic-related measures, 47 facilitated trade and 109 restricted trade. Some of the export restrictions on surgical masks, gloves, medicine, and disinfectant have started to be eased during the latter part of the period though.

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22 IMF. *World Economic Outlook* database. October 2020
23 WTO. Trade Statistics and Outlook, “Trade set to plunge as COVID-19 pandemic upends global economy.” April 8, 2020
The pandemic is also expected to have a sharp and prolonged impact on services trade, particularly on travel and tourism. International travel restrictions, together with consumers’ fear of exposure to the virus, are likely to subdue tourism activity. The International Air Transport Association projects air transport demand to decline by over 66 percent in 2020, and that it may take some 5 years for passenger demand to return to pre-COVID levels.\(^{25}\) Similarly, the UN World Tourism Organization expects tourism arrival declines of 58 to 78 percent for 2020, with full recovery possibly by 2024.\(^{26}\) (Strategies to address the impact of the pandemic on Philippines’ goods and services trade are discussed in Chapter 9)

**Global Investment Flows to Remain Below Pre-pandemic Levels**

After fully recovering and peaking at USD2 trillion in 2015, global foreign direct investment (FDI) has been declining again, reaching USD1.3 trillion in 2018 and USD1.5 trillion in 2019, with the contraction mostly coming from US multinationals repatriating earnings from abroad due to policy-driven tax reforms.\(^{27}\)

In contrast, FDI inflows to Developing Asia have been broadly steady, with a minimal decline of 5 percent to USD474 billion in 2019.\(^{28}\) For ASEAN-5, FDI inflows actually increased by around 30 percent between 2015 and 2018, exceeding inflows to China in the last three years.

Given the pandemic, UN forecasts that global FDI flows will fall by 40 percent bringing FDI to USD1 trillion in 2020. From there, FDI is projected to further decrease by 5 to 10 percent in 2021. Despite a potential initial rebound in 2022, FDI flows are not expected to return to pre-COVID levels. For developing Asia, FDI is projected to fall by 30 to 45 percent in 2020. The pandemic is expected to accelerate pre-existing trends towards rationalization of international operations, reshoring, nearshoring, and regionalization.\(^{29}\) (Strategies to address the impact of the pandemic on FDI flows into the Philippines are discussed in Chapter 9)

**Sovereign debt levels to rise significantly**

As economies slow down, revenue collections are expected to fall. Together with an increase in spending in response to the crisis, the IMF expects budget deficits and sovereign debt to GDP ratios to increase over the medium-term. In advanced economies, government debt is projected to rise by about 20 percentage points (ppt) to 124 percent of GDP by the end of 2022. Over the same period, sovereign debt in emerging market and developing Asia is projected to rise by more than 17 ppt to about 70 percent of GDP. For the ASEAN-5, a 12 ppt increase to over 50 percent of GDP is projected over the period. (Strategies to address the impact of the pandemic on Philippines’ fiscal position and public debt are discussed in Chapter 15)

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\(^{26}\) UNWTO. World Tourism Barometer. August/September 2020.


Broad-based Monetary Easing Bias

Over the past three years, central banks across both developed and emerging markets have largely taken an accommodative monetary policy stance given slowing global growth and subdued inflation. Amid the COVID-19 pandemic, countries across the globe are further easing monetary policy to support growth. By some estimates, the US, UK, Japan, and the Euro Area, together, have injected liquidity worth USD3.8 trillion so far in 2020, helping yields on long-term government debt remain close to zero despite the increased deficit and debt levels.30

In fact, interest rates are projected to fall further. In turn, borrowing rates that stay lower for longer will help cushion the expected increase in debt burdens31 as a result of similarly expansive fiscal policy. (Strategies to address the impact of the pandemic on the Philippines’ monetary and financial sectors are discussed in Chapter 15).

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Political Trends

Rising Populism, Separatism, and Geopolitical Tensions

The shift away from multilateralism, towards populist and inward-looking policies has gathered steam and may persist over the next three years. This shift has had a substantial impact on international policy discussions in the areas of trade, migration, environment and security, among others.

In addition, the outcome of the elections in the United States is likely to have a significant impact on the direction of US policies. That said, most political analysts expect tensions between the US and China are likely to persist given their growing rivalry in various fields.

For the United Kingdom (UK), an extended period of uncertainty is likely even after Brexit. Apart from the economic fallout from leaving the European Union (EU), the UK may face increasing internal pressure from rising separatist sentiments in certain areas. China and India face similar challenges.

Moreover, geopolitical tensions are on the rise with North Korea missile talks and disputes over Iran’s nuclear program. This has increased global uncertainty, dampened investor and business sentiment, and have consequently clouded the outlook for global growth moving forward. (Strategies to address the impact of geopolitical tensions are discussed in Chapters 9 and 18)

Social and Demographic Trends

Unemployment is expected to remain elevated

With the contraction in economic activities, the IMF expects unemployment rates to increase and remain elevated over the next three years across both advanced and emerging market economies. In the USA and Euro area, unemployment is projected to rise to 8.9 percent in 2020, before easing to 5.7 percent in 2022 for the USA. For the Euro Area, it will increase further to 9.1 percent in 2021 before easing to 8.4 percent in 2022. Unemployment rates in several emerging market economies are projected to increase significantly this year. The main exception seems to be China and Thailand. (The impact of the pandemic on the Philippines’ labor markets are discussed further in Chapter 4. Strategies to address the impact of the pandemic on the Philippines labor markets are discussed in Chapter 10)
Migration and remittance flows are expected to decline sharply in the medium-term, but long-term factors are likely to persist

The World Bank projects global remittances to decline by 20 percent in 2020. Remittance flows are expected to fall across all regions, most notably in Europe and Central Asia (27.5%), followed by Sub-Saharan Africa (23.1%), South Asia (22.1%), the Middle East and North Africa (19.6%), Latin America and the Caribbean (19.3%), and East Asia and the Pacific (13.0%). In 2021, World Bank (WB) estimates that remittances to low and middle-income countries will experience a weak recovery of only 5.6 percent. Despite a sharp decline in remittances early in the lockdown, there are some signs of recovery. The nearly simultaneous decline in economic activities globally though is likely to subdue the counter-cyclical tendency of remittance flows in the short term.

Nonetheless, over the long term, the main drivers of migration – diverging demographic trends and the related wide gap in wages and incomes – are unlikely to change significantly.

International migration has become a major factor of population dynamics. Europe and North America, Australia and New Zealand, and Western Asia have experienced net inflows of international migrants. On the other hand, Central and Southern Asia, Eastern and Southeastern Asia, Latin America and Sub-Saharan Africa have experienced net outflows of migrants over the past two decades.

The largest outflows are driven by demand for migrant workers (such as from Bangladesh, Nepal, Philippines) or violence, insecurity, and armed conflict (such as Myanmar, Syria, Venezuela).

Belarus, Estonia, Germany, Hungary, Italy, Japan, the Russian Federation, Serbia, and Ukraine will experience a net inflow of migrants over the next decade, helping to offset population losses caused by an excess of deaths over births. *(Strategies to address the impact of the pandemic on migrant Filipinos are discussed in Chapter 21)*

Global demographic trends will remain broadly the same

The United Nations (UN) expects over 47 million women in 114 low- and middle-income countries to lose access to modern contraceptives, some seven million unintended pregnancies are projected to occur if the pandemic-induced lockdowns persist for six months. Nevertheless, long-term demographic trends are expected to remain broadly the same despite the pandemic.

The UN projects that global population will increase by 2 billion persons in the next 30 years from 7.7 billion in 2019. However, growth rates vary greatly across regions. Nine countries will make up more than half the projected growth of the global population between now and 2050: India, Nigeria, Pakistan, Congo, Ethiopia, Tanzania, Indonesia, Egypt, and the USA. Around 2027, India is projected to overtake China as the world’s most populous country.

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34 UN Department of Economic and Social Affairs, World Population Prospects 2019: Highlights, June 17, 2019.
Life expectancy at birth for the world’s population reached 72.6 years in 2019, an improvement of more than eight years since 1990. Further improvements in survival are projected to result in an average length of life globally of around 77.1 years in 2050.

Global fertility rate fell from 3.2 births per woman in 1990 to 2.5 in 2019. It is projected to decline further to 2.2 in 2050. (Demographic trends in the Philippines are further discussed in Chapters 3, 10 and 13)

Ageing and Shrinking Populations in Some Regions

As a result, the old population is fast increasing. The UN also expects the share of the population who are over the age of 65 is expected to rise from 9 percent in 2019 to 16 percent by 2050. In line with this, working-age population has fallen in proportion, consequently putting pressure on social protection systems (health care, pensions, and social protection).

The speed of population ageing is fastest in Eastern and South-Eastern Asia, particularly in South Korea, Singapore, Taiwan, Macao, Thailand, Hong Kong, and Brunei. These countries will experience an increase in the share of the older person by between 16.5 ppt to 23.0 ppt.

Since 2010, 27 countries or areas have experienced a reduction of one percent or more in the size of their populations. As per the UN, this drop is caused by sustained low levels of fertility. The impact of low fertility on population size is reinforced in some locations by high rates of emigration. Between 2019 and 2050, populations are projected to decrease by one percent or more in 55 countries or areas, of which 26 may see a reduction of at least 10 percent. The largest relative reductions in population size over that period, with losses of around 20 percent or more, are expected in Lithuania, Bulgaria, Latvia, the Wallis and Futuna Islands, and Ukraine.

Countries in the region that will see significant declines in population between 2020 and 2050 are Japan (-16%), South Korea (-9%), Taiwan (-6%), Thailand (-6%), and China (-3%). In contrast, all ASEAN member states, except Thailand, will have increases in population led by the Philippines (32%), followed by Cambodia and Lao, at about 30%.

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36 Fertility level of 2.1 births per woman is needed to ensure replacement of generations and avoid population decline over the long run in the absence of migration.
Figure 2.3 Change in Population (% 2020-2050)

Source: UN Department of Economic and Social Affairs

Demographic Window is Opening for Some Regions

In most of sub-Saharan Africa, and in parts of Asia and Latin America and the Caribbean, recent reductions in fertility have caused the number of the working age group (25-64 years) to grow faster than the rest.

In Southeast Asia (SEA), UN Department of Economic and Social Affairs (UNDESA) projections\(^\text{37}\) indicate that the share of working-age population in Brunei, Singapore, Thailand, and Vietnam will drop between 2020 and 2050. For the rest of SEA, including the Philippines, it is expected to increase. Consequently, the total dependency ratios\(^\text{38}\) for Brunei, Singapore, Thailand, and Vietnam will increase, while it is expected to decline in the rest of SEA, including the Philippines, for the same period. (*Strategies to take advantage of the Philippines’ demographic window are discussed in Chapter 13*)

\(^{37}\) UNDESA, World Population Prospects 2019, custom data acquired via website.

\(^{38}\) Ratio of population aged 0-24 and 65+ per 100 population aged 25-64.
Figure 2.4 Total Dependency Ratio

Total Dependency Ratio \((\text{Age 0-24 + Age 65+}) / \text{Age 25-64}\) De facto population as of July 1 of the year indicated.

Source: UNDESA

Progress in reducing global poverty will be delayed

The World Bank expects that the pandemic will push 88 to 115 million people into extreme poverty (USD1.9) in 2020 or a rise in global extreme poverty incidence to between 9.1 to 9.4 percent in 2020, from 8.2 percent in 2019. Most of the additional extreme poor will come from South Asia (49 to 56 million) and Sub-Saharan Africa (26 to 40 million people). The bulk will come from middle-income countries (72 to 94 million). Many of the new poor are likely to be engaged as paid employees in informal services, construction, and manufacturing, live in urban areas, with better access to infrastructure, and more educated than the chronic poor.

For 2021, global extreme poverty rate is expected between 8.9 and 9.4 percent – a return to the 2017 global poverty rate. This means that the world could lose some three to four years in the fight against poverty. Over the longer term, even if per capita income growth returns to pre-COVID rates, extreme poverty is projected to decline to 6.7 percent by 2030, more than twice the target of 3.0 percent.\(^{39}\) (The impact of the pandemic on the Philippines’ fight against poverty are discussed further in Chapter 4. Strategies to address the impact of the pandemic on poverty in the Philippines are discussed in Chapters 5, 8, 10, 11, and 12)

\(^{39}\)WB. Poverty and Shared Prosperity 2020.
Technological Trends

Technologies for the Next Production Revolution\textsuperscript{40,41}

Technological developments have been catered towards solving global concerns such as slowing productivity growth, ageing populations, climate change, globalization, and adapting to the ‘new normal’. However, the speed and uncertainty of technological change presents a challenge to governments in terms of oversight to prevent inappropriate applications.

\textit{Artificial Intelligence (AI)}: In the pharmaceutical industry, AI is expected to become the “primary-drug discovery tool” by 2027. It has likewise improved the affordability of certain medical procedures such as genome sequencing and disease detection — indeed, the National Human Genome Research Institute estimates that as many as two billion people will have their genome sequenced by 2025.\textsuperscript{42}

AI is already being used in industrial settings to identify and recommend solutions to production problems, operate autonomous machines, design buildings, discover new materials, and predict maintenance needs. It is also being used for real-time fleet-management, optimize energy consumption, digital security, office task automation, workforce training.

\textit{Blockchain}: While its potential applications could be transformative, blockchain remains an immature technology. Challenges include the need for fundamental changes in business practices, and slower transaction speeds. Nevertheless, “blockchain as a service” is already being offered by a few firms. Blockchain technology has made advancements in the financial sector with the establishment of cryptocurrencies and fintech. China, in particular, is seen to take the lead in digital cash payments with companies such as Alibaba and Tencent dominating the field. Indeed, with the COVID-19 pandemic and the ensuing “new normal,” e-commerce and contactless digital transactions are expected to become the norm.

\textit{Additive manufacturing}: 3D printing is rapidly expanding, with falling prices for printers and materials, quality improvements and other innovations. Recent innovations include 3D printing with novel materials, such as glass, biological cells and even liquids (using nanoparticles); robot-arm printheads that allow printing objects larger than the printer itself (opening the way for automated construction); touchless manipulation of print particles with ultrasound (allowing printing electronic components sensitive to static electricity); and hybrid 3D printers, combining additive manufacturing with computer-controlled machining and milling. Research is also advancing on 3D printing, with materials programmed to change shape after printing. Most 3D printing is used to make prototypes, models, and tools. Currently, 3D printing is not cost-competitive at volume with traditional mass-production technologies, such as plastic injection moulding. The costs of switching from traditional mass-production technologies to 3D printing are expected to decline in the coming years as production volumes grow.

\textsuperscript{40} Organisation for Economic Co-operation and Development (OECD). Science, Technology and Innovation Outlook 2018.
\textsuperscript{42} “Three technological trends that will shape the decade.” Financial Times. https://www.ft.com/content/a5e43158-3066-11ea-a329-0bcf87a328f2 (accessed January 8, 2020)
**Green technology:** Amidst concerns of climate change and diminishing resources, green technology has also been on the rise. Among the advancements made are bio-refineries (aimed at reducing greenhouse gas emissions), industrial biotechnology, and bioeconomy (production of goods from renewable biomass/synthetic biology such as biofuels and artificial photosynthesis), gene-editing technologies, synthetic biology, and electric vehicles. Indeed, major car companies such as Volkswagen and Volvo aim to be all-electric by 2021-26.43

**New materials:** Materials with entirely novel properties are emerging: solids with densities comparable to the density of air; super-strong lightweight composites; materials that remember their shape, repair themselves, or assemble themselves into components; and materials that respond to light and sound, are now realities.

**Nanotechnology:** Advanced nanomaterials are increasingly used in manufacturing high-tech products, e.g., to polish optical components. Recent innovations include nano-enabled artificial tissue, biomimetic solar cells, and lab-on-a-chip diagnostics.

**High Performance Computing (HPC):** This involves computing performance far beyond that of general-purpose computers. It is increasingly important to firms in industries ranging from construction to pharmaceuticals, the automotive sector and aerospace. Small and medium-sized enterprises (SMEs) could potentially use HPC for prototyping, testing and design.

**5G Networks:** Statista forecasts that 5G mobile network will have reached 40 percent of the global population – further enhancing the internet of things (IoT) and general technological connectivity and efficiency. Likewise, there is a need for further improvements in internet and connectivity capacity as the workplace and schools shift towards remote services and education.

**Space Travel and Tourism:** Several space missions were launched in 2020. Despite the pandemic, the USA, China, and UAE managed to launch their respective missions to Mars in July. On the other hand, Europe’s Mars mission has been pushed back by two years.44 Likewise, commercial suborbital flights planned this year were delayed to at least 2021 given the pandemic.45,46

**Digital technology in the New Normal:** the nature of COVID-19 has brought about the need for social distancing, contactless procedures, as well as work and study from home arrangements in light of the new normal. Across the world, economies are shifting towards online shopping, digital banking, e-governance, telehealth and contact-tracing apps, remote learning, and virtual meetings.

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That said, such technological advancements carry underlying risks particularly for privacy, infrastructure, and employment. Labor concerns have been raised with the advent of automation. Indeed, McKinsey sees automation displacing jobs by as early as the 2030s.\textsuperscript{47} Likewise, greater connectivity because of IoT and 5G ubiquity, as well as the shift towards new normal digital services, raise concerns of reduced privacy, increased surveillance, and cybersecurity. This is a particular concern for contact-tracing apps and increased online financial transactions. (Strategies for the Philippines to take advantage of technological advancements are discussed in Chapters 5, 6, 7, 8, 9, 10, 11, 14, 19 and 20).

Chapter 3

Overlay of Economic Growth, Demographic Trends, and Physical Characteristics

The Philippine Development Plan (PDP) 2017-2022 incorporates a national spatial strategy (NSS) that sets the direction of the physical development of the country. It promotes sustainable human settlements development, access to social services, integration of leading and lagging regions, and building resilience. The health risk brought about by the COVID-19 pandemic has given prominence to the need to improve living standards in cities and promote regional development, ensure connectivity and safe mobility, and manage disaster risks—which are addressed to a large extent by the NSS. As a planning framework, the NSS is complemented by more detailed sectoral plans such as those for transport and other infrastructure, as well as master plans for specific metropolitan areas.

The complexity of development problems, policy agenda-setting, current institutional setups, and financial resource availability and allocation are major challenges that need to be addressed. It is crucial that each government entity understands and seriously takes on its role, with technical, managerial, and financial assistance from development partners, in implementing the NSS to enable every Filipino to enjoy comfortable and secure lives wherever they choose to locate.

Supporting regional agglomeration. The NSS seeks to decongest the National Capital Region (NCR) and direct growth to regional centers where high growth potentials have greater chances of being realized sooner. In urban areas where population and enterprises concentrate, the NSS will support agglomeration by making cities livable and efficient. Strategies will thus aim to expand and improve social services, fast-track investments in transportation infrastructure, and promote “smart city” principles in urban development.

The COVID19 pandemic has also amplified other vulnerabilities of the current geospatial structure of cities. We have seen the dangers of high population density, poor air quality, and the lack of green spaces. During the lockdown, people in the cities have become food-vulnerable, largely because of difficulty in access to food. These additional considerations will be considered in enhancing the NSS.

Increasing connectivity. Increasing connectivity between production areas and market centers, and providing the missing links for municipal/city, provincial, and national road networks are some of the goals under the NSS. The approved National Transport Policy (NTP), which envisions a Philippine transport system that is “safe, secure, reliable, efficient, integrated, intermodal, affordable, cost-effective, environmentally sustainable, and people-oriented”, will be an important instrument in achieving this goal. The subsequent formulation of a transport system master plan will guide the rational development of an intermodal transport network in the country.
Reducing vulnerability. Considering the climate change projections and threats of geologic hazard events, as well as public health emergencies, the government will continue to invest in disaster risk reduction (DRR), climate change adaptation (CCA) initiatives to reduce vulnerability to multiple hazards. Recent disaster and risk information generated by science agencies and the evaluation of COVID-19 Response will lay the groundwork for institutional and community-level resilience for prospective optimality of result.

In the remaining years of the implementation of the updated PDP 2017-2022, the government will continue to pursue the NSS to promote inclusive and sustainable growth, and enable Filipinos to live comfortable lives wherever they choose to locate.

Economic and Demographic Trends

The population size and distribution determine the magnitude and structure of an economy. This can result in varying concentrations of production and consumption in cities and municipalities, and in their respective regions. For the Philippines, the noticeable trends are as follows:

- Total population continues to increase. While the overall growth rate is decreasing, population will remain high given the large base population of the country.
- NCR has the highest share in gross domestic product (GDP), but its growth is slower compared to some other regions.
- Most regions with larger population also have larger gross regional domestic product (GRDP), with few exceptions. The cities or group of cities within these regions contribute largely to the regions’ population size and economic development.

These imply that certain locations tend to generate more economic activities as they attract establishments and people looking for opportunities. Thus, economic growth also tends to be concentrated in few locations, leaving other areas behind. Yet growth in urban areas can also cause pollution and congestion, as seen in NCR despite the slowdown in its population growth in recent years.

Regional Shares

Accounting for 37 percent of GDP from 2010 to 2018, NCR had the highest average regional share in the national economy for the same period; CALABARZON had the second largest share with 16 percent, followed by Central Luzon with nine percent. These regions account for 62 percent of the GDP while the rest of Luzon, Visayas, and Mindanao contributed 11 percent, 12 percent, and 15 percent, respectively.
Central Visayas, which posted an average growth rate of 7.8 percent from 2010 to 2018, was the fastest-growing economy among the 17 regions. This was followed by Central Luzon and Davao Region which both grew at an average of 7.7 percent. Caraga Region and NCR also grew higher than the 6.3 percent national average, at 6.8 percent and 6.4 percent, respectively. The slowest growth rates were observed in MIMAROPA (3.8%), Bangsamoro Autonomous Region in Muslim Mindanao or BARMM (3.1%), and Eastern Visayas (2.7%).

*Figure 3.1 Average Regional Share in GDP, 2010-2018*

*Source: Philippine Statistics Authority (PSA)*
**Table 3.1 GRDP Growth Rate, 2010-2018**

<table>
<thead>
<tr>
<th>REGION</th>
<th>GRDP GROWTH RATE</th>
<th>Average 2010-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHILIPPINES</td>
<td>7.6  3.7  6.7  7.1  6.2  5.9  6.9  6.7  6.2</td>
<td>6.3</td>
</tr>
<tr>
<td>NCR</td>
<td>7.4  3.2  7.0  9.1  5.9  6.6  7.4  6.2  4.8</td>
<td>6.4</td>
</tr>
<tr>
<td>CAR</td>
<td>6.5  1.3 (2.9) 5.4  3.3  3.7  2.3  12.2  7.3</td>
<td>4.3</td>
</tr>
<tr>
<td>I (Ilocos Region)</td>
<td>6.8  2.5  7.2  7.0  6.4  5.0  8.5  5.8  6.5</td>
<td>6.2</td>
</tr>
<tr>
<td>II (Cagayan Valley)</td>
<td>(0.8) 5.7  7.2  6.6  7.2  3.7  3.8  7.1  3.3</td>
<td>4.9</td>
</tr>
<tr>
<td>III (Central Luzon)</td>
<td>10.0 7.1  7.2  4.5  9.3  5.3  9.5  9.2  7.1</td>
<td>7.7</td>
</tr>
<tr>
<td>CALABARZON</td>
<td>11.7 1.6  7.0  6.6  5.1  5.9  4.8  6.7  7.3</td>
<td>6.3</td>
</tr>
<tr>
<td>MIMAROPA</td>
<td>(0.3) 3.1  4.1  1.3  8.3  1.7  2.6  5.2  8.6</td>
<td>3.8</td>
</tr>
<tr>
<td>V (Bicol)</td>
<td>3.5  1.9  8.8  8.2  4.3  8.4  5.5  5.0  8.9</td>
<td>6.1</td>
</tr>
<tr>
<td>VI (Western Visayas)</td>
<td>4.5  6.2  7.0  3.4  5.2  8.3  5.9  8.6  6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>VII (Central Visayas)</td>
<td>12.9 6.8  9.4  7.4  7.8  4.8  8.6  5.2  7.6</td>
<td>7.8</td>
</tr>
<tr>
<td>VIII (Eastern Visayas)</td>
<td>3.0  2.1 (6.8) 4.6 (2.4) 3.9  12.0  1.8  5.9</td>
<td>2.7</td>
</tr>
<tr>
<td>IX (Zamboanga Peninsula)</td>
<td>1.4  0.1  12.4 4.2  6.6  7.2  4.6  2.4  6.3</td>
<td>5.0</td>
</tr>
<tr>
<td>X (Northern Mindanao)</td>
<td>6.5  5.8  6.5  5.4  7.1  5.5  7.5  5.8  7.0</td>
<td>6.3</td>
</tr>
<tr>
<td>XI (Davao Region)</td>
<td>5.6  3.7  7.0  6.7  9.3  7.9  9.5  10.7  8.6</td>
<td>7.7</td>
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<tr>
<td>XII (SOCCSKSARGEN)</td>
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<td>5.9</td>
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<tr>
<td>Caraga</td>
<td>10.7 8.5  11.5 8.2  9.4  4.2  2.0  3.6  3.2</td>
<td>6.8</td>
</tr>
<tr>
<td>BARMMM</td>
<td>6.7 (0.3) 0.0 3.8 3.0 (0.8) 0.4 7.5 7.2</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: PSA

**Real Per capita GRDP**

NCR had the highest per capita GRDP in 2018 at PHP 253,893, which was nearly thrice the national average of PHP86,370. It increased by 8 percent from PHP232,739 in 2016. CALABARZON and CAR have also posted per capita GRDP higher than the national average, with PHP104,708 and PHP87,722, respectively. On the other hand, BARMMM had the lowest real per capita GRDP among the regions in 2018 with only PHP14,657, a slight increase from 2016 (PHP13,366). Following BARMMM, Bicol Region and Caraga Region posted the lowest real per capita GRDP in 2018 with PHP29,369 and PHP36,651, respectively. The three lowest-ranking regions have consistently fared poorly in terms of per capita GRDP. This indicates that inequality in per capita GRDP across regions persists over time. As such, the government has been increasing efforts in pushing for policies that will improve the socioeconomic conditions in lagging regions.
Table 3.2 Per capita GRDP, 2010-2018

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<tbody>
<tr>
<td>NCR</td>
<td>171,442</td>
<td>173,975</td>
<td>181,748</td>
<td>195,070</td>
<td>202,904</td>
<td>218,987</td>
<td>232,739</td>
<td>244,589</td>
<td>253,893</td>
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<td>CAR</td>
<td>74,107</td>
<td>73,945</td>
<td>70,156</td>
<td>72,759</td>
<td>73,971</td>
<td>75,048</td>
<td>75,401</td>
<td>83,153</td>
<td>87,722</td>
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<td>I</td>
<td>37,819</td>
<td>38,287</td>
<td>40,325</td>
<td>42,588</td>
<td>44,894</td>
<td>46,180</td>
<td>49,474</td>
<td>51,703</td>
<td>54,434</td>
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<tr>
<td>II</td>
<td>30,851</td>
<td>32,167</td>
<td>33,816</td>
<td>35,462</td>
<td>37,645</td>
<td>38,436</td>
<td>39,344</td>
<td>41,571</td>
<td>42,387</td>
</tr>
<tr>
<td>III</td>
<td>50,207</td>
<td>52,766</td>
<td>55,163</td>
<td>56,528</td>
<td>60,670</td>
<td>63,641</td>
<td>68,634</td>
<td>73,863</td>
<td>78,016</td>
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<tr>
<td>CALABARZON</td>
<td>79,699</td>
<td>78,966</td>
<td>81,562</td>
<td>84,687</td>
<td>86,644</td>
<td>92,184</td>
<td>94,811</td>
<td>99,346</td>
<td>104,708</td>
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<td>MIMAROPA</td>
<td>37,002</td>
<td>37,540</td>
<td>38,239</td>
<td>38,138</td>
<td>40,706</td>
<td>39,575</td>
<td>39,837</td>
<td>41,069</td>
<td>43,715</td>
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<tr>
<td>VI</td>
<td>21,004</td>
<td>21,112</td>
<td>22,502</td>
<td>24,005</td>
<td>24,719</td>
<td>25,770</td>
<td>26,686</td>
<td>27,487</td>
<td>29,369</td>
</tr>
<tr>
<td>VII</td>
<td>31,927</td>
<td>33,499</td>
<td>35,139</td>
<td>35,874</td>
<td>37,641</td>
<td>39,344</td>
<td>41,571</td>
<td>42,387</td>
<td>45,265</td>
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<tr>
<td>VIII</td>
<td>49,966</td>
<td>52,528</td>
<td>56,061</td>
<td>59,211</td>
<td>62,743</td>
<td>64,846</td>
<td>69,322</td>
<td>71,743</td>
<td>76,024</td>
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<tr>
<td>IX</td>
<td>36,694</td>
<td>37,006</td>
<td>33,850</td>
<td>34,952</td>
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<td>37,144</td>
<td>37,121</td>
<td>38,598</td>
<td>38,598</td>
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<tr>
<td>X</td>
<td>34,245</td>
<td>33,726</td>
<td>37,077</td>
<td>37,991</td>
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<td>41,873</td>
<td>43,043</td>
<td>43,326</td>
<td>45,265</td>
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<td>XI</td>
<td>48,940</td>
<td>50,838</td>
<td>52,842</td>
<td>54,678</td>
<td>57,609</td>
<td>60,290</td>
<td>63,771</td>
<td>66,408</td>
<td>70,000</td>
</tr>
<tr>
<td>XII</td>
<td>36,688</td>
<td>37,813</td>
<td>39,417</td>
<td>41,814</td>
<td>43,493</td>
<td>44,718</td>
<td>45,459</td>
<td>48,277</td>
<td>50,644</td>
</tr>
<tr>
<td>Caraga</td>
<td>26,504</td>
<td>28,362</td>
<td>30,985</td>
<td>33,037</td>
<td>35,672</td>
<td>35,553</td>
<td>35,679</td>
<td>36,235</td>
<td>36,651</td>
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<tr>
<td>BARMM</td>
<td>14,588</td>
<td>14,348</td>
<td>14,052</td>
<td>14,380</td>
<td>14,613</td>
<td>13,646</td>
<td>13,366</td>
<td>14,012</td>
<td>14,657</td>
</tr>
</tbody>
</table>

Source: PSA

Human Development Index

The Philippines’ Human Development Index (HDI), a measure of average achievement in key dimensions of human development (health, education, and standard of living), increased from 0.693 in 2015 to 0.712 in 2018. The Philippines ranked 106th out of 189 countries, an improvement from its rank of 115th in 2015. There is no available HDI estimates by region in 2018. Using the regional estimates based on 2015 and 2017 data, NCR recorded the highest HDI in 2015 with 0.750 and even improving in 2017 with 0.759. Other regions with HDI values higher than the country’s HDI were CALABARZON (0.724); CAR (0.722); Central Luzon (0.712); and Ilocos Region (0.705). BARMM had the lowest HDI value at 0.583. These results point to the need to improve and equalize access to basic services to improve the quality of life across regions.
Based on the 2015 Census of Population, the country’s population was 100,979,303. This is expected to increase to 115 million by 2025 despite the projected slowdown in average annual population growth rate from 1.73 percent (2010-2015) to 1.41 percent (2020-2025). By region, CALABARZON had the largest population with 14.4 million, followed by NCR (12.9 million); Central Luzon (11.2 million); and Western Visayas (7.5 million). CAR was the least populated region with a total population of 1.7 million. Other less populated regions were MIMAROPA (3 million) and Caraga (2.6 million).

Projections show that CALABARZON will still have the largest population with 17.5 million in 2025, followed by NCR (14.5 million); and Central Luzon (13.2 million) respectively. CAR will remain as the least populated region with 1.9 million by 2025.
Population Growth of Metropolitan Areas and Major Cities

NCR had the largest population with 12.9 million among the metropolitan areas in 2015, followed by Metro Cebu (2.9 million); Metro Davao (2.5 million); and Metro Cagayan de Oro (1.4 million).
In the same year, cities with the highest population in NCR were Quezon City (2.94 million); Manila City (1.78 million); and Caloocan City (1.58 million). Outside of NCR, Davao City (1.63 million); Cebu City (922,611); and Zamboanga City (861,799) were the most populated cities in the country.
Figure 3.5 Population of Major Cities: 2000, 2010, 2015

Source: PSA

With few exceptions, more populated regions also have larger shares in GDP and real per capita GRDP, and have higher HDI value. This can be observed in NCR and its neighboring regions that have the highest population and economic development at the same time.

Given these economic and population trends, it is important to manage the development process such that access to social services and growth opportunities will be more equal across areas and that the economy and the people are resilient.
The National Spatial Strategy

The NSS aims to contribute to inclusive growth by improving physical connectivity and providing equal access to quality social services across regions. It also seeks to decongest NCR and direct growth to key centers throughout the country where the benefit of agglomeration can have greater potentials of being realized. An overlay of the geographic characteristics, population, and economic growth shows the areas where growth has been taking place and the characteristics of these growth centers. This guides the identification and development of strategic solutions such as the location of transportation linkages, high-quality urban services, as well as social development programs to improve the quality of life of Filipinos.

Implementing the NSS requires cooperation across national and local governments to ensure coherence of development plans and efforts. The NSS also provides a basis for identifying more specific projects that can serve as the catchment and market or service areas of the various centers. It can then be a reference for sectoral plans, spatial development frameworks of Regional Development Plans, provincial development and physical framework plans, and comprehensive land use plans of cities and municipalities.

Network of Settlements

The country has a three-tiered network of settlements: (a) metropolitan centers; (b) regional centers; and (c) sub-regional centers. These centers form an efficient network of settlements with distinct functional roles contributing to the flow of economic activities within the network.

Metropolitan Centers

Metropolitan centers provide higher forms of economic services and facilities, including innovation and advanced services, culture and tourism, education and research, transportation and trade, manufacturing, and technology development.

Metro Manila, Metro Cebu, and Metro Davao are the three major metropolitan centers in the country that serve as centers of commercial, financial, and administrative activities. Metro Manila continues to function as the country’s premier metropolitan center—the seat of the national administration and the center of commerce and trade. Metro Manila’s influence to its adjacent cities and municipalities has become more evident with new and important developments in the past three years. Notable of these is the New Clark City in Region III, which is proposed to be a major business district with complete facilities for offices, housing, and sports and leisure. Moreover, EO 119 dated 17 November 2020 mandated the establishment of the national government administrative center in Capas, Tarlac to serve as an integrated government
center outside of the NCR, and, in case of a disaster, a recovery center and back-up administrative center. It has the locational advantage of being at the convergence points of NLEX, SCTEX, GSO road, the Manila-North Road, and the new North-South Commuter Railway.

Second to NCR is Metro Cebu which serves as the natural economic, commercial, and logistics center for the Visayas. The Metro Cebu Development and Coordination Board has completed its road map study for urban development highlighting competitiveness, mobility, livability and metropolitan management. It has also identified its priority project packages such as the Mega Cebu expressway, Cebu bus rapid transit, the new Cebu international container port, the third Cebu-Mactan bridge, and coastal road.

The third metropolitan center is Metro Davao, which is a major international gateway and serves as Mindanao’s premier commercial hub and center for education and health services. This role will be enhanced by the construction of the first phase of the Mindanao Railway project in the first quarter of 2021. Furthermore, the institutionalization of the Metro Davao Development Authority will strengthen coordination among the component cities and municipalities in the planning, implementation and monitoring of priority projects.

By 2025, Metro Cagayan de Oro is expected to be the fourth metropolitan center. It currently functions as a major gateway and transshipment hub and a key educational center in Northern Mindanao with potential growth in the banana industry, rubber, bamboo, cacao, coco coir, coffee, agribusiness, and tourism.

**Regional Centers**

Regional centers serve as regional markets and service centers to several provinces. Markets can support a range of services and investments and have direct linkages to metropolitan centers. They host government administrative centers, industrial and commercial areas, and transportation and tourism hubs.
Sub-regional Centers

Sub-regional centers connect to, and serve as service centers of, smaller provincial and local centers. Considering the network of settlements listed below, the PDP 2017-2022 will continue to pursue regional agglomeration, connectivity, and vulnerability reduction.

Table 3.3. Network of Settlements

<table>
<thead>
<tr>
<th>NETWORK</th>
<th>REGION/PROVINCE/CITY/MUNICIPALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Centers</td>
<td>- NCR&lt;br&gt; - Metro Cebu&lt;br&gt; - Metro Davao&lt;br&gt;  By 2025, Metro Cagayan De Oro (CDO City, Jasaan, Villanueva, Tagoloan, Claveria, Manolo Fortich, Opol, El Salvador, Alubijid, Laguindingan, Gitagum, Libertad, Initao)</td>
</tr>
</tbody>
</table>
| Regional Centers   | - Laoag City<br> - San Fernando City<br> - Dagupan City<br> - Tuguegarao City<br> - Santiago City<br> - Baguio City-La Trinidad-Iligon-Sablan-Tuba-Tublay<br> - Eastern Kalinga (Tabuk City-Pinupuk-Rizal)<br> - Cabanatuan City<br> - Tarlac City<br> - Subic-Olongapo City<br> - Balanga City<br> - Clark (San Fernando City-Mabalacat City-New Clark City)<br> - Bataan City<br> - Mariveles<br> - San Fernando City<br> - San Carlos City<br> - Bacolod (Bacolod City-Bago City-Talisay City-Silay City-Murcia)<br> - Tagbilaran City<br> - Tacloban City<br> - Ormoc City<br> - Zamboanga City<br> - General Santos City<br> - Butuan City<br> - Cotabato City<br> - Dipolog City<br> - Jolo<br> - Sulu<br> - Pagadian City<br> - Koronadal City<br> - Tagum City<br> - Alfonso Lista (Potia)<br> - Banaue<br> - Bangued<br> - Bauko<br> - Besao<br> - Bontoc (Mountain Province)<br> - Bangued<br> - Flora<br> - Kiangan<br> - La Paz (Abra)<br> - Lamut<br> - Langiden<br> - Luna (Apayao)<br> - Peñarrubia<br> - Pidigan<br> - Pudtol<br> - Sadanga<br> - Alfonso Lista (Potia)<br> - Banaue<br> - Bangued<br> - Bauko<br> - Besao<br> - Bontoc (Mountain Province)<br> - Bangued<br> - Flora<br> - Kiangan<br> - La Paz (Abra)<br> - Lamut<br> - Langiden<br> - Luna (Apayao)<br> - Peñarrubia<br> - Pidigan<br> - Pudtol<br> - Sadanga<br> - San Jose City<br> - San Jose del Monte City<br> - San Miguel (Bulacan)<br> - Santa Maria (Bulacan)<br> - Bacoor City<br> - Baras (Rizal)<br> - Bilbao City<br> - Cabuyao City<br> - Cainta<br> - Gen. Mariano Alvarez<br> - General Trias City<br> - Imus City<br> - Trese Martires City<br> - Lipa City<br> - Nasugbu<br> - Santo Tomas (Batangas)<br> - Kabankalan City<br> - Estancia<br> - Dumangas<br> - San Jose (Antique)<br> - Miag-a<br> - Catbalogan City<br> - Calbayog City<br> - Jordan<br> - Kalibo<br> - Dumaguete City<br> - Bogo City<br> - Toledo City<br> - Tubigon<br> - Illigan City<br> - Passi City<br> - Panabo City<br> - Marawi City
<table>
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<th>NETWORK</th>
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<tbody>
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<td></td>
<td>• San Isidro (Abra)</td>
</tr>
<tr>
<td></td>
<td>• Santa Marcela</td>
</tr>
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<td></td>
<td>• Tayum</td>
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<td>• Tubo</td>
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<td>• Alaminos City</td>
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Functions of Centers

The metropolitan centers of NCR, Metro Cebu, and Metro Davao provide domestic and international services and facilities. Meanwhile, regional and sub-regional centers have distinct sizes, services, natural physical features, and strategic locations that enable them to host certain activities or functions.

Regional Centers

- **Regional administrative centers**: Baguio City, Tuguegarao City, San Fernando City (La Union), Calamba City, Legazpi City, San Fernando City (Pampanga), Calapan City, Tacloban City, Iloilo City, Butuan City, Pagadian City, and Koronadal City
- **International gateways (examples)**: Iloilo City, Bacolod City, Metro Clark Area, Zamboanga City, Legazpi City, Laoag City, Puerto Princesa City, and General Santos City
- **Tourism hubs (examples)**: Legazpi City, Naga City, Calapan City, Puerto Princesa City, Laoag City, Tagbilaran City, and Surigao City

Sub-regional Centers

- **Tourism hub (examples)**: Alaminos City, Matnog, Malay, Kalibo, Jordan, and Tubigon
- **Agri-industrial centers (examples)**: Midsayap, Mati, Cauayan City, Polomolok, Kidapawan City, Baling, Tacurong City, and Calbayog City
- **Industrial centers (examples)**: Biñan City, Sta. Rosa City, Lipa City, Tanauan City, San Carlos City, Iligan City, Subic, and Mariveles
- **Higher education (examples)**: Marawi City and Dumaguete City

These centers share the same characteristics as some of the existing economic zones identified in the Special Economic Zone Act; and the tourism circuits identified in tourism plans.

Regional Agglomeration

Regional agglomeration aims to improve urban efficiencies and maximize the benefits of scale and agglomeration economies. It recognizes the role of cities as engines of growth and sites of innovation. It will build on the current trends of growth such as the faster growth in some regions. The spatial strategy aims to manage the growth of key centers in the country for them to function more efficiently.

**Manage the growth process through an integrated approach to urban planning.** Cities face various urban challenges such as congestion, pollution and waste, lack of green spaces, and increasing demand for social services including housing, health, sanitation, and education. Addressing these requires an integrated approach to urban planning and development. To this end, master plans have been formulated to address urban inefficiencies and guide sustainable urban development. The Roadmap for Transport Infrastructure Development for Metro Manila and its Surrounding Areas and the Urban Transport Master Plan of Metro Cebu and the Davao City Infrastructure Development Plan and Capacity Building Project (IM4Davao) in Metro Davao are being implemented to reduce traffic, enhance competitiveness, improve safety and disaster response, and contribute to sustainable urban development of the areas covered.

Other master plans are now being formulated for 11 cities which will guide the preparation and implementation of programs and projects for sustainable infrastructure development (see Chapter 19).
These plans also adopt the smart city principle in urban mobility, natural and built environment, sustainable energy, and economic competitiveness. The implementation of these plans will require retooling of current government institutions and advancements in planning approaches and urban management practices.

**Pursue sustainable rural development and ensure better access to opportunities.** The development gap between urban and rural areas manifests in the lack of economic opportunities and access to social services and facilities including health, education, and water and sanitation in the countryside. These are issues that the government needs to address to ensure that no one is left behind, whether they live in urban or rural areas. Balancing regional development entails the transformation of rural communities into productive agri-industrial or tourism areas with improved delivery of social services including education, health, and housing *(see Chapters 8, 9, 10, and 12)*.

With this in view, the Balik Probinsya, Bagong Pag-asa (BP²) program was created through Executive Order 114, s 2020 to bring about a more equitable distribution of wealth, resources, and opportunities to the countryside. It involves the convergence of national government and LGU programs and projects that will not merely bring back people to the provinces, but promote sustainable communities in the countryside.

Linking rural areas to urban areas physically through transportation systems or virtually through information and communications technology (ICT) will enable people in rural areas to gain more access to alternative opportunities for employment, and bigger markets for their products. Moreover, better connectivity will make it easier for people in rural areas to have access to higher levels of services such as universities and specialized health institutions which may not be feasible in smaller communities.

**Increase investments and spending efficiency to expand and improve the quality of social services to meet growing demand.** Growth centers attract people seeking better opportunities and access to amenities. To meet growing demands that come with continuous increase in population, the government will expand and improve facilities and provide additional human resources in the sectors of housing, health, sanitation, and education *(see Chapters 10, 12, and Chapter 19)*. As centers of consumption, cities are also the main producers of waste, hence, the need to promote waste reduction and management.

**Fast-track investment in transport infrastructure and traffic management system to reduce congestion and ensure mobility.** The government will continue to fast-track investment in transportation infrastructure to reduce traffic congestion and shorten distance and travel times between business and industrial centers, tourism areas, services, and residential areas. The immediate remedial measures will be the enforcement of traffic laws, traffic management measures, and transport demand management schemes. Application of intelligent transportation systems will also be explored to help manage traffic flow in growth centers efficiently, minimize accidents, and provide transport and traffic information to passengers and decision-makers *(see Chapter 19)*.

**Adopt “smart city” principles and increase technical, managerial, and financial capability of national and local institutions to implement such.** Improved urban environment and quality of life will be pursued through urban renewal and urban redevelopment projects. The current pandemic has brought greater consciousness on urban development designs and housing standards, considering that the most number of cases are in cities with higher population densities and where physical distancing is a challenge. This does not necessarily invalidate the agglomeration strategy as co-location promotes efficiency in service delivery, land use, and urban development. However, the aspect of livability will be given more emphasis by promoting healthier lifestyles, environmental consciousness, and sustainable urban design. The government
will pursue and apply “smart city” principles such as urban mobility to include cycling lanes and walking paths, greener city, sustainable energy, public safety, and economic competitiveness to achieve sustainable urban development. This will require new or higher level technical, executonal, and financial management skills among national agencies and local governments. Capacity building will therefore be encouraged through partnerships with academic and training institutions, private sector, and international development agencies.

**Improve social service delivery of local government units (LGUs).** LGUs need to be able to provide access to adequate and high-quality social services, set up appropriate facilities, and institute waste management schemes. The national government and development partners will be able to provide technical and financial assistance to them. Collaboration and complementation between national and local governments will be crucial to ensure coherence of development plans so that there will be no gaps in service delivery.

### Connectivity

As agglomeration takes place, socioeconomic inequalities across space can be reduced through improved inter-connection of settlement areas. Rather than forcing a uniform dispersal of development which can create inefficiencies, the strategy is to establish better transport networks that will enable urban centers with high growth potentials to further expand growth while providing better access to opportunities to lagging areas. With more efficient network of settlements, more opportunities for production and employment are expected to be generated, thus increasing family incomes and savings for investment and growth, and reducing poverty. Beyond physical connectivity through transport systems, investments in telecommunications, technology, and innovation will ensure that even lagging or conflict-affected areas will have access to services and employment opportunities.

**Flesh out and swiftly implement policies and plans for promoting connectivity and guiding infrastructure development in the country.** The NEDA Board has already approved the NTP which will guide the rational development of an intermodal transport network, promote sub-regional cooperation on multimodal transport system, and create a transport database. Harmonized efforts of various government agencies and instrumentalities will be key in ensuring that such policies will be properly implemented. Timely completion of transport infrastructure projects under the BBB program will be pursued by addressing implementation bottlenecks under the new normal (see Chapter 19).

**Identify the remaining missing links in local and national road networks.** An integrated approach to transport planning and project implementation will be pursued through closer engagement between national transport agencies and LGUs. With their expertise, the Department of Public Works and Highways and the Department of Transportation can provide assistance in coming up with their local transport and traffic management programs that are aligned with national priorities (see Chapter 19). These can then be integrated in the spatial and development plans of LGUs. For hazard-prone areas, road networks for redundancy have to be constructed to establish alternative routes for disaster response and evacuation.

**Ensure the accessibility, availability, affordability, convenience, and reliability of public transport (e.g., railway, bus, etc.).** This will involve rationalization of the public transport design or transport routes to serve new and emerging origins and destinations. Public transport terminals that integrate different modes of public transportation will be established in strategic locations. The nautical highway of the country will
be strengthened through the improvement of existing RORO ports and the establishment of new ones. Improvements and expansion of airport facilities across the country will also be continued to meet the demand and improve the quality of air travel (see Chapter 19).

**Develop an efficient logistics system.** The COVID-19 pandemic has brought forth the importance of efficient logistics system, particularly in ensuring undisrupted delivery of food and essential goods. Efficient transport systems are also critical in times of crises. Moreover, concerned agencies such as the Department of Agriculture and the Department of Trade and Industry will collaborate in mapping out supply chains in their respective sectors and identify bottlenecks and the corresponding measures so that the goods will be delivered to their destinations on time (see Chapter 9). Private logistics companies can also utilize ICT to monitor incidents that can delay or disrupt the movement of raw materials and manufactured products, including medicines and medical equipment.

**Increase investment in ICT infrastructure.** Reliable ICT infrastructure has become vital in ensuring continued government and private sector services particularly as physical distancing and quarantines have prevented on-site activities (see Chapter 19). Hence, connectivity under the new normal will rely more on digital infrastructure to support online business and personal transactions, as well as online education and health services (see Chapters 9 and 10). Flexible work arrangements such as work from home and compressed work weeks in government and private sector offer relief to the congested transport networks but will also require more ICT investments for faster digital connectivity.

**Reduction of Vulnerability**

The NSS seeks to make vulnerability reduction an integral part of development. This involves instituting prevention and mitigation measures to reduce the impact of climate change and disasters. These measures include redundancy routes to provide access to areas affected by disasters.

Due to its geographical location, the country is susceptible to geologic and hydrometeorological hazards. Disaster risk is also aggravated by uncontrolled development particularly within ecologically-sensitive and hazard-prone areas. Based on the 2019 WorldRiskIndex, the Philippines ranked ninth among countries with the highest disaster risk, a slight improvement compared in 2018 where the country ranked third. This can be attributed to the country’s continuous effort to strengthen its capacity to prepare for and mitigate the negative effects of disasters and climate change.

Despite this gain, the country still needs to maintain substantial investments in vulnerability reduction initiatives given the level of risk. According to the latest Philippine Atmospheric, Geophysical and Astronomical Services Administration Climate Change projections, we can expect (a) continuous warming at a rate of 0.1°C per decade; (b) increasing trends in annual rainfall and seasonal rainfall in many parts of the country associated with extreme rainfall events; (c) minimal increase in the frequency of very strong tropical cyclones exceeding 170 kph; and (d) a 20cm increase in sea level rise by the end of the 21st century.

**Mainstream DRR and CCA in identified growth centers, considering the expected increase in population and economic activities in these areas.** Locations of new development projects and urban expansions will be guided by hazard maps and information to minimize exposure to hazards. This will also entail ensuring that alternate or redundant access are in place to prevent isolation during disasters, and ensure that there are properly placed and designed evacuation sites.
**Promote extensive use of recently developed information technologies to manage disaster risks.** The Department of Science and Technology (DOST)—Philippine Institute of Volcanology and Seismology is currently implementing its GeoRiskPH program. The HazardHunter application developed under this initiative can quickly generate an initial geologic and hydrometeorological hazards assessment for specific locations. Its GeoMapper feature, which stores hazard and disaster exposure information, is intended to serve as the central source of information for accurate disaster risk assessments, and its GeoAnalytics application performs hazards and risk assessment that provides a visualization through maps and charts.

Given the significant accomplishments of the national government in generating scientific information on hazards and disaster risks, the continuous data build-up and updating of relevant databases and platforms of DOST and other agencies will be pursued and supported. Disaster risk assessments will be undertaken, utilizing more recent information on hazards and elements exposed to it. These will be used to update local development and sectoral plans. These updated assessment results can also guide adjustments or recalibrations of DRR and CCA interventions.

LGUs and citizens must be able to access, appreciate, and make full use of these information technologies for disaster preparedness and mitigation actions. In this regard, LGUs will be trained and assisted using these for planning and identifying, designing, financing, and implementing the initiatives to increase their resiliency. Inter-LGU cooperation will also be pursued to address the impacts of natural hazards that affect multiple municipalities, cities, and provinces.

**Build capacities to mitigate and respond to disease outbreaks and pandemics.** Past efforts on disaster risk reduction and management (DRRM) have focused on geologic and hydrometeorological hazards. COVID-19 has exposed the need to build the capacities of national and local governments to prepare for and respond to a disease outbreak of such a magnitude of pandemic. The traditional DRRM and crisis management frameworks will be reviewed and updated to ensure the country’s readiness to prepare, mitigate, and respond to public health emergencies, given also the possibility that disease outbreaks can occur simultaneously with natural hazards such as typhoons or floods. Disaster management agencies such as the Office of Civil Defense and LGUs will be adequately provided with equipment and medical supplies; and evacuation centers and quarantine facilities that will be designed and constructed to meet the varying requirements of such hazard events.
Providing the spatial directions to the Balik Probinsya Bagong Pag-asa (BP²) Program

The BP² program was established in May 2020 through Executive Order No. 114. The program aims to promote balanced regional development and equitable distribution of wealth, resources, and opportunities. This involves complementary strategies of enabling economic growth in areas with high potentials, and providing better opportunities to the countryside, thereby achieving inclusive growth.

The program, which will have short-, medium- and long-term components, will provide the mechanism for convergence among regional agencies and local governments in investing in sustainable rural development projects. Specifically, the BP² program is expected to evolve from government-assisted relocation to voluntary relocation of people from congested urban communities to more progressive rural communities. This can be achieved through empowering local industries, enhancing agricultural productivity, providing quality and efficient social services and upgrading infrastructures.

The NSS will guide the implementation of the BP² program by providing the trends in settlements development and the roles of various urban centers in the country. These will inform more detailed planning and analysis of BP² interventions such as the possible locations of agri-industrial areas, housing projects and infrastructure facilities that will address the immediate needs of communities, the connectivity among urban centers and production centers and other critical spatial functions that will determine comparative advantages of specific areas.
Chapter 4

Philippine Development Plan 2017-2022 Overall Framework

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. The PDP has thus 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 the 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 spillover 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) 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

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE VALUE (YEAR)</th>
<th>2017</th>
<th>2018</th>
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<th>20202)</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>GDP (growth rates) sustained</td>
<td>6.9 (2016)</td>
<td>6.5-7.5</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
<td>6.5-7.5</td>
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<td>GNI per capita (growth rates) increased</td>
<td>4.1 (2015)</td>
<td>4.5</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0-6.0</td>
<td>5.0-6.0</td>
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<td>Poverty incidence (% of population) reduced1/</td>
<td>23.5 (2015)</td>
<td>17.3-19.3</td>
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<td>15.5-17.5</td>
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<tr>
<td>Subsistence Incidence (%) reduced1/</td>
<td>9.1 (2015)</td>
<td>6.8</td>
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<td>5.0-7.0</td>
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<td>Food inflation (%) kept stable</td>
<td>1.7 (2016)a</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
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<tr>
<td>HDI improved</td>
<td>0.693 (2015)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>N/A</td>
<td>Increasing</td>
<td>N/A</td>
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<tr>
<td>Unemployment rate (%) decreased</td>
<td>5.4 (2016)</td>
<td>5.1-5.4</td>
<td>4.7-5.3</td>
<td>4.3-5.3</td>
<td>3.8-5.2</td>
<td>7.0-9.0</td>
<td>7.0-9.0</td>
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<td>Employment generated increased (count)</td>
<td>NA (2016)</td>
<td>900,000-1.1Mn</td>
<td>900,000-1.1 Mn</td>
<td>900,000-1.1 Mn</td>
<td>2.4-2.8 Mn</td>
<td>1.0-1.2 Mn</td>
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<td>Youth unemployment rate (%) decreased</td>
<td>11.5 (October 2016)</td>
<td>11.0</td>
<td>10.4</td>
<td>9.8</td>
<td>9.2</td>
<td>14.5-16.5</td>
<td>20.5-22.5</td>
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<tr>
<td>Underemployment rate in areas outside NCR (%) decreased</td>
<td>19.7 (2016)</td>
<td>18.3-20.3</td>
<td>17.8-19.8</td>
<td>17.4-19.4</td>
<td>16.9-18.9</td>
<td>16.0-18.0</td>
<td>15.5-17.5</td>
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<tr>
<td>GII (rank) improved</td>
<td>74 out of 128 economies (2016)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Top one-third</td>
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Note:  
1/ No target/data since FIES is conducted every three years. The next FIES will be conducted in 2021.  
2/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 the 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 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 to 6.0 percent in 2021 and 2022.

**Poverty incidence.** The substantial decline in overall poverty from 2015 to 2018 will not be sustained over the period 2018 to 2021\(^1\) given the impact of the COVID-19 pandemic. Hence, the target for 2021 is 15.5 to 17.5 percent, compared to 16.7 percent in 2018. While the next set of poverty estimates will be 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 to 7 percent, which is within the 2022 target of 5 percent. Food inflation will be sustained at 2 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 recovery beginning late 2020 and on to 2021. In addition, the labor force will substantially increase in 2022 as the first batch of K-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 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 to 14.5 to 16.5 percent in 2021 and 20.5 to 22.5 percent in 2022. On the other hand, the target for underemployment in areas outside National Capital Region (NCR) is 16 to 18 percent in 2012 and 15.5 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.

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\(^1\) The Family Income and Expenditure Survey (FIES) used to estimate poverty will be conducted in 2021 and will be done every two years thereafter.
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 cross-cutting strategies to support the other interventions, and bedrock strategies to provide a solid foundation for all strategies to work.

*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 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 promote 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 the 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, fisher folks, 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 fisher folks 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, and the 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 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 to boost capacity of local enterprises, adopt inclusive business models, and strengthen the start-up 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.
Human Capital Development Towards Greater Agility (Chapter 10) ensures that individuals and people 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 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 and 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, 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 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, 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 start-ups 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, 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 Act (CREATE), the Financial Institutions Strategic Transfer Act (FIST), and the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery Act (GUIDE) 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 through Joint Memorandum Circular No. 1 by NEDA and Philippine Competition Commission 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 Bangsamoro Autonomous Region in Muslim Mindanao, 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 Build Build Build Agenda. In 2018, infrastructure spending exceeded the benchmark five 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, support the growth and performance of other services including agriculture, fisheries, industry, and services, and provide 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 the 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** (Chapter 21) focuses on the special circumstances of overseas Filipinos (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.
Chapter 5

Ensuring Responsive, People-centered, Technology-enabled, and Clean Governance

Building transparent, accountable, and effective institutions leads to efficient delivery of public services and high public trust. The delivery of public services is crucial in achieving a healthy and resilient Philippines. In the first half of Plan implementation, significant accomplishments in the governance sector has been made, which came in the form of the enactment of several laws that will improve the way the government deliver its services to the people. In light of the COVID-19 pandemic, the government will expedite its shift to digital platforms for citizen engagement, service delivery, capacity building, and accountability mechanisms.

For the rest of the Plan period, reforms will focus on: (a) proactively seeking citizens’ perspectives to ensure the responsiveness of government interventions; (b) expediting the implementation of the Ease of Doing Business and Efficient Government Service Delivery (EODB EGSD) Act of 2018 (Republic Act No. 11032) and the Philippine Identification System (PhilSys) Act (RA 11055); (c) building the capacities and preparing systems of local government units (LGUs) for the implementation of the Supreme Court ruling in the Mandanas case (General Register No. 199802, July 3, 2018); (d) formulating public continuity plans; and (e) tapping technologies to strengthen anti-corruption mechanisms.

Assessment and Challenges

Assessment: Major reforms in the governance sector have brought about increased access to and quality of frontline services. Legal frameworks have been institutionalized such as the EODB and EGSD Act and PhilSys Act to streamline processes and increase access to government services. Initiatives to automate processes are also being implemented for transactions between government and businesses, government and citizens, and government and government (e.g., some LGUs have adopted electronic business permit and licensing systems; the validity of the passport has been extended to 10 years; the National Economic and Development Authority (NEDA) has developed the Public Investment Program Online System for submission of programs and projects).

1 The ruling significantly expands the tax base for LGUs’ share in national taxes to include not only national internal revenue taxes but also customs duties and fees.
Challenges: Physical distancing measures necessitate the adoption of alternative work arrangements and digital transactions, which require the revision of existing government rules and regulations. With the increasing use of online forms of citizen engagement and the use of big data analytics, the rise of fake news and misinformation, lapses in transparency, and issues on human rights pose challenges in strengthening social cohesion. Relatedly, these online platforms demand that the government establish security mechanisms against incidences of cybercrimes and cyberattacks. With the greater role of LGUs as first responders and frontline service delivery units in times of crises, their varying levels of institutional capacity, readiness, and leadership affect the pace of delivering services.

Targets

Targets are retained for the rest of the Plan period except for the Worldwide Governance Indicator (WGI)-Regulatory Quality\(^2\) and the Global Competitiveness Index (GCI)\(^3\), which were lowered by 1 percentile rank due to the economic contraction caused by the pandemic and based on the historical performance of the country. The United Nations’ Global e-Government Development Index (e-GDI) was included as a new indicator to capture the progress in the adoption of e-governance, which is crucial in the new normal. Scores on global indicators will also be reported to monitor progress of the country’s year-on-year performance.

Table 5.1 Updated Plan Targets to Ensure Responsive, People-centered, Technology-enabled, and Clean Governance

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020(^*)</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Outcome: Responsive, people-centered, technology-enabled, and clean governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Score in the national governance index improved</td>
<td>None (2015)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Participatory governance broadened</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Percentile ranking in the WGI – Voice and Accountability improved</td>
<td>51 (2015)</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Open Budget Index score improved</td>
<td>64/100 (2015)</td>
<td>67/100</td>
<td>71/100</td>
<td>71/100</td>
<td>71/100</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Seamless service delivery ensured</strong></td>
<td></td>
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<tr>
<td>Percentile ranking in the WGI – Regulatory Quality sustained</td>
<td>52 (2015)</td>
<td>60</td>
<td>59</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>Percentile ranking in the GCI sustained</td>
<td>59 (2016)</td>
<td>62</td>
<td>61</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Score in the Global e-GDI improved</td>
<td>0.6/1.00 (2016)</td>
<td>0.7/1.0</td>
<td>N/A</td>
<td>0.7/1.0</td>
<td>0.7/1.0</td>
</tr>
</tbody>
</table>

\(^2\) The WGI-Regulatory Quality captures perceptions on the ability of government to formulate and implement sound policies and regulations that permit and promote private sector development. Given the economic slowdown due to the impact of COVID-19 and enhanced community quarantines, it is expected that there will be reduced private sector development. Thus, the targets were decreased.

\(^3\) The Global Competitiveness Report analyzes competitiveness along 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. Given the economic contraction brought by the pandemic, the targets were lowered.
### Strategic Framework

The revised strategic framework *(see Figure 5.1)* maintains a culture-sensitive perspective, gender-sensitive paradigm, and rights-based approach to public service. The framework has been expanded to mainstream technology across all subsector outcomes and to improve the agility of the government to adapt to the new normal. Further, a whole-of-society approach will be implemented to strengthen convergence in achieving the sectoral outcomes. Rather than looking at each subsector outcome as agency-led initiatives, for the rest of the Plan period greater coordination and complementation amongst agencies and non-government sectors will be pursued to drive the achievement of these outcomes.

Specifically, the government will: (a) sustain the automation of government processes for corrupt-free, people-centered delivery of services through the full implementation of the EODB and EGSD Act; (b) increase the people’s access to these services through reconfigured government systems pursuant to the PhilSys Act; and (c) strengthen the capacities of LGUs, civil society organizations (CSOs), and other local stakeholders to ensure readiness for the implementation of the Mandanas case ruling in the midst of other multidimensional risks.

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<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020*</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentile ranking in the WGI – Government Effectiveness improved</td>
<td>57 (2015)</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
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<tr>
<td>Subsector Outcome: Public accountability and integrity strengthened</td>
<td></td>
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<tr>
<td>Percentile ranking in the WGI – Control of Corruption improved</td>
<td>40 (2015)</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Percentile ranking in the Corruption Perceptions Index (CPI) improved</td>
<td>43 (2015)</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Score in the CPI improved</td>
<td>35/100 (2015)</td>
<td>37/100</td>
<td>38/100</td>
<td>38/100</td>
<td>38/100</td>
</tr>
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</table>

* 2020 original targets set/approved in 2016/prior to the pandemic retained
Figure 5.1 Strategic Framework to Ensure Responsive, People-centered, Technology-enabled, and Clean Governance

Strategies

At the national level, the National Economic and Development Authority (NEDA) and the Philippine Statistics Authority (PSA), with other agencies, will develop and institutionalize a National Governance Index (NGI). The NGI will consider relevant Sustainable Development Goal (SDG) 16\(^4\) indicators and other measures of governance and competitiveness.

Relatedly, a monitoring and evaluation (M&E) system for the sector will also be institutionalized to track the accomplishments and challenges in the sector and to formulate strategies that will address bottlenecks. A standard way of collection, organization, and analysis of indicators will also be developed and prescribed so that indicators for each program, project, and initiative can be mined for higher-level analysis (if possible) and future planning.

\(^4\) SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.
To enhance anticipatory planning, the government will conduct ex-post evaluation of the various interventions rolled out during the imposition of the enhanced community quarantine and general community quarantine to determine lessons learned, share best practices across different agencies and LGUs, and influence future policies.

**Broadening participatory governance**

The government will promote a culture of informing, engaging, and empowering citizens. Thus, adequate and genuine representation of civil society in local development councils and other advisory bodies will be ensured. Response and feedback mechanisms will also be localized and expanded. Electoral reforms will be intensified while observing risk mitigation protocols for the citizenry.

Government programs, projects, and public policies will be made more inclusive and responsive to the needs of the different sectors. The government will ensure that overseas Filipinos; micro, small, and medium enterprises; and the vulnerable and marginalized sectors, such as indigenous groups and disabled individuals, are involved in development planning. Frontline agencies will be trained on mainstreaming human rights based approach to development planning to enable them to assist and provide the public with better government services.

**Proactively seek citizens’ perspectives for responsive government interventions.** Agencies will proactively solicit comments and suggestions from citizens using a three-pronged approach: (a) providing adequate venues for engagement; (b) communicating in clear language; and (c) collaborating with other sectors. The “outside-in” approach \(^5\) will be adopted by actively listening to the people and understanding their needs and expectations. This brings the voice of the citizens into the decision-making for and design of public services. Several platforms will be provided to enable ordinary citizens to take an active role in information sharing, public resource management, policy and regulation review, and other related processes. A whole-of-society approach in national and local planning will be instilled.

The government will develop programs for people to participate in the promotion of citizen empowerment in their respective locality. Platforms will be provided to enable citizens and CSOs to participate in local government processes such as development planning, budgeting, implementation, and M&E. Development of mobile apps, utilization of media platforms, and application of geotagging technologies will also be implemented to facilitate broader participation such as Development Live or DevLive. \(^6\) With the institutionalization of the Citizen Participatory Audit (CPA), citizens and LGUs will be capacitated on the auditing process and the importance of CPA in minimizing corruption and enhancing public accountability.

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\(^5\) An approach where service providers position themselves in the position of their clients and view themselves from their clients’ perspective. In this manner, services will be designed to be more responsive and easily accessible to the clients.

\(^6\) Developed by the DILG and the United Nations Development Programme, DevLive is a mobile application where citizens can report status of projects in their communities that allows greater transparency, accountability, and efficiency in the implementation of government infrastructure projects.
Furthermore, these initiatives will be implemented:

- **Encourage volunteerism to promote shared responsibility and accountability in achieving development goals.** The government will reinforce and strengthen the practice of volunteerism in the delivery of social services, provision of technical assistance, response to disaster, and undertaking humanitarian efforts, especially in remote and unserved areas. Encouraging volunteerism will also be explored as a criterion in the Seal of Good Local Governance (SGLG).

- **Ascertain the functionality and quality of local special bodies.** Further advocacy will be conducted to encourage more CSOs to apply for accreditation, as outlined in the Department of the Interior and Local Government’s (DILG) Memorandum Circular No. 2019-72. Existing guidelines of other agencies on CSO accreditation will also be harmonized. The selection process and criteria for CSO members will be upgraded to ensure unbiased and fair representation in local special bodies. Further, DILG will capacitate and evaluate the functionality of these bodies to ascertain the legitimacy of representatives and sectoral concerns in the planning process.

- **Upscale existing governance initiatives.** The government will continue to implement and upscale efforts in fulfilling the commitments to the Open Government Partnership Action Plans and Participatory Governance Cluster Performance and Projects Roadmap (2017-2022). Best practices from the Partnership will be shared with other government agencies through the conduct of regular, online peer learning sessions. The national government will also develop and issue a unified policy on citizen engagement in governance to consolidate fragmented guidelines, institutionalize best practices, and ensure sustainability of existing open and participatory governance reforms. To complement these mechanisms, national agencies will sustain compliance with the Transparency Seal. Agencies will also engage and partner with the private sector, academe, civil society, and other stakeholders for service innovations, technologies, and research and development.

**Ensure public access to transparent, strategic risk communication.** The government will continue to pursue the passage of the Freedom of Information Bill to enable the public to have access to government data through online means, among others, free of charge and in an open format. With the right information, the public can provide insights and possible solutions that the government can use in crafting polices, plans, programs, and projects. Specific initiatives include:

- **Mainstream the use of technology in informing, consulting, involving, collaborating, and empowering citizens.** Adequate information and communications technology (ICT) infrastructure will be pursued through provision of free Wi-Fi access in all public places and rollout of programs included in the Department of Information and Communications Technology’s (DICT) e-Government Masterplan.
National agencies and LGUs will maximize the use of online platforms to provide timely and responsive public information including policies, advisories, statistics, and other government data. At-a-glance information on government services will also be provided in a comprehensive, accessible, and timely manner.

Aside from these, the government will utilize other platforms to reach a wider audience and engage citizens to generate more feedback on the quality of government services. These platforms include social media, text messaging, call centers, and mobile apps, which will be institutionalized at the local level, as much as possible. Crowdsourcing will also be explored as another form of public consultation, while collaboration with non-government sectors will be facilitated. Mechanisms will also be improved and simplified to ensure that the feedback loop is closed – citizens who submit complaints must be given real-time updates on their issues to show that their concerns matter.

The Report Card Survey (RCS), now under the Anti-Red Tape Authority’s (ARTA) purview, will be expanded and revamped to incorporate more measures of citizen satisfaction using a leaner, simpler tool. This will allow the identification of priority areas for service improvement, comparison, benchmarking across agencies, and recognizing best practices for replication. The RCS will be cross-referenced and, if possible, harmonized into a single survey with other existing stakeholder satisfaction surveys such as the Development Academy of the Philippines’ Customer/Business/Stakeholder Satisfaction Surveys and the DILG’s Citizen Satisfaction Index System.

- **Develop and implement a framework for privacy, personal data protection, and security in the use and application of ICT.** While programs for an ICT-enabled government are being accelerated, the government will also ensure that data privacy rights of citizens remain protected under these e-programs. Safeguards against cybercrimes and data privacy breach will be enhanced by strengthening the capacity of DICT. The government will also revisit the Data Privacy Act of 2012 (RA 10173) to examine its safety measures and determine its sufficiency in balancing concerns on data privacy and public welfare. Privacy impact assessment will be conducted with guidance from the National Privacy Commission. Data sharing agreements will be enforced to facilitate information sharing, where possible.

**Intensify organizational and electoral reforms.** Spearheaded by the Commission on Elections (COMELEC), the government will push for political and electoral reforms to integrate new election protocols such as, but not limited to, automation and online system of voter registration, digitization of voters’ list, enhancement of voting measures for senior citizens and persons with disabilities, and establishment of additional polling places for indigenous groups (see also Legislative Agenda). Rules and regulations on party-list development, anti-political dynasty, and campaign financing will also be pursued.

To ensure a more responsive and resilient electoral process, appropriate risk mitigation measures against COVID-19, or any other pandemic, will be developed for the 2022 elections. Voter education activities will be intensified to include information on safety protocols during elections. Similar to previous initiatives, there will be partnership with state universities and colleges (SUCs) and open universities for the development of education modules and dissemination of information. Online platforms will also be utilized to inform voters.
Ensuring seamless service delivery

All of government will be engaged in streamlining policies, processes, and procedures, while ensuring interoperability to facilitate the shift towards e-governance. Better service delivery strategies and new programs will be co-created among related agencies, relevant stakeholders, and citizens.

*Strengthen the whole-of-government approach in the delivery of key services.* A whole-of-government approach entails interoperable government processes and systems in delivering key services (e.g., provision of healthcare, access to basic social services, and utilization of the PhilSys, among others). Effective service delivery to overseas Filipinos will also be pursued (see Chapter 21). Coordination among the national government, LGUs, private sector, and civil society will be enhanced by automating systems and linking government services. To increase public satisfaction and confidence in the government, initiatives will be implemented on the use of evidence-based service quality standards, performance excellence, and best practices in citizen-centered public service delivery. Complementing efforts at the national level, LGU capacities on the implementation of infrastructure projects and the delivery of devolved services will also be enhanced to take advantage of the increase in their resources following the Mandanas case ruling. A communication, outreach, standards development for devolved services and roadmap to manage the transition will be formulated and implemented by the time the ruling takes effect in 2022.

Aside from these, the following initiatives will also be pursued:

- *Expedite implementation of the EODB and EGSD Act.* Implementation of the law must cover the: (a) issuance and extension of validity of permits and licenses; (b) reduction in the number of signatories and requirements and; (c) use of online filing and payment platforms of government agencies. As much as possible, government procedures and processes will be automated through either full migration to online systems or utilization of a common platform such as the National Government Portal. This platform will also include a standard, full suite of common government processes (i.e., human resource management and procurement) to minimize duplication of efforts by various agencies. The ARTA will also be fully operationalized and agencies will be trained to identify transaction complexity of government procedures for appropriate response times.

- *Fast-track the digitalization of frontline services and contactless transactions with the government.* Digitalization will entail electronic and paperless systems, zero-contact policies, online transactions, and new channels for service delivery. The government will invest in ICT to enable remote government operations and to strengthen and harmonize existing online platforms. Aside from preparing the necessary ICT infrastructure, the DICT will also fast-track the implementation of its Digital Government Program to develop key solutions for national government agencies and LGUs that will enable them to remotely perform their mandates and implement their programs, projects, and activities. These include providing reliable and secure connectivity, collaboration tools, videoconferencing applications, cloud platforms, cloud hosting, and digital signatures. Moreover, the DICT will enforce the Philippine e-Government Interoperability Framework (PeGIF) which defines a common language, principles, and standards that national government agencies should adopt in designing their technology-enabled platforms to ensure cohesion of ICT systems for the whole of government.
• **Accelerate the implementation of the PhilSys.** As registries of program beneficiaries and the use of digital payments have become critical in this new normal, implementation of the PhilSys will be accelerated by increasing registration kits. To achieve its targeted registration of 116 million population by 2023, the PSA will fast-track the completion of registration guidelines and protocols; recruitment and training of field registration personnel; and establishment of registration centers. Use cases for the issued identification (ID) called the PhilSys ID, will be identified, particularly in facilitating more efficient provision of key services (e.g., pension, conditional cash transfer, farmer assistance, health coverage, among others). Primary to said use cases is bank account opening/ownership especially for low income families by providing them an acceptable proof of identity. To facilitate this, bank account opening will be co-located with registration areas. Further functionality of the PhilSys will also be harnessed in the development of the country’s digital economy through its secure identification and verification platforms.

• **Implement the community-based monitoring system (CBMS).** As provided for by the CBMS Act (RA 11315) and the recent promulgation of its implementing rules and regulations (IRR), the CBMS will be conducted to ensure that LGUs have regularly updated facts, figures, and maps on the different dimensions of poverty at the local level. Given current health and safety protocols, such conduct must be done through computer-assisted personal interviewing. The national government and LGUs will utilize CBMS-gathered data for seamless and targeted distribution of social assistance and other public services. The PhilSys will be integrated with the CBMS to harmonize LGU data and further streamline administrative processes.

• **Formulate and enforce national and local preparedness and response frameworks for disease outbreaks and pandemics.** Existing frameworks for disaster risk reduction and management (DRRM) and crisis management at the national and local levels will be updated and harmonized based on robust assessment, surveillance, and monitoring of hazards, risks, and diseases. The IRR of the Philippine DRRM Act of 2010 (RA 10121) will be revised to explicitly identify public health emergencies such as pandemics in the definition of disaster events. These frameworks will be enforced at the local level to ensure proper planning and implementation of interventions intended to address health and other state emergencies.

**Enhance regulatory quality.** The EODB and EGSD Act institutionalizes the regulatory impact assessment (RIA) in the bureaucracy, which mandates the thorough review of regulations prior to their issuance. Other reforms will also be intensified to reduce unnecessary regulatory burden while simplifying processes:

• **Expand the National Effort for the Harmonization of Efficient Measures of Inter-related Agencies (Program NEHEMIA) for the pursuit of a whole-of-government approach to service delivery.** The Program NEHEMIA will be sustained to supplement efforts in eliminating red tape in the government by reducing time, cost, requirements, and procedures in sectors of economic and social significance by 52 percent within 52 weeks. Its scope will be expanded to other sectors taking off from the first phase, which included common tower and connectivity, housing, food and pharmaceutical, logistics, and the energy sectors.

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*Signed and approved on May 20, 2020.*
• **Reduce administrative burden within the government.** To support remote government operations, oversight agencies such as the Department of Budget and Management (DBM), the Government Procurement Policy Board, the COA, and the Civil Service Commission (CSC), among others, will review and rationalize their rules, regulations, and requirements to allow for electronic transactions, alternative work arrangements, and procurement of off-the-shelf software\(^9\) in the public sector. This likewise applies to intra-agency documentary requirements of offices.

Pre-existing issues with the IRR of the Government Procurement Reform Act (RA 9184) (e.g., tedious process) and COA rules (e.g., uniform application) will be addressed through the review and amendment of these regulations, as necessary, while making these responsive to the new normal.

There will also be a review of agency-specific and sector-wide policies to improve internal and sectoral efficiency. At the local level, a standard checklist will be developed containing the services that must be complied with by LGUs based on existing laws and issuances. This checklist can then be used by the DILG for the SGLG, by constitutional bodies for the exercise of their functions, and by the Congress for policy triggers.

• **Accelerate the adoption of RIA.** Priority will be given to the development of a national and sectoral framework for RIA, including the drafting of proportionality analysis guidelines. Regulatory agencies, the legislative branch, LGUs, and decision-makers will be trained to undertake RIA. Courses on compliance cost assessment and public consultation will also be conducted to support an effective RIA implementation. Online training and assessment platforms will be developed in this regard.

• **Revisit and strengthen the results-based performance management.** Results-Based Performance Management System (RBPMS) will be intensified by refining performance measurements, strengthening the M&E systems of performance targets, and making the link to performance incentives more explicit. The criteria and conditions of the performance-based bonus (PBB) will complement the desired reforms (e.g., digitization, contactless transactions, productivity increase) and the achievement of desired sectoral, societal outcomes, and results that are relevant to ordinary citizens. In particular, the possibility of delinking the RBPMS from the PBB will be explored. Organizational rewards such as capital investments will be granted rather than individual incentives to encourage agency-wide collaboration. Further, information on the rationale of the PBB as a reform measure to improve performance and productivity both at individual and organizational levels will be cascaded.

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\(^9\) Regular procurement rules will apply after the Bayanihan Act lapses in effectivity.
**Boost capacities of LGU as first responders and frontline service delivery units.** In this time of crisis, it is crucial that there will be program convergence and coherent coordination between and among the national government, LGUs, private sector, and CSOs, particularly in transitioning to the new normal. Proper change management on the devolution of services will be observed through collaboration between various government agencies and LGUs, and timely dissemination of information to LGUs. This includes a review of national policies and regulations such as auditing rules for more effective control mechanisms, pertinent provisions of the Local Government Code, and position qualification standards for capacity issues.

The government will craft the transition plan for implementing the Supreme Court ruling in the Mandanas case, which, upon its rollout, will provide LGUs greater access to funds to implement devolved services. Guidelines on the use of the Internal Revenue Allotment for development projects will also be revisited to facilitate investments in community health programs and facilities. In light of disruptions to local economies, LGUs will be empowered to shift towards new income opportunities and revive local industries as early as 2021 and update their Local Investments and Incentives Codes accordingly.

LGU capacities on forward planning, budgeting, implementing, monitoring and evaluating government projects such as infrastructure projects and the delivery of devolved services will be enhanced. In this regard, NEDA will take on a bigger role by working with DILG, DAP, different SUCs, the Local Government Academy (LGA), and other training institutions to deliver the necessary training and other capacity development interventions. The DILG will also ensure that LGUs are provided with necessary capacity development to prepare them for bigger responsibilities and accountability given their increased share from the national wealth.

**Developing smart and resilient public organizations and future-ready public servants**

The government will enable smart and resilient public sector organizations as well as develop and sustain a corps of smart and future-ready public servants by supporting capacity-building interventions and infusing technology in human resource (HR) management. The advent of the Fourth Industrial Revolution entails the automation of HR processes and the integration of HR systems that are aligned with government masterplans. Essential to these will be the development of a bureaucracy-wide HR Management Information System, propelling a shift from transactional to strategic HR management.

**Strengthen competencies for innovation, anticipatory planning, risk management, and emergency response.** Since the new normal is characterized by volatility and uncertainty, public sector organizations need to be agile and future-ready, with strong adaptive capacity. To ensure productivity of the public sector, initiatives will focus on fostering innovation and futures thinking. Public sector organizations will be assisted in applying design-thinking principles and strategic foresight tools. These interventions will be complemented with institutionalizing better knowledge management practices and encouraging knowledge sharing and collaboration between agencies. Online modules and training on risk management and emergency response will be developed and provided to civil servants to cope with the new normal.
Initiatives will also include the provision of comprehensive and multimodal learning opportunities for public managers, high-level officials, and local chief executives through DAP’s Public Management Development Program. The DAP will likewise continue its Capability Building on Innovative Leadership for Legislative Staff Program, which aims to capacitate senior executives, managers, and technical staff members of the legislative branch.

To optimize investment in HR development, the Philippine Civil Service Academy (CSA) will be fully reactivated, which, under Presidential Decree 1218, will be responsible for the planning, formulation, and implementation of training and other career development programs for first and second level of the career service. The CSA will also formulate policies that will govern all locally- and foreign-funded scholarship programs in the government.

Various forms of alternative learning and technology-enabled platforms in enhancing capacities and competencies of local chief executives will be explored in preparation for the increase in LGU expenditure responsibilities due to the full implementation of the Mandanas case ruling in 2022. The DILG and LGA will work with NEDA in conducting training programs on policy, planning, programming, budgeting, implementation, and M&E of devolved services and the basic standards of service delivery.

Continuing training and capability advancement of government executives and high-level civil servants to maintain an efficient and talented bureaucracy; to promote innovation, teamwork, reform-orientation, and outcome focus among government personnel; and to break the silo mentality. This will be done through a Career Executive Service Development Program for government such as the Public Management Development Program, the Leadership Certification for Middle Managers, and the Public Financial Management Competency Programs. Third-level officials will be encouraged to complete the Leadership and Management Proficiency Program under the Career Executive Service Board.

Promote shared public sector values. A whole-of-government and whole-of-society National Values Formation Program will be implemented by the government to address the anticipated changes in behavior and level of social trust. Values-related training programs for civil servants such as the Alay sa Bayan, Public Service Ethics and Accountability, and values orientation workshop will be harmonized to ensure consistency and quality of trainings. Development of these modules will also be cross-referenced with the results of the National Values Survey commissioned by the National Commission for Culture and the Arts to ensure that Filipino values are integrated in all levels of civil service. The Public Service Values Program will be revisited to strengthen inculcation of patriotism, integrity, excellence, and spirituality in public servants and officials (see also Chapter 7). The CSC will tap accredited learning and development institutions in the conduct of these values-oriented interventions. Technology-enabled platforms will be widely used to raise awareness on civil service values and norms.

Integrate risk assessment and anticipatory response in HR policies, programs, and systems. To ensure that gains and developments in the government are guarded from disruptions caused by crises, government agencies will formulate and rehearse their public service continuity plans. Occupational safety and emergency response standards in the government will be enforced to keep the workforce intact, productive, and motivated. In crafting these continuity plans, relevant stakeholders will be engaged and consulted to ensure their buy-in and support to the implementation of these plans.
Current HR policies, programs, and systems will be reviewed and revised to ensure responsiveness to current times. Alternative or flexible work arrangements will be institutionalized, with appropriate control and performance management mechanisms. Adequate resources and other support mechanisms will also be provided to ensure viability of these work arrangements. HR management systems of the CSC will also be modernized to adapt to the transformation to digital economy. This entails establishment of a single comprehensive HR management information system that will utilize digital tools for HR data analytics and support decision-making by the CSC. This will enable the Commission to better and more effectively manage civil service nationwide.

**Strengthening public accountability and integrity**

The remaining Plan period will focus on intensified inter-agency and whole-of-society efforts in reducing corruption through education, prevention, and enforcement.

**Engage citizens in anti-corruption drives.** Public awareness will be enhanced through continuous collaboration with the non-government sector (e.g., academe, media, civil society) and the use of technology-enabled platforms (e.g., social media). By providing appropriate and adequate mechanisms for citizens to report incidents of corruption, citizens’ active involvement in the campaign against corruption will be heightened. To this end, the mobile and web platforms of Hotline 8888 will be reinforced, while reporting tools will be simplified. A quick response system will also be established to build public trust by providing simplified reporting tools in various delivery modes, channels, and platforms. Whistleblowing programs of agencies will also be strengthened by increasing incentives and protection for whistleblowers.

**Integrate anti-corruption measures in risk reduction and management framework for disasters and other forms of crisis.** The government will conduct corruption risk assessments of disaster and crisis preparedness and response. In this regard, Internal Audit Service units of government agencies will be capacitated to ensure effective control systems in the bureaucracy. Safeguards will be installed to protect the integrity of systems and mechanisms, such as utilizing technology for the disbursement of resources.

Previous prevention measures will be continued such as the country’s commitment to the United Nations Convention against Corruption; other anti-corruption programs (e.g., Integrity Management Program); and existing transparency initiatives (e.g., Full Disclosure Policy, Transparency Seal, Citizen’s Charter).

**Strengthen monitoring and enforcement mechanisms for accountability.** Anti-corruption laws and issuances will be fully enforced, especially with the enactment of the EODB and EGSD Act that penalizes civil servants found guilty of bribery. To expedite processing of cases and other administrative processes for corruption incidents and allegations, agencies will utilize technologies to automate complaints filing and evaluation, case management, and case inventory, to name a few. Administrative investigations for corruption incidents and allegations will also be streamlined.

Citizen empowerment efforts and capacity-building activities for non-government organizations and other volunteers on monitoring and public accountability will also be strengthened and expanded through open and participatory governance programs. The DILG’s Bantay Korapsyon Program will mobilize citizens and utilize various anti-corruption mechanisms at the local level to ensure that erring local officials will be held accountable for committing corrupt practices and for failure to perform their mandated functions.
Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

Table 5.2 Legislative Agenda to Ensure Responsive, People-centered, Technology-enabled, and Clean Governance

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td><strong>Participatory governance broadened</strong></td>
<td></td>
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<tr>
<td>Freedom of Information Act</td>
<td>This will address transparency issues on government data, thereby promoting meaningful and increased participation of the people in government decision-making and public accountability.</td>
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<tr>
<td>Review of the Voter’s Registration Act of 1996 (RA 8189), Automated Election System Act (RA 9369 amending RA 8436), and Fair Elections Act (RA 9006)</td>
<td>This will allow for online registration and online voting, and facilitate risk mitigation procedures for the 2022 National and Local Elections.</td>
</tr>
<tr>
<td><strong>Seamless service delivery ensured</strong></td>
<td></td>
</tr>
<tr>
<td>Budget Modernization Act</td>
<td>This will support the expansionary fiscal policy of the government in response to COVID-19 through (a) streamlining the cash budgeting system; (b) strengthening the Bureau of the Treasury’s oversight function over government bank accounts; (c) providing the legal basis for upholding the validity of online financial transactions; (d) giving DBM the power over internal audit standards; and (e) instituting participation in government budgeting.</td>
</tr>
<tr>
<td>National Planning and Development Act</td>
<td>This will strengthen horizontal and vertical coherence of policies, plans, and programs among agencies and across administrative units, as well as the functional translation of plans into investment programs, budget, and implementation.</td>
</tr>
<tr>
<td><strong>Smart and resilient public organizations and future-ready public servants developed</strong></td>
<td></td>
</tr>
<tr>
<td>Amendments to the Telecommuting Act of 2018 (RA 11165)</td>
<td>This will institutionalize flexible and alternative working arrangements for employees in the public sector providing non-frontline public services.</td>
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Chapter 6

Pursuing Swift, Fair, and Humane Administration of Justice

In pursuit of swift and fair administration of justice, the Philippine Development Plan (PDP) 2017-2022 outlines strategies aimed at enhancing the country’s civil, criminal, commercial, and administrative justice systems; and improving efficiency and accountability in the justice sector. The gains achieved during the past three years sets the stage for further improvements in terms of the institutional, policy, and process framework of the justice system.

Access to justice and the protection of human rights are fundamental outcomes that need to be guaranteed in order to protect and improve the well-being of Filipinos.

In light of the COVID-19 pandemic, the government will maximize the use of digital platforms to ensure swift, fair, and humane administration of justice. It will further strengthen the coordination and cooperation among justice sector agencies, and continuously streamline and improve processes within the different pillars of the justice system.

Assessment and Challenges

Assessment: Streamlined processes, increased human resources and courts, increased jail and prison personnel and improved facilities, revised judicial rules and procedures, and sector-wide collaboration resulted in higher case disposition rates. These were complemented by information and communications technology (ICT)-enabled systems. Improvements in the legal framework were made through legislative and executive actions relative to the criminal justice system. With the onset of the COVID-19 pandemic, justice sector agencies will increasingly rely on ICT to facilitate access to justice particularly on the conduct of judicial and investigation procedures.

Challenges: Congestion of case dockets and penal facilities and other resource deficiencies are among the most critical challenges in the justice system, particularly affecting the provision of timely and effective remedy and resolution of cases. The COVID-19 pandemic highlighted the persisting problem of overcrowding in jails and prisons and the need to strictly enforce health and safety protocols in penal facilities. Addressing these concerns is essential towards achieving a responsive, humane, and inclusive justice system.
Targets

The country's performance in the World Governance Indicator and World Justice Project Rule of Law (WJP-ROL) Index will continuously be monitored. For the PDP 2017-2022 midterm update, the core indicators are rearranged in line with the updated strategic framework of the sector. Original targets for the percentile rank of the core indicators were retained. Country scores in WJP-ROL sub-indicators were also added as targets.

Table 6.1 Updated Plan Targets to Pursue Swift, Fair, and Humane Administration of Justice

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
<th>2020**</th>
<th>2021</th>
<th>2022</th>
<th>EOP</th>
</tr>
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<tbody>
<tr>
<td>Subsector Outcome: Criminal, civil, and economic justice processes ICT-enabled and streamlined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>World Justice Project - Rule of Law Index improved</td>
<td></td>
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<tr>
<td>Sub-indicator on Fundamental Rights improved</td>
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<tr>
<td>Percentile rank</td>
<td>26.55 (2016)</td>
<td>28.00</td>
<td>29.00</td>
<td>29.00</td>
<td>29.00</td>
<td></td>
</tr>
<tr>
<td>Score</td>
<td>0.50 (2016)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
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<tr>
<td>Sub-indicator on Civil Justice improved</td>
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<td></td>
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<tr>
<td>Percentile rank</td>
<td>23.01 (2016)</td>
<td>25.00</td>
<td>27.00</td>
<td>27.00</td>
<td>27.00</td>
<td></td>
</tr>
<tr>
<td>Score</td>
<td>0.45 (2016)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
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<tr>
<td>Sub-indicator on Criminal Justice improved</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Percentile rank</td>
<td>25.66 (2016)</td>
<td>27.00</td>
<td>29.00</td>
<td>29.00</td>
<td>29.00</td>
<td></td>
</tr>
<tr>
<td>Score</td>
<td>0.36 (2016)</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
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<tr>
<td>Subsector Outcome: Sector efficiency and accountability improved</td>
<td></td>
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<tr>
<td>Percentile rank in the World Governance Indicator – Rule of Law improved</td>
<td>43.27 (2015)</td>
<td>46.00</td>
<td>50.00</td>
<td>50.00</td>
<td>50.00</td>
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</table>

*2020 original targets set/approved in 2016 prior to the pandemic retained
The revised strategic framework (see Figure 6.1) supports the pursuit of a whole-of-sector approach and streamlined interdependence among the justice sector institutions. Additional emphasis is given to the pursuit of a more humane justice system.

The government will sustain current reforms being undertaken, and strengthen existing structures and systems. These will be done by (a) sustaining and institutionalizing justice sector coordination and program convergence at the national and local levels; (b) further increasing human resources and courts to enhance access to justice; (c) pursuing ICT-enabled systems to streamline or harmonize processes and facilitate information sharing; (d) expanding and maximizing the use of Alternative Dispute Resolution (ADR); and (e) addressing congestion in penal facilities through infrastructure development and expedient criminal justice processes.

Figure 6.1 Strategic Framework to Pursue Swift, Fair, and Humane Administration of Justice
Chapter 6: Pursuing Swift, Fair, and Humane Administration of Justice

Updated Philippine Development Plan 2017-2022

Strategies

Streamlining ICT-enabled criminal, civil, and economic justice processes

Streamline processes for speedy resolution of criminal and civil cases. The justice sector agencies will maximize the use of available technologies for the speedy resolution of criminal and civil cases, and community and economic disputes. The use of ICT-enabled systems will be expanded for investigation, prosecution, and adjudication, harmonization of procedures, and improving evidence management.

Initiatives to improve the criminal investigation system will be pursued. These include legislation being proposed by the Department of Justice to streamline the criminal investigation processes among prosecutors and law enforcers, as well as improvements in existing Court rules and procedures on criminal investigation and better coordination with the Supreme Court (SC). The Witness Protection Program will be strengthened and a whistleblower protection program will be established to facilitate case buildup, investigation, and prosecution, especially on heinous crimes and high profile cases. International cooperation on criminal justice will also be pursued including mutual legal assistance and transfer of sentence.

Investigation and prosecution of cases involving illegal drugs, human trafficking, cybercrime, and grave human rights violations will remain a priority for the justice sector. As such, the government will establish and/or improve appropriate policies, interventions, coordination, and specialized procedures.

ADR will be strengthened at all levels. Specifically, the Katarungang Pambarangay will be promoted as the primary mechanism of local governments for resolving community-level disputes. The Department of Interior and Local Government (DILG) will expand its awards program, while the DOJ - Office of ADR will enhance and expand the scope of its mediation capacity building for the Lupong Tagapamayapa in coordination with the DILG. In addition to its regular functions on the provision of legal aid services, the Public Attorney’s Office (PAO) will sustain its services on mediation and conciliation of disputes. The DOJ will also continue to build the prosecution-level mediation procedures as an ADR mechanism in the National Prosecution Service. Measures to further expand and mainstream the use of ADR in relation to criminal justice will be explored, specifically to include law enforcement agencies, indigenous, and community-based justice systems and restorative justice. Given the requirements for the post-COVID new normal, the government will promote the use of online dispute resolution mechanisms at all levels.
The SC will sustain the review and enhancement of judicial rules and procedures with the promulgation and effectivity of the amendments to the Revised Rules of Evidence (A.M. No. 19-08-15-SC) and to the Revised Rules on Civil Procedure (A.M. No. 19-10-20-SC), which took effect on May 1, 2020. Also to be covered are the continuous trial system and ICT-enabled systems such as videoconferencing facilities and the e-Courts system. Initiatives on online filing of cases, petition of bails, and electronic testimony will also be institutionalized. The SC will enhance and expand the Family Courts Act of 1997 and pursue the drafting, finalization, and approval of its Implementing Rules and Regulations (IRR). A review of the design and implementation of the Justice on Wheels will also be pursued to make it more relevant and accessible to the people. Lastly, the coverage of small claims courts will be broadened by further promoting it to the public and expanding its coverage to more court users.

**Ensure access to justice by the poor, vulnerable, and marginalized groups.** To ensure access to justice, the government will prioritize strengthening of the justice sector agencies’ capacity to deliver legal and victim assistance. To increase access of the poor, vulnerable, and marginalized sectors to legal aid, *plantilla* positions will be increased, and the recruitment of investigators, prosecutors, public attorneys, judges, and other legal or court officers will be expedited. Support will also be provided to all personnel nationwide.

Apart from the regular services of the PAO, other legal aid programs will also be sustained and improved such as the implementation of the Revised Law Student Practice Rule (Rule 138-A) of the SC and the DOJ Action Center Program. Justice sector agencies will also explore and implement legal internship and practice programs to augment the limited manpower for legal services and facilitate the recruitment of competent personnel.

Safe and convenient access to legal and victim assistance will be established through online and other communication platforms. Moreover, sustained physical access to free legal assistance and victim support services of agencies concerned will be ensured even during pandemics and other public emergency situations.

Assistance and support for victims of crimes and human rights violations, including gender-sensitive and child-friendly procedures and facilities, will be improved and strengthened. These include increasing the compensation of victims of unjust imprisonment and victims of violent crimes through the amendment of Republic Act (RA) No. 7309. Referral procedures for legal assistance and victim support in relation to applicable frontline services will be integrated into the manuals of operations, Citizen’s Charter, and public assistance or complaint desk mechanism of agencies concerned.

The Commission on Human Rights (CHR) will continue its efforts to facilitate access to justice particularly on addressing human rights violations, empowering the marginalized to seek response and remedies for injustice, and improving legal protection awareness and aid, among others. Its Legal Clinic Caravan will sustain its developmental and legal assistance and counselling. These include increasing human rights awareness, capacity building and training on basic human rights, and raising public awareness on the role, mandate, and services of CHR and other relevant human rights laws.

**Pursue jail decongestion and corrections reform.** Jail decongestion and corrections reform will be pursued in terms of program, institutional, and legal framework. This will be achieved by enforcing the right of

1 RA 7309 entitled “An Act Creating a Board of Claims under the Department of Justice for Victims of Unjust Imprisonment or Detention and Victims of Violent Crimes, and for Other Purposes”
persons deprived of liberty (PDL) to bail in appropriate cases, and their right to speedy trial.\(^2\) Construction and repair of penal facilities will also be prioritized to improve living conditions of PDL and facilitate offender rehabilitation, welfare, and development. The use of teleconferencing or online hearings during court proceedings will be expanded for PDL and other similarly situated parties (e.g., complainants, witnesses, victims who are constrained from physically appearing in court) to facilitate faster resolution of cases.

Alongside efforts to decongest penal facilities, the government will put in place necessary health and safety protocols to ensure humane living conditions of PDL. Regular health monitoring will be provided to PDL, along with provision of basic needs and services.

Security facilities will be modernized to prevent escapes, violence, and illegal activities. Jail and prison management policies will be continuously reviewed, improved, and harmonized. These include procedures in terms of admission, classification, security, health, medical treatment, visitation, transfer, transportation, and release. Authorities will ensure that these standards are gender and child-responsive for PDL and visitors. Appropriate interventions will be put in place for radicalized PDL and those charged or convicted of heinous crimes.

Access to legal assistance for pre-sentence and sentenced PDL will be provided and facilitated. The Bureau of Jail Management and Penology (BJMP) will continuously improve and update its paralegal program for PDL in local jails, which the Bureau of Corrections (BUCOR) can adopt for national penitentiaries. The e-Dalaw facility will be sustained and introduced in more jails and prisons to enable off-site interface of PDL and their families, subject to appropriate security protocols and available resources.

The Judiciary will sustain and expand its lead role in the Task Force Katarungan at Kalayaan as an inter-agency forum to address jail congestion and facilitate timely resolution of cases involving pre-sentence detainees. The pilot implementation of the Task Force has been rolled out in the court stations of Manila, Quezon City, Makati City, Pasay City, and Muntinlupa City. Innovative approaches on facilitating the conduct of trial for PDLs will also be explored and pursue including transfer of venue in authorized cases for valid grounds and on-site trial.

The CHR will likewise continue its efforts in operationalizing the Interim National Preventive Mechanism (NPM) against torture pursuant to the State obligation under the United Nations (UN) Optional Protocol to the Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment. This aims to improve the human rights situations of PDL, the conditions of the detention facilities, and the prevention of torture cases.

In partnership with other organizations, the CHR will provide legal assistance to PDL and conduct regular case monitoring to facilitate early and timely release of qualified PDL.

\(^2\) SC Administrative Memorandum No. 12-11-2-SC (effective March 18, 2014) on Guidelines for decongesting holding jails by enforcing the rights of accused persons to bail and to speedy trial
The DOJ and DILG will also coordinate with Congress to revisit and improve the country’s legal and policy framework relating to the penal system and restorative justice, taking into consideration the state obligations on the rights of PDL, offenders, and victims; public safety, and national security. This will include custody, reformation, and reintegration of PDL, as well as improving the institutional framework of penology and corrections.

With the revised IRR of RA 10592, also referred to as the Good Conduct Time Allowance (GCTA) Law, strict implementation will be ensured particularly on the exclusion of heinous crime offenders and inclusion of transparency and accountability mechanisms. Non-custodial measures will be maximized, including release on recognizance and community service for arrested and charged persons, and probation, parole, and executive clemency for convicted persons. Rules and guidelines relative to probation, parole, and executive clemency will be reviewed and improved in the interest of restorative justice for the offender and the victim.

Enhancing sector efficiency and accountability

*Strengthen justice sector coordination.* Coordination within the justice sector at the national and local levels will be strengthened through the Justice Sector Coordinating Council (JSCC) and its Justice Zones. The JSCC will establish additional sites subject to a thorough evaluation and calibration of implementing arrangements. This will include the governance mechanism, selection and establishment criteria, monitoring and evaluation, and possible alignment with other regional and local structures.

Respective justice sector agencies will implement the Justice Sector Convergence Program, under the leadership of the JSCC within the agreed strategic framework. Initiatives will be anchored on individual agency mandates, programs, projects, functional competencies, and institutional independence.

The current COVID19 pandemic presents a new dimension in coordinated justice sector approach. A business continuity plan will be drafted to ensure sustained administration of justice. This includes the formulation of a sector-wide national emergency preparedness and response framework. Coordination with and guidance from justice sector agencies during emergency situations will be facilitated relative to the legal framework, administration of justice, and protection of human rights.

The justice sector will sustain the implementation of the National Justice Information System, with the support of the Department of Information and Communications Technology (DICT) and in compliance with the requirements of the Data Privacy Act. The DOJ, as the lead agency, will update the Single Carpeta System to conform to the new IRR of the Expanded GCTA Law. The development of information exchange platform will be pursued with the DICT, towards streamlining inter-agency processes within the justice sector. The Philippine Crime Index will also be made available initially to justice sector agencies to harmonize crime and criminal justice data for legal research and as reference for policy development.

While the development of criminal justice information exchange is underway, the SC, Philippine National Police (PNP), BJMP, BUCOR, and the Bureau of Immigration will proceed with the development and implementation of systems and procedures for electronic transmittal and documentation of warrants; hold departure orders; and commitment, mittimus, and/or release orders.
Moreover, the justice sector agencies will continue to participate in other established inter-agency mechanisms at the national, regional, and local levels, with respect to governance, economic, and social development, peace and order, public safety, and poverty alleviation.

**Enhance sector efficiency.** Justice sector agencies will continue to review and improve their systems and procedures, in the context of the government’s quality and performance management policies, and in compliance with RA 11032. Sustained administration of justice and delivery of services will be ensured amid public emergency situations.

Further, these agencies will work towards optimal access to and management of human, financial, and material resources. Efforts will be undertaken to improve the staffing structure and increase the number of investigators, prosecutors, public attorneys, judges, jail and prison personnel, parole and probation officers, support, and other personnel, especially at the regional and local levels.

Justice sector agencies will establish sustained and ICT-enabled competency framework and development programs in accordance with civil service policies, especially for prosecution, law enforcement, court, legal service, frontline, management, and vital support personnel. Specialized trainings and other capacity building activities will be harmonized among justice sector agencies to align with their functional mandates and competencies. For the lawyers, these will be harmonized with their mandatory continuing legal education.

Coordination within the sector and with infrastructure oversight and land management agencies will be improved specifically on planning, development, funding, project implementation, and maintenance of agency infrastructure.

Sector agencies will maximize the use of available ICT resources for the development and implementation of their respective application systems for core and frontline services, case management, and administrative support processes, including monitoring and evaluation. The development and use of the system for electronic transmittal of warrants and court orders to agencies concerned, is ongoing. The Enhanced e-Warrant System was launched by the SC and the Philippine National Police on September 8, 2020.

**Increase transparency, accountability, and citizen engagement.** Justice sector agencies will continue to participate in multi-sectoral mechanisms such as established committees, councils, and engagements with civil society organizations, for purposes of planning and policy development. The agencies will work together through the JSCC in consolidating and harmonizing their available data for better public information. This includes the provision of timely public information, reports, and statistics for government and non-government stakeholders, such as cases and services relative to the COVID-19 pandemic and other emergencies.

Public information on the justice system, including access to legal remedies and assistance, will be continuously improved through agency websites and other media and communication platforms. Online judiciary information platforms (i.e., court locator, judicial application scheduler, public assistance helpdesk) will be sustained and maximized, including the accessibility of court details, to ensure easier facilitation of online filing of complaint and grant of bails.

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3 RA 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018
The National Economic and Development Authority and the Philippine Statistics Authority will develop and implement governance measurement and crime victimization surveys, incorporating national and local surveys to engage the citizens in measuring the performance of the justice system.

**Legislative Agenda**

For the rest of the Plan period, the following legislative agenda will be pursued:

*Table 6.2 Legislative Agenda to Pursue Swift, Fair, and Humane Administration of Justice*

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE/DESCRIPTION</th>
</tr>
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<tbody>
<tr>
<td><strong>Criminal, civil, and economic justice processes ICT-enabled and streamlined</strong></td>
<td></td>
</tr>
<tr>
<td>Streamlining the criminal investigation process, including the review of the standard of proof in determining probable cause</td>
<td>Redefine the role of prosecutors in relation to case buildup by law enforcers and preliminary investigation in relation to the courts; and increase the threshold for filing criminal cases in court.</td>
</tr>
<tr>
<td>Amendment of the Expanded GCTA Act (RA 10592)</td>
<td>Clarify the applicability to heinous crime offenders; include transparency procedures; establish the checks and balances, including the role of higher and court authorities (i.e., apart from jail and prison authorities); and provide for corrective measures in cases of erroneous grant of GCTA and release on account thereof.</td>
</tr>
<tr>
<td><strong>Sector efficiency and accountability improved</strong></td>
<td></td>
</tr>
<tr>
<td>Creation of new courts</td>
<td>Review the distribution of courts under the Judiciary Reorganization Act in relation to the population per proposed court location, historical volume of filings, and the existing dockets of the courts in that particular location. Where necessary, the existing courts may be redistributed and new courts created as needed.</td>
</tr>
<tr>
<td>Strengthening of the Victims Compensation Program</td>
<td>Amend its enabling law, RA 7309, to increase compensation for victims of unjust imprisonment or detention and victims of violent crimes; and to increase access to the program and enhance its administration.</td>
</tr>
<tr>
<td>Establishment of the Commission on Human Rights Charter</td>
<td>Strengthen the CHR as a National Human Rights Institution (NHRI), compliant with the requirements of the UN Paris Principles affecting NRHIs worldwide. Among the requirements is ensuring NHRI’s independence, including full fiscal autonomy.</td>
</tr>
<tr>
<td>Establishment of a Unified Penology and Corrections System</td>
<td>Address the fragmentation on the institutional framework of the penology and corrections system.</td>
</tr>
<tr>
<td>Strengthening the witness protection and whistleblower protection</td>
<td>Strengthen the Witness Protection Program to encourage more witnesses to be covered and maintained coverage, towards successful prosecution, especially of heinous and high profile crimes; and the Whistleblower Protection Program to encourage and protect whistleblowers.</td>
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</table>
Chapter 8

Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensuring Food Security

While the agricultural sector’s growth has remained weak over the last three years, major policy reforms have created opportunities to pursue diversification and overall rural development. There has also been an improvement in the delivery of support services focusing on small farmers and fisherfolk (SFFs). In particular, the Republic Act (RA) No. 11203 or the Rice Tariffication Law (RTL) which amended the two-decade old RA 8178 or the Agricultural Tariffication Act of 1996, and replaces the quantitative restriction on rice imports with tariff is considered the most important reform in the agriculture sector. The Law will benefit the entire economy, particularly the Filipino consumers, farmers, taxpayers and workers, and, most importantly, the poor. Rice farmers also benefit from the Law, given the 60 billion pesos guaranteed Rice Competitiveness Enhancement Fund (RCEF), which aims to increase productivity of the rice sector. RTL will also benefit: (i) taxpayer as there is no need to subsidize the operations of the NFA, which has long been burdened with debt; (ii) workers as it keeps inflationary pressures low and therefore limits the erosion of real wage; (iii) children as more affordable rice keeps them healthy and not hungry; and (iv) the poor with the availability of cheaper rice given their limited budget. The low rice prices and lower inflation helps the country achieve its poverty reduction goals.

The country’s experience with the coronavirus disease 2019 (COVID-19) pandemic and community quarantines has put greater emphasis on food security in the new normal. Thus, to contribute to the goal of achieving a healthy and resilient Philippines, the Agriculture, Forestry and Fisheries (AFF) sector shall focus on ensuring availability, accessibility, and affordability of nutritious food while continuously addressing persistent challenges faced by the sector, particularly the constraints to access to land and water resources, vulnerability to climate change and disaster risks, limited strategic infrastructure, and long-standing institutional problems related to weak extension services, over-centralization, and lack of coordination and overlapping functions within and among agencies.
Assessment and Challenges

**Assessment:** The improvement in the delivery of support services prioritizing small farmers and fisherfolk, complemented by major policy reforms (e.g., RTL, Sagip Saka Act, and Personal Property Security Act) created opportunities to pursue diversification and overall rural development in the long run. However, the performance of the AFF sector in the last three years has been weak due to climate/weather disturbances (e.g., El Niño, typhoons), pest and animal diseases, weak global demand and increased competition resulting in the decrease in value of top exports (e.g., coconut), and weak coordination and convergence efforts among government agencies and stakeholders. The emergence of the COVID-19 pandemic and subsequent implementation of community quarantines also affected the sector with the disruption of agricultural activities owing to stringent measures implemented by local government units (LGUs) on the movement of agri-food products. As a result, agri-food supply chains were affected and many farmers were unable to sell their produce. The movement of people involved in the transportation of inputs and products, technicians, extension workers, and even agricultural workers was also affected. Despite the disruptions in various agricultural activities and losses encountered during CQ, the AFF sector remains upbeat as farmers and fisherfolk still intend to continue their respective agricultural activities. Consumers, on the other hand, had difficulty accessing healthy and nutritious food during the CQs. In particular, vulnerable groups who rely on relief packs during the ECQ are limited to rice, canned goods, instant noodles, powdered milk, and instant coffee. Nutritionally vulnerable groups such as severely wasted and stunted schoolchildren who rely on school- and community-based feeding programs for healthy and nutritious food were also affected due to the discontinuance of these programs with the closure of schools and daycare centers during the quarantine period.

**Challenges:** The pandemic has caused a shift in consumers’ preference towards safe and nutritious food. As the sector moves to the new normal, the following are still expected to persist: (a) sporadic disruption in the agri-food supply chain, particularly in the transport and logistics of inputs, machinery and equipment, and farm produce; (b) limited movement of people involved in the transport of inputs and products, technicians, and extension workers; (c) strict regulation of the operations of wet markets, supermarkets, and retail food establishments; (d) increased demand for innovative technologies for processing and packaging to keep up with the demand for processed food products with longer shelf-life; and (e) reduced demand from institutional buyers for agricultural food items due to the decline in tourism and dine-in services. These emerging challenges, on top of existing issues such as constraints to access to land and water resources, vulnerability to climate change and disaster risks, limited strategic infrastructure, and long-standing institutional problems related to weak extension services, over-centralization, and lack of coordination and overlapping functions within and among agencies will put further pressure on the AFF sector.

**Targets**

The updated Plan aims to increase and maintain the AFF gross value added (GVA) within 2.5 percent to 3.5 percent from the baseline of -1.2 percent in 2016. Likewise, a reversal of the negative growth for the value of production in fisheries, A&F exports, and labor productivity is targeted for the remaining plan period. Table 8.1 presents the targets corresponding to the sector outcome indicators under this chapter. Targets for outcome indicators on food security shall be cross-referred to Chapter 11.
Table 8.1. Updated Plan Targets to Expand Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensure Food Security

<table>
<thead>
<tr>
<th>OUTCOME / INDICATOR</th>
<th>BASELINE VALUE (2016)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020a/</td>
</tr>
<tr>
<td><strong>Sector Outcome 1: Sustainable and Resilient Production and Food Availability Ensured</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth of GVA in AFF Increased (year-on-year at constant prices, in percent)</td>
<td>(1.2)</td>
<td>2.5-3.5</td>
</tr>
<tr>
<td>a. Crops</td>
<td>(3.2)</td>
<td>2.0-3.0</td>
</tr>
<tr>
<td>b. Livestock</td>
<td>4.6</td>
<td>3.0-4.0</td>
</tr>
<tr>
<td>c. Poultry</td>
<td>1.3</td>
<td>3.0-4.0</td>
</tr>
<tr>
<td>d. Forestry</td>
<td>(7.6)</td>
<td>2.0-3.0</td>
</tr>
<tr>
<td>Growth in Value of Production of Fisheries Increased (year-on-year at constant prices, in percent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Commercial</td>
<td>(7.8)</td>
<td>2.5</td>
</tr>
<tr>
<td>b. Municipal</td>
<td>(4.9)</td>
<td>1.0</td>
</tr>
<tr>
<td>c. Aquaculture</td>
<td>0.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Growth in Labor Productivity of Farmers and Fisherfolk Increased (year-on-year at constant prices, in percent)</td>
<td>(2.2)</td>
<td>4.7-6.2</td>
</tr>
<tr>
<td><strong>Sector Outcome 2: Access to Markets of Small Farmers and Fisherfolk Increased</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in the Value of A&amp;F Exports Increased (year-on-year, FOB value, in percent)</td>
<td>(0.1)</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Sector Outcome 3: Access of Consumers to Nutritious, Affordable and Safe Food Improved</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevalence of Moderate or Severe Food Insecurity in the Population based on the Food Insecurity Experience Scale (See Chapter 11 RM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Severely Food Insecure</td>
<td>5.1 (2019)</td>
<td>N/A</td>
</tr>
<tr>
<td>b. Moderately Food Insecure</td>
<td>39.1 (2019)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source of baseline data: Philippine Statistics Authority

a/ The original 2020 targets, approved in 2016 prior to the pandemic, were retained

Strategic Framework

In the remaining Plan implementation period, the AFF sector will adopt a holistic value chain approach, guided by science-based decision support tools, towards ensuring sustainable and resilient production and food availability, expanding access to markets by SFFs, and improving access of consumers to nutritious, affordable, and safe food.
Figure 8.1 Updated Strategic Framework to Expand Economic Opportunities in Agriculture, Forestry, and Fisheries, and Ensure Food Security*

*Note: Only the first three (3) strategies are reflected in the framework for brevity in presentation. The complete list of strategies contributing to each subsector outcome can be found and are discussed in the subsequent sections.
Strategies

To achieve the Plan’s targets, the following outcome-specific and crosscutting strategies will be implemented (See Figure 8.1). Some of the strategies in this chapter are cross-referred to other chapters.

Ensuring sustainable and resilient production and food availability

Improving AFF productivity within ecological limit

• **Optimize the use of science-based decision support tools and methodologies to improve resilience and productivity within ecological limit, and increase the income of farmers and fisherfolk.** The existing National Color-Coded Agricultural Guide (NCCAG) Map will be cascaded to LGUs to assist farmers and other stakeholders in identifying areas where crops could ideally be grown based on soil type, climatic conditions, and bio-physical requirements. Promotion of existing crop management decision support tools such as the Rice Crop Manager (RCM) and other farm management tools (e.g. AgriDoc App, MOET App, etc.) will also be intensified to provide timely, location-specific crop and nutrient management recommendations to more farmers to improve their yield and increase farm income. To increase the adoption of these science-based decision support tools, different extension delivery modalities will be used depending on AFF stakeholders’ capacity and access to information and communication technology (ICT). These will include the use of blended learning platforms such as web-based courses and applications; provision of offline versions of these applications, particularly for those with limited access to the internet; face-to-face training in areas where it is applicable; and the use of traditional media (e.g., radio, TV, and print, etc.).

• **Pursue an ecosystems approach to fisheries management, including operationalizing fisheries management areas (FMA) to provide for a science-based, participatory, transparent governance framework, and mechanism to sustainably manage fisheries.** With the issuance of Fisheries Administrative Order (FAO) 263, policies in managing fisheries will be based on the status and capacity of the stocks within the FMAs, taking into consideration its impact on the economic well-being of fisherfolks. To support this, the Bureau of Fisheries and Aquatic Resources (BFAR) will intensify its

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1 Launched in March 2017. Thematic maps used were obtained from BSWM for the soils map, WorldClim and DOST-PAGASA for climate data, DENR-MGB for geo-hazard maps, and PSA and NAMRIA for political boundaries. The NCCAG includes data on crop suitability, agro-ecological zone, ground water availability, rainfall, temperature, poverty incidence, and farmers’ demographics, among others.

2 Based on research trials, RCM can increase yields and added net benefit when farm lots normally yield below 7 tons/ha at 14% moisture. For farm lots with normal yield of 7 tons/ha and above at 14% moisture, benefit from RCM could be very small or negligible.

3 The AgriDoc App developed by PhilRice is a farm management tool which can keep records on expenses and farm activities. It also allows farmers to view their farm area through Google Maps. The Minus-One Element Technique application (MOET App) is an Android-based app developed to complement the soil diagnostic tool MOET kit. It computes for fertilizer recommendations and yield estimates based on the pot-based fertilizer trial to identify significant nutrient elements lacking in the soil.

4 Based on FAO 263, FMA is a bay, gulf, lake, or any other fishery area which may be delineated for fishery resource management purposes. It provides that for purposes of sustainable fisheries management, 12 FMAs in Philippine waters are established, based on considerations of stocks boundary/range/distribution, structure of fisheries, as well as administrative divisions, and undertaken through consultation based on stocks and fisheries distribution.
efforts in establishing and convening the multi-sectoral Management Bodies (MB)\(^5\) in the FMA, and develop the Ecosystem-Approach to Fisheries Management Plan (EAMP) guided by the result of the National Stock Assessment Program of the National Fisheries Research and Development Institute (NFRDI). A Scientific Advisory Group (SAG) composed of scientists, researchers, and technical representatives will also be established to provide policy support and technical advice to the MBs (See Chapter 20).

- **Strengthen the promotion of intercropping and integrated farming systems.** Promotion of intercropping (e.g., corn or pineapple under coconut, etc.) and integrated farming systems such as livestock-crops (e.g., integrated rice-duck farming system\(^6\), crops-livestock-fish (e.g., Palayamanan),\(^7\) and agro-forestry will be strengthened to maximize the use of land, improve resiliency, and enhance sustainability. SFFs shall be provided with capacity building and retooling on appropriate cropping systems and technologies (e.g., suitable crops or combination of crops/livestock/fish, and management techniques, etc.) to help them not only in increasing their productivity and income but also contribute to the sustainable and efficient use of natural resources, and increase resilience. With intercropping or integrated farming, there will be increased diversity which can result in lower risk of pest and disease problems (i.e., better management of pest outbreak), increase insect and soil microbial diversity, and higher probability that at least one species or crop can withstand the weather disturbances. Likewise, viable technologies on sustainable land management such as soil health management through balanced fertilization to improve soil quality and land productivity will be made accessible to SFFs.

- **Intensify the promotion of urban agriculture, backyard/household gardening of edibles and backyard animal raising, and community gardening.** Given the importance of ensuring a steady supply of food, urban households and communities will be encouraged to produce fresh and healthy food from their backyards and spaces. The DA, in partnership with other government agencies, LGUs, and the private sector, shall intensify the promotion of urban agriculture, subsistence backyard/household gardening and animal raising, and community gardening through the establishment of community gardens in barangays and schools with vacant areas. The community/backyard gardens may serve not only as a source of nutritious food and livelihood but also as additional income for those who will sell their surplus. Production inputs such as seeds/seedlings, soil, compost, and initial stock (e.g., small ruminants, chicken, ducks, etc.) will be provided as start-up kits, complemented with skills training on sowing of seeds and proper management, composting, and pest disease management, among others. Registration processes and reporting requirements will need to be streamlined for more efficient assistance to investors/firms pursuing urban agriculture, particularly modern methods of growing plants and fish such as hydroponics, aeroponics, and aquaponics. (See Chapter 11)

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\(^5\) MB in FMA is composed of representatives from multi-sectors of fisheries such as LGUs, municipal and commercial fisheries, aquaculture, processors and traders, academe, NGOs, indigenous people, and other relevant NGAs.

\(^6\) The integrated rice-duck farming system grows rice and ducks together in an irrigated paddy. The paddling movement of the ducks stimulates plant growth, while duck manure naturally fertilizes the soil. The ducks also eat the harmful insects and weeds, thus eliminating the need for pesticides and herbicides.

\(^7\) Palayamanan is a model of diversified integrated rice-based farming system developed and established by PhilRice composed of synergistically-compatible farming ventures such as rice, onion, poultry, livestock, and aquaculture. Under this system, the livestock transform plant residues and by-products into edible high-quality protein and manure, which is then applied to crops as organic fertilizer to increase crop productivity.
• **Effectively implement RCEF in a timely manner to assist rice farmers during the transition period given the removal of the quantitative import restrictions (QR) on rice.** The RTL aims to make rice accessible and affordable to all Filipinos, particularly the poor who spend about 29 percent of their total food expenditure on rice. It also established a Rice Competitiveness Enhancement Fund (RCEF), with an annual allocation of PhP 10 billion for six (6) years, to enhance the productivity and competitiveness of rice farmers by providing them: (a) farm machinery and equipment, (b) high-yielding seeds, (c) low interest credit, and (d) skills training programs on farm mechanization and modern farming techniques. The tariff collection, in excess of PhP 10 billion, will still be provided to rice farmers for (a) cash transfer program, (b) titling of rice lands, (c) crop insurance, and (d) crop diversification. For the cash transfer program, it will be a short-term measure of the government while the rice industry is in transition and will prioritize farmers most affected by the drop in farmgate prices.

**Intensifying development and adoption of modern, climate- and disaster-resilient production technologies**

• **Accelerate irrigation development, especially the construction of disaster- and climate-resilient small-scale irrigation systems and retrofitting of existing ones, to be guided by a National Irrigation Master Plan (NIMP).** This includes the financing of the modernization of priority irrigation systems, quick response for restoration works in disaster-prone areas, and regular preventive operations and maintenance for optimal production for the year-round cropping (See Chapter 19). In addition, to support sustainable consumption and production (SCP) initiatives, proper use of water-saving and water-harvesting technologies such as alternate wetting and drying (AWD), rotational method, rainwater harvesting, and solar-powered irrigation will also be promoted in areas where it is applicable. The protection, rehabilitation, and management of critical watersheds for irrigation are critical counterpart interventions to ensure sustainable water supply (See Chapter 20).

• **Intensify research and development (R&D) activities for AFF, including the development and commercialization of appropriate technologies to improve productivity, reduce post-harvest losses, and enhance risk resilience.** Implementation of activities supporting the development and commercialization of climate and disaster-resilient technologies such as high-yielding and stress-tolerant crop varieties, fish species and animal breeds will be intensified. Innovators and discoverers of these mature technologies will be linked with prospective investors to facilitate technology transfer and adoption (See Chapter 9). Advanced and emerging technologies (e.g., biotechnology, genomics, nanotechnology) will also be explored to address the challenges and vulnerabilities of the AFF sector.

• **Intensify the provision of appropriate farm and fishery machineries, equipment, and facilities.** The government will intensify its efforts in facilitating the use of farm and fishery machinery, equipment, and facilities based on the appropriateness of technology to local needs and conditions to raise the efficiency of farm operations and reduce production costs and post-harvest losses. In consideration of the new normal, more farm machinery and equipment will need to be provided in lieu of manual labor, given the need to limit the movement of people and sustain the practice of social distancing.

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8 **AWD** is a water-saving technology that farmers can apply to reduce their irrigation water consumption in rice fields without decreasing yield. **Rainwater harvesting** is the collection of rain or runoff for productive purposes. **Solar powered irrigation** uses the sun’s energy to power a pump which supplies water to crops.
In line with the implementation of the Agriculture and Fisheries Mechanization (AFMECH) Law, the Agriculture and Fisheries Mechanization Engineering Resource Network (AFMechERN) will be regularly updated to provide timely and reliable data on existing agri-fishery machineries, equipment, and facilities, as well as other mechanization-related information. The Agricultural Machinery Testing and Evaluation Center (AMTEC)\(^9\) in Los Baños, Laguna, will be capacitated to expand its services for testing and evaluation of: (a) imported machinery and equipment for domestic distribution; and (b) locally-developed machinery and equipment prior to its commercialization as mandated by the AFMECH Law (See Chapter 9). The local manufacturers of equipment and machinery will also be supported by providing them with training on the design, fabrication, operation, testing, and evaluation of equipment and machinery, and providing appropriate incentives.

- **Enhance the capacity of farmers and fisherfolk to adopt new and better technologies.** This will be done through a ladderized approach that includes: (a) establishment of technology demonstrations or learning sites to introduce and showcase the success of new or innovative technology using blended learning platforms; (b) scaling-up of successful learning sites to serve as strategic demonstration areas for innovative and sustainable farming and fishing; and (c) development of these learning sites and expansion to farm tourism sites as additional livelihood opportunities for farmers and fisherfolk. SFFs will also be provided with quality advisory and technical services which include on-demand knowledge-sharing and advisory on production and post-production technologies through blended learning platforms.

- **Strengthen the AFF extension system as a whole.** To facilitate diffusion and increase adoption of modern, climate- and disaster-resilient/responsive technologies, an effective AFF extension system should be in place. To support this, the implementation of the following strategies will be strengthened: (a) improve competencies of agriculture extension workers (AEWs), trainers, and other extension agents through continuous provision of capacity building and retooling to enhance their knowledge and skills on recent AFF trends, technologies, and sustainable practices (e.g., organic agriculture, integrated farming systems, etc.); (b) develop new or modify existing extension modalities, methodologies, and approaches that are fit to the changing extension contexts (e.g., use of combinations of digital technology and traditional media or blended learning platforms, instead of face-to-face training); and (c) intensify accreditation of private extension service providers and training facilities to serve as partner organizations and venues. The DA will also engage in joint ventures and convergence with other government agencies (e.g., TESDA, LGUs, etc.), the business community, and other stakeholders in upgrading the operation, and improving the effectiveness of the AFF extension system and enhance inter-institutional linkages between R&D and extension.

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\(^9\) AFMech Law designated AMTEC as the premier and reference testing center of agricultural and fisheries machinery in the country. The law further states that AMTEC shall assist in the formulation of quality, safety, and performance standards of agricultural and fisheries machinery and provide technical assistance in the establishment of testing centers in other parts of the country.

\(^{10}\) Parcelization of landholdings with Collective Certificate of Land Ownership Award (CCLOA) is the process of subdividing and determining the exact metes and bounds of the areas, allocation of lots to ARBs in a CCLOA, determination of common use areas, portions with common service facilities, and establishment of areas capable of being alienated and disposed of by the government. DAR Executive Order No. 02 series of 2019.

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Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensuring Food Security
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individual titles – has been a long-standing issue which erodes investor confidence on lands awarded under the Comprehensive Agrarian Reform Program (CARP). The parcelization process has encountered delays in the validation of individual ARBs listed in the collective Certificates of Land Ownership Award, and in the identification of actual occupants of the subject landholdings. Legal issues are likewise confronted such as in the reconstitution of titles and inclusion/exclusion cases. To address this, the coordination and collaboration of the Department of Agrarian Reform (DAR) with CARP Implementing Agencies (IA) should be strengthened with the intent of streamlining the parcelization process. In addition, the DAR and CARP IAs should be capacitated on the latest modern survey technologies and equipment to fast track the documentation and reconstitution of lost/missing titles and those with erroneous land surveys.

- **Strictly enforce and monitor the implementation of laws, rules, and regulations on land reclassification and conversion.** The Joint Memorandum Circular\(^\text{11}\) on the implementation of Memorandum Circular 54 should be revised to strengthen the land use reclassification process and the functions of concerned agencies. The inter-agency committee with representatives from DA, Department of Agrarian Reform, Department of Human Settlements and Urban Development (DHSUD), National Irrigation Administration (NIA), Department of Environment and Natural Resources (DENR), Department of the Interior and Local Government (DILG), and NEDA, among others, should also be reactivated. A database system will be developed as a repository of land reclassification information and as a tool for decision-making by the inter-agency committee. A memorandum circular for Section 65 of the Comprehensive Agrarian Reform Law (RA 6657) also needs to be issued to streamline and harmonize the actions of stakeholder government agencies on the land-use conversion process. These proposed measures will be accompanied by additional manpower both at the national and sub-national (i.e., regional, provincial) levels to enforce the rules and procedures and fast track the processing of land use reclassification and conversion.

- **Issuance of the guidelines by the BFAR on the delineation of municipal waters for LGUs with off-shore islands (See Chapter 20).**

- **Establish a regulatory framework and formulate specific guidelines on implementing usufruct\(^\text{12}\) arrangement for AFF purposes.** While usufruct rights have been used in the Philippines for housing projects (e.g., Southville 3 Muntinlupa Housing Project and Taguig City Social Housing Project),\(^\text{13}\) this arrangement may also be explored for AFF purposes to aid in the optimal utilization of existing lands. However, there is a need to establish a regulatory framework and formulate specific guidelines to clearly define the usufruct arrangement for lands to be used for AFF purposes in order to protect the rights of farmers as well as the property owner.

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\(^{11}\) Joint HLURB, DAR, DA, DILG Memorandum Circular, dated March 21, 1995, Prescribing the Guidelines to Implement MC 54 (The Authority of Cities and Municipalities to Reclassify Lands Within the Limits Prescribed by Section 20 of RA 7160 Otherwise Known as the Local Government Code of 1991).

\(^{12}\) Usufruct is the right to enjoy the property of another with the obligation of preserving its form and substance, unless the title containing it or the law provides otherwise (Article 562 Civil Code of the Philippines).

\(^{13}\) Innovative Urban Tenure in the Philippines: Challenges, Approaches and Institutionalization. UN Human Settlements Programme, 2012.
Expanding access to markets of small farmers and fisherfolk

**Increasing access to digitally-supported value chains**

- **Provide efficient transport and logistics systems to link production areas to markets and ensure unhampered movement of A&F goods and services.** This involves the establishment/construction of sufficient and strategically-located facilities such as wholesale food terminals and trading centers, warehouses, cold storage and refrigeration facilities, mobile storage, mobile marketplaces, rolling stores, foodbanks, and processing facilities that are linked with an interconnected transport system to ensure the continuous flow of A&F goods and services. Transport options should also be expanded to include the use of tramlines, cable lines, and animals to transport agricultural products as cost-effective alternatives, especially for linking remote upland communities to markets.

  For fisheries, more Community Fish Landing Centers (CFLCs) will be established in strategic areas that will serve as landing and fish trading hubs. CFLCs will have post-harvest equipment and facilities to enable fisherfolk to preserve the good quality of their fish and fishery products and sell at a competitive price. CFLCs will also be opened as venues for skills training on fish processing, value-adding, and fisheries conservation and protection (See Chapter 20 and Chapter 9).

  In addition to domestic logistics systems, international trade processes for A&F goods and services will be streamlined and enhanced to ensure non-disruption of flow of goods and services (See Chapter 9 and Chapter 15).

- **Strengthen online marketing of agriculture and fishery products, including the establishment of online or digital channels for transactions and delivery services.** With the continuing policy to practice social distancing under the new normal, supermarkets and retail establishments of A&F products will be encouraged to establish online or digital channels for transactions and delivery services. The DA can expand the reach of the recently launched eKadiwa\(^{14}\) to urban areas outside Metro Manila and expand the mode of payment and delivery service providers. In areas where food and grocery deliveries are not available, an online service delivery system where buyers send a list of items to buy to a pabili service provider may be explored as an option. Parallel to this, a registry system for online sellers or deliveries should be established to monitor and regulate the movement of people engaged in such transactions. Farmers and fisherfolk should likewise be encouraged to make use of digital payment systems (i.e., online or app-based financial technologies), particularly in receiving/accessing payments for their produce.

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\(^{14}\) The digital marketing platform of the DA’s Kadiwa ni Ani at Kita which provides an easier and safer way for farmers and fisherfolk to sell their produce and access to fresh and nutritious agri-fishery products for consumers.
• **Organize small farmers and fisherfolk into formal groups, and promote farm and fishery consolidation and clustering arrangements to bring about economies of scale.** Farm consolidation (e.g., sugarcane block farming, etc.) and clustering arrangements among small and medium growers will be promoted, particularly in production, processing, and value-adding activities to take advantage of communal inputs and economies of scale. By organizing SFFs into formal groups, SFFs will increase access to support services (e.g., formal credit, modern farm technologies and machinery, capacity building, livelihood projects, etc.), and enable them to meet the demand of larger agribusiness enterprises and institutional buyers.

• **Link small farmers and fisherfolk groups to government nutrition programs (e.g., supplemental feeding programs, etc.), hospitals, and other facilities, as suppliers.** Safe and nutritious A&F products such as fruits, meat, fish, vegetables, and dairy products can be supplied by SFF groups to school children or individuals and families affected by any disaster by linking SFF groups to supplementary feeding and relief programs of the government. The national government and LGUs will be encouraged to directly purchase from SFF groups to supply their food requirements for supplementary feeding programs and relief operations. Technical assistance in terms of market matching and guidance in the government procurement process should be provided. *(See Chapter 11)*

• **Intensify the implementation of the Philippine Competition Law and the Price Act to regularly monitor the price of food and essential commodities and address anti-competitive trade practices and illegal price manipulation.** The Philippine Competition Commission (PCC) will be vigilant in monitoring anti-competitive practices that affect fair trade such as cartels, price-fixing, and market division/allocation, among others, to ensure fair competition in the market for the benefit of both consumers and businesses. The DA and the Department of Trade and Industry (DTI), in coordination with the LGUs and accredited consumer groups, will also intensify monitoring and enforcement activities to protect consumers from illegal price manipulation to ensure that prices of basic necessities (e.g., rice) and prime commodities, which include agricultural products, are at reasonable levels at all times.

**Increasing AFF-based enterprises**

• **Strengthen AFF sector linkage to industry sector through innovative production, processing, value-adding, and marketing schemes.** Pursue contract-growing arrangements, corporate farming, and other forms of linkages to integrate small farmers and fisherfolk and micro-, small, and medium enterprises (MSMEs) into larger agribusiness enterprises. Consolidating or clustering SFFs and MSMEs will also allow product consolidation, expand supply to existing markets, and open up new markets, thereby increasing their income. To further enhance market access, the government will strengthen the conduct of market-matching activities such as local (national, provincial, and regional) and international trade fairs, roadshows and exhibits, business trade missions, and other promotional activities. *(See Chapter 9)*

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15 According to the Price Act (RA 7581), basic necessities include rice; corn; bread; fresh, dried and canned fish and other marine products; fresh pork; beef and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables, root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the Department of Health (DOH). Prime commodities, on the other hand, include fresh fruits; flour; dried processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities; noodles; onions; garlic; vinegar; patis; soy sauce; toilet soap; fertilizer; pesticides; herbicides; poultry; swine and cattle feeds; veterinary products for poultry, swine and cattle; paper; school supplies; nipa shingles; sawali; cement; clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries, electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the DOH.
• **Capacitate small farmers, fisherfolk, and MSMEs in diversifying into commodities with high value-adding and market potential.** The transition period brought about by the liberalization of the rice industry offers an opportunity where uncompetitive rice farmers can pursue more profitable farm commodities. To support this, capacity building activities for diversifying into commodities with high-value adding and market value will be provided to SFFs and MSMEs. These activities will include processing, understanding markets, proper product handling and packaging, and ensuring food safety and quality standards. For instance, for coconut-based exports, the development of high-value by-products such as coco water, coco sugar, and other emerging product lines will be supported to maximize their export potential and help manage and reduce the impact of shocks brought about by volatility in domestic and world prices (See Chapter 15).

• **Adopt Geographic Indications (GIs)** to improve the marketability and traceability of products and ensure quality standards. This is to increase and create awareness and knowledge on GIs, improve the capacity of technical personnel and other stakeholders relative to the intellectual property component of GIs, and formulate the regulations for GIs (See Chapter 9).

• **Establish and/or update, and increase access of SFFs and other AFF stakeholders to timely and reliable agricultural market information systems.** This should include the provision of information on prices, buyers, suppliers/sellers, and providers of ancillary services (e.g., trucking, packaging, warehousing, etc.) through the use of digital platforms and other appropriate media. This will guide their market decisions and facilitate networking among players in the value chain (See Chapter 9 strategy on supporting business-matching activities).

The utilization of ICT tools such as the Supply Chain Analytics (SCAN) Dashboard and SCAN Reporter should also be encouraged among AFF stakeholders to ensure the unhampered flow of goods and inputs. The SCAN Dashboard is an important tool for both the government and private sector to be aware of ground-level issues identified by supply chain players that need to be addressed. SCAN Reporter can help stakeholders report problems encountered in the supply chain (e.g., quarantine control point problem, permit-related problem, regulations, goods overpricing, and real-time road closures, traffic, and accidents) and submit such information to the Dashboard.

• **Encourage the private sector to invest in agri-based enterprises.** Particular attention will be given to the development of local and export markets for agricultural products (i.e., halal and organic products). Public-private partnerships will be employed to pursue the establishment of agro-industrial hubs, A&F business incubators, and regional technology parks to support an environment that would foster innovation and technology transfer to facilitate a vibrant A&F technology-based entrepreneurial system.

The implementation of the Sagip Saka Act of 2019 (RA 11321) will also be fast-tracked to provide SFFs with greater opportunities to engage in entrepreneurial activities through the implementation of the Farmers and Fisherfolk Enterprise Development Program under the law. Aside from providing various forms of assistance to SFFs (e.g., improvement of production and productivity, improvement of producers' and entrepreneurs' access to financing, access to better technologies, and provision of business support and development services), RA 11321 also encourages private sector partnership or alliances between farmers and fisherfolk to engage in enterprise development and improve market access of producer groups.

16 Geographical indications are signs which identify a good as originating in a particular region or locality, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin. GIs are considered a useful tool for economic growth and sustainable development, particularly in rural areas.
• **Strengthen community-based enterprises in upland communities.** The government will continue to implement and monitor programs and projects that foster community-based enterprises in upland areas. Provision of training and extension support services in these areas will be through a farmer-to-farmer approach where farmers serve as extension agents and are part of technology generation and dissemination.

**Increasing access to innovative, affordable, and adequate financing**

• **Provide access to affordable formal credit to start, restore, sustain, and expand AFF-based livelihood activities and businesses.** The outreach of formal private sector credit and other financial services will be extended through the facilitation of data sharing among lending institutions to determine the financial needs of SFFs, and target and prioritize areas where such interventions are most needed. Corollary to this, the financial literacy and credit worthiness of SFFs and agri-based MSMEs will be enhanced to help them avail of formal credit. Credit enhancement will be provided by the Philippine Guarantee Corporation through intensified advocacy and expansion of its agricultural guarantee services, as well as the establishment of more credit surety funds spearheaded by the BSP. Creation of the personal property security registry under the Personal Property Security Act will also be pursued. (see Chapter 15)

• **Continue to implement credit programs with low interest and flexible terms for SFFs and AFF-based enterprises.** The government will continue to develop and implement innovative and affordable financing facilities, such as the Production Loan Easy Access and Survival and Recovery Assistance programs of the DA, which prioritizes loans for marginalized SFFs at low-interest rates, minimal or no collateral, and fewer documentary requirements. The DA can also expand the Kapital Access for Young Agripreneurs (KAYA) to finance the capital requirements of start-up or existing projects of young agripreneurs which intend to reach out and convince Filipino youth to engage in AFF ventures. Moreover, SFF’s awareness of available innovative and affordable credit programs will be increased through marketing and promotion activities (e.g., radio and TV plugs and guestings and brochures and pamphlets).

• **Expand agricultural insurance coverage.** The institutional capacity and capitalization of the Philippine Crop Insurance Corporation (PCIC) need to be strengthened and augmented to expand the provision of agricultural insurance services. With its current manpower and budget, PCIC was able to provide insurance coverage for only 3.1 million farmers and fisherfolk in 2019, as compared to the 10 million registered in the Registry System for the Basic Sectors in Agriculture (RSBSA). Also, because of limited budget and subsidies, increasing penetration rate among farmers has an apparent trade-off on the amount of insurance coverage, which is inadequate to cover production costs. Despite this, the PCIC will continue to expand coverage by engaging in partnership agreements with more LGUs, with the latter paying the insurance premium of farmers and fisherfolk not covered by RSBSA while the registry is being updated. The PCIC can also expand coverage for other causes of default such as income loss from not being able to sell/market their produce and low prices. In terms of facilitating faster payouts of indemnity claims, the PCIC will continue to develop and commercialize the implementation of innovative index-based insurance programs.
Improving access of consumers to nutritious, affordable, and safe food

**Enforcing food safety standards and regulations**

- *Strictly implement food safety measures, quarantine procedures, and other existing rules and regulations in managing risks and addressing food safety and quality standards.* Recognizing that risks may abound in all segments of the value chain, producers, processors, transporters (including online deliveries), vendors, and consumers will adopt food safety, quality, and quarantine measures. The measures allow traceability of products to support the targeting of regulations and regulatory actions to specific sources of risks. There is also a need to strengthen, harmonize, and streamline regulatory services and development of standards to ensure safe and quality products, facilitate trade, and promote ease of doing business. This will include the rationalization and strengthening of national and regional laboratories to guarantee accurate data on crucial laboratory test requirements for regulatory and enforcement purposes and standards development. Corresponding skills and competencies needed by the AFF stakeholders (e.g., SFFs, extension workers, etc.) on areas of sanitation and hygiene, good manufacturing practice (GMP), good agricultural practices (GAP), good aquaculture practices (GAqP), and good animal husbandry practices (GAHP) will be provided to ensure food safety and quality standards.

**Increasing development and adoption of food preservation technologies**

- *Develop processing and packaging technologies to prolong shelf-life and improve nutritional content of agriculture and fishery products.* The shift in consumer preferences to healthier diets and the increased demand for processed food with longer shelf-life calls for further expansion of R&D programs focused on innovative technologies for processing and packaging. This can be done by intensifying support for public research institutions, state universities, and colleges in producing safe, nutritious, medicinal, therapeutic, and well-packaged agri-food products that are commercially viable. Partnerships and joint projects with DA, DOST, DTI, and the private sector may be explored to develop agri-food processed products with enhanced nutritional content and longer shelf-life.

**Crosscutting Strategies**

The following cross-cutting strategies will also be implemented:

- *Strengthen coordination and convergence of government agencies in undertaking joint planning, monitoring, and budgeting for priority programs and projects.* Joint planning, monitoring, and budgeting among AFF-related agencies will be pursued to ensure complementation in the implementation of priority plans, programs, and projects. For instance, the DA, DTI, and other related agencies in consultation with AFF/industry players, will work together in the formulation of commodity/industry roadmaps to complete the linkage between the AFF sector and the industry.

- *Utilize and regularly update the A&F management information systems as a strategic targeting mechanism for identification and prioritization of beneficiaries and agriculture-related programs and services (e.g., RSBSA, ABEMIS, etc.).* Existing management information systems such as the Registry System for Basic Sector in Agriculture (RSBSA) should be used as a primary reference in
targeting beneficiaries of agriculture and fishery programs and projects. The RSBSA will also be regularly updated, harmonized, and cross-referenced with existing registries such as the Municipal Fisherfolk Registry (FishR) of BFAR, Listahanan or the National Household Targeting System for Poverty Reduction (NHTS-PR) of the Department of Social Welfare and Development (DSWD). These registries will also be cross-referenced with the Philippine Identification System when it becomes available.

The DA initiative on establishing an online platform for transparency, inter-agency data sharing, and a science-based approach to FMR planning and implementation will be enhanced to develop an Integrated Road for Agriculture Development (IROAD) that will store, consolidate, and manage GIS-based data of all FMR projects implemented by the government. This will address issues on FMR locations and interconnectivity, and eliminate duplication of activities – ultimately enabling farmers and other stakeholders to fully utilize and benefit from long, completed, and strategically-linked roads. It may further be harmonized with the Agricultural and Biosystems Engineering Management Information System (ABEMIS) of the Bureau of Agricultural and Fisheries Engineering (BAFE) which contains geotagged data on machineries and equipment provided, postharvest and logistics facilities established, and FMRs completed. These systems should be made available, accessible and easily understandable by the AFF stakeholders to help them make informed decisions and guide future investments.

• **Institutionalize the El Nino Task Force as a permanent body rather than an ad-hoc task force, to ensure the preparedness of the AFF sector**

• **Promote agribusiness courses and training programs (e.g., farm tourism, enterprise development, etc.) under collaborative schemes** with the academe, government, and business sector; and integrate agriculture, including the use of modern technologies (e.g., drones, smart greenhouses, and smartphone applications) in the elementary and high school curriculum to encourage the youth to engage in agriculture and fisheries (See Chapter 10). Support in terms of financing of start-up or existing agri-based projects of young entrepreneurs and agri-fishery graduates will be provided to transform them into agripreneurs.

• **Intensify activities on increasing resilience of the AFF sector to climate and disaster risks** (See Chapter 20). There is a need to intensify efforts in improving the resiliency of AFF to climate and disaster risks. In addition, the following shall be considered:

  o Integrate climate and disaster risks in the design of AFF programs and projects. For example, local climate change trends and projections should be considered in the construction of disaster- and climate-resilient farm structures and retrofitting of existing ones (e.g., small-scale irrigation systems);

  o Intensify AFF extension services that will increase adoption of climate- and shock-resilient technologies (e.g., smart greenhouses, varieties that are short-maturing, high-yielding, flood/drought-tolerant, and stress-resilient, etc.), animal breeds, and best practices (e.g., AWD technology, integrated pest management, diversified/integrated farming, etc.);

  o Enhance the decision support tools of concerned agencies by providing timely and site-specific weather and climate advisories and utilize advanced and appropriate ICT to make it more available and accessible to stakeholders;
Develop and mainstream the use of early warning systems and other anticipatory mechanisms (e.g., PRISM, etc.) that can help anticipate potential hazards and disturbances which can disrupt production operations. For instance, the use of drones and the subsequent information generated by the DA, before, during, and after disasters will be further enhanced and promoted to increase preparedness and response efficiency; and

Provide non-farm livelihood options especially to seasonal and disaster-affected farm and fishery workers, SFF, and their families. Seasonal workers/farmers will be trained on off-farm and non-farm activities to enable them to take advantage of alternative employment opportunities, including involvement in farm tourism, fabricating fiberglass boats, mangrove forest reforestation, and mushroom production.

Legislative Agenda

The following legislative measures are necessary to support the actions of the executive branch:

Table 8.2 Legislative Agenda Expand Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensuring Food Security

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<tr>
<th>LEGISLATIVE MEASURE</th>
<th>RATIONALE/DESCRIPTION</th>
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<tr>
<td>National Land Use Bill</td>
<td>Under this bill, prime agricultural lands shall be protected through proper and rational delineation, classification or reclassification, allocation, establishment, utilization and management of these lands. This will ensure the viability and sustainability of on-farm employment and rural development by determining a socially-acceptable minimum agricultural land requirement that would maintain a level of agricultural industry in a given economic or spatial context at a given point in time (See Chapter 20). Likewise, the bill will harmonize and/or strengthen the enforcement of land use policies on the conversion and reclassification of agricultural lands to non-agricultural use.</td>
</tr>
<tr>
<td>Establishment of the Coconut Farmers and Industry Trust Fund</td>
<td>The bill(^{17}) aims to consolidate all assets and benefits emanating from the coconut levy and create a Coconut Farmers and Industry Trust Fund to exclusively benefit coconut farmers and farmworkers. It will create a Trust Fund Management Committee consisting of representatives from oversight agencies, that is distinct from the PCA Board, to remove the conflict of interest in the previous vetoed version of the bill where PCA is both the approving agency and utilizing agency of the proposed trust fund. A Coconut Farmers and Industry Development Plan will also be drafted to set the directions and policies for the development and rehabilitation of the coconut industry in the long-term.</td>
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<tr>
<td>Strengthening of the PCIC</td>
<td>There is a need to reorganize the PCIC and increase its authorized capital stock to cater to the demands of SFFs more effectively.</td>
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<tr>
<td>Magna Carta for Young Farmers</td>
<td>This measure aims to promote and protect the rights of young farmers, establish programs for young farmers, and institutionalize young farmers’ representation in agricultural decision-making and policy-making processes. This would address the declining interest of the youth on agriculture and fisheries.</td>
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\(^{17}\) The bill was ratified by Congress on November 28, 2018, but was vetoed by the President on February 08, 2019.
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<tr>
<td>Strengthening the Agricultural and Rural Financing System in the Philippines</td>
<td>This bill aims to amend the Agri-Agra Reform Credit Act of 2009 (RA No. 10000) by expanding the list of eligible projects and activities that can be funded by banks, as well as broaden the existing modes of alternative compliance, to allow banks to comply with their agricultural lending obligations. Diversifying the banks' lending portfolios will provide them with more options for investments and financing that will, in turn, increase the flow of finance and credit in the sector. It also aims to address the challenges in accessing formal credit by the agricultural sector owing to issues on bankability of projects, lack of technical expertise of financial institutions in agricultural financing, and the high levels of risk exposures of the sector.</td>
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<tr>
<td>Impose a progressive idle land tax</td>
<td>This is to promote the productive use of the idle lands, even if temporary, but without prejudice to the rights of owners to security of tenure.</td>
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<tr>
<td>Amendment of the Rice and Corn Law (PD 194)</td>
<td>This law places an unnecessary burden on foreign companies engaged in rice and corn by placing a time limit (30 years) on how long they may operate as 100% foreign-owned entities. After expiration of the allowed period, they are expected to divest in whole or in part (at least 60%) to Filipino citizens/local interests. There is a need to amend this law to attract foreign investments in the agriculture sector that will also provide employment opportunities to Filipinos.</td>
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Chapter 9A

Expanding Economic Opportunities in Industry

The country’s vulnerabilities were put in sharper focus with the occurrence of natural disasters¹, water supply constraints², and the global health crisis caused by the COVID-19 pandemic at the beginning of 2020, requiring the government’s urgent and strategic responses. This unprecedented period called on government to play a larger role in implementing appropriate stimuli to revive consumer and business confidence in the near-term and initiate measures that will enhance socio-economic resilience in the medium-term. The refined Industry sector strategies are based on the need to operate under this new normal by leveraging Industry 4.0 technologies and ushering the growth of the digital economy.

To establish a healthy and resilient Philippines, the industry sector needs to rapidly operationalize the strategies under the Inclusive Innovation and Industrial Strategy (i3s, pronounced eye-cube-s). The i3s serves as a guide in setting a collaborative environment for and implementation of innovation-centered initiatives to boost the capacity of local enterprises. As a means to further improve consumer and business confidence in the medium-term, the i3s underscores the need to build up our human resource to utilize technologies; adopt inclusive business models to link smaller domestic-based firms to larger enterprises; strengthen the startup ecosystem to assist tech-based startups, particularly those inclined to develop health or industrial solutions in response to the current pandemic; and formulate business continuity plans (BCPs) for enhanced supply and value chain resilience. The urgent passage of structural reforms that cut across multiple sectors is needed to fast-track a national digital transformation responsive to the current crisis.

Assessment and Challenges

Assessment: Over the past 3 years (2017-2019), the industry sector delivered tempered growth amid challenges in the external and domestic front. While industry GVA grew within the annual target range for 2019, the rest of the core industry-related indicators – manufacturing GVA as a proportion of GDP, employment generated by the industry sector, and manufacturing employment as a proportion of total employment – missed their respective targets. In terms of employment, an average of 267,000 net employment has been created in 2019, higher than employment generated in 2016 (110,000). However, it failed to reach its 2019 plan target of 437,000. The construction sector (287,000) significantly accounted for the industry employment creation in 2019 while the manufacturing sector recorded employment losses (-4,000) mainly attributed to the weak external environment during the period.

¹ Taal volcanic eruption occurred in January 2020. In the quarter leading to this, periodic seismic activities have been recorded in Mindanao and select areas across Luzon and Visayas.
² Challenges in water resource management has put in doubt the water supply sufficiency of the country’s capital.
The country’s overall ranking in the World Bank-International Finance Corporation’s (WB-IFC) Ease of Doing Business Report exhibited a rapid decline in the past three years, amid the more aggressive stance of other economies in advancing reforms and facilitating ease of doing business. On a positive note, this trend was reversed in 2020, with the country jumping 29 notches up to 95th out of 190 economies in the Ease of Doing Business Report. This is made possible by the government’s policy initiative in protecting minority investors and improving the process of granting construction permits. On the consumer front, Filipinos’ level of awareness of their basic consumer rights remains low, exacerbated by the country’s archipelagic geography, which makes access to information on basic consumer rights difficult for those in remote and rural areas.

**Challenges:** Recent decline in industry output reflected lower domestic demand exacerbated by supply chain disruptions. Further, policy uncertainty related to institutional delays in the passage of reforms (e.g., CREATE bill, etc.) contributes to halted investment decisions. High innovation cost has also been a hindrance for the industry sectors to adopt new technologies, thereby limiting their capacity and potential to upgrade to the production of higher-value goods. Attracting new foreign direct investments is hampered by existing policies limiting foreign participation in critical support services sectors, which also curtails industry growth. The COVID-19 pandemic highlights the gaps in healthcare services (see Chapter 10 for strategies to strengthen the country’s health care system) which affect the country’s competitiveness and ability to attract investors and locators. New opportunities and challenges are also created with shifts in consumer preference and production towards essential goods and services. Lastly, industries have limited flexibility to respond to the impact of the pandemic, particularly in instituting new work protocols including repurposing and reconfiguring business operations.3

**Targets**

The government faces significant obstacles in meeting its succeeding Industry-related annual targets. Given this, the Industry sector GVA growth has been adjusted downward, considering new assumptions in the period as recognized and approved by the DBCC last July 2020.4

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3 Some businesses were able to promptly undertake repurposing and reconfiguring activities to take advantage of shifts in consumer demand. For instance, the garments, electronics, and other manufacturing companies responded immediately to the need to produce COVID-19 critical products. The CONWEP (Confederation of Wearable Exporters of the Philippines) group shifted to the manufacturing of coveralls, gowns, and shoe and head covers while electronics firms repurposed operations to manufacture surgical masks and infrared thermometers. Liquor companies manufactured isopropyl alcohol and plastics firms produced face shields.

### Table 9.1 Updated Plan Targets to Expand Economic Opportunities in Industry

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic opportunities in industry across regions including the digital economy expanded</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVA growth rate in the industry sector improved (%)&lt;sup&gt;a&lt;/sup&gt;</td>
<td>8.2&lt;sup&gt;b&lt;/sup&gt; (2016)</td>
<td>8.0-9.0</td>
</tr>
<tr>
<td>Market production expanded</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing GVA as a proportion of GDP increased (%)&lt;sup&gt;c&lt;/sup&gt;</td>
<td>19.1&lt;sup&gt;c&lt;/sup&gt; (2016)</td>
<td>24.7-25.3</td>
</tr>
<tr>
<td>Production capacities increased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment generated by the industry sector increased ('000s)&lt;sup&gt;d&lt;/sup&gt;</td>
<td>180&lt;sup&gt;d&lt;/sup&gt; (2015)</td>
<td>440</td>
</tr>
<tr>
<td>Manufacturing employment as a proportion to total employment increased (%)&lt;sup&gt;e&lt;/sup&gt;</td>
<td>8.3&lt;sup&gt;e&lt;/sup&gt; (2016)</td>
<td>10.9</td>
</tr>
<tr>
<td>Competitiveness, innovativeness and resilience increased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine overall ranking in the WB-IFC Doing Business Report improved</td>
<td>Top 54% (103 out of 189 economies) (2016)</td>
<td>Top 40%</td>
</tr>
<tr>
<td>Consumer access to safe and quality goods and services ensured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of consumer awareness of basic consumer rights increased (%)&lt;sup&gt;f&lt;/sup&gt;</td>
<td>74&lt;sup&gt;f&lt;/sup&gt; (2016)</td>
<td>78</td>
</tr>
</tbody>
</table>

<sup>a</sup> GVA at constant 2018 prices. GVA growth rate in Industry for 2019 and 2020 are based on the original DBCC targets as of July 2019. Note that Industry GVA growth rate for 2021 and 2022/EOP are consistent with the DBCC-revised figures as of July 2020.<br>
<sup>b</sup> National Income Accounts as of August 2020.<br>
<sup>c</sup> Note that baseline (2016) and targets (2021 and 2022/EOP) are in line with the revised DBCC-approved GDP estimates (see Chapter 15) in the same period and rebased at constant 2018 prices. These are also within the DTI-BOI proposed targets (16.4-19.8% in 2021 and 16.9%-20.2% in 2022/EOP).<br>
<sup>d</sup> Employment generated refers to additional employment generated from the preceding year. Annualized employment generation for 2014 and 2015 refer to the average of estimates for April, July and October survey rounds which excluded data of Leyte province. Further note that revision of target employment generation in Industry for 2021 and 2022 is consistent with the revision of target total employment generation (see Chapter 4) and revision of labor productivity in Industry (see Chapter 10) in the same period.<br>
<sup>e</sup> Note that revised manufacturing employment as a proportion of total employment for 2021 and 2022 is in line with the revised labor productivity in Industry (see Chapter 10) in the same period. These are also somewhat within the DTI-BOI proposed targets of 8.0% in 2021 and 8.4% in 2022/EOP.<br>
<sup>f</sup> Revised downward targets in 2021 to 2022/EOP is due to operational constraints faced by the DTI-Consumer Protection and Advocacy Bureau (CPAB) in carrying out consumer advocacy efforts.
Strategic Framework

Under the new normal, the focus will be to revive business and consumer confidence in the immediate term. In the manufacturing sector, production of merchandise goods will favor necessities such as food, beverages, medicine, pharmaceutical and other chemical products, and other essential and complementary goods. Construction will now include building quarantine and other health facilities and rehabilitating existing ones to increase the capacity of the health care system. There may even be increased construction demand in the rural areas, as urban dwellers realize the advantages of less dense areas.\(^5\)

As the economy further adjusts, reformulated strategies in the medium term will harness the ability of the academe, the private sector, and the government to maximize the opportunities of the digital economy. This will require accessing new technology and innovation, building innovative talent, and encouraging entrepreneurship that uses technology-enabled business models to leverage opportunities and growth of budding small-scale enterprises.

Figure 9.1 Strategic Framework to Expand Economic Opportunities in Industry

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Strategies

Expanding economic opportunities in industry across regions

Expanding market production

Facilitate business-matching activities across regions via technology-enabling platforms.

- **Ensure efficient supply chain distribution and network across regions.** Support services will be provided to farmers, agro-processors, manufacturers, and exporters to facilitate the movement of goods in the domestic and external markets. The Supply Chain Regulatory Impact Assessments and Supply Chain Analysis Dashboard or other Supply Chain Modeling system or framework for agricultural commodities will be utilized to monitor and address supply bottlenecks across the country coupled with close coordination among the implementing authorities, LGUs, and the private sector. *(See Chapter 8)*

- **Provide technical assistance in mapping out value chains across primary, secondary, and tertiary industries to determine alternative suppliers and address production bottlenecks.** To complement the formulation of Business Continuity Plans (BCPs), the government will facilitate partnerships between MSMEs and large enterprises (LEs) in the process of identifying alternative domestic suppliers in lieu of external ones for enhanced value chain resilience. Utilizing digital platforms will reduce transaction costs as it enables farmers, manufacturers, and suppliers to also gain access to domestic and external markets. *(See Chapters 8 and 9C)*

- **Strengthen domestic investment promotion and support business-matching activities at the local level.** Investment Promotion services offered under Full Service Negosyo Centers will be scaled-up. Coordination between local government units (LGUs) and relevant national government agencies (NGAs) and its regional line agencies will also be enhanced to conduct business-matching initiatives (e.g., procurement matching) to link MSMEs to large enterprises in the region. *(See Chapter 9C)*

- **Encourage LGUs to adopt and implement their Local Investment and Incentives Code (LIICs)** *(see Chapter 9C)*

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7 The implementation of the Supplier Development Program (SDP) of the DTI-BOI and World Bank-IFC for the automotive, electronics, and aerospace sectors is a concrete example of how government can facilitate partnership between local auto parts and electronics suppliers and the automotive and aerospace industry. The SDP links and capacitates the upstream segments to supply and comply with the technical requirements of the downstream industries.

8 On investment promotion, the following requires close coordination of the DTI-BOI and various IPAs with the LGU, *(a)* identify investment opportunities; *(b)* invite local investors to participate in investment-related activities; *(c)* disseminate investment-related information; and, *(d)* invite local proponents to participate in the organized missions and matching.

9 Investment Promotion service only accounts for 0.03% of the total services rendered under Negosyo Centers.
Support the repurposing of manufacturing production.

Prolonged uncertainty will sustain a shift in consumer preference towards essentials. While demand is likely to decline for traditional major export products, there are new opportunities for the country to be part of the production network for essential products (e.g., medical testing kits, personal protective equipment, surgical masks, etc.). *(See Chapter 15 on Trade)*

- **Establish a registry of firms that are or will be engaged in the manufacture of essential goods.** This will ensure that targeted support and assistance will be provided and will not overlap or duplicate with interventions being provided by various national government agencies (NGAs).

- **Provide assistance in re-configuration of production areas, taking into consideration minimum public health standards for COVID-19 mitigation.** Across industries, reconfiguring work protocols in observance of proper sanitation, disinfection, and social distancing will be a challenge for sectors with higher concentration of employees per work area such as in Manufacturing and Construction. The government will regularly conduct dialogues with the private sector to understand and respond to industry needs. It will also facilitate businesses’ adoption of health protocols in the workplace to regain business normalcy while trying to flatten the infection curve. Adequate investments to enhance the country’s ICT capabilities *(see Chapter 19)* and strengthen the country’s healthcare system *(see Chapter 10)* will also be prioritized.

- **Reduce transaction costs by streamlining complex rules and regulations affecting business operations of companies that are repurposing.** Streamlining procedures for firms that will be repurposing their activities towards the production of essential goods and delivery of critical services will be prioritized. Clear and transparent rules and guidelines will be drafted and implemented in the process of obtaining licenses and certificates. In addition, a regulatory framework for the production of these essential goods (e.g., PPEs) will also be formulated and enforced.

Maximize opportunities in bilateral, regional, and global integration and optimize the utilization of existing FTAs. *(See Chapter 15)*

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10 The DTI Consumer Protection and Advocacy Bureau (CPAB) already has a registry of manufacturers of basic necessities and prime commodities which can be expanded.

11 Startups from the Philippines may reach out to the ASEAN Business Incubator Network (ABINet) which enables startups to network with other startups in ASEAN, and even provides potential contact with venture capitalists.
Chapter 9A: Expanding Economic Opportunities in Industry
Updated Philippine Development Plan 2017-2022

Increasing production capacities

Improve access to new technology and innovation.

- **Support Research and Development (R&D) applications in the manufacturing sector as part of the shift in business processes.** Recent studies point out that high fixed capital and licensing costs are the biggest barrier to technology upgrading for producers in the Electronic and Electrical (E&E) subsector. However, the current environment underscores the urgency of technology upgrading in the manufacturing sector. As part of government support, an array of technical and financing options will be made available, particularly for those inclined to develop health or industrial solutions in response to the current pandemic. Technical support will include refocusing public-funded R&D to the application of innovative industrial solutions. Targeted fiscal incentives (e.g., tax credits for R&D activities) will also be considered in line with the provision of the Corporate Recovery and Tax Incentives Reform Act (CREATE). The Patent Search services of the IPOPHL will also be promoted to connect with the R&D units of enterprises.

- **Address constraints in the energy and water sectors by leveraging innovation.** As the rapid pace of urbanization continues, the country’s major cities will keep facing constraints in the use and management of basic resources (i.e., electricity, gas, and water). Public-private partnerships will be encouraged to invest ahead using available technologies. While long-term water supply and resource management is being improved, real-time water quality monitoring as well as small-scale water recycling systems in the interim will be explored to effectively service households and businesses in major urban areas. As regards energy, the government will ensure continuous supply of power through increasing the country’s dependable capacity (in megawatt). (See Chapters 9C and 19)

- **Reduce online participation costs for businesses and consumers.** Adopting technology-enabled business models offers significant opportunities for manufacturing firms, particularly MSMEs, as it offers an alternative means to access markets (see Chapter 9B). Foremost, digital connectivity and infrastructure will be improved to reduce the cost of broadband and internet services (see Chapters 9B, 9C, and 19). Consumer rights protection in e-commerce and cybersecurity enforcement activities will also be strengthened to build consumer and business confidence in these platforms. Lastly, investment in the country’s logistics system will be scaled up (see Chapter 9B) and the security of digital payment platforms will be ensured.

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13 For instance, R&D support is needed by semiconductor firms to be able to customize electronic components in order to supply automobile spare parts needed by domestic producers of e-vehicles.
14 IPOPHL’s patent analytics and landscaping efforts, and patent information search initiatives are means of assisting innovative enterprises and research and development institutions as well as government agencies that create policies and grant science and technology funding. IPOPHL will scale up the capacity of business enterprises and other R&D institutions to conduct search while it innovates on its processes and modes of delivery of patent search services.
15 DICT has ongoing policies and programs that aim to reduce costs of broadband and internet services: roll-out of the third telecommunication player’s program and Common Tower Policy.
16 DICT has a Cybersecurity Bureau that develops cybersecurity policies and coordinates with other agencies on consumer right’s protection of citizens.
- **Strengthen industry-academe linkage by prioritizing market-driven research, development, and innovation (RD&I) activities and accelerating commercialization of R&D investments.** Public sector funded R&D will be redirected towards industrial innovations, especially for those in response to COVID-19. In addition, the procurement conditions set in the Government Procurement Act (GPRA) will be streamlined to fast-track procurement of laboratory equipment needed for RD&I activities of state universities and colleges (SUCs) and research and development institutions (RDI). Technology managers from the public sector will be capacitated to promote, negotiate transfer of technologies particularly for government-funded R&Is, and spot anti-competitive clauses in technology transfer agreements (TTAs). The Innovation and Technology Support Offices (ITSOs) within the universities, other higher education institutes (HEIs), and research and development institutes (RDI) under the ITSO 2.0 program of the IPOPHL will also be scaled up. Further, IPOPHL’s designation as an international authority under the Patent Cooperation Treaty will facilitate the entry of Filipino innovations to the global patent system. *(See Chapter 14)*

- **Monitor and scale-up efforts to support innovation capacities of startups and MSMEs in the regions by expanding the Regional Inclusive Innovation Center (RIIC) pilot areas.** The RIICs, as part of the Philippine i3s strategy, will promote the adoption of appropriate technologies in existing industry clusters. The RIICs aim to improve supply chain, value-adding and agro-processing, access to technologies, financing, regulation, and certification for high-value crops such as rubber, mangoes, coffee, cacao, and coconut. Currently, RIICs are being piloted in Cebu, Davao, Bicol, and Cagayan de Oro, for possible replication in other regions.

- **Facilitate industry adoption of appropriate technologies including local R&D solutions and technology-enabled business models.** *(See Chapter 9C)*

- **Conduct an inventory of existing DOST-approved or government-funded production technologies for possible scale-up.** *(See Chapter 14)*

- **Promote linking startups and MSMEs to cooperatives and large enterprises (LEs) to enhance value and supply chain resilience and spur innovation.** *(See Chapter 9C)*

- **Integrate sustainable consumption and production (SCP) processes.** A sustainable consumption and production approach through the adoption of clean, renewable energy, and smart technologies in industry operations is supported. *(See Chapter 20 for detailed SCP strategies).* Adherence to SCP is a unique opportunity for strategic marketing and branding that will set apart the country's products and services offering in the global market. In the construction sector, the Sustainability Incentive Program will be promoted to reduce greenhouse gas emissions in built environments, and for construction of

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17 Technology Transfer Arrangement, by definition, is the process by which one party systematically transfers to another party the knowledge for the manufacture of a product, the application of a process, or rendering of a service, which may involve the transfer, assignment or licensing of intellectual property rights as defined in RA 10055 or the Philippine Technology Transfer Act of 2009. The law covers all institutions that implement government-funded R&Is and intends to promote and facilitate the transfer, dissemination and effective use, management and commercialization of intellectual property, technology and knowledge resulting from R&D funded by the government. Source: https://www.dost.gov.ph/knowledge-resources/2014-04-27-01-59-53/republic-acts/file/288-republic-act-No-10055-philippine-technology-transfer-act-of-2009.html.

18 IPOPHL, in recent years, developed a network of 100 ITSOs composed of higher education and research development institutions. This program seeks to foster creation of intellectual property (IP) in the academe and research sectors, particularly in invention and utility models, to increase the national innovative output and to push the presence of Filipino inventions in the international patent system. It is set up to also strengthen support for MSMEs as the ITSOs extend technical assistance to MSMEs and local inventors as regards trademark and patent searches as well as drafting of patents, utility models, and industrial design documents.
disaster-resilient infrastructure. Particularly for public infrastructure programs and projects, applying the Comprehensive and Integrated Strategic Environmental Assessment will be advocated. R&D in the use of alternative sustainable materials in the construction sector will also be pursued. *(See Chapter 19)*

- **Encourage the local development, manufacturing, and distribution of farm machinery through the government’s Farm Mechanization Program (FMP).** The program will encourage the local development, manufacturing, and distribution of farm machinery. The implementation of this program will also hasten the commercialization and utilization of existing farm machinery technologies already developed by PhilMech’s local accredited partners. *(See Chapter 8)*

- **Strengthen cybersecurity and data privacy measures in the public sector and build efficient digital infrastructure (hard and soft).** To mitigate potential risks and threats, cybersecurity and data protection will be interwoven in the government’s policies and programmatic areas of intervention.¹⁹ Ramping up investment on efficient digital infrastructure and pushing for structural reforms to allow greater competition in these key sectors will also be prioritized. *(See Chapters 9B, 16, and 19)*

- **Strongly enforce intellectual property (IP) rights to encourage firm innovation.** The enforcement of IP rights is necessary to guarantee that inventors and firms would be able to reap the benefits of their inventions and creations.²⁰ Moreover, strong IP enforcement will attract foreign industries that utilize sophisticated technologies to relocate their production hubs in the country. *(See Chapter 9C)*

**Enhance labor capacities to equip the future workforce to be Industry 4.0-ready.**

- **Develop HRD blueprint to equip future workforce to be Industry 4.0-ready.** A human resource development (HRD) strategy for the entire country will be formulated starting with priority sectors.²¹ The crafting of a Human Capital Development and Skills Training Cooperation Roadmap consistent with the Philippine Inclusive Innovation Industrial Strategy (i3s) and its Inclusive Filipinnovation and Entrepreneurship Roadmap will lay a unified blueprint, incorporating various initiatives on human resource development and capacity building.

- **Build innovative talent focusing on the acquisition of soft and hard skills with focus on science, technology, engineering, arts, and mathematics (STEAM), ICT, and digital-related competencies.** Digital transformation requires the reinvention of businesses’ workforce and necessitates investment in digital education. In the immediate term, TESDA and other relevant government agencies, including LGUs, will proactively collaborate with the private sector to design remote on-the-job-training and apprenticeships programs to support the creation of digital careers. For the future workforce, critical support in the early stages of childhood development through the acquisition of essential life skills and foundational abilities with a focus on lifelong learning will be prioritized. *(See Chapter 10)*

¹⁹ A unified platform with which the DICT and its cybersecurity partners from the private sector may be able to assist government agencies with cybersecurity threats, attacks, and other issues.


²¹ The HRD blueprint can take off from the 12 priority sectors under the Philippine i3s, broadly aligned with the AmBisyon Natin 2040 priority sectors: housing and urban development (construction), manufacturing, connectivity (ICT, transport and logistics), education services, tourism and allied services, agriculture, health and wellness services, and financial services. AmBisyon Natin 2040 Priority Sectors can be accessed through: http://2040.neda.gov.ph/about-ambisyon-natin-2040/.
• **Improve ease of labor mobility.** COVID-19 compelled countries to restrict travel and people mobility as part of efforts to flatten the infection curve. Once infection is managed, labor mobility within Southeast Asia, as part of the ASEAN Community Vision 2025, will be pursued. Mutual recognition arrangements (MRAs) will help Filipino professionals acquire new knowledge and experience overseas and create new networks for professional growth.

**Improve access to finance (see Chapters 9C and 15 for detailed strategies).**

Expanding access to economic opportunities including the digital economy

*Increasing competitiveness, innovativeness, and resilience of industry*

Develop high value-added, competitive, and resilient sectors.

• **Strengthen the implementation of the Philippine Inclusive Innovation Industrial Strategies (i3s).** The i3s aims to strengthen the linkages of agriculture, industry, and services through innovation and deepen forward and backward linkages across these major economic sectors and induce global value chain participation. The i3s prioritizes the growth and development of 15 major industries identified to benefit from closer integration of agriculture, industry and services and from the adoption of innovative applications: (1) auto and auto parts; (2) chemicals; (3) agribusiness; (4) furniture, garments; (5) creative industry; (6) iron and steel, tool and die; (7) electronic and electrical manufacturing services; (8) shipbuilding and ship repair; (9) aerospace parts and aircraft maintenance; (10) construction; (11) transport and logistics; (12) tourism; (13) IT-BPM; (14) e-commerce and digital economy; and (15) climate change products, mobility solutions, health, education, and smart cities.

Developing these priority sectors will increase the country’s competitiveness amid global market uncertainties by operationalizing the Innovation Memorandum of Understanding (MOU) between relevant NGAs and closer coordination and collaboration with the academe and the private sector.

• **Provide assistance and facilitate funding for industries and enterprises as they create smart factories, adopt automation, and shift to Industry 4.0 technologies.** The application of new and smart technologies such as automation, robotics, artificial intelligence (AI), industrial Internet of Things (IoT), big data analytics, additive manufacturing, and cloud computing in the identified priority industries under the i3s, will enable firms to produce innovative goods and services. Support will be made available to firms that will invest in customization, scaling-up, and adoption of new production technologies to take advantage of opportunities under the new normal, in particular:

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22 The DTI, DOST, DICT, NEDA, DepEd, DA, and CHED signed the Memorandum of Understanding (MOU) on October 2, 2018, to further the Inclusive Filipinnovation and Entrepreneurship, a declaration of understanding by the agencies to collaborate and coordinate in formulating and implementing the Inclusive Filipinnovation & Entrepreneurship Roadmap, which aims to develop the country’s innovation and entrepreneurial ecosystem via enhancing the linkages between academe/research community, industry, and government.
○ Establishment of an Industry 4.0 pilot factory and Industry 4.0 SME Academy that will serve as learning facilities providing Industry 4.0 training and technical support to companies transitioning to utilize Industry 4.0 technologies;

○ Allocation of funding programs (e.g., soft loans) and appropriate incentives to support companies' digital transformation plans and investments consistent with the CREATE provisions; and

○ Provision of technical support in conducting Industry 4.0 assessment through the Smart Industry Readiness Index (SIRI)²³.

● Address industry value chain gaps by encouraging sustainable use of raw materials along with parts, components, and intermediate products and linking manufacturing with knowledge-intensive services. The lack of sustainability in production processes, inadequate processing (resulting in non-conformance to standards prescribed by processors), challenges in logistics, warehouse and storage facilities (see Chapter 9B), and internal firm factors such as lack of human resource capabilities (see Chapter 10) and low technology adoption have been identified as gaps in the country’s manufacturing sector. Adequate investment in acquisition of technology licenses, adoption of innovative and sustainable manufacturing processes²⁴, support for private sector investment in logistics through offer of low-cost financing and upgrading of skill competencies related to manufacturing are critical requirements (see Chapter 8 for related strategies on the AFF sector). At the international level, government will continuously dialogue with regional and global cooperation partners to ensure non-disruption of medical and food supplies including eliminating tariffs and other restrictions on essential goods.²⁵ (See Chapter 15)

● Reduce the cost of logistics. The high costs of logistics account for 27 percent of revenues of manufacturing firms in the Philippines compared to Indonesia (21%), Viet Nam (16%), and Thailand (11%) based on estimates of the International Finance Corporation (IFC). This disproportionately affects smaller enterprises as they operate on a smaller scale and usually face high shipping and delivery costs when importing smaller shipments²⁶. Strategies for enhancing logistics services are discussed in Chapter 9B.

● Maximize the country’s opportunities to penetrate the global Halal market. The Philippine Halal industry, another sector offering opportunities for higher value-adding, can be an instrument for sustainable growth and inclusive development in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and the rest of Mindanao. Financing and technical assistance for Halal firms’

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²³Smart Industry Readiness Index (SIRI) is developed in Singapore and is the first self-diagnostic Industry 4.0 tool that helps companies globally – regardless of size and industry – determine how to start, scale and sustain their Industry 4.0 transformation. The tool serves as a benchmark for manufacturers to assess and compare their Industry 4.0 maturity levels against those of their peers in the same industry. Source: https://siri.gov.sg/

²⁴A concrete example in pushing forward sustainable production in the manufacturing sector is the National Ecolabelling Programme – Green Choice Philippines (NELP-GCP). The NELP-GCP is a voluntary, third-party ecolabelling programme that follows the guidelines set by ISO 14020 and ISO 14024. Through a multi-sectoral process, the programme provides criteria for environmentally-preferable products which can be used as a guide for consumers and institutions for product selection. Ecolabelling and green purchasing is just the first step to create awareness on sustainable consumption and production practices. To further promote and patronize ecolabeled products and services in the public sector, the Philippine Green Public Procurement Roadmap has been launched by the Government Procurement Policy Board (GPPB) in 2017. Encouraging green procurement in the public sector is critical as this will create demand and will concretely lay down green purchasing policies. Source: https://gppb.gov.ph/downloadables/forms/GPP_roadmap_print.pdf.


digital-based businesses will be prioritized. The implementation of the Philippine Halal Export Development and Promotion Act of 2016 (RA 10817) will provide assistance to Halal industries to ensure compliance with Halal technical standards and provide common service facilities in strategic production areas. Further, the Department of Foreign Affairs (DFA) Foreign Service Posts will be utilized in conducting market research and intelligence for potential opportunities for the development of the Philippine Halal industry and other relevant information to expand market access.

- **Strengthen collaboration and monitoring of the implementation of various industry roadmaps.** Stronger collaboration of the various industry clusters across the regions, coupled with adoption of appropriate innovation and periodic monitoring of industry roadmaps will ensure that all stakeholders are on track towards producing higher value output to achieve the roadmap targets set.

- **Build capacity in preparing Business Continuity Plans (BCPs) across industries.** The ability to tap alternative suppliers and beef up inventory capacity will insulate enterprises against vulnerabilities. Support will be provided by capacitating firms to prepare their customized BCPs. A sound legal framework for telecommuting and alternative work arrangements will be applied as relevant to industry operations. (See Chapter 10)

- **Boost infrastructure development by fast-tracking implementation of Build Build Build projects aimed towards improving the country’s healthcare system, digital and power infrastructure, among others.**

- **Adopt a policy framework to promote geographic indication (GI) system to boost production of local agricultural products with unique characteristics attributable to its geographic origin, human factors, or indigenous knowledge (e.g., pili nuts of Bicol, Guimaras mangoes, etc.).** The GI highlights the competitive advantage of origin-linked qualities, reputation, and other characteristics of products including traditional practices or local know-how in their production that can translate into economic benefit of local farmers or producers. As a starting point, technical capacities of relevant agencies and stakeholders will be strengthened. Information dissemination and creation of a policy framework on this initiative will be pursued. (See Chapter 8)

Encourage entrepreneurship leveraging technology-enabled business models.

- **Allow firms in new technologies and industries to test their products and business models through regulatory sandbox.** Compliance and regulations will be flexible and suited to the pace of growth of the most innovative companies which will be balanced by sufficient checks to ensure consumer protection.

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27 National Wages and Productivity Commission (NWPC) commits to implement the Productivity Toolbox to sharpen the productivity perspective of BCPs such that BCP activation should not only mitigate impact of disruption but should also unlock workforce productivity.

28 The Intellectual Property Code of the Philippines (RA 8293) has already stipulated that geographic indications (GIs) are examples of intellectual property rights. The Bureau of Trademark under the Intellectual Property Office of the Philippines (IPOPHL) is in-charge of the “search and examination of the applications for the registration of marks, geographic indications and other marks of ownership and the issuance of the certificates of registration.”

29 Regulatory sandboxes or testing grounds for emerging industries will require a high degree of regulatory flexibility, market openness, and a competitive policy environment. Further supporting the growth of emerging industries may spur innovation but may also cause disruption to traditional sectors (e.g. growth of fintech that may disrupt traditional financial sector).
● *Provide a supportive policy environment for entrepreneurs and startups.* Further supporting individuals starting up their own businesses – particularly youth, women and people with disabilities (PWDs) – will require a supportive policy environment from the national and local government. Blended finance or the strategic use of development finance to mobilize additional funding for sustainable development will be tapped. For instance, blended finance that offers “gender lens investing plan” – encouraging investment in activities that positively affect women – will be explored and scaled-up. Access to other types of innovative financing for startups and MSMEs, as well as cooperatives will also be expanded to enable them to operate under the new normal. *(See Chapter 9C)*

Technopreneurship will also be considered in the implementation of the *Balik Probinsya Bagong Pag-asa Program*, to address livelihood and job scarcity as support to regional growth and development. *(See Chapter 18)*

● *Pursue convergence among various government initiatives and flagship programs for startups, micro, and small enterprises and cooperatives.* *(See Chapter 9C)*

**Improve ease of doing business to boost industry expansion through digital transformation.**

● *Address regulatory bottlenecks by streamlining permitting and licensing processes across industries.* Effectively streamlining regulatory processes will attract further investments and boost output. Further streamlining of procedures and reducing the number of days in granting permits and other licensing requirements will be implemented to support restarting businesses or existing firms applying for permit renewals. Specific regulatory bottlenecks for the food manufacturing industry (FMI), which accounts for more than a third of the manufacturing sector, are currently being addressed. In the construction sector, permitting and licensing can be streamlined in line with the proposed Philippine Building Act.

● *Encourage digitalization in government processes to support industry growth.* Fast-tracking the implementation of e-governance projects, especially in terms of Government to Business (G2B) electronic services, is paramount in supporting the shift to the new normal *(see Chapter 5)*. Full implementation of TradeNet, the online platform for the Philippine National Single Window, will digitize trade processes, including online payment systems, simplifying trade *(see Chapter 15)*. The government will likewise fully implement the electronic Business Permits and Licensing System (eBPLS) project, providing LGUs across the country with software that digitizes the application of business permits and licenses. The shift to online business registration for SEC, DTI, and other relevant NGAs will also be fast-tracked. Government digital platforms will consider interoperability for shared access by relevant national and local government units while ensuring appropriate cybersecurity protocols. Utilizing e-payment channels for government transactions will be prioritized.

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30 The Australian Department of Foreign Affairs and Trade has just established the Emerging Markets Impact Investment Fund (EMIIF) which will be accessible to financial intermediaries in countries like the Philippines. The EMIIF intends to invest in funds for SMEs, or in financial intermediaries such as banks who, in turn, will lend to SMEs. A unique feature of the EMIIF scheme a “gender lens investing” plan that will encourage investment in activities that positively affect women. Thus, EMIIF will either: (a) make available non-grant instruments to invest in SME funds, with the goal to play the role of an anchor fund from which other funds will be crowdsourced; or (b) use its funds to directly assist and support SMEs.

31 Some of the concrete measures for improvement: (a) Operationalize a one-stop processing venue for the various certifications required by various food safety regulatory agencies (FSRAs) utilizing online platforms and digital payment channels; (b) Shorten turn-around periods of processing and issuing clearances, permits, or other required certifications to address regulatory compliance including a thorough review to streamline the FSRRA processes; and (c) Update current standards and protocols for food regulation aligned with internationally recognized standards and protocols to address product safety and quality concerns of consumers. Manalili NM et al. 2017. Scoping Study on Reducing Unnecessary Regulatory Burdens in the Philippine Food Manufacturing Industry. Source: https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pisdpdfs1723.pdf.
- **Speed up implementation of Energy Virtual One Stop Shop (EVOSS) (RA 11234) and the Energy Investment Coordinating Council (EO 30) to address delays in the implementation of energy infrastructure projects.** These policies will streamline permitting processes for energy projects, including power generation, transmission, and distribution at the local level by utilizing online platforms. *(See Chapter 19)*

**Harmonize and Strengthen the National Quality Infrastructure (NQI) System.**

- **Pursue Passage of the National Quality Infrastructure Law.** *(See Chapter 9A Legislative Agenda)*

  The current fragmented nature of the country’s National Quality Infrastructure (NQI) System limits the capacity of local manufacturers to comply with global technical regulations and product standards. A unified NQI system, through passage of this law, will harmonize the country’s standards, technical regulations, metrology, accreditation and conformity assessment procedures (e.g., testing, calibration, inspection, and certification), packaging, and labeling to be at par with international standards. As a parallel activity, the technical regulation regime will be reviewed and adjusted, including its related legislation, to meet regional and international requirements promulgated under the Regional Trade Protocols, the WTO-Technical Barriers to Trade (TBT), and Sanitary and Phytosanitary Measures (SPS) Agreements along with other international best practices. The service delivery of the NQI is dependent on a trained and skilled workforce. Hence, developing the human resources necessary to support the various standardization, quality, and technical regulation programs is also supported.

- **Provide more dispersed access points for common service facilities including laboratories, calibration, and testing facilities for MSMEs especially in the regions** (see Chapter 9C). MSMEs across regions will be provided greater access points to common service facilities to encourage and support their NQI compliance and adherence.

- **Intensify targeted awareness and information dissemination on the benefits of accreditation for firms engaged in essential sectors and emerging industries.** Under the new normal, business accreditation and compliance with domestic and international standards and conformance will be promoted for essential sectors (i.e., healthcare, food safety and food testing, etc.) as well as emerging industries (i.e., manufacturing PPEs, test kits, and other health testing instruments, etc.).

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32 An assessment of the NQI in the Philippines and the corresponding support for institutional capacity of both government and the private sector will be pursued to ensure harmonization of domestic standards and regulations at par with global standards.

33 This will include the establishment of effective cooperation amongst the NQI institutions and the national regulatory authorities, and also with their regional and international counterparts.
Ensuring consumer access to safe and quality goods and services

Continued vigilance on product safety, value for money, and access to quality goods and services.

- **Strengthen institutional and human capacities of key agencies to enforce regulations and enhance consumer awareness on the safety and quality of products and services.** The capacity of responsible units under the Department of Health (DOH)\(^{34}\), Department of Agriculture (DA)\(^{35}\), and Department of Trade and Industry (DTI)\(^{36}\) to fulfill their mandates to enforce and advocate for higher standards of safety and quality of goods produced\(^{37}\) will be strengthened. Measures to increase consumer awareness will be scaled-up, leveraging digital platforms.

- **Prioritize procurement of environmentally-preferable products and services that are domestically produced and at par with international quality and standards.** In the public sector, enforcing Rule XII, Section 43 of the Revised IRR of the Government Reform Procurement Act (RA 9183), will help the growth of local industries that produce safe and quality goods and services at a competitive cost. As a whole, Go Lokal! and similar “buy Pinoy” initiatives will enable domestic industries to bounce back under the new normal. Green or sustainable procurement will also incentivize greening industries that will contribute to sustainable economic growth. *(See Chapter 20)*

Promote and strengthen consumer protection to cover digital transactions.

- **Amend the Consumer Act to strengthen protection for consumers.** The law will be updated to provide stronger measures that will enhance consumer protection from dangerous and hazardous products and abusive sales practices. Foremost, the DTI will be given the mandate to effectively monitor the quality and safety of products being sold in the market; halt the proliferation of substandard and potentially dangerous products by being granted the authority to declare, *motu proprio*, certain products as unsafe; issue preliminary preventive or mandatory orders; and recommend the closure of erring businesses. Almost three decades since the existing law has been passed, it will be updated to cover consumer protection on ICT and e-commerce and improve pre-adjudication consumer redress mechanisms including an effective return and refund policy.

- **Engage relevant consumer welfare organizations.** Regular engagement and continuous dialogue among the government, non-profit consumer organizations, and other relevant non-profit private organizations will be established. These organizations are critical and can be partners of the government in ensuring that products and services in the domestic market comply with safety and quality

\(^{34}\) The DOH through the Food and Drug Administration (FDA), establishes standards for processed food, drugs, and cosmetics.

\(^{35}\) The DA’s Bureau of Agriculture and Fisheries Product Standards develops standards for agriculture and agriculture-related products including fruits and vegetables and grains.

\(^{36}\) The DTI’s Bureau of Philippine Standards (BPS) formulates standards for food and other categories including building, construction, and transport products; electrical and electronic products; and chemical and consumer products. It is mandated to develop, implement, and coordinate standardization activities in the country and works with DOH and DA on this area.

\(^{37}\) Periodic exchange programmes among ASEAN Member States (AMS), for instance, will build national capacity and encourage these agencies to pursue a higher standard of quality awareness and consumer protection in ASEAN.
requirements based on the Philippine National Standards\textsuperscript{38}, technical regulations, and other trade and industry regulations.

- **Formulate and enforce policy framework/guidelines for online sellers and buyers to spur e-commerce growth.** E-commerce will likely remain part of the post-pandemic reality. To ensure safe and reliable e-commerce transactions, updating of joint circulars issued by DTI, DA, DOH, and other relevant government agencies that enforce consumer protection policy in e-commerce will be prioritized (see Chapter 9B). Use of virtual modes or digital platforms in handling consumer complaints and dispute resolutions will be promoted.

\begin{center}
\textbf{Box Article 9A.1 Strengthening Economic Zone Development Program}
\end{center}

Administrative Order No. 18 series of 2019, “Accelerating rural progress through robust development of Special Economic Zones in the countryside”, and Executive Order No. 114, the “Balik Probinsya Bagong Pag-asa Program,” are perceived as complementary measures. The successful implementation of both will enable the creation of more ecozones in the countryside which will boost job generation and improve employment prospects of rural and Balik Probinsya beneficiaries.

In response to the COVID-19 pandemic, the following are proposed policy responses in support of Economic Zone Development Program under the new normal:

1) **Encourage PPP, joint ventures (JVs),** and other modes of partnership in building a \textit{Transportation and Logistics Hub} in every region to encourage countryside investment.

2) **Address bureaucratic hurdles to reduce trade costs pertinent to logistics by fully implementing the \textit{Customs Modernization and Tariff Act (CMTA)}.** Under the law, the Bureau of Customs (BOC) must ensure uninterrupted 24/7 service in the ports including weekends and must accredit more off-dock Container Yards and Container Barge Terminals as part of its decongestion measures. The Land Transport and Franchising Regulatory Board (LTFRB), for its part, will ensure prompt issuance of franchises and Permit to Operate (PTO) to truck drivers. Lastly, the DTI’s issuance of a policy to regulate port and shipping fees for shippers and Full Container Load (FCL) shipments must be fast-tracked.

3) **Temporarily reduce export threshold** for COVID-19-affected economic zone export-oriented industries, as prescribed by the PEZA Board subject to terms and conditions as the latter may determine (RA 7916\textsuperscript{39}).

4) **Include the establishment of \textit{Medical Waste Disposal Facility} and production of medical waste disposal equipment among the eligible and priority products/activities for registration with incentives, pursuant to DTI-DOF JMC No. 2020-02.

5) **Rationalize the strict implementation of DAO 2016-08** which provides additional parameters for monitoring and compliance for wastewater discharge, with DENR to undertake cost-benefit study on the additional environmental parameters.

6) **Adopt digitalization** with the view of harmonizing and streamlining permitting requirements of exporters and importers pursuant to the implementation of the EODB-EGSD Act, as enforced by the Anti-Red Tape Authority (ARTA) and establish an Inter-agency Taskforce to strengthen coordination among IPAs, including the establishment of a one-stop shop to respond to all concerns regarding ecozone development, investment requirements, and applicable incentives, among others.

\textsuperscript{38} The Philippine National Standards (PNS) is a publication of various consumer products that follow a standard documentation format aligned with the ISO documentation format. It also covers mandatory labelling and packaging and prescribes all the standards and required information for domestically produced consumer products.

\textsuperscript{39} The IRR of RA 7916, Section 2i allows that ecozone export enterprises, which has been registered with PEZA to engage in manufacturing, assembling or processing activity, falling within the purview of the Act and resulting in the exportation of 100% of its production, may be allowed a lower percentage of its production for exportation as prescribed by the [PEZA] Board subject to terms and conditions as the latter may determine.
Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

Table 9A.3 Legislative Agenda to Expand Economic Opportunities in Industry

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
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</table>
| Competitiveness, innovativeness, and resilience increased | The current law needs to be updated to attract more foreign investments in manufacturing and other priority sectors. The following amendments are supported: (a) reduce employment threshold for non-Filipinos, with paid-in capital of at least USD 100,000, investing in small and medium-sized domestic market enterprises from 50 to 15 direct employees; and (b) exclude the practice of profession from the coverage of the Foreign Investment Negative List (FINL).  
This aims to highly promote, encourage and support e-vehicle production and usage towards adopting an eco-friendly and economical transportation landscape in the country. Support and grant for time-bound and performance-based incentives for the manufacture, assembly, conversion, and sale of hybrid and other fuel-alternative vehicles and the establishment of charging stations, will be pursued in accordance with the provisions under the Corporate Recovery and Tax Incentives Reform Act (CREATE) bill (see Chapter 15). This is also in support of the Public Utility Vehicle (PUV) Modernization Program of the government to make the country’s public transportation system efficient and environment friendly.  
An NQI policy will raise quality consciousness of both suppliers and consumers as NQI institutions introduce, promote, and maintain a culture of safety and quality of goods produced. The law will integrate and coordinate standardization, metrology, testing analysis, quality management, certification, and accreditation at par with global standards. This will ensure that goods and services emanating from or traded to the country are designed, manufactured, and supplied in a manner that matches the needs, expectations, and requirements of the purchasers and consumers as well as those of the regulatory authorities in the domestic and export markets.  
Given the new normal, structural reforms that cut across multiple sectors need to be put in place to allow a transformational shift to digital modes of conducting work and life. This will require enhancing the foundation of the digital economy through greater investment in ICT infrastructure and connectivity and setting up a sound regulatory environment that promotes digital adoption.  
This will provide a level playing field and expand opportunities to eligible and qualified domestic and foreign contractors by reducing barriers to entry of new players in the construction sector. This will facilitate potential investments in quality and climate-resilient infrastructures.  
The law needs to be updated to efficiently and effectively address consumer concerns and align existing business and industry practices to be at par with international standards and best practices and to cover the use of technology applications (e.g. e-commerce). |
| Amendment of the Foreign Investment Act |  
Philippine Electric Vehicle (e-vehicle) Industry  
National Quality Infrastructure Law  
National Digital Transformation  
Amendment of the Contractor’s License Law  
Consumer access to safe and quality goods and services ensured  
Amendment of the Consumer Act |

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40 Amendment of the Contractor’s License Law (Senate Bill 1008) was filed by Senator Sherwin Gatchalian on September 4, 2019, aimed at removing government restrictions that hinder potential economic growth by removing the nationality criterion and replacing this with foreign reciprocity. For details, see https://www.senate.gov.ph/is/bill_res.aspx?congress=18&a=SBN-1008.

41 Among the Consumer Act amendments being considered are: (a) stronger measure to give DTI the authority to close down establishments caught in the act of manufacturing, distributing, selling, producing, displaying, or importing hazardous and defective products; (b) coverage on e-commerce and ICT; (c) protection from deceptive and misleading online or digital advertisements; (d) real-time consumer hotline to be made mandatory for all manufacturers/suppliers/final producers to respond to consumer complaints/suggestions and a stronger policy for return and refund options; (e) requirement for foreign products with labels to have English or Filipino translation before being allowed entry into the country; and (f) exemption of businesses offering price-discounted rates for single or bulk-purchase of products or services from the requirement to secure sales promotion permit from DTI to facilitate growth of e-commerce, among others.
Expanding Economic Opportunities in Services

The services sector functions as an integral backbone of a wide range of domestic and global industries and has maintained its position as the main growth driver, top contributor to GDP, and the biggest employer of the country during the first half of the Plan Period.

However, with the sudden halt of major subsectors such as tourism and transport services due to the global pandemic, a shift to more digital-based services may be needed to propel the services sector. With the new normal, the government now has to establish the integration of necessary health and sanitary protocols in daily activities to ensure that the public remains safe in light of the current pandemic. On the other hand, reforms to attract investments, increase competitiveness, and further improve the country’s business environment are needed to boost the recovery and strengthen the economy’s resilience.

Assessment and Challenges

Assessment: Services remained the country’s major driver of economic growth for the first half of the Plan period. The share of services to total GDP grew to 60.6 percent in 2019 from 59.6 percent in 2017. During the period, services generated a full-year net employment gain of 1.3 million in 2019 in contrast to the employment loss in 2017. Average growth was the fastest relative to agriculture and industry at 7.2 percent, contributed mainly by wholesale and retail trade, finance, public administration, transportation, real estate, ICT, as well as accommodation and food services. Tourist arrivals in 2019 reached an all-time high of 8.3 million, marking a 15.2 percent increase from 2018 and hitting the 8.2 million target set for the year. Approved foreign investments recorded in the sector have been increasing, but actual net equity capital investments have been on a downward trend since 2017. Major reforms passed during the period include the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 and the 11th Regular Foreign Investment Negative List.

With the global economic slowdown brought about by COVID-19 pandemic, the Philippine economy is expected to be in recession in 2020 due to the subsequent deceleration of most domestic economic activities. For the services sector, highly-affected sectors include retail trade, transportation, and tourism-related activities. Reduced employment generated in the services sector is also expected, as the suspension of production activities for both goods and services resulted in business closures with many firms currently facing financial difficulties.
**Challenges:** The services sector will continue to take a big hit from the COVID-19 pandemic as the global movement of people and goods continues to be limited due to travel bans and other restrictions imposed by countries. On the domestic front, the imposition of various levels of community quarantines across the country also resulted in the limited movement of people, goods, and delivery of services.

Amidst the debilitating impact on services brought about by the pandemic, digital technologies have provided an opportunity for many businesses to thrive. Business transactions powered by information and communication technology (i.e., electronic trade, banking and payments) became a necessity under the “new normal.” Now consumers and merchants face an increased preference/demand for online transactions and alternative modes of shopping. To adjust to this behavioral change, the readiness of the country’s digital infrastructure, as well as the strengthening of digital security and consumer protection, are critical in moving forward during these times.

IT-enabled platforms that allow the financial system to provide secure digital banking and cashless payment systems will be important. For logistics, bottlenecks in achieving a seamless, uninterrupted supply chain that is efficient and reliable needs to be addressed. Demand for tourism and travel, in general, will still be relatively low until a vaccine is available. For those allowed to travel, immigration controls will be stricter and health checks will be carried out frequently. There is a heightened need for regular sanitation or disinfection of accommodation, public establishments, and transport services, as well as a stable provision of sanitation or disinfecting devices in these areas.

In many service-oriented organizations in the private and public sectors, alternative/flexible-work arrangements (e.g., work from home) need to be widely implemented to conform to strict social distancing protocols. Consequently, enhanced broadband connectivity will be needed to respond to the increased demand. The energy sector also needs to adapt to the change in electricity consumption patterns *(see Chapter 19).*

**Targets**

For the remaining Plan period, GVA growth rate targets were adjusted based on the new assumptions in the period as recognized and approved by the DBCC on July 28, 2020. The revised services targets, as shown in Table 9.2, considered new assumptions from internal and external factors affecting the sector. The GVA growth rate in the services sector is projected to expand by 5.8 to 6.8 percent and 7.3 to 8.3 percent in 2021 and 2022, respectively. In addition, the sector is targeted to create an average net employment of 4.4 to 4.7 million at the end of the Plan Period.
Table 9.2 Updated Plan Targets to Expand Economic Opportunities in Services

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>EOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVA growth rate in the services sector improved (%)(^a)</td>
<td>8.2(^b) (2016)</td>
<td>6.3-7.3</td>
<td>5.8-6.8</td>
<td>7.3-8.3</td>
<td>7.3-8.3</td>
</tr>
<tr>
<td>Employment generated from the services sector increased ('000s)(^c)</td>
<td>578 (2015)</td>
<td>499</td>
<td>1,400-1,600</td>
<td>600-700</td>
<td>4,429-4,729</td>
</tr>
</tbody>
</table>

\(^a\) GVA at constant 2018 prices. Note that revised GVA growth rate for 2021-2022 is in line with the revised DBCC-approved GDP estimates last 28 July 2020.
\(^b\) National Income Accounts as of August 2020.
\(^c\) “Employment generated refers to additional employment generated from the preceding year. Annualized employment generation for 2014 and 2015 refer to the average of estimates for April, July and October Labor Force Survey rounds which excluded data of Leyte province. Further note that revision of target employment generation in Services for 2021 and 2022 is consistent with the revision of target total employment generation (see Chapter 4) and revision of labor productivity in Services (see Chapter 10) in the same period.”

Strategic Framework

Figure 9.2 Strategic Framework to Expand Economic Opportunities in Services

The strategic framework (Figure 9.2) has been reconfigured to include strategies that respond to the rapid changes under the post-pandemic “new normal” scenario. Expanding economic opportunities and increasing access to these opportunities across regions in the services sector are still the main objectives. These can be facilitated more effectively by maximizing the potential of the digital economy. Three
subsector outcomes are envisioned: (a) market access improved; (b) competitiveness, innovativeness, and resilience increased; and (c) consumer access to safe and quality goods and services ensured.

Strategies

For the remaining years of Plan implementation, the following strategies will be implemented to achieve the sector and subsector outcomes as well as targets:

Improving Market Access

Maximize opportunities that expand access to existing and new markets under the ASEAN Free Trade Agreements and other preferential agreements with key trading partners. Intensify efforts in pursuing the Master Plan on ASEAN Connectivity 2025 to support the recovery of intra-ASEAN trade as a regional growth engine. (See Chapter 15)

Increasing Competitiveness, Innovativeness, and Resilience

Improve the business environment.

- Continue efforts to ease or remove restrictions in the services sector and pursue reforms to open the sector to foreign participation and encourage competition. Restrictions in telecommunication and transportation services will be given particular attention, including the amendment of the Public Service Act of 1936.
- Further improve the business environment with the full implementation of the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 and the Philippine Business Registry and the Business Permit Licensing System to minimize, if not eliminate, redundancies and overlaps in requirements and reduce transactions costs. In addition, the implementation of the Business One Stop Shop (BOSS) and the creation of the Central Business Portal to streamline procedures will be prioritized. Continuation of “Project Repeal” will also be pushed to further eliminate irrelevant laws and regulations.
- Prioritize the establishment of clear enforcement rules for sectors/economic activities liberalized under the 11th RFINL in line with easing foreign equity restrictions to ensure that existing and new regulations are responsive to the goal of making the country more competitive.
- Implement the National Competition Policy to enhance the competitiveness of the services sector by ensuring that regulations promote fair competition and level the playing field, particularly in the transportation, energy, and telecommunication sectors. (See Chapter 16)
- Undertake a comprehensive regulatory impact assessment of existing regulations to ensure that these do not impose unnecessary burden on businesses.
- Develop sector-specific services trade data, including indices, to measure the country’s services regulatory environment.
Develop high value-added, competitive, and sustainable sectors.

- **Support the development of high-value services sectors and backbone/supporting industries** to strengthen linkages of the sector into the domestic and global value chains, as well as address agglomeration, economies of scale, and gaps in the supply and value chains. Assist companies affected by the pandemic to diversify to more productive and relevant high-value services that can be easily integrated into the global value chain.

- **Facilitate the growth of the IT-BPM industry** through improved access to quality ICT infrastructure, affordable power, and logistics costs, and an enabling regulatory environment, among others. Alternative working arrangements should be adopted to conform to social distancing protocols.

- **Develop statistics to measure the growing digital economy and creative industries, including digital platforms and online work.** Establish a clear and comprehensive definition, as well as a classification system, for what constitutes a digital economy and activities categorized as creative industries. A clear delineation on the criteria for classifying goods and services that are considered digital and non-digital should also be formulated.

Accelerate the recovery of the tourism and travel industry.

- **Aggressively pursue new air services agreements** to increase access and connectivity to new markets and potentially benefit the travelling public, tourism industry, and airline carriers, among others.

- **Revisit the National Tourism Development Plan 2016-2022, local tourism plans, as well as the Tourism Industry Training Plan**, to ensure the development and marketing of competitive products and destinations; intensify improvement of market access, connectivity, transport, and infrastructure; and enhance tourism institutional governance and human resources in line with the new normal. In particular, the enhancement of health and safety protocols in all tourism establishments will be prioritized. Trainings on initial handling of possible infectious disease cases should be given to tourism personnel and a reporting system for suspected cases should be established.

- **Strengthen tourism data collection and management through the institutionalization of the Department of Tourism’s Local Tourism Statistics System.**

- **Amend the National Accreditation Standards for all tourism enterprises** to include additional measures related to regular sanitation, disinfection, promotion of proper hygiene, and responsible information sharing.

- **Encourage tourism businesses, especially MSMEs, to craft business continuity plans** to take into account resilience to risks and health-related outbreaks, epidemics, and disasters due to natural and human induced hazards.

- **Revisit the Maritime Industry Development Plan (MIDP) 2019-2028 Program 2 on the Development of Shipping Services for Maritime Tourism.** Together with the National Cruise Tourism Development Strategy and Action Plan, the MIDP Program 2 will be reviewed to promote the Philippines as a regional cruise center of Asia through the establishment of design and safety standards for construction and operation of cruise ships, boats, and pleasure craft; facilitation of maritime tourism investments; and promotion of maritime tourism to global travel industry / cruise tourism market, in line with the new normal.

- **Boost tourism from the Middle East and other Muslim-majority countries by supporting the development of the halal industry and promoting business partnerships with companies from**
those countries. Increase the conduct of halal-related seminars and training via webinars to strengthen the Philippine halal industry and continue exploring the potential of incorporating halal in other sectors.

Facilitate access to technology and innovation.

- **Improve digital skills, ICT infrastructure, and digital connectivity to ensure reliable and affordable broadband and internet services.** This will encourage more businesses and consumers to participate in the digital economy and support the continuous growth of the IT-BPM industry as well as other IT-enabled industries. Investments in ICT infrastructure need to be boosted to meet the surge of online transactions and the consumers’ expectations for reliable and safe digital connectivity in the new normal.

- **Develop the country’s digital financial infrastructure to ensure the readiness of the financial system to shift towards a cash-lite economy,** following the widespread use of financial technologies (fintechs) which have made digital financial services more accessible, available, and affordable for Filipinos. Critical infrastructure needed to support digital payments include the National ID System (PhilSys, see Chapter 15); enhanced Real-Time Gross Settlement (RTGS); Digital Banks, Open Banking Platform; and the QR Ph (national QR code standard). To support MSMEs, financial infrastructures such as digital supply chain financing, online collateral registry, credit risk database, and credit information and guarantee system, should be established to address fundamental issues that constrain sustained private sector involvement in MSME financing.

- **Promote digital payments in both government and private sector.** The government will engage key stakeholders in both public and private sectors to broaden the use of digital payment platforms and ensure that these are supported by robust infrastructure and digital governance standards. Among the priorities will be compelling use cases such as bills payment, receipt of wages, social transfers, payment of government fees, and person-to-merchant and business-to-business payments. These will be complemented by promotion of digital literacy, financial education, and consumer protection policies to build consumer trust.

- **Pursue the full implementation of the TradeNet to facilitate contactless trade and to expedite the processing of documents.** (See Chapter 15).

- **Strengthen IP promotion, protection, regulation, and enforcement.** (See Chapter 14)

Enhance labor capacities in the services sector (see Chapter 11).

- **Pursue reskilling and upskilling of workers and invest in human capital development based on the transformation of jobs, facilities, processes, and future skills needs.** Update course offerings and training programs to include skills needed to cater to higher value-added services and to diversify labor skill sets to encourage specialization. Skilled trainers must also be readily available to ensure the quick adaptation of the labor force to current and emerging trends. In addition, proactive development of needed manpower in line with the requirements of industries may be achieved through intensified labor market information.

- **Address mismatch in industry needs and education/skills** through strengthened linkages between industry, government, and academe; review of curricula and courses offered in consultation with MSMEs and industries; and a study to address the industry needs and matching of education/skills.

- **Implement provisions of the Transnational Higher Education Act (RA 11448),** which allows foreign higher education institutions to establish a commercial presence or provide educational services in various modes or arrangements with local partner educational institutions. As a response
to globalization and the FIRe, the law aims to modernize and improve the competitiveness of the higher-education sector by bringing international quality standards and expertise into the country.
• Intensify benchmarking and comparability of qualifications under the Philippine Qualifications Framework by expanding the coverage of the ASEAN Mutual Recognition Arrangements (MRA) for Tourism Professionals, among others. This will enable increased access of more Filipino tourism professionals to tourism-related jobs in ASEAN by establishing Philippine qualifications at par with ASEAN standards.

Strengthen the Philippines’ e-commerce industry.

• Hasten growth of e-commerce by focusing on building up digital speed, security, and structure to expand the market and increase sales. Establish necessary policies, advocacy, awareness campaigns, payment systems, and infrastructure to support its growth.

• Incorporate digital trade in the updating of the Philippine E-Commerce Roadmap 2016-2020. Consider inclusion of digital trade strategies to keep abreast of emerging digital technologies and platforms and changing consumer habits.

• Strengthen consumer/producer rights’ protection in e-commerce transactions by establishing an effective dispute settlement mechanism to govern and streamline processes for the resolution of complaints, which may involve fraud, cyber-crime, payment security issues, and security of websites, among others. Information on the fulfillment of e-commerce transactions and the resolution of transaction complaints will be made available.

• Generate official industry data to monitor and measure the contribution of e-commerce and digital trade to the economy. Create a centralized and standardized data portal for the e-commerce industry containing relevant statistics such as market segmentation (i.e., mobile e-commerce, food and beverage e-commerce) and type of ownership, among others.

• Support entry of new players in the delivery services sector and facilitate collaboration of retail and restaurant owners with delivery service providers.

• Promote and regulate alternative modes for shopping or retail trade through personal assistance services, with draft rules and regulations for these services formulated by the DTI, LTFRB, and DICT. Protection of both buyers and those delivering the service must be ensured.

• Expand microinsurance products to include non-life business insurance and increase business owners’ awareness on insurance. Encourage businesses, especially MSMEs, to avail of microinsurance to protect their businesses and investments and to craft business continuity plans that take into account possibilities of multiple crises including pandemics.

• Establish secure e-payment systems and ensuring consumer protection online.

• Establish and institutionalize a clear and simple digital taxation framework that is efficient and fair. Ensure neutrality in tax treatment among different forms of electronic commerce. Administrative costs for tax authorities and compliance cost for taxpayers should be minimal. In addition, the system for taxation should be flexible and dynamic to keep pace with technological and other developments and to align with the country’s regulations as well as with current and emerging international regulations on digital taxation. (See Chapter 15)
Upgrade logistics services. (See Chapter 19)

- **Develop ports near export-processing zones** to provide businesses with the necessary infrastructure to facilitate shipment of goods and services to export markets at a lower cost. This would also decongest Manila ports – lessening shipment delays and lowering overall transportation costs. Immediate promulgation and implementation of regulation on international shipping rates will be critical in addressing high shipping costs. Increased utilization of ports outside Metro Manila (e.g., Batangas and Subic ports), as well as deterrence of smuggling activities, will be crucial in eliminating logistical inefficiencies.

- **Revisit the Lateral Attrition Act (RA 9335) to include improvement in current customs procedures** as part of the assessment of performance indicators used by the Bureau of Customs.

- **Accelerate streamlining of customs procedures** in terms of speed, simplicity, and predictability to avoid congestion in ports. An efficient system of tracking and tracing shipments must be in place using the latest available technology. Investments in warehouses, cold storage facilities, and paperless transaction systems need to be increased.

- **Revisit the management and regulation of ports to improve efficiency of port operations and encourage competition among ports.** The separation of the regulatory and operational functions of port authorities and the subsequent establishment of a single entity for port regulations may increase the efficiency and competitiveness of ports by allowing inter-port competition and encouraging more private sector participation (see Chapter 19).

- **Pursue efforts towards the full operationalization of the TradeNET in line with the country’s commitment to the ASEAN Single Window.**

- **Upgrade the National Logistics Master Plan 2017-2022 to include innovation and strengthen its implementation to improve the efficiency of the national logistics system.** Development and diffusion of smart logistics technology (e.g., drones, automation) are essential to keep abreast of the changing logistics landscape. Use of the Supply Chain Analytics (SCAn) Dashboard and SCAn Reporter, which aim to troubleshoot problems in the supply chain for goods and production inputs and in planning supply chain-related interventions, will be promoted. Fees and regulations imposed by local and national governments will be rationalized to reduce the burden for logistics industry players. Infrastructure upgrades, particularly the construction of transport systems connected to logistics hubs, are critical in coping with the increasing demand for logistics services. (See Chapter 19)

- **Create a competent national body for multimodal transport.** In the interim, close policy coordination, deeper integration, and information sharing towards potential rationalization of functions should be developed by the Department of Transportation (DOTr), Maritime Industry Authority (MARINA), and Land Transport Franchising Regulatory Board (LTFRB) to ensure greater interconnectivity among different modes of transport and land uses. Provision of franchises and permits for multi-modal operations (land, sea, and air) should be automated and streamlined.

- **Review the existing Foreign Ships Co-Loading Act for possible amendments.** (See Chapter 15)

- **Support the adoption of the programs under the Maritime Industry Development Plan (MIDP) 2019-2028** to accelerate the achievement of nationally-integrated and globally competitive maritime industry by developing and sustaining an organizational culture and practice of leading maritime education, innovation, technology and sustainability.
• **Pursue the passage of the Philippine Ship Registration Act,** which will enhance and rationalize the Philippine maritime industry through the establishment of a ship registry system compliant with international maritime convention regulations and practices. The bill also proposes a shift to tonnage taxation system from 4.5 percent corporate income withholding tax to have an attractive Philippine registry and generate additional revenues for the government, as well as promote Filipino ship ownership instead of mere bareboat chartering.

Ensuring Consumer Access to Safe and Quality Goods and Services

*Continue vigilance on product safety, value for money, and access to quality goods and services.*

- **Amend the Consumer Act to broaden protection for consumers.** *(See Chapter 9A)*
- **Implement and monitor compliance with the Financial Consumer Protection Framework (FCP) by BSP Supervised Financial Institutions (BSFIs).* The FCP Framework recognizes the emerging risks associated with digital financial products and services and provides flexibility for BSFIs to strategize its consumer protection approach commensurate with its business model, corporate structure and risk profile. Thus, the enhanced principles-based Framework aims to institutionalize consumer protection practices that adopt standards to strengthen fair and responsible treatment of financial consumers, protection of client information, disclosure and transparency of information, provision of effective recourse, and financial education in BSFIs.

Promote consumer protection.

- **Strictly enforce standards and regulations to protect and empower consumers against unfair trade practices and fraudulent schemes.** Intensify Market Monitoring of Product Standards across the region to ensure consumer protection.
- **Encourage financial institutions to implement better cybersecurity measures and regulations for online transactions.**
- **Promote awareness on insurance policies through various information and education campaigns.**
- **Promote digital literacy to increase consumer capability and confidence in using digital financial services and e-payments.** With the new economy ushering in greater digitalization of the financial system, an intensified digital literacy program is needed to increase awareness and capacity to use digital financial services, as well as protect consumers from potential risks and threats arising from their usage.

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- **Pursue the passage of the Financial Consumer Protection Bill**, which aims to provide the regulatory framework for financial services and products offered by financial institutions, including digital financial services, to protect the interest of financial consumers and invigorate confidence in the financial markets. This measure also seeks to enhance the supervisory powers of financial regulators to include adjudicatory powers over consumer concerns, affording stronger redress mechanisms for financial consumers. The FCP Bill will amend Republic Act (RA) No. 7394 (The Consumer Act of the Philippines) and carve out from the same, the provisions of Title IV (Consumer Credit Transaction) and have in place a standalone statute governing Financial Consumer Protection. The Bill is a result of collaboration among members of the Financial Sector Forum, namely, the Securities and Exchange Commission, Insurance Commission, Philippine Deposit Insurance Corporation and BSP.43

- **Establish an easy-access business verifier containing an online database of duly registered businesses with valid licenses to operate.**

### Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

**Table 9.4 Legislative Agenda to Expand Economic Opportunities in Services**

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td>Public Service Act</td>
<td>Proposed amendments in the bill include the definition of public utility, which limits its scope to only three main industries: distribution of electricity, transmission of electricity, and water pipeline distribution system or sewerage pipeline system. This will enable higher foreign equity participation (over 40%) in other key areas such as telecommunication and transportation services. Other notable proposed amendments are on the increase in the applicable penalties and fines to deter poor service delivery; the introduction of rate-setting methodologies to promote efficiency; a mechanism to review and prohibit foreign investment in public services in the interest of national security; and a comprehensive baseline survey on regulatory governance and substance.</td>
</tr>
<tr>
<td>Retail Trade Act</td>
<td>Notable proposed amendments to the Law relevant to the services sector are the relaxation of barriers to foreign investments in the retail sector through lowering the minimum paid-up capital to USD 200,000 from USD 2.5 million and removing the USD 250,000 paid-up capital per store for enterprises engaged in high-end or luxury products, among others.</td>
</tr>
<tr>
<td>Foreign Investment Act</td>
<td>Proposed amendments in the Act aim to reduce the minimum employment requirement from 50 to 15 direct local hires for small- and medium-sized domestic enterprises established by foreign investors with paid-in capital of at least USD 100,000. The proposed amendments also exclude the practice of professions from the coverage of the foreign investment negative list.</td>
</tr>
<tr>
<td>Open Access in Data Transmission Act</td>
<td>The objective is to level the playing field in the data transmission and telecommunications market. Its passage will strengthen the value chain linkages in the industry and services sectors and facilitate the realization of the full potential of e-commerce and digital trade.</td>
</tr>
<tr>
<td>E-Commerce Act of 2000</td>
<td>The law needs to be revisited to make it more comprehensive in detailing e-commerce transactions, specifying the rights of consumers, strengthening the imposition of penalties on service providers, and requiring service providers to provide high-security measures to ensure safety from possible breaches on data processing and money handling.</td>
</tr>
</tbody>
</table>

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43 In the House or Representatives, the Financial Products and Services Consumer Protection Act was passed on Third Reading last June 2, 2020, and Engrossed Bill (HB 6768) was transmitted to Senate on 03 June 2020.
<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Transactions Act</td>
<td>Defines the scope and coverage of internet transactions, apart from the sale or exchange of digital products, and lays down the code of conduct and qualifications for businesses who wish to engage in e-commerce. Also proposes the creation of an E-commerce Bureau to handle complaints on internet transactions, protect consumers’ rights, and facilitate the speedy resolution of complaints, among others.</td>
</tr>
<tr>
<td>National Digital Careers Act</td>
<td>Seeks to establish a legal framework for the “gig economy” that will map out strategies to promote and strengthen digital careers, as well as provide the needed institutional support. Also recognizes the emergence of new forms of employment, such as work on digital platforms, and requires the government to extend the social protection system appropriate to this new mode of work, especially in times of economic downturns caused by calamities and public emergencies.</td>
</tr>
<tr>
<td>Fair and Transparent Destination and Other Shipping Charges Act</td>
<td>Mandates MARINA to promote standardized destination and shipping charges among freight forwarders and agents of international shipping lines operating in the Philippines. Will also mandate DTI, PCC, BOC, BIR, and other relevant agencies to assist MARINA in facilitating competition, commerce, and an honest revenue system, among others.</td>
</tr>
</tbody>
</table>
Chapter 9C

Expanding Access to Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives

Critical policy reforms have been introduced in recent years to assist startups, MSMEs, and cooperatives in gaining access to finance and production networks, as well as enhance their productivity, efficiency, and resilience.

However, full implementation has been impeded by the unprecedented spread of COVID-19. Based on the government’s rapid assessment survey for businesses conducted during the initial phase of the community quarantines in major urban areas of the country, a less optimistic business outlook is reported across firms of different sizes, with the most pessimistic in the education (36%), tourism (35%), and transport (34%) sectors. This is likely in recognition of the fact that business operations would have to be reconfigured and social distancing protocols will remain in place indefinitely until a cure is found. Smaller enterprises have expressed a strong clamor for government assistance given that they have less capacity to handle large shocks with their limited asset size, lack of economies of scale, and structural inefficiencies, evident even prior to the onslaught of the pandemic. In response, the government has formulated urgent interventions to revive consumer and business confidence.

Focusing on laying down a healthy and resilient Philippines, the medium-term strategies will leverage the digital economy and put in place antifragility measures. This will address the constraints of operating under the new normal, attract further investments, and increase the resilience of startups, MSMEs, and cooperatives.

Assessment and Challenges

**Assessment:** The legal framework essential for startups, MSMEs, and cooperatives to access finance and production networks and strengthen the startup ecosystem was institutionalized. Among the significant legislations passed were: Ease of Doing Business and Efficient Government Service Delivery Act of 2018, Personal Property Security Act of 2018, Amended Cooperative Development Authority (CDA) Charter, Revised Corporation Code of the Philippines Act of 2019, Philippine Innovative Startup Act of 2019, and Philippine Innovation Act of 2019. Meanwhile, these reforms have yet to gain traction as industry-related Foreign Direct Investments (FDIs) significantly dropped in 2019 reaching only USD 0.27 billion in 2019, lower relative to the figure posted in 2016 at USD 0.31 billion.

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44 These include the enactment of the following legislation: Personal Property Security Act of 2018 (RA 11057), Amendment of the Cooperative Development Authority (CDA) (RA 11364), the Revised Corporation Code of the Philippines Act of 2019 (RA 11232), Philippine Innovative Startup Act of 2019 (RA 11337), and Philippine Innovation Act of 2019 (RA 11293).
**Challenges:** Startups, MSMEs, and Cooperatives have difficulty accessing finance due to lack of collateral and inability to comply with documentary loan requirements of formal lending institutions, exacerbated by the lack of a credit risk database with information on the creditworthiness of micro and small enterprises. Innovation and technology adoption of enterprises remains low, and seed funds and grants available to support incubation and startup development remain scarce while venture capitalists are still limited. As further revealed by the current pandemic, the majority of micro and small enterprises are entrenched in the analog manner of conducting business and do not have business continuity plans (BCPs) in place in the face of national emergencies. The majority also have business operations that are vulnerable to supply chain disruptions. Government initiatives to enhance sectoral productivity remain fragmented. Lastly, foreign participation is restricted in critical sectors, thus limiting competition and investment flow in the country.

**Targets**

Targets for investments and MSME-related indicators were adjusted downward considering new assumptions in the period, consistent with the DBCC revised growth targets last July 2020.

**Table 9.3 Updated Plan Targets to Expand Economic Opportunities in I&S for Startups, MSMEs and Cooperatives**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Total investments increased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total approved investments increased (PHP million)</td>
<td>729,000 (2016)</td>
<td>1,067,000</td>
</tr>
<tr>
<td>Net FDI increased (USD million)</td>
<td>8,280 (2016)</td>
<td>None</td>
</tr>
<tr>
<td>Access to finance improved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of allocation for micro and small enterprises to total bank loan portfolio (%)</td>
<td>3.81 (2016)</td>
<td>8</td>
</tr>
<tr>
<td>Percent of allocation for medium enterprises (%)</td>
<td>5.44 (2016)</td>
<td>2</td>
</tr>
</tbody>
</table>

a/ Baseline figure used to compute the plan targets reflects total approved investments submitted by investment promotion agencies to the Board of Investments and the PSA. Members of the Philippine Investment Promotion Plan (PIPP) Steering Committee approved the downward revised target of 7 percent annual increase in IPA-approved investments (from the original 10%) for 2021 and 2022, considering the DBCC revised growth forecasts due to the COVID-19 pandemic.

b/ While there were no targets set, the indicator was included in the RM for monitoring purposes. Net foreign direct investment for 2016 was recorded at US$8.28 billion. Gross domestic product in current prices for the same year was recorded at US$318.6 billion.

c/ In accordance with the Magna Carta for MSMEs (RA 6977 as amended by RA 8289 and RA 9501). Used as proxy indicator for “Proportion of small scale industries with loan or line of credit” (SDG indicator 9.3.2 [Tier 3]) to measure improvement of access to finance. The Planning Committee on Economic Development and the PSC approved revision of targets last March 2020 (pre-pandemic) to “increased” given that the ten-year mandatory credit allocation for micro, small and medium enterprises has already lapsed in June 2018, as stipulated under the law.

d/ Baseline updated as of 31 March 2017.

e/ Relative to actual accomplishment of the previous year.
Strategic Framework

Figure 9.3 Strategic Framework to Expand Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives

- Total investments increased
- Access to finance improved
- Access to production networks improved
- Productivity, efficiency, and resilience improve

- Facilitate growth of startups and MSMEs by incentivizing their expansion and subsequent upgrade
- Relax foreign equity restrictions, rationalize investment incentives, and promote job-creating investments
- Improve the business climate, especially by creating a startup-friendly environment
- Accelerate investment promotion activities

- Support transition to the formal economy of micro and small enterprises
- Facilitate access to finance of startups, MSMEs, and cooperatives

- Utilize digital platforms in mapping out value and supply chains
- Create linkages between startups, MSMEs, cooperatives, and other large enterprises (LEs)
- Support integration of SMEs into GVCs
- Improve logistics

- Increase access to appropriate technology including adoption of digital platforms
- Strengthen innovation capacities of startups, MSMEs, and cooperatives
- Promote the use of accredited certification, testing, inspection, verification, and calibration among MSMEs to ensure safety, reliability, and quality of their products and services
- Improve access, quality, speed, and affordability of broadband communications technology for MSMEs
- Ensure that all government agencies with productivity-enhancing initiatives are coordinated
- Create an M&E framework on government flagship programs for startups, MSMEs, and cooperatives
- Establish relevant statistics for startups, MSMEs, and cooperatives
- Undertake business continuity planning (BCP) and capacity building to enhance resilience
Strategies

Expanding economic opportunities in I&S for startups, MSMEs, and cooperatives across regions

Increasing total investments

Facilitate growth of startups and MSMEs by incentivizing their expansion and subsequent upgrade. In restructuring the incentives (and disincentives) in the regulatory framework, facilitating the growth of MSMEs to eventually become globally competitive will be a key goal. Policy shifts will take into account the following:

○ Provide appropriate fiscal and non-fiscal assistance to innovative and growth-oriented enterprises (e.g., tech-based startups and micro and small enterprises that are innovation-driven, etc.) appropriate with the stage of business operations;

○ Ensure that provision of grants and other financial or technical assistance, are time-bound and performance-based, as provided under the Corporate Recovery and Tax Incentives Reform Act (CREATE); and

○ Streamline the regulatory environment to reduce compliance costs for all firms.

Relax foreign equity restrictions, rationalize investment incentives, and promote job-creating investments. The government will further open-up the construction sector, and pursue the amendments to the Public Service Act, Retail Trade Act, and Foreign Investment Act (see Chapters 9A and 9B). Investment incentives will be rationalized to be more efficient and effective in supporting development priorities (e.g., encourage more venture capital and angel investments in startups) (see Chapter 15). Such priorities will be considered in the formulation of the Strategic Investment Priority Plan (SIPP) as well as in the Local Investment and Incentives Code. 46

Improve the business climate, especially by creating a startup-friendly environment. The government will enhance business incubation support and accelerate services for startups, lessen administrative burdens and complexity of regulatory procedures for startups, and reduce, if not eliminate, the regulatory protection of incumbents (see Chapter 16). Further, national and local governments will speed up streamlining of agency processes and requirements for business registrations and permit issuances 47 and will be streamlined through digital platforms (see also Chapters 5 and 9A). A One-Stop-Shop for Startups and a Startup Green Lane with ARTA will be created. In addition, the Philippine Startup Development Program will support incubators, accelerators and makerspaces by creating opportunities for innovative startups to gain access to marketing and technical support as well as linkage to potential collaborators locally and globally (see

46 Joint Memorandum Circular No. 2011 -01 forms a guide in crafting the LIIC.
47 The Central Business Portal (CBP) and the National Business One-Stop Shop (NBOSS) were established to support the implementation of the EOBD Act. The CBP is an online system aimed at providing a faster and more convenient way of registering businesses and completing startup requirements. It is designed to receive and capture data on business-related transactions and provide links to online registration services of various National Government Agencies (NGAs). The NBOSS is the physical co-location where applicants can register their business and employees, submit documents, and avail of its online services. In the same manner, the Electronic Business Process Licensing System (eBPLS) is being rolled out to the LGUs nationwide.
Chapter 14). A whole-of-nation approach in attaining inclusive and sustainable peace will also be pursued (see also Chapter 18). Lastly, improving quality and reducing the cost of utilities, particularly through energy and water sector reforms (see Chapters 9A and 19) will be implemented.

Accelerate investment promotion activities. The Philippines will be promoted as a complementary host country to target companies in the manufacturing industry. The conversion and realization of existing investment leads will be intensified. The retention and expansion/diversification opportunities for current locators in the Philippines will also be pursued. (See Chapter 9A)

Improving access to finance

Support transition to the formal economy of micro and small enterprises.

- Streamline LGU processes and requirements for registration and securing business permits of barangay micro business enterprises (BMBEs) targeting informal sector operators. Streamlining LGU processes for BMBE registration and business permits$^{48}$ will facilitate the transition of micro and small enterprises to the formal economy and will broaden their access to tap formal financing channels. Instituting a report and feedback system on LGUs’ non-compliance in these areas can be considered under the Department of the Interior and Local Government (DILG) or the Anti-Red Tape Authority’s (ARTA) monitoring as part of efforts to improve the LGUs business environment (see also Chapter 16).

Facilitate access to finance of start-ups, MSMEs, and cooperatives.

- Improve access to finance of innovative and growth-oriented enterprises. In line with the Philippine Innovation Act, the government will provide technical assistance grants and facilitate access to finance. Appropriate metrics will be established to ensure that these enterprises, as beneficiaries of government support, indeed boost innovation and generate decent jobs. Access to low-cost financing will also be provided to competitive and export-oriented MSMEs, if merited under the CREATE/SIPP framework.$^{49}$ Blended finance or the strategic use of development finance to mobilize funding for projects with societal benefits but also provide financial returns to the investor, will also be tapped.

- Promote the development of fintech and innovative financing alternatives. Access to mobile and digital technology, as well as deepening digital fluency will be improved to help further social equity and financial inclusion of MSMEs.$^{50}$ Other non-traditional initiatives from the private sector and startups to develop appropriate financial products and services for MSMEs and cooperatives will also be supported (see Chapter 9A). Initiatives such as merchant acceptance of digital payments, digital banks, and open banking will be pursued to promote access to and use of digital financial transactions$^{51}$ (see Chapter 9B). Government will also facilitate access of startups to venture financing and angel

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$^{48}$ For instance, streamlining can be done by setting more reasonable standard business permit fees for micro and small enterprises and granting leniency, particularly to informal sector operators who will register for the first time.

$^{49}$ http://www.neda.gov.ph/the-philippine-innovation-act/.

$^{50}$ Provision of branchless banking services with access to savings and loans through the use of mobile phones and IT facilities are instances of fintech startups revolutionizing the way small enterprises and cash-strapped households access finance.

$^{51}$ These initiatives are under the BSP’s Digital Payments Transformation Roadmap (DPTR) 2020-2023. The DPTR is a 3-year roadmap that outlining the BSP’s priority policy initiatives and strategies in advancing an efficient, inclusive, safe and secure digital finance ecosystem that supports the diverse needs and capabilities of individuals and firms. The roadmap envisions to achieve the goal of converting 50% of the total volume of retail payments into digital form and onboarding 70% of Filipino adults to the formal financial system.
investors (see also Chapter 14). In line with the Personal Property Security Act\[^{52}\], a system for the use of movable collateral as security for loans will be put in place. The CDA with BSP will promote the establishment of Credit Surety Funds across local governments to enable more MSMEs, particularly those hit hard by the pandemic, to gain access to finance\[^{53}\] (see Chapter 15).

- **Promote value chain and supply chain financing.** The Bangko Sentral ng Pilipinas (BSP), in partnership with the Asian Development Bank (ADB), is implementing a pilot agriculture value chain financing (AVCF) project\[^{54}\], which aims to demonstrate the viability of AVCF and encourage more banks to lend to the agriculture sector using this approach. This initiative will also benefit MSMEs, particularly agri-oriented ones. The BSP also aims to promote supply chain financing (SCF) in the banking sector as an innovative financing approach to improve access to financing of smaller enterprises. A study will be conducted in 2021 to identify strategic interventions that can be implemented by BSP and other players to develop a dynamic SCF market in the country.

- **Extend grants and soft loans to startups, MSMEs, and cooperatives to sustain business operations.** On top of providing a loan guarantee fund, existing government programs targeting MSMEs will continue to be implemented and monitored.\[^{55}\]

- **Establish an Enterprise Rehabilitation Fund (ERF) and implement adjustment measures to startups, MSMEs, and cooperatives severely affected by calamities and national emergencies.** The proposed establishment of an ERF is one of the suggested revisions on the proposed Amendments to the Magna Carta for MSMEs (see Chapter 9C Legislative Agenda) and is suggested as part of Small Business Corporation’s capitalization to be funded by the national government. Ongoing debt relief programs are being implemented, including suspension of imposition of non-interest fees and charges on loans incurred. In the post-community quarantine period, the following interventions will be monitored and extended if needed: (a) payment deferment to government (e.g., deferment of tax remittance such as withholding tax, VAT, SSS, PhilHealth); (b) payment deferment to debtor (e.g., rent, banks, utility companies); (c) tax discounts or tax credits; (d) low-interest loans from government; and (e) low-interest loans from banks.

\[^{52}\] Under the Personal Property Security Act of 2018, small businesses, particularly MSMEs, farmers, and fisherfolk are granted greater access to credit by allowing the use of non-traditional collaterals such as accounts receivables, inventory, crops, livestock, consumer goods, machinery, equipment, and intellectual property rights, among others. This will be operationalized through the establishment of a unified and modern legal framework for securing obligations with personal property. Under the law, a Registry shall be established and administered by the Land Registration Authority. The centralized, nationwide Registry shall contain the following information: Initial notice of security interest and lien in personal property; Amendment notice providing new information or continuing the period of effectiveness of an initial notice; and Termination notice. Retrieved from https://www.officialgazette.gov.ph/2018/08/17/republic-act-no-11057/. 

\[^{53}\] As part of expanding its developmental function, the Cooperative Development Authority (CDA) has created a CSF unit that will register, regulate, and regularly monitor and supervise the operations of CSF cooperatives. This is expected to translate to growth of CSF Cooperatives. 

\[^{54}\] Pilot is implemented with 5 participating banks including 1) Rizal Microbank, 2) Rural Bank of San Leonardo, 3) Rural Bank of Sta. Catalina, 4) 1st Valley Bank, and 5) Producers Bank. 

\[^{55}\] Sufficient government support for MSME financing, to be funded under the General Appropriations Act or relevant legislation, will be considered in all forms of economic stimulus programs. This is essential to help the MSME sector to recover from the adverse effects of the pandemic. Some of these programs which target micro and small enterprises are: (a) Livelihood Seeding Program – Negosyo sa Barangay; (b) Shared Service Facilities Project/Fabrication laboratories; (c) Pondo sa Pagbabago at Pag-asa Program; (d) Small business corporation financing programs; and (e) Go Lokal!
Expanding access of startups, MSMEs, and cooperatives to economic opportunities in I&S including the digital economy

Improving access to production networks

Utilize digital platforms in mapping out value and supply chains to find alternative suppliers and address production bottlenecks. In providing technical assistance to enterprises, digital platforms will be useful in linking farmers, producers, suppliers, distributors, and retailers to consumers. This will further reduce information asymmetry, lower transaction costs, and enhance domestic value and supply chain resilience. Integration of all relevant existing GIS platforms of relevant agencies will also be pursued (see Chapter 9A).

Create linkages between startups, MSMEs, cooperatives, and other large enterprises (LEs) to spur innovation and create new markets. Social enterprises and inclusive business (IB) models will be promoted. The government will also facilitate linking micro and small suppliers to cooperatives for purposes of facilitating access to finance, and to medium and large enterprises to access/diversify markets and enhance supply chain resilience, leveraging digital platforms, as appropriate.

Support integration of SMEs into GVCs. SMEs will be capacitated to address their internal limitations and unlock their potential to internationalize. Support will be provided to enhance capacities of exporters in sectors where the country has significant comparative advantage through technical support. The government will also scale up efforts to facilitate access of exporting SMEs to information on foreign distribution networks and foreign regulations, enhance access to business and trade finance, streamline customs procedures, further address logistics costs, and reduce tariffs (see box article 9A.1, Chapters 9B and 15).

Improve logistics. (See Chapter 9B)

Improving productivity, efficiency, and resilience

Increase access to appropriate technology including adoption of digital platforms. Adoption of appropriate technologies will enable startups and MSMEs to gain access to markets and help them internationalize. For cooperatives, deploying digital platforms will increase their client base and improve efficiency of their operations. Consistent with its initiatives to promote and implement the e-commerce roadmap, the government, through the RIICs, will assist enterprises in adopting applicable digital platforms

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Lack of internal capabilities include difficulty in identifying foreign business opportunities, inadequate human resource trained to deal with exporting, and lack of production capacity. These are some of the most challenging for SMEs to overcome.

Internationalization activities can be classified into six categories: (a) direct exporting; (b) direct importing; (c) investment abroad; (d) being subcontractors to foreign enterprises; (e) having foreign subcontractors; and (f) cooperation with foreign enterprises under joint ventures, non-equity alliances, licensing, and franchising.

For instance, to induce the local construction industry to globalize, construction firms who are ready to tap global and regional opportunities will need low-cost financing or loan guarantees to undertake overseas construction projects.

Technical support can also be provided through capacity-building programs. For instance, local auto parts and electronics suppliers need capacity building to comply with the technical requirements of domestic e-vehicles, special purpose vehicle (SPV) producers, and other producers under the aerospace industry. In particular, the AS9100 Training Program (Aerospace Quality Management System) will enable local auto parts and electronics suppliers to supply the technical requirements of the aerospace industry.

Assistance can also be extended in the ship-building industry by promoting the use of fiberglass-reinforced plastics (FRP) or steel to replace wooden-hulled vessels.
and digital payment channels (see Chapter 9B). The government will provide appropriate support through training programs that will help MSMEs and cooperatives adapt to new digital technologies and platforms, as relevant to their needs (see Chapter 9A).

**Strengthen innovation capacities of startups, MSMEs, and cooperatives.** A PIDS’ 2015 Survey on Innovation Activities (SIA) pointed out that large firms tend to be more innovation active than smaller enterprises, and rarely tap technical assistance from government research institutions. As part of implementing the Philippine i3s, the RIICs will disseminate available information on local or foreign-developed technologies for adoption, whichever is more cost-effective. The RIICs will also allow local enterprises to tap the research arms of State Universities and Colleges (SUCs) and Research Development Institutions (RDIs) and network with industry experts to enhance their entrepreneurial knowledge and enable them to be Industry 4.0-ready. Further, IPOPHL’s IP Depot, an online portal where technology providers and their counterpart technology adaptors may meet and match, will also be promoted to target growth-oriented startups, enterprises, and cooperatives.

**Promote the use of accredited certification, testing, inspection, verification, and calibration among MSMEs to ensure safety, reliability, and quality of their products and services.** (See Chapter 9A). While more dispersed access points will be provided for these common service facilities especially in the regions, efforts to promote these available services, will be scaled-up, targeting MSMEs to enhance their productivity. The DOST primarily provides these services through the One-stop Laboratory Services for Global Competitiveness (OneLab), a network of laboratories aimed at broadening access to testing and calibration services at a single touchpoint through an IT-based platform. The online referral platform system networks all the laboratories of DOST-attached agencies and other government and private laboratories for seamless handling of testing and calibration services, which are beneficial for MSMEs in terms of ensuring product quality and safety.

**Improve access, quality, speed, and affordability of broadband communications technology for MSMEs.** Improving telecommunications services in the country offers a myriad of benefits for MSMEs including improving business efficiency, opening up new markets, and helping enterprises adapt to changes in consumer preference brought about by the pandemic (see Chapters 9B and 19).

**Ensure that all government agencies with productivity-enhancing initiatives are coordinated.** Close coordination of relevant agencies concerned with enhancing productivity, efficiency, and resilience of startups, MSMEs, and cooperatives will be pursued. The National Wages and Productivity Commission (NWPC) and its Regional Tripartite Wages and Productivity Boards (RTWPBs) will strengthen and expand partnerships with concerned government agencies, industry associations, employer groups, and labor groups to foster synergy in the deployment of the Productivity Toolbox (see Chapter 10).

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62 For interested MSMEs, the OneLab website can be accessed through: https://customer.onelab.ph/.

63 This package of training and technical assistance services is designed to help MSMEs identify and address productivity gaps through appropriate and needs-based productivity tools and technologies. It also helps MSMEs design and implement productivity-based incentive schemes to ensure growth in workers’ income commensurate to their productivity.
Create an M&E framework on government flagship programs for startups, MSMEs, and cooperatives. Given the presence of various but fragmented initiatives to assist micro and small enterprises, the effectiveness of various government flagship programs will be evaluated based on how they contribute to MSME development. For cooperatives, quantifying their economic contribution to both national and regional development will allow them to gain greater support and assistance. For startups, an M&E framework will be considered in the implementation of the Philippine Startup Development Program targeting growth of innovative and tech-based startups.

Establish relevant statistics for startups, MSMEs, and cooperatives. Regular collection and publication of relevant statistics on startups, MSMEs, and cooperatives will be pursued. This will facilitate the performance tracking of these sectors and become the basis for evidence-based and targeted interventions. Data collection on the following areas will help surface specific barriers and unlock SMEs potential to internationalize: (a) comprehensive data by enterprise size; (b) information on overall business environment and barriers to trade as experienced by SMEs; and (c) information and monitoring on targeted policies, best practices, and capacity-building programs for exporting SMEs or those ready to enter into GVCs. As part of establishing comprehensive MSME financial statistics, the BSP, in partnership with the ADB, is exploring the design and conduct of the MSME survey to generate more granular data on MSME access to finance. The results of this survey will provide deeper market insight for financial service providers to help them broaden their products and services available in the market.

Undertake business continuity planning (BCP) and capacity building to enhance resilience. The adoption of BCPs will be promoted and encouraged to help startups, MSMEs, and cooperatives to prepare for and overcome potential risks to business. Towards enhancing resilience of cooperatives, the Amended CDA Charter (RA 11364) requires all registered cooperatives to develop BCPs to address all types of business risks. In a similar manner, capacity-building measures will be provided, targeting startups and MSMEs.

64 The Department of Information and Communications Technology (DICT) is working with the Philippine Institute for Development Studies (PIDS) on an upcoming survey on the IT BPM sector (FY2020) that shall yield data on MSMEs in the sector.
# Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

**Table 9.9 Legislative Agenda to Expand Economic Opportunities in I&S for Startups, MSMEs and Cooperatives**

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expanding economic opportunities in I&amp;S for startups, MSMEs, and cooperatives across regions</strong></td>
<td></td>
</tr>
<tr>
<td>Amendment of the Magna Carta for MSMEs</td>
<td>The bill will establish an Enterprise Rehabilitation Fund for calamity-stricken MSMEs. It will also provide MSMEs with free selling space in government buildings, structures, and open areas, as well as free selling areas or discounted rent in private malls and other commercial selling establishments.</td>
</tr>
<tr>
<td>GUIDE Bill (Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery)</td>
<td>Provide financial assistance to firms that are strategically important to economic recovery in view of their role in providing employment and supporting the Philippine economy.</td>
</tr>
<tr>
<td>Institutionalization of the Pondo sa Pagbabago at Pag asenso (P3) Program</td>
<td>Institutionalizing the Pondo sa Pagbabago at Pag Asenso Program of government that aims to develop entrepreneurship and contribute to inclusive economic growth and provide accessible and reasonably-priced financing to micro entrepreneurs to help them avoid usurious rates.</td>
</tr>
<tr>
<td>Amendment of the Tax Incentives Management and Transparency Act (TIMTA)</td>
<td>Amend existing provision to require/mandate various Registered Business Entities (RBEs) and Investment Promotion Agencies (IPAs) to submit to NEDA relevant information needed to conduct economic cost-benefit analysis (CBA) and to have the flexibility to refine scope of data requirement and data tools that will adequately capture information relevant to the conduct of this CBA.</td>
</tr>
<tr>
<td><strong>Expanding access of startups, MSMEs, and cooperatives to economic opportunities in I&amp;S including the digital economy</strong></td>
<td></td>
</tr>
<tr>
<td>Amendments to the Intellectual property (IP) Code</td>
<td>(See Chapter 14 Legislative Agenda)</td>
</tr>
<tr>
<td>Amendment to the Warehouse Receipts Law</td>
<td>The proposed House Bill No. 4413 proposes to establish a central online Registry for all Warehouse Receipts, which shall be eventually integrated with other existing registries. This will strengthen and modernize the Warehouse Receipts Law of 1912, as amended, otherwise known as Act No. 2137.</td>
</tr>
</tbody>
</table>
Human Capital Development Towards Greater Agility

The country is on the right track in accelerating human capital development by prioritizing reforms and investments in improving nutrition and health, education, and income-earning ability. Major reforms in expanding access to nutrition health and transformative education were instituted in the past three years. The Universal Health Care Law was enacted to ensure that care for all Filipinos at all life stages is guaranteed. Implementation of the K to 12 Program and the Universal Access to Quality Tertiary Education Law will also enable Filipinos to continuously develop their skills towards achieving their full potential as productive members of a rapidly changing society.

In 2020, the Philippines’s score is 0.52 in Human Capital Index (HCI). Though this is higher than the average among countries in the lower middle-income group, this means that a child born in the Philippines today will likely reach only 52 percent of his or her potential come adulthood. With the COVID-19 pandemic, risks and challenges in enriching human capital have become even more significant.

For the rest of the Plan period, the government will focus on addressing challenges that hamper the full realization of Filipinos’ full potential, such as malnutrition, early pregnancy, and poor quality of education, in addition to disruptions in service delivery due to the COVID-19 pandemic. Efforts will focus on strengthening strategies that transform the country’s human capital towards greater agility, for a healthy and resilient Philippines.

Assessment and Challenges

Nutrition and Health

Outcomes on nutrition and health are based on several data sources. Some progress has been made, especially considering the most recent data; even so, these fell below target.

Mortality among infants, based on the National Demographic and Health Survey (NDHS), slightly decreased from 23 per 1,000 LB in 2013 to 21 per 1,000 live births (LB) in 2017 mortality in children under-five years of age declined significantly from 31 per 1,000 LB to 27 per 1,000 LB over the same period.¹

¹ 2017 National Demographic and Health Survey (NDHS)
There were significant reductions observed in the prevalence rate of stunting across age groups, but not in the prevalence rate of wasting. For the under 5 years of age, prevalence of stunting fell from 33.4 percent in 2015 to 28.8 percent in 2019; prevalence of wasting did not show a significant decline, from 7.1 to 5.8 percent over the same period. Both figures in 2019 did not meet the PDP targets. Note that there were no targets set for the prevalence of stunting and wasting for the older age groups.

There were varying degrees of success with respect to addressing the triple burden of diseases. There was a decrease in mortality rate attributed to lifestyle-related diseases, from 462.5 deaths per 100,000 population (aged 30 – 70 years old) in 2016 to 453.8 deaths per 100,000 population (aged 30 – 70 years old) in 2018. However, there was an increase in reported cases of HIV/AIDS, from 9,624 newly diagnosed cases in 2016 reaching 12,778 in 2019. Incidence of Tuberculosis (TB) also increased from 434 per 100,000 population in 2016 to 554 per 100,000 population in 2018. The increase in TB incidence may be explained by a combination of case-detection gaps, delays in diagnosis, health system weaknesses, and broader social and economic influences on the TB epidemic. Also, the increase in TB notification rate of cases arose from active case finding and mandatory notification of cases by private physicians.

Meanwhile, there was remarkable progress in eliminating malaria cases. The percent of malaria-free provinces went up from 40 percent in 2016 to 62 percent in 2018. This puts us on track to eliminate the disease by 2030.

Using the revised National Health Accounts, the household out-of-pocket spending on health as percentage of total health expenditure has declined from 45 percent in 2016 to 42 percent in 2019. This may be due to the following health programs: a) No Balance Billing Policy for indigent patients; b) new and enhanced PhilHealth benefit packages (e.g., Z benefit packages for children with disabilities; expanded primary care benefits and newborn care package); and c) DSWD’s Libreng Gamot Para sa Masa or Lingap ng Masa that provides medical assistance fund to indigent patients. Also, faster increase in health spending of government (11.5%) compared to household (7.9%) was observed from 2016 to 2019.

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2 Communicable, non-communicable, and urbanization- and industrialization-related diseases.
4 Source: National TB Prevalence Survey.
5 DOH. Malaria Control Program. Retrieved from https://www.doh.gov.ph/malaria-control-program
6 Average annual growth rate from 2016 to 2019.
Table 10.1 Core Health and Nutrition Outcome Indicators: Targets vs Accomplishments

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>BASELINE (YEAR)</th>
<th>ACCOMPLISHMENT (YEAR)</th>
<th>TARGET (YEAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant mortality rate decreased (per 1,000 live births)</td>
<td>23 (2013)</td>
<td>21 (2017)</td>
<td>15 (2022)</td>
</tr>
<tr>
<td>Under-five mortality rate decreased (per 1,000 live births)</td>
<td>31 (2013)</td>
<td>27 (2017)</td>
<td>22 (2022)</td>
</tr>
<tr>
<td>Prevalence of stunting (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevalence of wasting (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) 5 – 10 years old</td>
<td>8.3 (2015)</td>
<td>8.0 (2019)</td>
<td>No targets</td>
</tr>
<tr>
<td>Mortality rate attributed to cardiovascular disease, cancer, diabetes, and chronic respiratory diseases decreased (number of deaths per 100,000 population aged 30-70 years old)</td>
<td>462.5 (2016)</td>
<td>453.8 (2018)</td>
<td>428.3 (2018)</td>
</tr>
<tr>
<td>Tuberculosis incidence decreased (per 100,000 population)</td>
<td>434 (2016)</td>
<td>554 (2018)</td>
<td>287.0 (2018)</td>
</tr>
<tr>
<td>Number of newly diagnosed HIV cases decreased</td>
<td>9,264 (2016)</td>
<td>12,778 (2019)</td>
<td>15,000 (2019)</td>
</tr>
<tr>
<td>Out-of-pocket health spending as percentage of total health expenditure</td>
<td>45.0 (2016)</td>
<td>42.0 (2019)</td>
<td>No target in 2019 TBD for 2022</td>
</tr>
</tbody>
</table>

The use of modern contraception, on average, has increased marginally between 2013 (23.5 percent) and 2017 (24.9 percent) considering all women aged 15 to 49 years. However, among married women from the same age group, the increase is much higher especially among married women 15 to 19 years of age (from 20.6 to 29.7 percent) and those 20 to 24 years of age (from 34.3 to 44.0 percent).
Managing the COVID-19 pandemic exposed the shortcomings of the country’s health care system particularly in terms of prevention, control, and mitigation of infectious diseases. It has also become obvious that the country lacks health care workers and that digital infrastructure and health information system are fragmented and inefficient. The fragmentation of service delivery has made coordination and communication between national and local government units difficult. Furthermore, since service delivery is mostly facility-based, the ensuing mobility restrictions threatens to worsen nutrition and health outcomes, or reverse the gains achieved so far. Over the near term, the involuntary shifts in lifestyle and behavior in response to the quarantine restrictions has resulted in a rise in mental health problems, especially among those directly affected by the pandemic (e.g., caught the virus, lost their loved ones, lost their jobs).

Ultimately, the sector with its current capacity must be able to effectively implement its programs and provide quality services both at the national and local levels, in pursuit of improving nutrition and health care outcomes, while maintaining efforts to contain and prevent the spread of COVID-19 including preparations for massive vaccination. Moving forward, the sector will expand its use of innovative delivery mechanisms, such as telemedicine, enhance outreach programs by improving the capacity of target beneficiaries for home-based care and use of other media to deliver information, education and communication services on proper nutrition and health. Moreover, amid competing demands for resources, it is also important to ensure efficient spending and to secure enough funds for the full implementation of key legislations such as the Universal Health Care (UHC) Act and the Kalusugan at Nutrisyon ng Mag-Nanay Act.

**Basic, Higher, and Technical Education**

The Philippines has institutionalized reforms to expand access to education at all levels (i.e., K to 12 Program, Universal Access to Quality Tertiary Education). A major accomplishment is the increase of the mean years of schooling to 10.0 in 2018, which is close to the end-of-plan target of 11.3. At the basic education level, the elementary and junior high school net enrolment rates (NERs) were at 94 and 83 percent versus the original 2019 targets of 93.31 and 72.32 percent, respectively, while K to 6 and G7-G12
completion rates in 2019 were at 97 and 77 percent versus the targets of 87.18 and 77.48 percent for elementary and junior high school.

However, there remains a big gap in the quality of education. Compounding the problem is that the data on quality of learning are not comparable over time. The 2017 NAT scores could not be compared against the 2015 baseline data because the tests have been modified in 2017 to be more aligned with 21st century skills, as emphasized in the K-12 curriculum. The 2017 scores shown in Table 10.3 pertain to the proportion of students who can be considered as at least moving towards “mastery.” These are estimated at 23.11 percent among Grade 6, 32.78 among Grade 10 and 13.54 percent among Grade 12 students. In 2018, DepEd changed the methodology to measure “proficiency” instead of “mastery”. The 2018 NAT scores show that only 16 percent of Grade 6, 34 percent of Grade 10, and 14 percent of Grade 12 learners scored as “nearly proficient.”

At the higher education level, the Universal Access to Quality Tertiary Education Act benefitted 1,132,620 higher education students in SUCs and LUCs in AY 2018-2019. In technical and vocational education and training (TVET), while certification rate remained higher than 90 percent, most of the TVET courses offered are low-level skills, seven of which are even likely to become irrelevant as a result of automation. The passage of the 11th Regular Foreign Investment Negative List (RFINL) and Transnational Higher Education Act (RA 1148) is expected to improve competitiveness of education and training institutions by bringing international quality standards and expertise into the country.

Table 10.3 Core Education Outcome Indicators: Targets vs Accomplishments (2017-2019)

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (Year)</th>
<th>TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Outcome: Lifelong learning opportunities for all ensured</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean years of schooling increased</td>
<td>8.9 (2014)</td>
<td>N/A</td>
<td>9.3</td>
</tr>
<tr>
<td>Functional literacy rate increased</td>
<td>90.3 (2013)</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Quality, accessible, relevant, and liberating basic education for all achieved</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Enrollment Rate increased (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinder</td>
<td>74.65 (2015)</td>
<td>80.46</td>
<td>83.37</td>
</tr>
<tr>
<td>Elementary</td>
<td>91.05 (2015)</td>
<td>92.18</td>
<td>92.74</td>
</tr>
<tr>
<td>Junior High</td>
<td>68.15 (2015)</td>
<td>70.23</td>
<td>71.27</td>
</tr>
<tr>
<td>Senior High</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Completion Rate increased (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elementary</td>
<td>83.43 (2015)</td>
<td>85.31</td>
<td>86.25</td>
</tr>
</tbody>
</table>

7 Data is not shown in the table because it estimates the proportion who are considered at least “nearly proficient” rather than the original measure of at least moving towards “mastery.”
<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (Year)</th>
<th>TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior High</td>
<td>73.97 (2015)</td>
<td>76.82</td>
<td>77.15</td>
</tr>
<tr>
<td>Senior High</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**Proportion of students performing at Moving Towards Mastery, Closely Approximating Mastery, or Mastered increased (%)**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (Year)</th>
<th>TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>64.93 (2015)</td>
<td>66.92</td>
<td>68.41</td>
</tr>
<tr>
<td>Junior High</td>
<td>14.37 (2015)</td>
<td>15.98</td>
<td>16.78</td>
</tr>
<tr>
<td>Senior High</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**Proportion of students at Low Mastery reduced (%)**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (Year)</th>
<th>TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior High</td>
<td>14.88 (2015)</td>
<td>11.72</td>
<td>11.51</td>
</tr>
<tr>
<td>Senior High</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**Quality of higher education and technical education and research for equity and global competitiveness improved**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (Year)</th>
<th>TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of HEIs in reputable international rankings increased</td>
<td>4 (2016)</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Certification rate of TVET graduates increased (%)</td>
<td>91.3 (2016)</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

* 2017 data not comparable with 2015 baselines due to change in methodology. There was a shift in the design of the 2017 National Achievement Test because the questions were framed in line with the K to 12 program’s focus on 21st century skills.

Given the huge investments in education, the challenge is to improve the quality of education while also anticipating the demands of the Fourth Industrial Revolution (FIRe). Availability of teachers with specialized skills (particularly at Senior High School), mismatch in teaching assignments with areas of specialization, and delayed release of education inputs affect achievement of education outcomes at the basic education level. In higher education, inadequate support and/or incentives to pursue graduate studies, undertake research and publish, and limited domestic and international collaboration to facilitate knowledge transfer may have contributed to the low performance of the higher educational institutions (HEIs). Further, lack of collaboration with industry partners contributed to the mismatch between skills taught in schools and labor market requirements.

As flexible learning will need to be adopted to continue delivery of education services during the COVID-19 pandemic, issues of expensive, slow, and unreliable internet connection, and added expenses for devices needed to access online learning resources are major challenges. This shift will also require adjustment measures to reskill teachers on online teaching and re-orient parents and guardians towards homeschooling, distance education, and other modes of flexible learning.
Labor Market Policies

Better and increased employment opportunities in the past three years led to the continuous decline in unemployment rate and improvement in the overall quality of employment (See Chapter 1). After an initial uptick of 5.7 percent in 2017, the unemployment rate fell to 5.3 percent, meeting the upper end of the target for 2018. It declined further to an average 5.1 percent in 2019, in line with the full-year target of 4.3 to 5.3 percent for 2019. Youth inactivity, likewise, showed improvement as the proportion of youth not in education nor in employment (NEE) consistently declined beginning 2017, thus putting the government on track in terms of achieving the annual targets in reducing the share of youths-at-risk.

Meanwhile, fostering women’s economic participation warrants improvement as female labor force participation rate (LFPR) remains modest relative to the annual plan targets. Among the top cited reasons for deferring work among women is the assumption of household responsibilities and duties, including childcare. Nonetheless, laws have been recently enacted to further create an inclusive labor market for Filipinos such as the 105-Day Expanded Maternity Leave Act; First Time Job Seekers Act; Telecommuting Act; and the Social Security System (SSS) Act of 2018.

Table 10.4 Core Labor Outcome Indicators: Targets vs Accomplishments

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>PLAN TARGETS</th>
<th>ACCOMPLISHMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Outcome: Income-earning ability increased</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of youth not in employment or education (NEE) decreased</td>
<td>23.0 (2015)</td>
<td>20.5-22.5</td>
<td>19.5-21.5</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Employability improved</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration of school-to-work transition of college graduates reduced (years)</td>
<td>2* (2008)</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Duration of school-to-work transition of high school graduates reduced (years)</td>
<td>4* (2008)</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Percentage of discouraged workers reduced (%)</td>
<td>12.5 (2014)</td>
<td>12.5</td>
<td>12.0</td>
</tr>
<tr>
<td>Labor force participation of women increased (%)</td>
<td>50.1 (2015)</td>
<td>49.3</td>
<td>49.7</td>
</tr>
</tbody>
</table>

**The duration of school-to-work (STW) transition will be measured through rider questions in the LFS in 2021. Prior to this, there has been no official means of measuring STW transition.
The onslaught of the COVID-19 pandemic resulted in a surge, perhaps, temporary, in displaced workers (i.e., local workers and overseas Filipino workers) as global and domestic economic activities slowed down. The enactment of the Telecommuting Act and SSS Act proved to be very opportune as these reforms laid out the necessary legal framework to support remedial measures to the disruption caused by the pandemic, including the implementation of various flexible work arrangements (FWAs) both in the government and private sectors (e.g., telecommuting, reduction of workhours/workdays, and rotation of employees) and the provision of unemployment benefits. In addition, the immediate digitalization of the application system of the SSS unemployment benefit in late June 2020 resulted in the increased uptake of the program, catering to an additional 151,617 applicants from July to September\(^8\) compared to the 27,103 recorded applicants between March to June 2020.

Prior to the pandemic, the landscape of work has been changing rapidly with the rise of FIRe. COVID-19, however, has brought unprecedented challenges causing firms to swiftly migrate to new ways of working arrangement to safeguard workers. With the intensified adoption of remote and flexible work mechanisms, technology plays a critical role in redesigning and transforming the way individuals work. The challenge is to re-tool and upskill the current workforce and develop the future workforce so that they will be able to adapt and thrive amidst the changes. Consequently, there is a need to ensure that new and flexible ways of working will not reduce the well-being of workers or expose them to forms of occupational hazards and health risks. Possible risks include long working hours, performing work outside regular business hours, musculoskeletal disorders due to non-ergonomic facilities (i.e., inadequate computer workstations); and for those who have to physically report to work, there is the threat of getting infected.

\(^8\) SSS data as of September 14, 2020.
Strategic Framework

Figure 10.1 Strategic Framework to Transform Human Capital Development towards Greater Agility

- HUMAN CAPITAL DEVELOPMENT TOWARDS GREATER AGILITY
  - Nutrition and health outcomes for all improved
  - Income-earning ability increased and adaptability enhanced
  - Flexible lifelong learning opportunities for all ensured
  - Quality, accessible, relevant, and liberating basic education for all achieved

- Care at all life stages guaranteed
  - Provide quality nutrition and health care interventions at all life stages
  - Promote a healthy lifestyle

- Responsive and resilient health system ensured
  - Ensure access to essential quality and affordable health and nutrition products and services
  - Upgrade and equip health facilities
  - Improve the status and supply of Human Resources for Health (HRH)
  - Improve epidemiological and surveillance capacities

- Equitable health financing sustained
  - Secure sustainable investment on nutrition and health and ensure efficient and equitable use of nutrition and health resources
  - Expand health insurance coverage and improve nutrition and health packages

- Cross-cutting Strategies
  - Institute a fully-integrated and interoperable health information system and database
  - Strengthen health research and development, and evidence-based decision making
  - Elicit multi-sector, multi-stakeholder support for nutrition and health
  - Ensure transparency, accountability and regulatory measures in nutrition and health sector
  - Strengthen leadership, management, capacities, coordination and support mechanisms

- Productivity improved
  - Enhance delivery of productivity-based capacity building for productivity-based incentive schemes and business continuity plans
  - Ensure safety and health in the workplace amid intensified adoption of flexible working arrangements
  - Nurture workplace harmony

- Labor mobility and income security enhanced
  - Enhance income support and emergency employment

- Cross-cutting Strategies
  - Develop future-ready adult learning interventions
  - Upgrade/modernize learning and teaching materials, and methods
  - Promote graduate scholarships and teacher training programs
  - Maximize government-academe-industry collaborations and international partnerships to ensure alignment of competencies and labor requirements
  - Formulate guidelines on internationalization of education
  - Develop an action plan to operationalize the Philippine Qualifications Framework
  - Develop an accessible sporting culture
Targets and Strategies

Nutrition and Health: Improving nutrition and health outcomes for all

Nutrition and health outcomes for all will be improved as the government (a) guarantees to provide care services at all life stages; (b) ensures responsive and resilient health system; and (c) sustains equitable financing of nutrition and health services. The targets are given in Table 10.5, followed by a more detailed discussion of the strategies to achieve these targets.

Baseline and targets for mortality rate attributed to cardiovascular disease, cancer, diabetes, chronic respiratory diseases, and TB incidence were recomputed. Indicated targets relating to TB incidence and number of newly diagnosed HIV cases are higher than the baseline. According to the Department of Health (DOH), these are expected due to the intensified case findings and the use of better methods for detection. Meanwhile, modern contraceptive prevalence rate was disaggregated to reflect the contraceptive use of all women of reproductive age and those women who are currently married or in union. Moreover, the proportion of fully immunized children was added as a new core indicator. As part of improving the epidemiological capacity of the country resulting from the COVID-19 pandemic, the percentage of regions with at least one Biosafety Laboratory Level 2 with reverse transcription polymerase chain reaction (RT-PCR) was included in the list of core indicators.

Table 10.5 Updated Plan Targets to Improve Health and Nutrition Outcomes for All

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
<th>2020*</th>
<th>2021</th>
<th>2022</th>
<th>END OF PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Outcome: Nutrition and health outcomes for all improved</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Life expectancy at birth increased (years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Male</td>
<td>69.63 (2015-2020)</td>
<td>**</td>
<td>**</td>
<td>71.3</td>
<td>71.3</td>
<td></td>
</tr>
<tr>
<td>b. Female</td>
<td>75.91 (2015-2020)</td>
<td>**</td>
<td>**</td>
<td>77.5</td>
<td>77.5</td>
<td></td>
</tr>
<tr>
<td>Subsector Outcome: Care at all life stages guaranteed</td>
<td></td>
<td></td>
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<tr>
<td>Maternal mortality ratio decreased (per 100,000 live births)</td>
<td>95 (2016)</td>
<td>**</td>
<td>**</td>
<td>108</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Neonatal mortality rate decreased (per 1,000 live births)</td>
<td>13 (2013)</td>
<td>**</td>
<td>**</td>
<td>10</td>
<td>10</td>
<td></td>
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<tr>
<td>Infant mortality rate decreased (per 1,000 live births)</td>
<td>23 (2013)</td>
<td>**</td>
<td>**</td>
<td>15</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Under-five mortality rate decreased (per 1,000 live births)</td>
<td>31 (2013)</td>
<td>**</td>
<td>**</td>
<td>22</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>INDICATOR</td>
<td>BASELINE (YEAR)</td>
<td>TARGETS 2020</td>
<td>2021</td>
<td>2022</td>
<td>END OF PLAN</td>
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<tr>
<td>Mortality rate attributed to cardiovascular disease, cancer, diabetes,</td>
<td>462.5 (2016)</td>
<td>397.7</td>
<td>382.4</td>
<td>367.1</td>
<td>367.1</td>
<td></td>
</tr>
<tr>
<td>and chronic respiratory diseases decreased (number of deaths per</td>
<td>31 (2015)</td>
<td>**</td>
<td>29.3</td>
<td>32.2</td>
<td>32.2</td>
<td></td>
</tr>
<tr>
<td>100,000 population aged 30-70 years old)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Proportion of households meeting 100% recommended energy intake</td>
<td>33.4 (2015)</td>
<td>**</td>
<td>29.8</td>
<td>28.8</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>increased (%)</td>
<td>434 (2016)</td>
<td>537</td>
<td>526</td>
<td>510</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Prevalence of stunting among children under 5 decreased (%)</td>
<td>9,264 (2016)</td>
<td>**</td>
<td>17,900</td>
<td>18,900</td>
<td>18,900</td>
<td></td>
</tr>
<tr>
<td>Tuberculosis incidence decreased (per 100,000 population)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Number of newly diagnosed HIV cases decreased*</td>
<td></td>
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</tr>
</tbody>
</table>

Subsector Outcome: Responsive and resilient health system ensured

- Proportion of women who are using modern contraceptive methods increased (%)
  - Among women of reproductive age (15-49 years old) who are currently married or in union
    * 2020 original targets set/approved in 2016/prior to the pandemic retained
  - Among women of reproductive age (15-49 years old)
    **Note that the Responsible Agency (e.g. DOH, PhilHealth) did not provide annual targets for these indicators as data are not available for these years (or only end-of-plan target was provided by the concerned agencies).

Subsector Outcome: Equitable health financing sustained (see also Chapter 11)

- Out-of-pocket health spending as percentage of total health expenditure\* decreased
  **Note that the Responsible Agency (e.g. DOH, PhilHealth) did not provide annual targets for these indicators as data are not available for these years (or only end-of-plan target was provided by the concerned agencies).

Care at all life stages guaranteed

**Provide quality nutrition and health care interventions at all life stages.** The Philippine Plan of Action for Nutrition (PPAN) will continue to prioritize the selected 32 provinces (as determined by the Human Development and Poverty Reduction Cluster) with the highest rates of poverty in its interventions and to pay greater attention to stunting and teenage pregnancy. LGUs, in coordination with the DOH and National

* Due to low condom use, those who have not started treatment could still inadvertently pass the infection to others, thus, the number of HIV cases diagnosed per year is expected to grow.

\* The Philippine National Health Accounts (PNHA) was revised based on the National Accounts, with 2018 as base year. With this, baseline data of this indicator was changed accordingly. The 2019 PNHA was released in October 2020.
Nutrition Council (NNC), will ensure that appropriate nutrition and health-related interventions and services will be given for the first 1,000 days of life (covers pregnancy and the first two years of life) as the so-called window of opportunity to influence the mental, productive, and health capacity and break the intergenerational cycle of malnutrition.

Addressing malnutrition in all its forms across age groups calls for a whole-of-government approach in the provision of nutrition programs involving not only LGUs but also NGAs such as the DOH, NNC, DepEd, Department of Social Welfare and Development (DSWD), Department of Agriculture (DA), and the Department of Science and Technology – Food and Nutrition Research Institute (DOST-FNRI). Implementation of nutrition-specific interventions at the local level such as Nutrition in Emergencies, Overweight and Obesity Management Prevention Program, Supplementary and School-Based Feeding Program, Food Fortification, National Dietary Supplementation Program will be strengthened through intensified coordination and collaboration of LGUs with implementing agencies given new normal conditions. These will be complemented by nutrition-sensitive projects, e.g., Gulayan sa Paaralan, Sustainable Livelihood, Adolescent Health and Nutrition Development, Farm-to-Market Roads and Child Nutrition, among others. The implementation of Malnutrition Reduction Program of the DOST-FNRI, which provides age-appropriate complementary foods for babies and other vulnerable groups, will be continued. Further, nutritious complementary foods, snack foods and meals will continue to be produced and consumed. Fortified staples will be produced and included in all social safety net programs, such as dietary supplementation among pregnant women, 6-23 months old children, and children in child development centers and public elementary schools. This will be scaled up through expanded partnerships with agrarian reform beneficiaries, organizations, cooperatives, small and medium-sized enterprises, among others (see Chapter 11).

Sexual and reproductive health services will be intensified to address adolescent or early pregnancy. DepEd will ensure that there will be comprehensive sexuality education in schools, to include adolescent-friendly health service packages. Relatedly, the Commission on Population and Development (POPCOM) and DOH will spearhead and intensify demand- and supply-side interventions for improving reproductive health services, including addressing unmet need for modern family planning (FP). These include scaling up community and facility-based demand generation interventions, and ensuring availability of FP commodities at service delivery points by instituting reforms and enhancements in the FP logistics system. FP competency-based training for health providers will be continuously provided (see Chapter 13). Uninterrupted provision of FP and reproductive health services and commodities, especially in areas under enhanced and general community quarantine, will be pursued.

The triple burden of disease—communicable, non-communicable, and urbanization- and industrialization-related diseases—will be continuously addressed, as this remains a serious public health concern. The DOH will continue to intensify COVID-19, TB, and HIV case-finding activities. There will be continuous contact tracing, timely testing, isolation, and treatment of persons affected by COVID-19. Adequate TB services will be provided for TB-infected patients, especially for those drug-resistant TB cases and people living with HIV (PLHIV). Anti-Retroviral Therapy for PLHIV will continuously be provided. Integrated services for HIV care will be expanded by establishing social hygiene clinics, sundown clinics, and HIV care facilities. Moreover, TB and HIV education and promotion programs will be enhanced to increase public awareness and reduce stigma.
DOH will also develop or strengthen programs to address emerging and re-emerging infectious diseases such as dengue. Moreover, government will aggressively implement the National Immunization Program, including measures to encourage demand and secure the supply of vaccines and other implements. Relatedly, the government will also guarantee effective delivery of the COVID-19 vaccine once available through the development and implementation of a vaccine procurement and distribution plan, which includes crafting of appropriate vaccine allocation framework, readying logistics channels and cold chain facilities, ensuring communication strategies, and setting-up monitoring mechanisms.

On addressing NCDs, the implementation of policies and programs will be intensified to reduce the prevalence of behavioral risks factors such as tobacco use, harmful use of alcohol, physical inactivity, and unhealthy diet. These include sustained implementation of smoking bans in public areas such as schools, workplaces, sidewalks, and public vehicles; anti-smoking campaigns; smoking cessation program; and increased taxes on tobacco products, in line with the World Health Organization Framework Convention on Tobacco Control and existing tobacco policies. The Department of Finance (DOF) will continue to impose excise tax on sweetened beverages along with taxes for alcohol products and e-cigarettes, and strategies to reduce salt consumption. The whole of government will implement and encourage wellness and fitness programs as well as activities to promote work-life balance to avoid NCDs, stress, and other mental health effects. Policies to promote healthy lifestyle and diet will be pursued and implemented both in the public (i.e., government offices, public schools) and private sectors.

Meanwhile, PhilHealth will offer packages for substance and drug abuse management, rehabilitation, and treatment services. Existing PhilHealth benefit package such as medical detoxification will be expanded. More Balay Silangan facilities initiated by Philippine Drug Enforcement Agency (PDEA) will also be established.

As indicated in the Mental Health Act (Republic Act No. 11036), national government, through DOH, will fund the establishment, and assist in the operation, of community-based mental health care facilities. LGUs and academic institutions will create and implement mental health programs, which will be in accordance with the general guidelines set by the Philippine Council for Mental Health. These services include prevention, promotion, treatment, and rehabilitation, including psychosocial support, especially during the time of pandemic.

To prevent road traffic injuries, stricter enforcement of laws and standards to mitigate risks factors (i.e., vehicle standards, speeding, drunk driving, wearing of seatbelts or helmets), safer infrastructure, enhanced post-crash care will be continuously promoted to avoid these accidents.

Elderly health will also be given priority through specific interventions, including palliative and hospice care.

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11 Balay Silangan is a national drug reformation program initiated by PDEA. This is reformative and rehabilitative in nature intended for non-drug users who voluntary surrendered or availed of the Plea Bargaining Program. It provides general interventions like continuing education and health awareness, and psychological/spiritual/physical activities such as counseling, moral recovery, values formation, and personal and life skills. Reformers are also taught with livelihood and skills training programs.
**Promote a healthy lifestyle.** A healthy lifestyle is key to good health. The strategies to promote a healthy lifestyle will first improve nutrition and health literacy, and then, the health-seeking behavior of Filipinos.

Various stakeholders such as LGUs, DepEd, DSWD, among others, will be tapped to ensure that nutrition and health promotion is integrated in their programs. For instance, LGUs will be enjoined to intensify health and nutrition campaigns. DepEd will formulate modules on health literacy and health rights to be integrated in the school curricula and activities. More health modules can be incorporated in the Family Development Sessions of the *Pantawid Pamilyang Pilipino* Program of DSWD. Government instrumentalities will be mobilized for aggressive public health education campaigns, including effective risk communication through various media (i.e., television, radio, and social media) to encourage social distancing, better hygiene, self-isolation, and health-seeking behavior at the first sign of infectious disease symptoms (e.g., COVID-19). With the new normal, the minimum public health standards (i.e., for COVID-19 mitigation) through non-pharmaceutical interventions such as physical distancing, ensuring proper ventilation, regular and thorough disinfection, provision of alcohol/sanitizers/soap, temperature check, use of personal protective equipment (PPE), among others, will be strictly implemented.

To improve health-seeking behavior, PhilHealth will work with private service providers to offer preventive services, diagnostics, laboratory, medicines, dental and other medical services, as well as packages for regular annual check-up for all employees - public and private.

**Responsive and resilient health system ensured**

**Ensure access to essential quality and affordable health and nutrition products and services at appropriate levels of care.** The passage of UHC Act will ensure that every Filipino has immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, emergency, and mental health services. The law will address the issue on non-functioning and fragmented service delivery networks and weak referral system in the country (see Box Article 10.1). Moreover, the DOH will require all hospitals to establish a public health unit that will provide navigation support to the patients within the health facility; support the national health public programs’ implementation; and institutionalize coordination mechanism with the primary care provider networks.

In areas where physical access to health professionals are limited or restricted, the country’s telehealth system will be strengthened and expanded by the DOH in coordination with other agencies including DICT and DOST. Telemedicine, including primary care consultations, will be established, so that during emergencies (e.g., COVID-19 pandemic), the number of patients going to hospitals and health facilities will be reduced. However, systems, protocols, and quality control measures need to be in place so that this can be effective and not harm patients. Health technology assessment (HTA) process\(^\text{12}\) will also be institutionalized.

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\(^{12}\) *Health technology assessment refers to the systematic evaluation of properties, effects, or impact of health-related technologies, devices, medicines, vaccines, procedures, and all other health-related systems developed to solve a health problem and improve quality of lives and health outcomes (UHC Act IRR Section 4.18.).*
During emergencies, priority will be given to ensuring the supply of essential health and nutrition products and commodities. DOH will institute an emergency supply management and logistics system, with an adequate national stockpile of medicines, medical supplies, PPEs, ventilators, and related resources including FP commodities, for use during a public health emergency. The DBM and Government Procurement Policy Board (GPPB) will work on policies and procedures to expedite procurement of these necessary equipment and health supplies.

Likewise, to ensure that proper nutrition is continuously provided during emergencies, especially among children, pregnant and breastfeeding women, and senior citizens, the Nutrition Cluster will issue advisories to guide LGUs and relevant partners on appropriate nutrition response. This should be consistent with the National Policy on Nutrition Management in Emergencies and Disasters but will be modified depending on contextual factors. The NNC and DOST-FNRI will also continue advocating for recipes that would help transform relief goods (i.e., canned goods, instant noodles) into more nutritious meals.

**Upgrade and equip health facilities.** To address the poor conditions of public health facilities in the country, more public health facilities will be constructed and upgraded, especially primary health care facilities (see Chapter 19). Hospitals will be equipped with multi-specialty training capabilities, reference laboratories, and advanced medical equipment. There will also be an increased number of fully equipped isolation rooms and critical care beds in hospitals. Moreover, quarantine facilities in major ports and airports need to be improved to enable the Bureau of Quarantine (BOQ) to better perform its mandate on ensuring health surveillance and security. Budget for construction and rehabilitation of public health facilities will be effectively utilized through improved procurement processes and supply chain management.

**Improve the status and supply of Human Resources for Health (HRH).** The DOH will ensure that there will be equitable distribution of HRH, including allied health professionals (e.g., dietitians, nutritionists, therapists, medical technologists), and continuous improvement of their working conditions by: (a) continuing the provision of pre-service full scholarship program (with return service contract) to students in medical-related fields (including virology, microbiology, among others) offered by both national and local governments; (b) continuing augmentation, redistribution, and retention of health workers in challenged priority provinces, far-flung municipalities, and geographically isolated and disadvantaged areas (GIDA) through the DOH HRH Deployment Program; (c) monitoring and revisiting the implementation of Magna Carta of Public Health Workers by LGUs; (d) providing appropriate/competitive salaries, benefits, and incentives to public and private health workers, among others; and (e) progressively increasing the number of permanent positions for health workers (e.g., provincial/city/municipal nutrition action officers, barangay nutrition scholars, barangay health workers) to achieve the appropriate health worker-to-population ratio.

Accordingly, as provided for in the UHC Act, a National Health Human Resource Master Plan will be formulated and implemented. The DOH will also improve the recruitment and deployment process. Pools of medical and allied health professionals will be mobilized, especially during health emergencies, per level of care nationwide. In addition, a network of community health volunteers who will assist in providing health surveillance and health information dissemination services during health emergencies will be established. These will ensure that the quality and supply of HRH will meet the needs of the population, especially of vulnerable groups (e.g., persons with disabilities) and the needs during health emergencies.
**Improve epidemiological and surveillance capacities of the country.** Epidemiological and surveillance capacities for COVID-19 and other infectious diseases will be improved at the national, regional, provincial, and municipal levels, focusing on areas at or near major points of entry and strategic LGUs in a region. Specifically, an operational Level 2 Biosafety Laboratory must be present in every region, stocked with adequate number of testing kits. Technology such as mobile applications can be utilized to facilitate contact tracing and real-time surveillance of infectious diseases particularly COVID-19. Moreover, local or regional Centers for Disease Control (CDC) will be established under the supervision of a national CDC or the Research Institute for Tropical Medicine (RITM). The CDC will be a dedicated agency that will protect public health and safety through the control and prevention of diseases.

On the other hand, the DOH and LGUs should also ensure strict implementation of the Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act (RA 11332), especially the provisions on establishing and maintaining functional disease surveillance and response systems. Accordingly, the DOH will spearhead the formulation of a national infection prevention and control guidelines/strategies, including quarantine and disinfection protocols that will guide national and local implementers, both in the public and private sectors (e.g., hospitals, health facilities). The strategies/plan and guidelines/manual will take into account the country’s experience and global best practices in responding to the COVID-19 pandemic and other infectious diseases.

**Equitable health financing sustained**

**Secure sustainable investment on nutrition and health and ensure efficient and equitable use of nutrition and health resources.** To secure investments and ensure equitable use of health and nutrition resources, the following strategies will be pursued: (a) provide additional resources to sustain the implementation of the UHC Act; (b) implement the PPAN’s LGU mobilization strategy to focus on promoting strategic nutrition leadership and governance, emphasizing the value for money investment in the first 1000 days of life; (c) promote complementation of health financing among national government, local government, development partners, and other stakeholders (e.g., private insurance, health maintenance organizations); (d) progressively increase the PhilHealth premium contribution with corresponding increase in benefits and improvement in premium payment protocols; (e) focus on financial resources for nutrition and health with high impact interventions; and (f) ensure funding for nutrition and health sector recovery activities and programs, especially at the local/community level. Moreover, the Implementing Rules and Regulations (IRR) of the National Disaster Risk Reduction and Management Council Act will be revisited to ensure higher contingency budget for the management of health-related emergencies.

Sin tax or excise tax levied on goods deemed harmful to society and individuals will be implemented continuously to curb the practice or, at least, augment funding for health interventions under the UHC Act. In this regard, increased tax on alcohol products, heated tobacco products (HTP), and Electronic Nicotine Delivery Systems, which include electronic cigarettes or vapor products, will be pursued, along with continued imposition of excise tax on sweetened beverages and tobacco products.

**Expand health insurance coverage and improve nutrition and health packages.** With the UHC Act, all Filipinos are automatically enrolled in the National Health Insurance Program. The existing benefit packages will continue to be implemented and can be expanded to include dental, mental, and nutrition packages, as well as benefit coverage for emerging and reemerging diseases, as recommended by the HTA process. A No Co-payment Policy will also be implemented for those who opt to avail basic or ward
accommodation and services. Moreover, PhilHealth will enhance provider payment mechanisms to ensure cost-effective quality health care services. These strategies will help reduce households’ out-of-pocket payment for health (see Chapter 11). Furthermore, the processing and reimbursement of hospital claims will be monitored and fast-tracked.

**Crosscutting strategies**

**Institute a fully integrated and interoperable health information system and database.** The following measures will be implemented to improve the availability, timeliness, and quality of data and to make the health information system and databases interoperable: (a) conduct training and capacity building for local administrative health and nutrition data collection units; (b) improve electronic medical records in all health facilities that will enable patient records to be accessible throughout the health system and provide real-time data with due regard for data privacy; (c) develop a unified health information system where all health data, including data from the private health care providers, will be consolidated to have seamless navigation and referral mechanisms between health care providers; and (d) utilize artificial intelligence and big data analytics to understand the spread of diseases (e.g., COVID-19) to improve treatment methods and streamline medical care, to determine the effectiveness of government response, and to allow real-time collection, consolidation, analysis, and reporting of health data.

**Strengthen health research and development and evidence-based decision-making.** Capacity to conduct evidence-based policymaking, decision-making, program planning, and implementation in the health and nutrition sector will be strengthened. Concerned agencies, including health and nutrition research institutes (e.g., DOH, RITM, NNC, DOST-FNRI, DOST-Philippine Council for Health and Research Development, among others) will enhance their internal capacity to produce high quality health and nutrition studies and researches. There will be increased support for local healthcare scientists and higher investments in health researches especially on vaccine and drug discovery and development (e.g., COVID-19 vaccine) and on zoonotic diseases and risk factors. A Health Impact Assessment (HIA) will likewise be conducted following the UHC Act.

**Elicit multi-sector, multi-stakeholder support for nutrition and health.** Civil society organizations (CSOs), including volunteers will be mobilized to participate in budget development, service delivery, and monitoring and evaluation through their involvement in local development councils and other special bodies. In addition, development partners can be tapped to provide official development assistance aligned with the nutrition and health agenda. Improved health and nutrition outcomes can be achieved with the help and involvement of private sector in the provision of health care and nutrition services. For nutrition in particular, the NNC will strengthen the existing country, regional and global multisectoral partnerships with CSOs, academe, business, and development partners through the Scaling Up Nutrition Movement networks with the “engage-inspire-invest” slogan. There will also be integration of nutrition and health components in all major flagship programs of the government.

**Ensure transparency, accountability, and regulatory measures in the nutrition and health sector.** This will be done by: (a) developing innovative regulatory and monitoring mechanisms to promote adequately fortified staples and food products, and equitable distribution of quality and affordable health goods and services; (b) establishing a performance monitoring unit to track the progress of reforms and medical audits and to oversee third-party monitoring; (c) adopting responsive organizational structure, staffing patterns, and skill-mix at all levels of the health system; and (d) monitoring and evaluating health and nutrition
programs such as through the Monitoring and Evaluation of Local Level Plan Implementation being conducted by NNC member agencies to ensure compliance and improvement of nutrition status at the local level. The DILG will also continue to offer incentives and provide guidelines to ensure transparency and accountability among LGUs in delivering nutrition and health care services, especially during health emergencies (e.g., pandemics).

<table>
<thead>
<tr>
<th>Box Article 10.1 The Universal Health Care Act</th>
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<tr>
<td>The Universal Health Care (UHC) Act or RA 11223 was enacted into law on February 20, 2019. Its implementing rules and regulations were approved on October 10, 2019. The UHC Act automatically includes all Filipinos into the National Health Insurance Program and grants immediate eligibility and access to preventive, promotive, curative, rehabilitative, and palliative care, with primary care services as priority. All members are guaranteed zero co-payments for basic/ward accommodations in government hospitals, and fixed, co-payment for non-basic admissions in government and accredited private hospitals.</td>
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<tr>
<td>Importantly, the UHC Act is not only limited to providing health financing services (i.e., PhilHealth insurance) but also covers improving health service delivery; local health system; health regulation; and health governance and accountability. For instance, under the UHC, all local health systems will be integrated into the province-wide health system to be composed of municipal and component city health systems; and citywide health systems to refer to highly urbanized city-, and independent component city- wide health systems. The local health system refers to all health offices, facilities and services, human resources, and other operations relating to health under the management of the LGUs. The said integration will be facilitated by DOH and DILG. In addition, a “Special Health Fund” will be created to pool and manage health resources, including income from PhilHealth and province-wide and city-wide health systems.</td>
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<tr>
<td>Also under the UHC Act, a National Health Human Resource Master Plan will be implemented to provide appropriate health workforce based on population needs. The DOH will lead and institutionalize a multi-stakeholder HRH Network, composed of both public and private organizations and agencies, to formulate and oversee the sustainable implementation, monitoring, periodic evaluation, and reformulation of the Master Plan for the management and development of HRH. Moreover, a National Health Workforce Support System will be established to assist LGUs in human health resource needs. Deployment of health professionals and health workers in GIDAs will be prioritized. Existing and new allied and health-related degree and training programs will be expanded and all allied and health-related government-funded scholars must enter into a return service agreement with both the training institution/facility and DOH for at least three years with compensation.</td>
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**Strengthen leadership, management capacities, coordination, and support mechanisms.** The national government will provide technical assistance to LGUs to improve the delivery of health and nutrition services at the local level. For instance, the Barangay Health Emergency Response Teams (BHERT) will be trained on prevention and mitigation, preparedness, and response measures during public health emergencies at the local/community level. LGUs may also initiate their own local programs and projects that will supplement the programs of the national government to ensure nutrition and health for all. This will further strengthen the coordination and collaboration among national and local government agencies in implementing nutrition and health programs in the country. By 2022, the implementation of the Mandanas ruling would further strengthen the capacity of the LGUs in delivering health and nutrition services, especially that some of the functions of the national government will be shifted to the LGUs.
Ensuring flexible lifelong learning opportunities for all

Table 10.6 provides the updated plan targets in ensuring lifelong learning opportunities for all. Targets on access to basic education (net enrollment rate, completion rate) were adjusted considering the COVID-19 pandemic. Targets for basic education quality were also revised to take into account the shift from measuring mastery towards measuring proficiency, with the new indicator being the proportion of learners achieving at least “nearly proficient” in the National Achievement Test, interpreted as learners with a mean percentage score in the range of 50 to 74. The target on functional literacy rate is yet to be determined, after consideration of the effect of the pandemic and the quarantine restrictions.

Table 10.6 Updated Plan Targets in Ensuring Lifelong Learning Opportunities for All

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020*</th>
<th>2021</th>
<th>2022</th>
<th>END OF PLAN</th>
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<tbody>
<tr>
<td>Sector Outcome: Ensuring lifelong learning opportunities for all</td>
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<tr>
<td>Mean Years of Schooling increased</td>
<td>10.0 (2018)</td>
<td>N/A</td>
<td>N/A</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Functional Literacy Rate increased (%)</td>
<td>90.3 (2013)</td>
<td>N/A</td>
<td>N/A</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Subsector Outcome: Quality, accessible, relevant, and liberating basic education for all achieved</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Proportion of school-aged population participating in basic education (Net Enrollment Rate) increased (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinder</td>
<td>63 (2019)</td>
<td>89.19</td>
<td>92</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Elementary</td>
<td>94 (2019)</td>
<td>93.87</td>
<td>96</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Junior High</td>
<td>83 (2019)</td>
<td>73.36</td>
<td>89</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Senior High</td>
<td>48 (2019)</td>
<td>64</td>
<td>68</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Proportion of learners completing levels of education (Completion Rate) increased (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinder to G6</td>
<td>97 (2019)</td>
<td>97</td>
<td>97</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>G7 to G12</td>
<td>77 (2019)</td>
<td>82</td>
<td>83</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Proportion of learners achieving at least nearly proficient in the National Achievement Test (%) increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 6</td>
<td>16 (2018)</td>
<td>26</td>
<td>34</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Grade 10</td>
<td>34 (2018)</td>
<td>43</td>
<td>52</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Grade 12</td>
<td>14 (2018)</td>
<td>13</td>
<td>19</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>INDICATOR</td>
<td>BASELINE (YEAR)</td>
<td>TARGETS</td>
<td>END OF PLAN</td>
<td></td>
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<tr>
<td>---------------------------------------------------------------------------------------------</td>
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<td>-------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsector Outcome: Quality of higher education and technical and vocational education for equity and global competitiveness improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certification rate of technical and vocational education and training (TVET) graduates increased (%)</td>
<td>91.3 (2016)</td>
<td>86</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Number of higher education institutions in reputable international rankings increased</td>
<td>4 (2016)</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

* 2020 original targets set/approved in 2016/prior to the pandemic retained

**Quality, accessible, and liberating basic education for all achieved**

**Strengthen the implementation of the Early Childhood Care and Development (ECCD).** A strengthened ECCD Program will provide future cohorts of learners a solid foundation for basic education. Thus, the Early Childhood Care and Development (ECCD) Council will build a competent ECCD workforce throughout the country and ensure that child development centers strictly adhere to the ECCD policies, guidelines, and standards. Increased emphasis on health and nutrition will be given to increase the physical resistance of learners to sickness and disease and mainstream good personal hygiene practices.

**Aggressively implement reforms under Sulong EduKalidad.** The DepEd has embarked on the Sulong EduKalidad program to raise the quality of basic education by implementing aggressive reforms in four key areas:

- Review and update of the K to 12 curriculum in close coordination with relevant institutions towards a world-class curriculum that prepares learners for the future. A Futures Thinking Unit will be institutionalized within DepEd to foresee and make the curriculum responsive and adaptive to the needs of learners in the future.
- Improvement of the learning environment by ensuring that schools, classrooms, and other learning facilities promote productive learning experiences. Particular focus will be given to Last Mile Schools—schools in GIDAs, which are not prioritized when determining the needed inputs using established formulas and ratios for education inputs. Improved learning environments will utilize best practices in inclusive education such as the Madrasah, Special Education, and Indigenous Peoples’ Education Programs, as well as the intensified implementation of the Comprehensive Sexuality Education Program to address early pregnancy.
- Upskilling and reskilling of teachers through a transformed professional development program that will equip teachers with 21st century knowledge and skills and reinforce their competencies through the National Educators Academy of the Philippines Transformation; and
- Engagement of stakeholders for support and collaboration towards better research, analysis, and high-level advice for strategic policy, planning, and programming for delivering quality education for all.

These reforms will need to consider the rapid change in the education environment brought about by the COVID-19 pandemic. As face-to-face classes will only be allowed once a vaccine is available, other learning modalities will be carried out to maintain physical distancing.
Implement the Basic Education Learning Continuity Plan (BE-LCP). In order to mitigate the impact of the COVID-19 pandemic on learners and learning outcomes, the DepEd formulated the BE-LCP in May 2020 and is fully committed to its implementation. Under the new normal, the DepEd will improve and expand its flexible learning options identified in its LCP (i.e., modular and online blended learning, homeschooling, and television- and radio-based instruction) to continuously provide learning opportunities even in the midst of a pandemic. This entails developing self-learning modules, enhancing existing e-learning platforms (DepEd Commons), collaborating with telecommunication and broadcast media companies, and training teachers for the different delivery modes of education and the preparation of schools under Brigada Eskwela and Oplan Balik Eskwela. Guidelines and health standards in schools and workplaces need to be followed to protect the school community. The BE-LCP will also accelerate the country’s transition to the future of education, which involves exploring new technologies for remote learning; reframing the curriculum to prioritize essential/cross-cutting knowledge, skills, and mindsets, embedding multi-literacies in information, technology, STEM (science, technology, engineering, and mathematics), health, financial, and civic literacy; anticipating educational opportunities from innovations; reinforcing learning sciences, assessments, analytics, and knowledge mobilization; and “smartifying” learning spaces and resources, among others.

Participate in international large-scale assessments (ILSAs). The country’s participation in ILSAs such as the Trends in International Mathematics and Science Study, Programme for International Student Assessment, and South-East Asia Primary Learning Metrics will be prioritized to measure learning outcomes vis-à-vis other countries and provide information to evaluate the country’s progress in improving math, science, and literacy and build evidence for policy development and decision-making.

Quality of higher and technical education and research for equity and global competitiveness improved

Set up joint industry and government bodies for technical and vocational education and training (TVET) quality assurance. This will help technical vocational institutions (TVIs) to keep their regulations and competency standards up-to-date and responsive, and to streamline processes needed to quickly undertake program review, facilities evaluation, updating of instruction and learning methodologies and materials, and formulation of innovative programs. This is in line with the thrust of the Technical Education and Skills Development Authority (TESDA) to institute separate and faster mechanisms to hasten the development of competency standards and training regulations of rapidly changing jobs.13

Enhance the implementation of Student Financial Assistance Programs, especially the Universal Access to Quality Tertiary Education Act (UAQTE). Given huge investments in expanding access to tertiary education during the first three years of the Duterte administration, sustainability of the program will have to be ensured. Particularly for a college degree, it will take at least four years to realize the returns from these education investments. Timely awarding of student financial assistance programs in higher education and TVET will be ensured, especially among UAQTE beneficiaries, as most students may need the allowances to adjust to online and/or blended learning.

The Unified Financial Assistance System for Tertiary Education (UniFAST) Board will consider implementing a voucher system and improve the loan system to give students a choice in school (whether public or private) and educational tracks (whether TVET or higher education) prior to the enrollment period. Such would also level the playing field among quality private and public higher education institutions (HEIs) and TVIs. The long-term student loan program will be designed to consider factors such as affordability, viability, and risk management. Further, support interventions and adequate monitoring activities will be done to ensure that quality of education is not sacrificed in the course of policy implementation through: (a) strong monitoring of tuition and other school fees being charged by HEIs and TVIs to the government; (b) stricter quality assurance in HEIs, especially those enjoying government subsidies; (c) pursuit of per student normative cost budgeting; and (d) career guidance and financial counseling for student beneficiaries.

_Boost Philippine competitiveness in international university rankings._ The Commission on Higher Education (CHED) will enhance policies to establish a promotion system in state universities and colleges (SUCs) that incentivizes research and innovation; a quality assurance mechanism (e.g., SUC levelling and granting of autonomous/deregulated status) will also be institutionalized for both private and public institutions to reward international competitiveness. Support will be provided to quality programs deemed centers of excellence and HEIs ready for international accreditation.

_Develop a roadmap for academic and technical programs responsive to the demands of FIRE._ Continuous updating of the higher education curriculum will be implemented given the changes in the basic education system and emerging needs of the country. Priority programs will be revisited and new programs (e.g., Data Science, Nanotechnology, Machine Learning, Green/Renewable Energy Engineering, Virology, Molecular Biology and Biotechnology, Urban Agriculture, sustainable development, food value chain) will be developed to steer students toward fields that will cater to emerging disciplines and address the country’s post-pandemic needs. The TVET sector will formulate standards and promote TVET programs (diploma courses) that cultivate higher-order thinking skills demanded by the labor market. Further, training centers and/or community colleges will be established at the local level to address regional human resource development requirements. Government agencies will also put in place mechanisms to ensure that regular data on the employability of graduates are available to guide students, educational planners, and industry.

_Intensify distance-learning methods to promote learning continuity and retooling._ In higher education, a flexible learning strategy will be pursued in delivering instruction by ensuring appropriate facility delivery system, faculty complement, and student support, as provided in CHED COVID-19 Advisory No. 7. The legal framework for distance learning is already in place through the Open Distance Learning Act of 2014 (RA 10650). As such, there is a need to extensively promote its implementation among HEIs. Similarly, the TVET system will adopt flexible learning delivery modes (i.e., face-to-face learning, online learning, blended learning, and distance learning) as provided in _OPLAN TESDA Abot Lahat: TVET towards a New Normal_. Although digital modalities will be optimized for distance learning, other options such as TV, radio, printed materials, and/or mobile training laboratories will be made available in areas with zero to limited internet access.

_Boost cutting-edge research and innovation initiatives._ The government will build a robust national ecosystem for knowledge production and innovation, which is critical for the country’s pursuit of a knowledge-based economy. Incentives to researchers in government will be provided by fully

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implementing the Magna Carta of Scientists, Engineers, Researchers, and Other Science and Technology Personnel in the Government (RA 11312). The exclusion of SUC faculty from the Scientific Career System will also be re-evaluated to incentivize research productivity among faculty member. HEIs will be encouraged to tap Balik Scientists and engage in research and development initiatives supportive of the National Harmonized Research and Development Agenda and the country’s science, technology, and innovation priorities, which will be outlined in the National Innovation Agenda and Strategic Development (see Chapter 14). Productive partnerships between HEIs and stakeholders in the community and industry will also be intensified to integrate formal research and innovation efforts with informal grassroots knowledge and innovation.

Crosscutting strategies

*Develop future-ready adult learning interventions.* The education agencies will promote adult learning through online and/or flexible learning (e.g., massive open online courses, blended training programs) to meet the growing demand for retooling and upskilling. Learning approaches will need to be modified to meet the needs of adult learners, especially workers displaced during the pandemic and those in occupations that are at risk of being automated. Adult learning programs may also be tapped in cultivating important values and functions in society, such as health-seeking behavior, financial literacy, cultural sensitivity, gender sensitivity, climate change adaptation, and disaster risk reduction and management, among others.

*Modernize learning and teaching materials and methods.* While the Philippines has been investing in curricular reforms and expanding ICT access in schools, other countries have already made substantial improvements in developing and adopting new pedagogical practices such as artificial intelligence-enabled education, innovative classrooms, and gamification of learning, among others. The education sector needs to revisit pedagogical approaches including assessment strategies and learning materials to maximize the potential of ICT in delivering flexible learning options while also improving learning outcomes. Training activities will be provided to teachers, parents, and guardians to enable them to adjust to flexible learning.

*Promote graduate scholarships and teacher training programs.* The promotion of graduate scholarships and teacher training programs is an important strategy to improving the quality of education at all levels, especially as the education system adapts to modern and digital learning environment. This will complement the DepEd’s thrusts of in-service teacher development by creating a pool of teachers with advanced degrees ready to impart cutting-edge knowledge to students in basic education. Initiatives will be intensified to increase internationally recognized trainings, graduate studies and post-doctoral opportunities for teachers and trainers.

*Maximize government-academe-industry collaborations and international partnerships to ensure alignment of competencies and labor requirements.* International partnerships and government-academe-industry-collaborations will be tapped, especially in improving quality of instruction. Such linkages will enable the education sector to adapt to modern technologies, update curricula and develop programs or courses more quickly, strengthen work immersion programs (i.e., on-the-job trainings, apprenticeships) being implemented, and enhance complementation of curricular offerings among public and private tertiary education institutions. International collaborations, in particular, will also be useful in bringing global standards in educational institutions. Partnerships with international universities and institutions will improve the capabilities of teachers, enhance pedagogy, and help upgrade normal schools and universities, leading to better performance of students with regard to proficiency standards.
Formulate guidelines on the internationalization of education. Given recent policy reforms (issuance of the 11th Regular Foreign Investment Negative List and passage of the Transnational Higher Education Act [RA 11448]) that enabled the entry of international educational institutions, faculty, and trainers, policy and regulatory frameworks will be updated. As such, the higher education internationalization framework will be revisited and a TVET internationalization framework will be formulated. These policy frameworks will subsequently serve as bases of guidelines and regulations to create mechanisms that will attract prospective international experts and partner institutions.

Develop an action plan to operationalize the Philippine Qualifications Framework (PQF). As the PQF has already been institutionalized, the next step is to come up with a plan or guidelines to facilitate the efficient implementation of the qualifications and recognitions system. The government will ensure that there are corresponding and efficient equivalencies and recognition systems through the PQF for TVET graduates and technical-vocational-livelihood senior high school graduates, should they pursue higher education through ladderized education. This mechanism will allow learners to pursue learning opportunities, upgrade qualifications, and/or smoothly transition through different learning pathways, whether for professional or personal goals.

Develop an accessible sporting culture. A sporting culture accessible to all Filipinos will be developed as an instrument to promote human development and improve quality of life. This will be accomplished through enhancing the people’s awareness of the role of sports for physical, emotional, and mental well-being; improving and expanding the grassroots sports development program of the Philippine Sports Commission (PSC); and strengthening local and international linkages in sports. Sports facilities will be developed and upgraded to be at par with global standards. The PSC’s human resources, management and research capacities will be improved to enhance its ability to lead, manage, and assess the country’s sports programs. The Philippine Sports Institute will be institutionalized to direct the development and linkages of the grassroots and high-performance sports programs and the professional development of sports practitioners.

Increasing income-earning ability and enhancing adaptability

Table 10.7 shows the updated indicators and corresponding revised targets for increasing income-earning ability and enhancing adaptability of the Filipino workforce. Given the looming global recession due to decreased output, lower employment demand is anticipated in the near term. Hence, targets for core labor indicators were adjusted accordingly.
Table 10.7 Updated Plan Targets to Increase Income-earning Ability and Enhance Adaptability of Filipinos

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
<th>END OF PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Sector Outcome: Income-earning ability increased</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of youth not in employment or education decreased</td>
<td>23.0 (2015)</td>
<td>17.5-19.5</td>
<td>17.0-19.0</td>
</tr>
<tr>
<td>Subsector Outcome: Employability improved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration of school-to-work transition of college graduates reduced (years)</td>
<td>2.0(^\text{16}) (2008)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Duration of school-to-work transition of high school graduates reduced (years)</td>
<td>4.0 (2008)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Duration of school-to-work transition of TESDA graduates reduced (months)</td>
<td>3.0 (2015)</td>
<td>3.5</td>
<td>3.25</td>
</tr>
<tr>
<td>Percentage of discouraged workers reduced (%)</td>
<td>12.5 (2014)</td>
<td>11.00</td>
<td>11.0</td>
</tr>
<tr>
<td>Unemployment rate of college graduates decreased (%)</td>
<td>7.0 (2016)</td>
<td>7.2-7.5</td>
<td>8.0</td>
</tr>
<tr>
<td>Employment rate of TVET graduates increased (%)(^\text{19})</td>
<td>66.2 (2016)</td>
<td>68.86</td>
<td>69.39</td>
</tr>
<tr>
<td>Percentage of females with advanced degrees employed increased(^\text{20})</td>
<td>79.4 (2016)</td>
<td>80.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Labor force participation of women increased (%)</td>
<td>50.1 (2015)</td>
<td>50.5</td>
<td>48.5-50.5</td>
</tr>
<tr>
<td>Subsector Outcome: Productivity improved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor productivity in the industry sector increased (% growth)(^\text{22})</td>
<td>2.1(^\text{1})(2015)</td>
<td>3.0-4.0</td>
<td>4.40-4.65</td>
</tr>
<tr>
<td>Labor productivity in the service sector increased (% growth)(^\text{22})</td>
<td>2.7(^\text{1})(2015)</td>
<td>4.0-5.0</td>
<td>5.35-5.61</td>
</tr>
</tbody>
</table>

\(^{15}\) Based on an Asian Development Bank Survey on Filipino Youth Labor Market Experience in 2008. Data on End-of-plan (EOP) targets will be sourced from the Labor Force Survey. Potential discrepancy between baseline value and EOP targets may arise given changes in the source of data reported.

\(^{16}\) Lower employment demand is anticipated in the near term as a result of global and domestic economic slowdown.

\(^{17}\) Increase of discouraged workers may be expected given looming global recession and decrease in output growth by end of 2020.

\(^{18}\) Labor market disruption brought by the pandemic is seen to result in falling labor demand, especially among hard-hit industry sectors in the near term. In addition, postponement of this year’s board examinations due to the pandemic may cause delay in college graduates’ employability and will affect the employment absorption in the fields requiring professional board passers.

\(^{19}\) Refers to percentage of TVET graduates for the period that are already employed over the total number of TVET graduates for the same period. 2021-2022 targets were revised based on NTEDS Plan.

\(^{20}\) Percentage of females with advanced degrees is the proportion of female graduates with post-baccalaureate degree (Masters and PhD) to total working age population of female graduates with post-baccalaureate degree.

\(^{21}\) The implementation of distant online learning and blended learning modalities may affect women’s labor force participation rate as the need for unpaid domestic care work increases (e.g., child minding, care needs for older persons) in the near term.

\(^{22}\) Adjusted based on revised growth estimates and employment outlook in the near term.
### Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline (Year)</th>
<th>Target 2020</th>
<th>Target 2021</th>
<th>Target 2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of employees in precarious work to total employed (%) reduced</td>
<td>18.9 (2016)</td>
<td>18.1</td>
<td>18.0</td>
<td>17.9</td>
<td>17.9</td>
</tr>
<tr>
<td>Share of wage and salary workers in precarious work to total wage and salary workers (%) reduced</td>
<td>30.7 (2016)</td>
<td>28.5</td>
<td>28.4</td>
<td>28.3</td>
<td>28.3</td>
</tr>
</tbody>
</table>

**Notes:** 2020 targets were retained. 2021-2022 targets for some indicators were adjusted given the impact of the pandemic in the near term.

In light of the current and emerging challenges in the labor market, the government will further strengthen efforts to raise the quality of human resources and ensure that current and future workforce will be able to adapt to the changing demands of the labor market. Strategies that will improve the ability of individuals to operate and thrive in a digital environment, while at the same time ensuring job quality and income security, will be pursued. Overall, these are expected to improve people’s access to employment opportunities and ensure their employability and productivity, thus translating to increased income-earning ability and enhanced adaptability of the Filipino workforce.

**Improving employability**

Ensuring employability of displaced workers, jobseekers, and those in vulnerable sectors calls for swift and coordinated whole-of-society approach to policy actions. This will be accomplished through the following strategies:

**Further advance skills development and retooling through continuing education, training, and digital learning.** With the unprecedented disruption in the economy, business operations have been immensely affected resulting in worker displacement. The government will take an active role in upskilling and reskilling its workforce through comprehensive and coordinated skills development and training programs. Skills retooling programs through flexible and blended training arrangements will be expanded to build skills critical to current and emerging industry demand. For instance, courses and modules offered under the TESDA Online Program will be expanded to respond to in-demand skills in the new normal, with particular focus on ICT skills. Targeted training modules will be developed to cater to the needs of youth, displaced workers and repatriated OFWs, new entrants to the labor force, and the vulnerable sector (e.g., informal sector workers, workers in hard-hit industries, casual and gig workers). To facilitate efficient and wider reach of training and retooling assistance, provision of subsidies through issuance of training vouchers to individuals, in partnership with the private sector through institution-based, enterprise-based, community-based, or online modalities is envisioned. Procedures for availing TESDA scholarship programs will also be revisited to improve accessibility and reduce difficulties in application requirements. The Mobile Training Laboratory Program will also be expanded to better serve far-flung areas. Implementation of the *Tulong Trabaho* Fund will be accelerated to help fund such interventions. Meanwhile,

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23 Precarious work refers to workers whose nature of employment is short-term or seasonal or casual or those who worked for different employers on day-to-day or week-to-week basis.
the Professional Regulation Commission will need to strengthen the Continuing Professional Development programs through online-based platforms.

**Boost and expand employment facilitation services.** The pandemic has amplified the need for comprehensive, well-coordinated, and accessible employment facilitation services that will better connect people to jobs and engage employers and other stakeholders. To this end, capacities of Public Employment Service Offices (PESOs) in LGUs will be strengthened. Given the critical role of local governments in the management and implementation of training and employment programs through the PESOs, creating stronger mechanisms to effectively deliver services, boost employment, and generate jobs at the local level is needed (see Box 10.2).

Efforts to intensify the institutionalization of PESOs across localities nationwide will be pushed to ensure availability of funds and resources. In particular, it is crucial to have adequate and well-trained staff as well as up-to-date facilities and to keep an updated and expanded database of jobseekers and available jobs that may be accessed by other PESOs nationwide. Moreover, PESOs will also strengthen the delivery of economic and financial literacy programs for the vulnerable sectors, through intensified partnership with the regional offices of the National Economic and Development Authority and Bangko Sentral ng Pilipinas. More importantly, firms will be encouraged to hire workers residing in the communities where they operate to reduce vulnerability to transport disruptions and community quarantine restrictions. Such practices will also reduce the possibility of virus transmission through cross-LGU mobility.

### Box Article 10.2. Improving the Role of LGUs in Employment Facilitation Services

Local governments play an important role in the management and implementation of skills and employment programs through the PESOs. The core services being offered by PESOs in LGUs are mainly on employment referral and placement, counseling/career guidance, and conduct of job fairs and pre-employment seminars. However, the success of PESOs varies highly depending on how a specific LGU implements these services. To realize PESO’s key objectives, it is crucial that they continually innovate and find ways to deliver their services that are best suited to their local situation.

Building a good rapport with constituents and having broad and dynamic partnerships with businesses, academe, non-government organizations (e.g., Chambers of Commerce), and other government agencies or LGUs are critical. PESOs should regularly update their database on the labor needs of businesses, especially in emerging industries, and supply of labor. To do the latter, skills mapping in the barangay level needs to be done regularly. PESOs can then organize better designed and targeted skills development programs.

PESOs may also assist unorganized wage employees in forming cooperatives, link microfinance institutions with those with livelihood activities, and develop market linkages for micro, small, and medium enterprises. PESOs may also link job seekers with PESOs in other LGUs and/or relevant agencies for those aspiring to work abroad.

In Marikina City, the PESO partnered with the LGU Center for Excellence and City Women’s Council in coming up with a Labor Market Center, which works as a one-stop shop for all employment-related concerns including training/skills development and wage employment and livelihood facilitation. Meanwhile, in Bulacan, LGUs partnered with local colleges for continuing education and skills development of the workforce.
Amidst challenges, labor market information systems need to keep pace with the dynamic and competitive labor market by enhancing accessibility, expanding coverage, and fostering closer coordination between employers, the academe, and the government. The PhilJobNet – the government’s web-based job search, matching, and referral portal along with the PESO Employment Information System (PEIS) will be enhanced through intensified promotion among stakeholders and improved collection of data. These platforms will also be expanded to highlight online and home-based job openings. Development of e-recruitment guidelines and intensified advocacy against online illegal recruitment and trafficking will also be pursued.

**Strengthen and expand internship, apprenticeship, and dual training programs.** A highly skilled work force is important to build competitiveness. Yet, the COVID-19 crisis poses great risks for the youth and young workers as they bear the brunt of the economic and social consequences of the pandemic, which might have far-reaching effect throughout their working lives. Thus, there is a need for current internship, apprenticeship, and training programs to be enhanced to respond to the current needs of government (i.e., contact tracers, profilers, and encoders) and industry. These include the (a) Government Internship Program; (b) JobStart Philippines Program; and (c) apprenticeship, learnership, and dual training programs. Moreover, online modules on life skills training, occupational safety and health including mental health, productivity, career guidance, and employment coaching will be developed under these programs. The government will likewise forge stronger government-industry-academe linkages to provide quality workplace-based and/or remote and tech-based training opportunities for the youth by designing academic and training curricula that are responsive to the skills needed by the industry and establishing employer-led learning networks. Altogether, these are deemed to improve employment prospects and reduce school-to-work transition among the youth.

**Ensure that flexible work arrangements allow members of the workforce to balance their household and work duties.** Companies now resort to flexible and remote work arrangements (e.g., flexible schedule, compressed work week, alternative worksite telecommuting) in view of the demands of the new normal. On the one hand, such arrangements may encourage women who previously opted not to work due to family and household duties to now join the labor force. On the other hand, working mothers are likely to be overwhelmed as they juggle household duties (i.e., domestic work and family care) and work in the same physical space. Given this, there is a need to ensure that such flexibility will also guarantee work-life balance, especially among working mothers, to prevent them from opting out of the labor force. Other strategies to increase labor market participation of women include: addressing gender bias and gender role stereotype in basic education curriculum materials; and promoting entrepreneurship and advance economic opportunities for women through the use of digital technology.

**Improving productivity**

**Enhance delivery of capacity building for productivity-based incentive schemes and business continuity plans.** Technical assistance on enhancing productivity and developing productivity-based incentive schemes, to be spearheaded by the National Wages and Productivity Commission, will be delivered using various modes (i.e., virtual and electronic modes) appropriate to various work arrangements, including

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telecommuting or work from home. The productivity toolbox will be expanded to include the preparation of Business Continuity Plans.

**Ensure safety and health of workers amid intensified adoption of flexible working arrangements.** Due to the pandemic, firms have been forced to adopt various forms of flexible and alternative working arrangements. However, there is a need to ensure that the flexibility of work will not lower the well-being of workers. The current rules and guidelines on flexible/alternative work arrangements both in the private and public sectors, as well as the observance of occupational safety and health (OSH) will need to be revisited in light of the new normal. This includes ensuring existing rules and guidelines are responsive to guaranteeing work-life balance as well as safeguarding health and well-being given remote work arrangements. Moreover, as some industries require the need for physical reporting (e.g., service-oriented sectors), the provision of PPEs by employers to prevent the spread of COVID-19 and other viruses needs to be institutionalized. Likewise, promoting awareness and expanding coverage of the Employees’ Compensation Program by including pandemic-related risks as a valid criterion to avail of such program will be pushed. Meanwhile, guidelines on the provision of hazard pay for workers in the public sector will be reviewed, or formulated where there is none. Protection of Filipinos working overseas, especially the low-skilled workers, can be improved through strengthening bilateral labor agreements with host countries (see Chapter 21).

**Nurture workplace harmony.** In keeping with its firm commitment to ensure conducive workplaces and improve productivity of workers, the government will intensify information dissemination of the recalibrated Labor and Employment Education Services (LEES) of the Department of Labor and Employment (DOLE), which includes Labor Relations, Human Relations and Productivity, Continuing Labor Education Seminars, and Labor Education for Graduating Students. This will be undertaken through: (a) developing modules on nurturing workplace harmony in light of the new normal (i.e., guidelines on alternative/flexible work arrangements, fostering productivity and OSH in FWAs); (b) using radio and television broadcast, social media, and online platforms; and (c) forging stronger partnership through memoranda of agreement between DOLE-Regional Offices and educational institutions on the use of the DOLE-LEES e-Learning Portal for the conduct of Labor and Employment Education for Graduating Students.

**Enhancing labor mobility and income security**

**Enhance income support and emergency employment.** The COVID-19 pandemic has shed light on the importance of robust social safety nets to cushion workers from sudden economic shocks. Apart from wage subsidy programs, the unemployment benefits of the SSS will need to be expanded to assist temporarily laid-off workers. Furthermore, the government will seek to design a more comprehensive unemployment support program that will provide workers more flexibility to search for jobs by improving their skills and capacity as they re-enter the labor market (see Chapter 11). Moving forward, financial assistance programs for displaced formal sector and informal sector workers will be reviewed and strengthened for possible institutionalization.

At the same time, current efforts towards enhancing the implementation of minimum wage policies (i.e., balanced, consultative, and evidence-based approach to minimum wage determination, rationalized number of wage rates, exclusions, and exemptions per region) will be continued to protect vulnerable workers from undue low wages.
Legislative Agenda

The following legislations will be required to support the actions of the executive branch:

Table 10.8 Legislative Agenda to Transform Human Capital Development towards Greater Agility

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE/DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Outcome: Nutrition and health outcomes for all improved</td>
<td></td>
</tr>
<tr>
<td>Policy on the Prevention of Adolescent Pregnancy</td>
<td>This will facilitate the development of a National Program of Action and Investment Plan for the prevention of teenage pregnancy. The program of action will serve as a national framework for inter-agency and inter-sectoral collaboration at all levels that will address various health, cultural, socioeconomic, and institutional determinants of teenage pregnancy. The policy may be in the form of either an Executive Order or a Republic Act.</td>
</tr>
<tr>
<td>Nationwide Firecracker Regulation</td>
<td>This is to reduce fireworks-related injury, disability, and death; and update law regulating fireworks. Some of the key features of the proposed legislation are: (a) banning of individual/residential use of both legal and illegal firecrackers, except if used as part of a community fireworks display; (b) strengthening the enforcement on the regulation of manufacture, sale, distribution, storage, and use of firecrackers and pyrotechnic devices; and (c) promoting public health and safety from the use of firecrackers and pyrotechnic devices.</td>
</tr>
<tr>
<td>Subsector Outcome: Care at all life stages guaranteed</td>
<td></td>
</tr>
<tr>
<td>Amendment of the law (Presidential Decree 1569) on the Barangay Nutrition Scholar (BNS) Program</td>
<td>This will upgrade the qualifications standards, incentives, and benefits and will ensure the security of tenure of BNS. This is essential in the continuing building of capacities and sustained delivery of quality frontline nutrition services to the community. The amendment will ensure that trained and experienced BNS are carried over by succeeding political administrations.</td>
</tr>
<tr>
<td>Strengthening the Local Nutrition Program through the creation of plantilla Nutrition Action Officer position</td>
<td>The action to end all forms of malnutrition, including hunger, requires an integrated multisectoral action and close coordination among relevant stakeholders. The creation of a plantilla nutrition action officer (NAO) position will ensure that the tasks of planning, implementing, and monitoring projects/activities to guarantee adequate food supply, livelihood, health and nutrition caring, and food stability during emergencies among the most vulnerable population are provided. The full-time NAO will ensure that LGU nutrition policies and programs, as well as national laws on nutrition, are executed to promote good nutrition of the people.</td>
</tr>
<tr>
<td>DOH Hospital Bed Capacity and Service Capability Rationalization Act</td>
<td>This aims to rationalize the distribution of capacity and capability of health facilities. Key features of the proposed legislation include: (a) adjustment and approval of the authorized bed capacities and corresponding service capabilities of its retained hospitals; and (b) alignment of all adjustment in bed capacity and service capability of each DOH hospital with the Philippine Health Facility Development Plan.</td>
</tr>
<tr>
<td>LEGISLATIVE AGENDA</td>
<td>RATIONALE/DESCRIPTION</td>
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</tr>
<tr>
<td>Health Facilities and Services Regulation Act</td>
<td>This proposed measure aims to make licensing standards responsive to the needs of the health systems. Specifically, the following will be covered by the proposed measure: (a) grant quasi-judicial powers to the Bureau of Health Facilities and Services under DOH; (b) establish a regional office to enforce regulatory policies and standards; (c) allow for the income retention of the Bureau to enhance its capacity to expand and improve the quality of its services; (d) extend the validity of health facility’s initial license to operate to three years; and (e) implement adjusted penalties and revocation of license.</td>
</tr>
<tr>
<td>Counterfeit Pharmaceutical Products Prevention Act (Amending the Special Law on Counterfeit Drugs or RA 8203)</td>
<td>This aims to make the 22-year-old law responsive to the changes in the industry and in anti-counterfeiting technologies. The measure: (a) incorporates as economic sabotage (&gt;1M) the illegal manufacture, importation, distribution, sale or offer for sale, or possession of counterfeit pharmaceutical products; (b) includes online service/selling/pharmacy services; (c) updates administrative proceedings; (d) revises penalties; and (e) strengthens the rapid alert system.</td>
</tr>
<tr>
<td>Drugs and Medicines Price Regulation Act (Amending the Universally Accessible Cheaper and Quality Medicines Act of 2008 or RA 9502)</td>
<td>The features of the proposed measure are: (a) creation of the Drugs and Medicines Price Regulation Board that will regulate the pricing of any or all drugs enumerated in Section 23 of RA 9502; (b) mandating of the display of prices fixed and approved by the Board for drugs and medicines on a clearly printed poster conspicuously placed within the retail outlet; (c) extension of the VAT exemption coverage to all essential ethical medicines listed in the Philippine National Formulary; (d) prescription of all physicians should be in generic terminology without any specific brand; and (e) designation of the Philippine Pharma Procurement, Incorporated as DOH’s and PhilHealth’s central procurement agency for drugs, medicines, and common medical supplies.</td>
</tr>
<tr>
<td>Pandemic Preparedness Act/Health Emergency Act</td>
<td>This aims to strengthen the national and local response and preparedness during health emergencies (e.g., pandemic, epidemic). The proposed measure may institutionalize national and local/regional CDC. It may also cover establishing medical reserve corps for disasters and health emergencies; and providing social assistance (i.e., social amelioration) during pandemics.</td>
</tr>
<tr>
<td>Amendment of the Magna Carta of Public Health Workers Act</td>
<td>This aims to make the Magna Carta of Public Health Workers more responsive to the needs and rights of health workers. The proposed measure will provide appropriate benefits to public health workers across LGUs, regardless of LGU income classification, to promote equity in benefits/incentives received, among others.</td>
</tr>
<tr>
<td>Philippine eHealth/Telehealth System and Services Act</td>
<td>This measure will establish a national eHealth System that will direct, institutionalize, and regulate the practice of eHealth in the country.</td>
</tr>
<tr>
<td><strong>Sector Outcome: Flexible lifelong learning opportunities for all ensured</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Subsector Outcome: Quality, accessible, relevant, and liberating basic education for all achieved</strong></td>
<td>This legislation aims to ensure timely provision and adequacy of quality textbooks in basic education without compromising the standards set by the DepEd. This would reduce the time it takes for textbooks to be developed, printed, and distributed to schools, with the additional benefit of supporting the local publishing industry.</td>
</tr>
<tr>
<td>LEGISLATIVE AGENDA</td>
<td>RATIONALE/DESCRIPTION</td>
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</tr>
<tr>
<td>Indigenous Peoples’ Education Systems Act</td>
<td>This legislation proposed by the National Commission on Indigenous People aims to establish indigenous people (IP)-centric educational systems and institutions. Through this proposed law, provision and delivery of education will be in the IP’s own languages, in a culturally appropriate manner. The development and implementation of the IP education programs will also consider the special needs, unique histories, indigenous knowledge systems and practices, spirituality, and value systems of the community.</td>
</tr>
<tr>
<td>Expansion of government assistance to K to 6 learners in private schools through GASTPE and expansion of the TSS to elementary and SHS teachers</td>
<td>The GASTPE (Government Assistance to Students and Teachers in Private Education) is an education assistance program for students and teachers in private schools. Under the GASTPE, the education service-contracting scheme (ESC) provides a tuition subsidy to junior high and senior high school students (SHS) who wish to pursue their studies in private schools. A teacher salary subsidy (TSS) is also given to teachers in private high schools participating in the ESC Program. At the SHS level, a voucher program is available for students who wish to enroll in non-DepEd schools. The proposed amendment on the GASTPE law aims to further expand the coverage of the GASTPE to the elementary level and senior high school teachers in private schools in recognition of the complementarity role of private schools in providing basic education to Filipino learners.</td>
</tr>
<tr>
<td>Amendment to the Special Education Fund provisions in the Local Government Code</td>
<td>The Local Government Code provided for the establishment of a special education fund (SEF), which can be used to provide for the needs of public schools. Amendment on the SEF provisions aims to clarify the scope and coverage; tighten the list of eligible expenses chargeable against the SEF; eliminate provisions that are already irrelevant and restate those that are confusing; and strengthen the position of DepEd in the Local School Board in decision-making.</td>
</tr>
<tr>
<td>Alternative Learning Systems Bill</td>
<td>This bill guarantees support for the expansion and strengthening of the alternative learning system to respond to the needs of out-of-school children, youth, and adults for improved knowledge, values, and life skills, and better preparedness for work, higher education, and self-employment. It establishes the Bureau of Alternative Education, which will focus on policy, curriculum, learning program delivery, learning materials, learner assessment, quality assurance, and support systems of the non-formal education system.</td>
</tr>
</tbody>
</table>

**Subsector Outcome: Quality of higher and technical education and research for equity and global competitiveness improved**

| Bill on the Rationalization and Harmonization of Enterprise-based Training Modalities | This proposed law aims to integrate and harmonize all existing enterprise-based training modalities like Apprenticeship, Dual Training System, On-the-Job Training, Work Immersion. |
| Amendment of the Higher Education Act of 1994 (RA 7722) and Strengthening the Commission on Higher Education (CHED) | The bill aims to strengthen CHED by incorporating all added mandates (created by 11 new laws passed by Congress since 1994) in a single document. Once passed, it will expand the CHED’s mandate to cover sports development, supervision, and regulation of higher education programs offered by local universities and colleges, and internationalization of HEIs, among others. |

**Crosscutting**

<p>| ICT in Education Bill | This aims to strengthen the use of ICT in public elementary and high school through establishing computer centers in schools, teacher training, and digitization of administrative systems. |</p>
<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE/DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible Learning System Bill and support for blended learning systems</td>
<td>The proposed legislative measure will allow for funding to support and promote flexible learning systems in public and private schools, as well as in HEIs.</td>
</tr>
<tr>
<td><strong>Sector Outcome:</strong> Income-earning ability increased and adaptability enhanced</td>
<td><strong>Subsector Outcome:</strong> Employability improved</td>
</tr>
<tr>
<td>Amendment to the Apprenticeship Law</td>
<td>This will encourage enterprises to participate in the implementation of apprenticeship programs by enhancing responsiveness to the identified needs of enterprise and prospective apprentices. Specifically, EO No. 111, s. 1986 that sets the maximum duration of apprenticeship programs must be repealed. Training duration must depend on the complexity of the skills to be learned.</td>
</tr>
</tbody>
</table>
Chapter 11

Ensuring Food Resiliency and Reducing Vulnerabilities of Filipinos

The COVID-19 crisis further reinforced the country’s determination to strengthen its social protection system towards ensuring the resilience, health, and wellbeing of Filipinos. In the first half of the Plan period, social protection programs have contributed considerably to the reduction of vulnerability, and poverty. Improvements were largely driven by wider coverage and effective social assistance given to the poor, especially to the extremely poor. Building on this platform and given the vulnerabilities that surfaced during the COVID-19 pandemic, the sector will focus on proactively minimizing Filipinos’ exposure to risks and increasing their capacities to manage shocks so that they can continue to achieve their full potential and pursue their aspirations. The proposed initiatives will guarantee that the country’s social protection system is responsive to keep the country healthy and resilient as it adjusts to the changes brought about by emergencies and adapt to the new normal.

Assessment and Challenges

The government has improved social protection financing and institutional arrangements during the first three years of Plan implementation. The initiatives include the convergence of government efforts by using the Listahanan; approval and adoption of Social Protection Plan 2020-2022; enhancement of the Pantawid Pamilyang Pilipino Program or 4Ps; and the expansion of PhilHealth and social pension coverage. Further, landmark legislations and reforms were passed such as the Universal Health Care (UHC) Act, Mandatory PhilHealth Coverage for All Persons with Disability, 4Ps Act, Social Security Act, 105-Day Expanded Maternity Leave Law, Magna Carta of the Poor, Safe Spaces Act, Masustansyang Pagkain para sa Batang Pilipino Act, National Commission of Senior Citizen Act, Community-Based Monitoring System Act, Philippine Identification System (PhilSys) Act, Bayanihan to Heal as One Act, and the Bayanihan to Recover as One Act.

Importance on social protection was also demonstrated with the inclusion of measures to protect those most likely to be adversely affected by reforms. The TRAIN included an Unconditional Cash Transfer program to mitigate the possible inflationary impact of TRAIN in low-income households. The Rice Tariffication Law (RTL) contributed to food security and resiliency, especially among low income households, and provided a package of assistance to rice farmers to improve their competitiveness given this new trading regime.

With such initiatives, coverage of the different social protection programs has improved: PhilHealth coverage increased from 91 percent in 2016 to 100 percent in 2019; Social Pension for Indigent Senior Citizens beneficiaries expanded from 1,412,598 in 2016 to 2,690,916 in 2019; and Social Security System (SSS) coverage of the economically active population rose from 34 percent in 2016 to 41 percent in 2019. In 2019, Pantawid Pamilya also started replacing households that exited the program to cover more poor
Filipinos. More importantly, social protection programs have contributed to poverty reduction. Based on the estimates from the World Bank, the Pantawid Pamilya helped reduce poverty incidence and income inequality by 1.3 percentage points and 0.6 percentage points in 2017 while social insurance programs reduced poverty headcount ratio of the poorest quintile by 1.2 percent in 2016. In particular, the enactment of the RTL in 2019 reduced the price of rice, and ensured stable and low inflation for low income families. A study by NEDA and the International Food Policy Research Institute showed that the implementation of the RTL will reduce the number of malnourished children and population at risk of hunger by 2.8 percent and 15.4 percent, respectively, by 2025. However, there are still pressing challenges: (a) The target of zero deaths due to disasters was not met because of limited capacity and limited coherent actions from multisectoral actors in disaster risk management, particularly in addressing underlying vulnerabilities of communities; (b) SSS coverage among economically active population remains low at 41.48 percent due to affordability concerns among informal sector workers; and (c) Impairments/health condition and physical and social barriers severely disabled 12 percent of Filipinos 15 years old and above in 2016.

The scale and severity of the COVID-19 crisis brought to the surface many vulnerabilities of Filipinos. The We Recover as One Report noted that almost 40 percent of survey respondents claimed that their income declined, and that “…various interpretations about the quarantine imposition held up cargoes and hindered delivery trucks carrying food and other basic items needed by residents of Metro Manila and the rest of Luzon.” Compounded with policies that restrict the mobility of individuals (e.g. stoppage of public transportation services) to contain the spread of the virus and build up health system capacity, many individuals and families found it difficult to access food and other goods and services to go to work. In particular, 45 percent of families with senior citizens, persons with disability, and pregnant women had limited access to basic necessities. The Philippine Coalition on the United Nations Convention on the Rights of Disabled Persons also noted that persons with disabilities may have difficulty getting information on COVID-19 if these were not provided in accessible formats. Furthermore, with mobility restrictions, cases of violence against women and children (VAWC) become a concern because of the proximity of the abuser to the victim and the disruption of preventive services and support systems.

To help Filipinos manage such shocks, the government issued policies that deferred the payment of obligations such as tax and rent, and provided emergency financial subsidies such as the social amelioration program (SAP) and small business wage subsidies. According to the Philippine Institute of Development Studies, these social protection initiatives helped curb the impact of the COVID-19 pandemic by preventing about four million Filipinos from slipping into poverty.

The crisis highlighted inefficiencies in the delivery of social protection programs. While generally flexible in responding to shocks and crises, adjustments to social protection programs often take time to be implemented. In the case of the SAP, data limitations prevented efficient targeting and provision of

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1 DSWD. Pantawid Pamilyang Pilipino Program National Advisory Committee Resolution No. 43. Institutionalizing replacement policy allowing for continuous replacement of CCT households.
5 Philippine Statistics Authority’s 2016 National Disability Prevalence Survey considers disability as an outcome of the interaction of individuals’ impairment/health condition and their physical and social environment.
6 Albert, JR, Abrigo, MR, Quimba, FM, Vizmanos, JF. Poverty, the Middle Class, and Income Distribution amid COVID-19. PIDS Discussion Series.
assistance, while logistical problems caused delays in certain localities. The Department of Social Welfare and Development (DSWD) was able to immediately distribute SAP grants to Pantawid Pamilya beneficiaries with cash cards but they had difficulty distributing grants through physical payments, especially in geographically isolated and disadvantaged areas (GIDAs), localities with high rate of COVID-19 cases, and conflict-affected areas. Moreover, there were bottlenecks in local government units (LGUs) distribution due to the need to validate the list submitted by the barangays and to respond to grievances among their constituents, and the stringent procedure of local treasurers. In terms of the unemployment benefits, workers who lost their jobs had difficulty getting financial support due to the tedious process of availing the benefit, closure of SSS offices, and limited understanding of the program.

**Targets**

Strategies under the social protection sector of the Philippine Development Plan 2017-2022 aim to ensure access to nutritious food even during emergencies, reduce each type of risk, and enable people to manage individual, economic, natural and human-induced disasters, and governance and political risks.

*Table 11.1 Updated Targets on Ensuring Food Resiliency and Reducing Vulnerabilities of Filipinos*

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>BASELINE VALUE (YEAR)</th>
<th>PLAN TARGETS</th>
<th>END OF PLAN TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Ensure food resiliency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severely food insecure</td>
<td>5.12 (2019)</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Moderately food insecure</td>
<td>39.06 (2019)</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Mitigate risks faced by vulnerable groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-pocket health spending as percentage of total health expenditure</td>
<td>45.0 (2016)</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>National Health Insurance Program availment rate (%)</td>
<td>80.52 (2017)</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Percentage of population covered by social health insurance**</td>
<td>91 (2016)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Number of eligible senior citizens who received social pension</td>
<td>1,412,598 (2016)</td>
<td>3,796,791</td>
<td>4,107,324</td>
</tr>
<tr>
<td>Number of child laborers (in '000)***</td>
<td>1,066 (2017)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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DSWD. (May 2020). DSWD SAP 1st Tranche Implementation Monitoring and Evaluation Report
<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>BASELINE VALUE (YEAR)</th>
<th>PLAN TARGETS</th>
<th>END OF PLAN TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of women in especially difficulty circumstances reported in DSWD served</td>
<td>100 (355,133 cases served) (2016)</td>
<td>100 100 100 100</td>
<td></td>
</tr>
<tr>
<td>Proportion of violence against women cases reported in DSWD served</td>
<td>100 (1,749 cases served) (2016)</td>
<td>100 100 100 100</td>
<td></td>
</tr>
<tr>
<td>Proportion of child abuse cases reported in DSWD served</td>
<td>100 (3,857 cases served) (2016)</td>
<td>100 100 100 100</td>
<td></td>
</tr>
<tr>
<td><strong>Manage economic risks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of economically active population contributing to SSS</td>
<td>34.1 (2016)</td>
<td>41 42 44 44</td>
<td></td>
</tr>
<tr>
<td>Percentage of families covered by social insurance****</td>
<td>68.1 (2016)</td>
<td>TBD TBD TBD TBD</td>
<td></td>
</tr>
<tr>
<td><strong>Deal with natural hazards and human-induced shocks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of deaths attributed to natural disasters per 100,000 population</td>
<td>0.09 (91 deaths) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>Number of deaths attributed to human-induced disasters per 100,000 population</td>
<td>0.200 (207 deaths) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>Number of missing persons attributed to natural disasters per 100,000 population</td>
<td>0.03 (29 missing persons) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>Number of missing persons attributed to human-induced disasters per 100,000 population</td>
<td>0.017 (18 missing persons) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>Number of directly affected persons attributed to natural disasters per 100,000 population</td>
<td>7,144,557 (7,376,237 persons) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>Number of directly affected persons attributed to human-induced disasters per 100,000 population</td>
<td>140,036 (144,577 persons) (2016)</td>
<td>0 0 0 0</td>
<td>0</td>
</tr>
<tr>
<td>INDICATORS</td>
<td>BASELINE VALUE (YEAR)</td>
<td>PLAN TARGETS</td>
<td>END OF PLAN TARGET</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Percentage of families affected by natural and human-induced disasters provided with assistance</td>
<td>100 (969,470 families) (2016)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Percentage of households with damaged houses provided with emergency shelter assistance</td>
<td>100 (261,617 households) (2016)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Proportion of emergency loan applications by calamity-affected GSIS members and pensioners granted</td>
<td>100 (2016)</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Achieve universal social protection**

<table>
<thead>
<tr>
<th>PLAN TARGETS</th>
<th>END OF PLAN TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>1.7 (2016)</td>
<td>TBD</td>
</tr>
<tr>
<td>9.4 (2016)</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**Notes:**

*Note that the Responsible Agency (e.g. DOH, PhilHealth) did not provide annual targets for these indicators as data are not available for these years (or only end-of-plan target was provided by the concerned agencies).

**Coverage rate is the aggregate count of PhilHealth beneficiaries (eligible member and qualified dependents) under Formal Economy (Private, Government, Household Help/Kasambahay, Enterprise Owner and Family Drivers), Informal Economy (Migrant Worker, Informal Sector, Self-Earning Individual and Organized Group and Others), Indigents, Sponsored Members, Senior Citizens and Lifetime Members as a percentage of the total population.

***Data generated from the Labor Force Survey (LFS) October 2017 Survey Round. It is based on DOLE Department Order (DO) No. 149 Series of 2016 and DO No. 149-A Series of 2017 that enumerate the work that would render a person below 18 years of age to be engaged in child labor. As this data satisfy only a few of the criteria for child labor, it cannot be compared to the results (data) from the 2011 Survey on Children.

****This refers to the total number of families with at least one member covered by any (one or more) social insurance programs (i.e., SSS, GSIS, PhilHealth, private insurance, others) divided by the number of families covered and not covered by any social insurance.

**Strategic Framework**

Strategies that reduced the vulnerability of Filipinos and built the capacity of individuals and families to manage and cope with various risks and shocks will be enhanced.
Figure 11.1 Strategic Framework to Ensure Food Resiliency and Reduce Vulnerabilities of Filipinos
Strategies

The government will continue to implement policies and programs that will empower and build the resilience of Filipinos, and further reduce poverty and vulnerability. Policies and services will be updated and upgraded to ensure individual and institutional agility in managing shocks and providing timely assistance.

Ensuring food resiliency

This chapter features strategies which ensure people’s access to nutritious food even during emergencies. Related food security measures on ensuring the stability of food supply are discussed in Chapters 8 and 20, while initiatives for proper nutrition are found in Chapter 10. The Inter-agency Task Force on Zero Hunger ensures that these strategies are supported with policies and programs that will end hunger, achieve food security, improve nutrition, and promote sustainable agriculture.

Strengthen efforts to link food demand and supply. Linkages between public institutions and relevant actors involved in food and nutrition security will be strengthened through existing convergence partnerships and multisector platforms such as Enhanced Partnership Against Hunger and Poverty, Early Childhood Care and Development, First 1000 Days, and Scaling Up Nutrition Movement with the aim of fortifying local value chain employment. These will also consider government’s efforts that link products and markets such as the Department of Agriculture’s (DA) Kadiwa ni Ani at Kita and the Department of Trade and Industry’s Negosyo sa Barangay.

Strengthen the food fortification program. The Department of Health (DOH) in coordination with other concerned agencies such as the National Nutrition Council (NNC), Department of Science and Technology-Food and Nutrition Research Institute (DOST-FNRI), and the Food and Drug Authority, among others, will enhance the country’s food fortification program, a complementary intervention to micronutrient supplementation, to produce fortified staples and raw materials for use in disasters and safety net programs. This will be pursued through partnership between national and local governments, business networks, and local organizations.

Encourage small-scale planting for the consumption of the households and community. This strategy includes the Plant, Plant, Plant Program of the (DA) focusing on available technologies for both urban and rural homes, and partnering with institutions to augment food supply in communities and among households. To foster effective backyard gardening and ensure access to healthy food, the DOST and the National Commission on Indigenous Peoples will be engaged to explore and implement not only new technologies but also indigenous knowledge systems and processes.

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8 Executive Order No. 101: Creating an Inter-agency Task Force on Zero Hunger
Fully implement the Masustansyang Pagkain para sa Batang Pilipino Act (RA 11037) and provide nutritious food packs to children through the Supplementary Feeding Program and School-Based Feeding Program. RA 11037 institutionalized government-feeding programs for Filipino children in day care centers, kindergarten, and elementary schools. To address emerging nutrition concerns during emergencies, food supplementation through the Supplementary Feeding Program and School-Based Feeding Program can be enhanced. Instead of hot meals, day care and elementary school students will be provided with nutritious food packs, which may include vegetable noodles (malunggay/squash/carrots), iron fortified rice, enhanced nutribun, among others. Said food packs will then be distributed by the DSWD and the Department of Education (DepEd), in close coordination with the LGUs and other concerned government agencies/entities, using a scheduled grab-and-go system in consideration of the safety of everyone involved.

Facilitate the provision of food and other necessities to vulnerable and high-risk individuals during emergencies. The DSWD and NNC will work with LGUs in ensuring that those who have difficulty accessing food due to risk of infection or difficulty in mobility have sufficient and nutritious food.

Provide designated service time for older persons and other groups highly susceptible to infection. Groceries and drug stores may open earlier and designate the first two hours to older persons, persons with disabilities, and pregnant women to ensure cleanliness of facilities and avoid exposure to other individuals.

Continue cash-for-work programs. Emergency cash-for-work programs by DSWD and the Department of Labor and Employment (DOLE) would help provide temporary employment and income to severely affected workers due to COVID-19, even after the community quarantine has been lifted.

Provide wage subsidy. The Employment Recovery Plan of the DOLE will continue to help establishments retain their workers amidst temporary closures and adoption of flexible work arrangements. The program will cover small and medium-scale enterprises.

Mitigating risks faced by vulnerable groups

Ensure financial risk protection through improved PhilHealth coverage and benefit packages. With the passage of the UHC Act, all Filipinos are now automatically covered by the National Health Insurance Program (NHIP) and will have access to a comprehensive set of quality and cost-effective health care services. PhilHealth will develop new or enhance existing health benefit packages as recommended by the Health Technology Assessment process. Outpatient benefit packages including diagnostics, laboratory, dental, medicines, and other preventive services will be provided to all Filipinos. PhilHealth should also guarantee the availability of case rate packages for emerging and re-emerging diseases. Moreover, implementation of the No Co-payment Policy, wherein no other fees or expenses will be charged to those who will be admitted to basic or ward accommodations, will be ensured.

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9 Supplementary Feeding Program for Day Care Children, School-Based Feeding Program, and Milk Feeding Program
10 These include older persons, immunocompromised individuals, persons with disabilities, adolescent mothers, children, solo parents, pregnant and lactating mothers, internally displaced persons, and urban poor.
11 Section 34 of the Universal Health Care Act Implementing Rules and Regulations
**Strengthen the information, education, and communication (IEC) campaign on health and the available insurance and benefits.** The DOH will improve health promotion to ensure that all Filipinos are aware of and have access to health information and benefits that they can avail. Targeted risk communications in precise and culturally resonant messages that integrate COVID-19 infection prevention and control will also be developed. Importantly, a cost-effective communication strategy and plan will need to be drawn up and funded adequately. Moreover, broadcast media (i.e., radio and television) and various online platforms including social media, as well as other low-tech modalities for areas with no access to these technologies, will be utilized to inform and increase health awareness of the public. Other agencies and stakeholders, including the DepEd and LGUs, will also be tapped to integrate health literacy in the curricula and in the activities in the community, respectively. These will include key information about the NHIP of PhilHealth, its importance, and benefits as well as other concerns such as ensuring mental health amidst the COVID-19 crisis.

**Implement a holistic approach in addressing child labor.** Aside from initiatives to address poverty and ensure employers’ compliance to employment standards, the government as led by the National Council Against Child Labor, will also implement specific programs that will strategically help end child labor. These include engaging non-government organizations and community members, addressing the needs of both children and their parents, and gathering and sharing data. Educating parents on child labor through the Family Development Sessions of the 4Ps (under the DSWD) and Parents-Teachers Associations (under the DepEd) will be a central strategy in this endeavor.

In terms of data collection and management, DOLE and DSWD will roll out the child labor registry, which lists all profiled child laborers and the appropriate services for the child and their parents. Aside from coordinating interventions, the registry will also be helpful in monitoring children at risk of engaging in or returning to child labor.

**Study the necessity of establishing a governmental body on Filipino families.** Many developmental issues such as VAWC primarily concern families and their members. The NEDA Social Development Committee (SDC) may therefore look into the creation of a governmental body that will lead in the development of policies and programs aimed at promoting the wellbeing of families. Among others, it may work on values formation and prevention of violence among family and household members.

**Conduct advocacy programs aimed at preventing the occurrence of VAWC.** Venues such as the Family Development Sessions will be useful in providing VAWC education to individuals, especially those from poor families. With this, the Interagency Council on Violence Against Women and their Children (IACVAWC) will spearhead behavioral communication and advocacies on gender sensitivity and VAWC for the general public. Here, it is important to fully engage everyone as strategic partners in achieving gender equality and the empowerment of all women and girls.

**Implement community-based programs to address VAWC, including the development of a standardized VAWC manual.** A standardized VAWC manual of operations/protocol will be developed by the IACVAWC to better assist abused women and children, as well as improve the referral system between the DSWD and the institutions where the cases are being reported. Among others, the document will help (a) improve the functionality of Local Councils for the Protection of Children and the VAW desks; and (b) harmonize existing VAWC databases (i.e. PNP, DSWD) to ensure that all victims are provided the needed support services. There is also a need to prioritize the continuity of child-centered services, especially...
during disasters and emergencies, to avoid disruption of preventive services and support systems. With this, it is important to ensure the availability of 24/7 helplines as well as the adoption of mobile and online platforms for reporting child and women protection issues and accessing government assistance and services.

**Increase the social pension and expand its coverage.** To address the vulnerability of older persons, the amount of the social pension being granted will be further increased. Its coverage will also be broadened to include not only the indigent older persons, but also those who are not receiving any pension. This entails improved coordination among the Government Service Insurance System, SSS, the National Commission of Senior Citizens and DSWD towards smooth sharing of the necessary information to identify and verify beneficiary overlaps. Also, to improve targeting and coverage, a registry of older persons will be established.

**Conduct information campaign on disability.** The government, with the leadership of the National Council on Disability Affairs (NCDA), will continue conducting information and education campaigns among stakeholders to improve their understanding of disability, as well as increase people’s awareness of the rights of persons with disabilities. These campaigns should help address the negative attitude and behavior towards persons with disabilities.

**Improve the accessibility of social protection services for persons with disabilities.** The members of the NCDA Board will continue their work on addressing the physical and social barriers, which prevent persons with disabilities from accessing services, including social protection programs. This includes ensuring the availability of facilities and services (e.g. allied health professionals) in the different localities in the country (see also Chapter 10 on related health services). Related strategies are in Chapter 7 (on culture), and Chapter 19 (on the accessibility of infrastructure). Amidst the mobility restriction due to the COVID-19 crisis, services to persons with disabilities may be expanded to include the provision of information in accessible formats, and financial and specialized support such as free transportation to medical and rehabilitation facilities, income generating activities, and delivery of necessities.

**Implement measures to improve access of vulnerable individuals to necessities and support services and protect them from COVID-19.** There is a need for the government, led by the Task Group on Recovery, to adopt clear policy guidelines to ensure that high-risk individuals, (i.e. older persons and those with serious underlying medical conditions), are protected and have access to necessities such as food, medicine and other necessities while the risk of COVID-19 is still high. At the same time, there should be measures to help reduce possible exposure of these vulnerable individuals to the virus.

**Ensure equitable access to the COVID-19 vaccine once available.** The IATF for Emergency Infectious Diseases Sub-Technical Working Group (sTWG) on Vaccine Development will continue to spearhead the research and development, testing/trials, regulation, and accreditation of the potential COVID-19 vaccines entering the country. The sTWG will likewise explore multiple avenues (i.e. WHO Solidarity trials; COVAX facility, bilateral or multilateral agreements) to acquire the vaccines. In anticipation, a procurement and distribution plan will be developed to prepare budgetary and logistical requirements, among others, and ensure equitable access nationwide.
Continue the implementation of minimum health standards. The prescribed minimum public health standards in transport, workplaces and public places will be continuously implemented and monitored by the LGUs and national government agencies in partnership with the private sector to prevent and reduce the spread of COVID-19 as well as ensure the safe re-opening of the economy. Further, the NGAs need to ensure that the minimum health standards are observed in the delivery of social protection projects and services to avoid the spread of COVID-19. (see PDP Chapter 10 for further discussion on the matter).

Reach out to Filipinos in GIDAs. Working with the LGUs, the NEDA-SDC Subcommittee on Social Protection (SCSP) will determine and address the barriers that prevent Filipinos, especially those living in GIDAs from accessing social protection programs. With this, the SDC-SCSP shall also identify appropriate assistance measures to be provided to individuals living in GIDAs during pandemics and emergency situations.

Managing economic risks

Broaden SSS coverage and benefits availment. The SSS aims to broaden its coverage by ensuring simple registration, payment, and benefit application processes through physical and online platforms. It will also continue conducting information campaigns and providing programs such the AlkanSSSy and KultaSSS, which help workers, especially those in the informal sector – gain SSS coverage. With the increase of income opportunities through online platforms, the government will ensure that those engaging in these platforms have access to health and emergency assistance and SSS benefits, including old-age pension. To facilitate coverage, partnerships will be established between gig economy platforms (i.e. Grab, Angkas, Lalamove, FoodPanda, Transportify, among others) and government social security agencies (SSS, PhilHealth, and Employees’ Compensation Commission). With this, the coverage of the Employment Compensation Program may also be expanded.

Enhance peoples’ access to unemployment insurance (UI) and related services. The SSS, in partnership with other relevant agencies, will implement an information drive on UI nationwide. This will draw attention to and increase knowledge on UI benefits, qualification, and availment process. Given the new normal and to ensure the timely provision of assistance, the SSS will also fast-track systemic upgrade to allow for digital application and transactions.

Furthermore, the SSS UI will be tightly linked to active labor market policies. The SSS in partnership with DOLE will tap the Public Employment Services Office and PhilJobNet to facilitate the matching of demand for workers in emerging industries and UI recipients. Simultaneously, upskilling and retooling trainings will be offered by concerned stakeholders including TESDA to UI recipients to improve their skills and qualifications given the new normal.

Conduct further studies on unemployment insurance. To further improve the country’s unemployment insurance system, studies will be conducted to explore the creation of a separate program fund, UI linkage to active labor market policies, optimal benefits (i.e. higher compensation benefit or longer duration of benefit), and the criteria to avail the benefits, especially during pandemic, among others. Furthermore, to ensure financial viability, the proposed reforms to the unemployment insurance system should be supported by an actuarial study.
Dealing with natural hazards and human-induced shocks

Provide rapid assistance and insurance for farmers and fisherfolk. Concerned agencies such as the DA and the DSWD will work closely in ensuring that impacts of disasters to farmers and fisherfolk are immediately assessed and addressed. Furthermore, the Philippine Crop Insurance Corporation will continue and expand the provision of insurance for crops, livestock, fisheries, and even non-agricultural assets of farmers and fisherfolk to help them recover during disasters and prevent them from falling to/falling further to poverty (please refer to PDP Chapter 8 for further discussion on the matter).

Promote proactive disaster preparedness among individuals. Filipinos will be informed and encouraged to use existing tools such as the DOST’s HazardHunterPH to understand natural hazards and help mitigate their effects. Information and advocacy campaigns will be intensified especially in schools, work places, and communities. Fire and earthquake drills will also be conducted in urban and rural areas.

Promote disaster-resilient infrastructure. The Department of Public Works and Highways will conduct an assessment of the structural integrity of existing structures to ensure safety and resilience to natural hazards, particularly during earthquakes. Stringent implementation of policies on the issuance of permits for buildings, especially residential, will also be assessed.

Ensure the safety of disaster victims. To address the challenges faced by Filipinos before, during and after disasters, the National Disaster Risk Reduction and Management Council (NDRRMC) will ensure the provision of safe evacuation and transition houses, which will have women and child-friendly spaces. The DSWD and DOH will also make available appropriate and adequate mental health and psychosocial support services during disasters.

Establish a menu of social protection programs to be implemented during disasters and emergencies. To address the responsiveness of social protection programs to natural and human-induced disasters, the SDC-SCSP will develop a menu of social protection programs which can be readily implemented upon the occurrence of such events. These programs should be inclusive and cater to all those who are affected by the shock (i.e., both formal and informal sectors, among others). Doing so will facilitate easier access of people to social protection services in times of disasters and emergencies.

Continue building the capacities of disaster risk reduction and management (DRRM) stakeholders and improve coordination of services. The NDRRMC will coordinate and spearhead information campaigns, trainings, and drills for DRRM stakeholders, as well as the purchase of early warning and emergency devices. There will be emphasis on inclusion to allow for effective participation of community members and population groups in DRRM. These efforts will be supported by data and information through the conduct of disaster and climate vulnerability and risk assessments and the production of hazard maps.

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HazardHunterPH is a tool that can be used to generate indicative hazard assessment reports on the user’s specified location. It is helpful as a reference of property owners, buyers, land developers, planners, and other stakeholders needing immediate hazard information and assessment (https://hazardhunter.georisk.gov.ph/).
To strengthen institutional response to disasters, the NDRRMC will provide mechanisms for the conduct of post or rapid disaster needs assessment. Coordination between responders and aid organizations will be clearly defined to avoid inefficiencies and to ensure that all disaster victims are provided with support. This entails the production and dissemination of IEC materials, conduct of related orientation seminars, and establishment of communication systems so that concerned service providers, including non-government organizations, have a clear understanding of their roles and responsibilities during disasters and emergencies.

Addressing governance and political risks

Integrate safeguards into development interventions and establish funding mechanisms for these safety nets. NEDA, through the various NEDA Board Committees, will see to it that new development interventions in the form of policies, programs, and projects already integrate safeguards that would prevent or mitigate negative impacts on economic sectors and population groups. This requires the identification of the affected population groups prior to the implementation of development interventions. The NEDA, DOF, and the Department of Budget and Management will identify funding mechanisms that may be tapped by national agencies and local government units to assist the adversely affected population groups.

Provide persons of concern (POC) with access to protective services. Engagements and partnerships of concerned agencies such as the Department of Justice and DSWD will continue to provide POCs with access to protective services. A database management system for the POCs will be developed to efficiently assess and monitor their concerns.

Achieving universal social protection

Develop a Social Protection Code. The NEDA-SCSP will develop a Social Protection Code to aid stakeholders, especially LGUs, in developing responsive and effective social protection programs and projects. This will also remove the duplication of social protection interventions among government entities. Likewise, the Social Protection Code will ensure that Filipinos living in GIDAs will have access to social protection programs.

Institutionalize a Social Protection Floor. The COVID-19 pandemic brought to fore the importance of institutionalizing the Social Protection Floor. It is instrumental in guaranteeing the access of people to social protection services, rendering its institutionalization vital in the improvement of social protection service delivery in the country. Once the Social Protection Floor is finalized, a policy directive will be issued to officially adopt and enumerate the components of the Social Protection Floor, including the roles of the concerned agencies.

Encourage proactive resilience of households, including savings mobilization. Information and education campaign to encourage households to prepare for emergencies will be strengthened, through the financial literacy and advocacy program of the Bangko Sentral ng Pilipinas, among others. An important element in this strategy is encouraging households to have a bank account so that they can save and improve their resilience in coping with shocks.
**Fast-track the implementation of the PhilSys and synchronize the Listahanan with the PhilSys.** The implementation of PhilSys or the National ID system should be fast tracked because it is critical in delivering responsive social protection services. The Philippine Statistics Authority (PSA) aims to cover five million low-income household heads by December 2020. Concerned agencies such as the PSA and the DSWD will explore linking the PhilSys ID cards to a digital payment system that will allow for more efficient transfer of government assistance in times of crisis, pandemics, or disasters. Part of the plan for the registration process for the PhilSys national ID, is to allow registrants to open a bank account with Land Bank of the Philippines through which cash transfers can be made.

The *Listahanan* database needs to be synchronized with the PhilSys to include information found in PhilSys such as biometrics, use of PhilSys Number (PSN), tokenized PSN, among others. This will allow for better targeting of SP services.

**Create a registry of vulnerable groups and address data constraints.** To implement policies and social protection programs in an effective and timely manner, the DSWD, in cooperation with the concerned councils and/or commissions, will develop a registry of vulnerable groups, especially for the street children, older persons, persons with disabilities, workers in the informal and gig economy, and those affected by development interventions. This initiative will consider integrating data from the CBMS and other existing registries, and the lessons learned from their operation. The said registry will also be configured to be interoperable with the PhilSys.

**Digitalize the delivery of social protection assistance and services.** The government’s social protection approach will be updated and upgraded to allow for institutional agility in managing shocks and providing timely assistance. The concerned agencies such as the DSWD, DOLE, and SSS, in coordination with DICT will enhance their systems to make use of available technology (including digital cash transfers, online delivery platforms) in providing services and reaching every Filipino, including those in GIDAs, whenever possible. As mentioned above, the government will explore linking the PhilSys ID to a digital payment system that will allow for more efficient transfer of government assistance in times of crisis, pandemics, or disasters. This initiative will be accompanied by enhancements in individuals’ technical know-how and improvements in digital infrastructure, especially in GIDAs.

**Monitor and evaluate SP policies and programs.** In accordance with the National Evaluation Policy framework, social protection programs will be regularly assessed and monitored by the SDC-SCSP to ensure that program and project objectives are met. Monitoring and evaluation activities will form part of the annual budget of implementing agencies and LGUs. Reports of which will be uploaded in their respective websites to ensure transparency.
To complement the strategies, the following legislative action will be pursued to achieve universal and transformative social protection program for all Filipinos.

*Table 11.2 Legislative Agenda to Ensure Food Resiliency and Reduce Vulnerabilities of Filipinos*

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual Lifecycle Risks</strong></td>
<td></td>
</tr>
<tr>
<td>Philippine Adoption Act for Abandoned and Neglected</td>
<td>The bill will improve the quality of foster care for abandoned and neglected children, particularly those with special needs.</td>
</tr>
<tr>
<td>Children and for Children with Special Needs</td>
<td></td>
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<tr>
<td>Anti-Senior Citizen Abuse Act</td>
<td>The bill will protect senior citizens from all forms of abuse.</td>
</tr>
<tr>
<td>Increasing amount and coverage of social pension</td>
<td>This aims to increase the amount of the monthly social pension and expand the coverage of qualified beneficiaries of the social pension.</td>
</tr>
<tr>
<td><strong>Environmental and Natural Risks</strong></td>
<td></td>
</tr>
<tr>
<td>Evacuation Center Act</td>
<td>This will establish permanent and resilient (i.e., to earthquake and hydro-meteorological hazards) evacuation centers with the necessary facilities to avoid the practice of using classrooms as evacuation centers during calamities. Under this bill, evacuation centers should have women, children, persons with disability, and elderly-friendly spaces. It should also be constructed with space that can be used flexibly during emergencies. The NDRRMC will be in charge of identifying which municipalities and cities will be given priority.</td>
</tr>
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Chapter 12

Building Safe, Resilient, and Sustainable Communities

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. We have seen in various highly-dense communities the rapid increase of the spread of the virus given the difficulty to observe safe social distancing in congested spaces and inadequate access to household water and sanitation. Against this backdrop, the housing and urban development sector continues to pursue building safe, resilient, and sustainable communities towards realizing a safe and healthy Philippines. The sector will operationalize the Building Adequate, Livable, Affordable, and Inclusive Filipino Communities (BALAI) program. BALAI is the multi-stakeholder partnership platform of the Department of Human Settlements and Urban Development (DHSUD) and its attached corporations with the private sector, local government units (LGUs), and the communities, aimed at expanding access to housing opportunities by accelerating housing production, enhancing housing affordability – especially for low-income groups – and ensuring livability and sustainability of human settlements delivered through direct and indirect assistance.

Assessment and Challenges

There is a paradigm shift from housing production to management of housing, human settlements, and urban development which catalyzed the creation of the DHSUD, consolidating the functions of the Housing and Urban Development Coordinating Council (HUDCC) and the regulatory functions of the Housing and Land Use Regulatory Board (HLURB). The added powers and functions of DHSUD provide an enabling mechanism for better policy and program coordination, reform advocacy, and implementation, especially at the Cabinet level.

The current COVID-19 pandemic has amplified the need to improve the quality of living conditions, especially of vulnerable households living in highly-dense communities. Addressing the enormous housing need has always been challenged by a confluence of structural and transactional factors. These include (a) institutional bottlenecks, particularly the complex and tedious processing and approval of housing permits, licenses, and clearances; (b) lack of land suitable for socialized housing development especially in urban areas; and (c) low agency budget allocation and utilization.

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1 Safeguards families and communities from environmental risks and negative impacts of urbanization, with particular attention to children, women, elderly people, and persons with disability.
The emerging health and safety concerns as the country transitions to the new normal are expected to slow down housing production as well as relocation and resettlement activities given the disruption in production and delivery of construction materials, limitations in the conduct of social preparation activities, and greater opposition from receiving LGUs due to fear of infection and additional social services requirement, among others. These concerns also increase the demand to shift to digitalized government transactions on human settlements development to ensure that processing of housing-related government permits, licenses, and other transactions are not disrupted. There is also a need to address affordability issues considering that both housing developers and buyers are affected by the pandemic. On the part of developers, production cost (e.g., construction supplies and materials) has increased due to the imposition of construction health protocols and the need for housing redesign to meet public health goals. Buyers, on the other hand, may have lost income and livelihood and may choose to postpone housing investment.

**Targets**

Table 12.1 shows the updated Plan Results Matrices (RMs) indicators and targets for 2020-2022.

*Table 12.1 Updated Plan Targets to Build Safe, Resilient, and Sustainable Communities*

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>EOP²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of socialized housing units delivered to socialized housing targets (Annual)</td>
<td>54 (2016)</td>
<td>63</td>
<td>68</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Percentage of low-cost housing units delivered to low cost housing targets (Annual)</td>
<td>116.51 (2016)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Proportion of LGUs with approved/updated Comprehensive Land Use Plan (CLUP) increased</td>
<td>27 (2019)</td>
<td>28</td>
<td>30</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Proportion of urban population living in informal settlements decreased (Sustainable Development Goal [SDG] 11.1.1)*</td>
<td>3.2 (2015)</td>
<td>2.60</td>
<td>2.47</td>
<td>2.35</td>
<td>2.35</td>
</tr>
<tr>
<td>Proportion of families with owned or owner-like possession of housing units (SDG 1.4.1p9)</td>
<td>61.0 (2016)</td>
<td>72.12</td>
<td>74.90</td>
<td>77.68</td>
<td>77.68</td>
</tr>
<tr>
<td>Proportion of families with access to secure tenure (SDG 1.4.2p1)</td>
<td>97.0 (2016)</td>
<td>97.84</td>
<td>98.05</td>
<td>98.26</td>
<td>98.26</td>
</tr>
</tbody>
</table>

Note: * Baseline and annual targets were updated based on the SDG National Targets Validation Workshop on November 28-29, 2018 in Tagaytay City

¹ May either be the cumulative (2017-2022) or incremental target value at the end of the Plan period
Strategic Framework

The sector will contribute to strengthening the foundations for inclusive and sustainable development by building safe, resilient, and sustainable communities. This chapter refocuses the subsector outcomes on three areas: regulation, production, and financing. First, public health goals in the design of human settlements will be integrated. Second, housing production that incorporates hazard and health standards will be accelerated. Third, alternative housing solutions for low-income market will be adopted. As a crosscutting strategy, empowerment of stakeholders (e.g., families and communities and LGUs, among others) will be intensified towards the attainment of these three subsector outcomes.

Figure 12.1 Strategic Framework to Build Safe, Resilient, and Sustainable Communities, 2020-2022
Strategies

Integrating public health goals in the design of human settlements

To ensure livability and sustainability of human settlements, public health goals will need to be considered in building and design standards as well as in shelter planning.

- **Enforce strict compliance with building and design standards that consider public health goals.** Adjustments in housing designs to include minimum health standards such as the integration of washing areas before entry into the main structure of the housing unit, improving ventilation, and providing ample public and green spaces to low-cost and socialized housing units, which may serve as isolation and quarantine spaces in case of an outbreak, among others, are deemed necessary. Further, a national policy on the housing minimum standard space per person to effectively achieve physical distancing, including the number of rooms per housing unit that would allow for possible areas for quarantine to avoid crowding, will be pursued by DHSUD in coordination with POPCOM. In light of this, NGAs and LGUs will enforce stricter compliance with building and design standards (i.e., safety, location, structural design, and integrity) by the developers, contractors, and private homebuilders. Due diligence is essential on the part of NGAs and LGUs in terms of inspection of materials, construction progress monitoring, and certification of project completion, to also ensure satisfactory compliance with building and design standards. An inventory of housing units that do not meet minimum design and health standards will be jointly pursued by DHSUD and DILG in coordination with LGUs.

- **Mainstream local shelter planning that integrates public health goals in the Comprehensive Land Use Plans (CLUPs) of cities and municipalities.** As a tool to address its public housing provision, the DHSUD shall institutionalize local shelter planning through the Local Shelter Program (LSP) in cities and municipalities as provided for in the Local Government Code of 1991 (RA 7160) and the Urban Development and Housing Act (UDHA) of 1992 (RA 7279). To operationalize the LSP, implementing guidelines and strategies that will provide technical assistance to LGUs in the formulation of a risk-informed LSP to address resiliency and mitigate impacts of disaster/calamity to households shall be developed. These will complement the Supplemental Guidelines for Mainstreaming Climate Change Adaptation and Disaster Risk Reduction in the CLUP formulated in 2014 by the HLURB under Resolution No. 915. The LSP will also utilize POPCOM’s Demographic Vulnerabilities Tool (DVT) based on the analysis of four important characteristics of every barangay during a pandemic: (a) the number of houses measuring less than 20 square meters in the barangay; (b) the number of individuals living in a house; (c) the number of individuals 60 years of age and older living in houses less than 20 sq. m.; and (d) the number of individuals 60 years of age and older living alone. A Local Government Shelter Plan Management and Monitoring System shall be established to ensure efficient delivery of housing, financing, and other housing/shelter interventions to targeted beneficiaries. To incentivize its formulation, an approved LSP will be a requirement in DHSUD’s issuance of the BALAI seal of compliance. Specific health measures include incorporating hazard and health standards in the CLUPs and zoning ordinances. Such measures are aimed at reducing infectious and communicable diseases and enhancing the well-being of the population, especially those who face additional risks due to poverty (i.e., women, children, elderly, and other marginalized groups); prioritizing more open and green spaces and better walkability that allow for social distancing in CLUPs; and exploring the inclusion of an open or public space, which may be used for isolation and/or quarantine or other similar purposes, in the design of housing and resettlement packages.
• **Operationalize the National Resettlement Policy Framework (NRPF).** The DHSUD will fully implement the NRPF and ensure its integration in the local plans and programs on resettlement. In the next two years, DHSUD will undertake information dissemination, consultations, and subsequent issuances of policy resolutions towards the implementation of the framework in line with the localization efforts on the NUA. The NRPF will be promulgated with emphasis on livelihood restoration guided by a socioeconomic restoration framework.

**Accelerating housing production that incorporates hazard and health standards**

To expand housing opportunities and help in the social and economic recovery from COVID-19, the government will accelerate housing production, following urban development and housing framework, and incorporating hazard and health standards.

• **Implement the National Urban Development and Housing Framework (NUDHF) 2017-2022.** With lessons from the past two decades, the recent iteration of the NUDHF provides a more cohesive framework with emphasis on making urban spaces greener and more inclusive. It recognizes the role of urbanization in creating more open, connected, and collectively resilient communities. These will be incorporated in Comprehensive Land Use Plans (CLUPs), Zoning Ordinances, Comprehensive Development Plans, and Local Shelter Plans which will guide urbanization that supports equitable growth and promotes uniquely Filipino cities and municipalities. In the next two years, the DHSUD will issue a Department Order or a Joint Memorandum Circular to mandate concerned national government agencies and LGUs to implement and monitor adherence to the NUDHF.

• **Fully mainstream whole-of-government action in voluntary resettlement initiatives.** To ensure sustainability in the voluntary resettlement initiatives of the government, the *Balik Probinsya, Bagong Pag-asa* (BP2) program will be fully implemented through complementary initiatives while sustaining established community safety and health standards. The program leverages both national and local government resources in ensuring inclusive and balanced urban and rural development, promoting rural prosperity and complementing initiatives towards attaining resilient and sustainable communities. In the past, the lack of coordination and clear policy guidance among concerned agencies and LGUs hampered the prompt and sustained delivery of auxiliary services such as school buildings, day care centers, health centers, access roads, and livelihood support services. A BP2 Council was created by virtue of Executive Order No. 114 to serve as the coordinating body for implementation. As majority of families below the poverty threshold live in unplanned communities or in high-risk and danger areas and their lack of financial resources diminishes their capacity to recover from calamities, they are the most vulnerable in times of natural and anthropogenic disasters. A resettlement emergency assistance program (REAP) by the DHSUD will, likewise, be implemented to ensure that families affected by unanticipated events are provided with emergency financial assistance for the construction or rehabilitation of their houses.
• **Strictly monitor the implementation of risk-based public health standards in housing and urban development-related activities.** As part of the health protocols imposed by the government, the DHSUD will monitor the strict implementation of the recently-issued Department Order No. 2020-005 dated May 14, 2020. The policy provides guidelines for all developers and other entities on the mandatory minimum requirements as well as inspection and monitoring procedures in the commencement or resumption of their real estate business, development and construction operations, and activities in areas covered by the community quarantine due to COVID-19. DHSUD and its attached corporations will also issue guidelines to ensure service continuity in housing and auxiliary services delivery during the pandemic.

• **Include production of safe, livable, and resilient housing in the COVID-19 recovery and resiliency program.** The activities of the housing sector are recognized as an economic pump-primer because of the over 80 allied industries involved. Housing activities also contribute to total employment, generating substantial direct employment with an average of 8.3 laborers for three weeks or 124 person-days per housing unit – an average of approximately five percent of the country’s total employment. Through continuous production of housing units, more employment opportunities are generated for laborers and other workers involved in the housing industry. Given the economic and social contribution of housing, it is imperative that the government elevate the human settlements and urban development programs as part of the COVID-19 recovery and resiliency plan and ensure its continuous delivery of services.

• **Implement unified seamless digitalized housing development transactions processing for homebuyers and developers.** This shall include review of procedures to streamline and digitalize the issuance of housing-related licenses, clearances, and permits in light of COVID-19. Housing One-Stop Processing centers will be established in every region to fast-track processing of housing-related permits, clearances, and licenses issued by the national government agencies (NGAs) and LGUs. The aim is to further streamline the 78 government-related transactions that take about 48 months, on average, to be compliant with the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (RA 11032) and the Anti Red Tape Act (ARTA) of 2007 (RA 9485).

• **Upscale high-density housing programs in highly urbanized cities (HUCs).** High-density housing solutions such as low-rise (3-5 storeys), medium-rise (6-10 storeys) and high-rise (above 10 storeys) buildings to maximize housing production per unit of land especially in HUCs will be expanded. The design of the structures should allow for several entry/exit points with adequate health and security protection for its residents. The units should have adequate ventilation and space per person.

• **Adopt viable land acquisition approaches.** Land banking, especially for urban socialized housing, will be scaled up as government prioritizes in-city and near city approaches to resettlement. Likewise, the use of the modalities of usufruct or long-term use of land will be expanded to enhance affordability of socialized and low-cost housing programs due to lower land development cost.
Adopting alternative housing solutions for low-income market

To make housing more affordable for low-income market, alternative housing solutions will be adopted.

- **Implement innovative housing finance modalities.** Recognizing the importance of housing microfinance as a pro-poor housing finance strategy with the potential to incorporate climate and disaster resilience, the DHSUD will formulate institutional and policy reforms to accelerate housing microfinance as the primary pro-poor housing finance strategy. It will, likewise, identify potential products to provide credit that encourages disaster-resilient housing and support in post-disaster reconstruction of damaged housing. Alongside this, the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Act (RA 10963), which rationalizes the tax incentives system for socialized housing, will develop direct subsidies through housing vouchers, public rental housing, housing microfinance models, and Islamic financing schemes. A feasibility study and pilot implementation of the housing voucher and public rental housing modalities will be pursued by the DHSUD. Partnership with the private sector for incentivized compliance with the Balanced Housing provision under Republic Act No. 7279 as amended by Republic Act No. 10884 to mobilize funds for public housing of LGUs as an offshoot of the private developer’s compliance with these laws shall be continuously explored.

- **Strengthen primary mortgage markets and develop more secondary ones.** The current efforts of Pag-IBIG under the Affordable Housing Program (AHP) have proven to be effective. Lowering interest rates from 6 percent to 3 percent increased socialized housing loan take-outs from low-income Pag-IBIG members. Sustaining the success of the Modified Pag-IBIG (MP2) program implementation is expected to expand Pag-IBIG’s fiscal space to enable it to finance more loan take-outs and other loan services. On the other hand, to accelerate the roll-over of housing funds to provide a sustainable source of financing, the secondary mortgage programs of National Home Mortgage Finance Corporation (NHMFC) need to be further strengthened and broadened to include housing-related financial assets and not be limited to home mortgages. In addition, marketing of NHMFC’s programs need to be intensified. For instance, the MAginhawang BUhay sa baHAY (MABUHAY) Program, a newly-introduced reverse mortgage program, needs to be widely promoted. MABUHAY allows senior citizens/retirees to convert a portion of their home equity into cash in order to address immediate financial needs.

Stakeholders Empowerment

The DHSUD will empower stakeholders by institutionalizing community-led/driven development of human settlements as a crosscutting strategy to ensure sustainability of its program implementation. Specifically, the DHSUD and its attached corporations will provide guidelines for the strict observance of safety standards and health protocols in the conduct of peoples’ planning and other community-led/participatory approaches in human settlements development. This is to aid in (a) strengthening community cohesion; (b) improving community competencies for pre- and post-health action activities, and other disaster-related activities; (c) upgrading community areas through site development and provision of infrastructure (e.g., utilities, small roads/access roads, sewage systems); and (d) capacitating community associations such as homeowners associations (HOAs), housing cooperatives, and neighborhood associations on estate management in a truly participatory and sustained manner.
Legislative Agenda

To strengthen effectiveness of the strategies, the following legislative actions are needed:

*Table 12.2 Legislative Agenda to Build Safe, Resilient, and Sustainable Communities*

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>DESCRIPTION/STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chapter Outcome: Safe, resilient, and sustainable communities built</strong></td>
<td></td>
</tr>
<tr>
<td>Passage of the National Land Use Act (NaLUA)</td>
<td>Establish a national land use framework that will define the indicative priorities for land utilization and allocation across residential, infrastructure, agricultural, and protective uses and integrate efforts, monitor developments related to land use, and evolve policies, regulations and directions of land use planning processes.</td>
</tr>
<tr>
<td>Amendments to the NHMFC Charter</td>
<td>Strengthen and broaden NHMFC’s mandate to include the development of a secondary mortgage market for housing-related financial instruments/assets and issuance of housing related asset-backed securities as well as invest in housing-related financial instruments and other investment vehicles.</td>
</tr>
<tr>
<td>Institutionalization of Local Housing Boards</td>
<td>Provide for mandatory creation of Local Housing Boards in every city and first to third class municipality to ensure full cascading of the government housing policies and programs to the local government; and ensure the sustained implementation of national and local housing programs.</td>
</tr>
<tr>
<td>Strengthened NHA Act</td>
<td>Renew the NHA Charter and strengthen its organizational structure and functions.</td>
</tr>
</tbody>
</table>
Chapter 13

Reaching for the Demographic Dividend Across All Regions

The Philippines has made modest gains in facilitating the demographic transition, specifically in reducing infant and under-five child mortality, and women’s fertility rates. Key policies and programs have been instituted and strengthened to improve access to adolescent sexual and reproductive health. Legal impediments to the full implementation of the Responsible Parenthood and Reproductive Health (RPRH) Law have also been addressed along with intensified efforts to meet the demand for family planning services.

In preparing the country’s human capital towards harnessing the demographic dividend, major reforms to improve the delivery of nutrition and health services, and transformative education have been put in place in the past three years. However, the socioeconomic impact of the coronavirus disease (COVID-19) pandemic can reverse these gains. Moving forward, 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 whilst building a healthy and resilient Philippines.

Assessment and Challenges

Assessment: The elements necessary for accelerating the demographic transition are already being realized. Mortality rates among infants and under-five children are decreasing. Improved access to modern contraception has also decreased fertility rates. These can be attributed to policies and programs that aim to accelerate the demographic transition along with the improved access to health and education services (e.g., Kalusugan at Nutrisyon ng Mag-Nanay Act, RPRH Law, Zero Unmet Need for Family Planning [Executive Order 12, s. 2017], and the National Program on Population and Family Planning [NPPFP]). Integration of population and development in national and local development planning and programming was strengthened through the provision of capacity building among local chief executives and planners on the collection of data and conduct of censuses that can serve as inputs to local policy and program formulation. Reforms and investments for improving the quality of human capital to harness the demographic dividend were also prioritized (e.g., Kalusugan at Nutrisyon ng Mag-Nanay Act, First 1,000 Days Act, Universal Health Care [UHC] Act, and Universal Access to Quality Tertiary Education Act). The disruptions in health and education services amidst the COVID-19 pandemic pose a threat to these gains and could worsen lagging indicators and outcomes.

Challenges: Regional disparities remain in terms of reaping the demographic dividend due to uneven economic development and access to social services. There is persistent high incidence of adolescent pregnancy, inadequate access to family planning commodities and services, and poor nutrition outcomes as indicated by continued high levels of stunting and wasting among infants and under-five children. The
COVID-19 pandemic has adversely affected every aspect of society, which could exacerbate these issues, reverse the gains achieved, and necessitate adjustments to cope with the new normal. During the implementation of nationwide community quarantine, sexual and reproductive health services became inaccessible, which could have led to an increase in maternal mortality and increased birth rates, including adolescent or early pregnancies. Closure of schools also highlighted the need to set up and adopt new technologies and modalities in delivering education services. In addition, record-high unemployment and underemployment rates due to the pandemic will directly affect the attainment of the demographic dividend. The COVID-19 crisis also exposed gaps in population and demographic databases at the national and local level that would have facilitated the identification of target beneficiaries for government support and for integrating population and development initiatives in the country.

Targets

The following table contains the updated plan targets in accelerating the demographic transition and maximizing the dividend. Some of these indicators are part of other Philippine Development Plan (PDP) 2017-2022 chapters but are also reflected here given their relevance.

Table 13.1 Updated Plan Targets to Reach for the Demographic Dividend

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value (year)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age-dependency ratio decreased</td>
<td>57.4 (2016)</td>
<td>Decreasing</td>
<td>Decreasing</td>
<td>Decreasing</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Sector Outcome 1: Demographic transition accelerated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude death rate (per 1,000 population) reduced</td>
<td>5.6 (2016)</td>
<td>Decreasing</td>
<td>Decreasing</td>
<td>Decreasing</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Maternal mortality ratio (per 100,000 live births) decreased</td>
<td>95 (2016)</td>
<td>**</td>
<td>**</td>
<td>108.0</td>
<td>108.0²</td>
</tr>
<tr>
<td>Under-five mortality rate (per 1,000 live births) decreased</td>
<td>31.0 (2013)</td>
<td>**</td>
<td>**</td>
<td>22.0</td>
<td>22.0</td>
</tr>
<tr>
<td>Adolescent birth rate (aged 15-19 years) decreased (number of births per 1,000 women in that age group)</td>
<td>57.1 (2013)</td>
<td>**</td>
<td>**</td>
<td>37.0</td>
<td>37.0</td>
</tr>
<tr>
<td>Proportion of women who are using modern contraceptive methods increased (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All reproductive age women (15-49 years old)</td>
<td>23.5 (2013)</td>
<td>28.0</td>
<td>29.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>All reproductive age women (15-49 years old) who are currently married or in union</td>
<td>37.6 (2013)</td>
<td>**</td>
<td>62.0</td>
<td>65.0</td>
<td>65.0</td>
</tr>
</tbody>
</table>

¹ The Department of Health (DOH) projected that the inaccessibility to sexual and reproductive health services can lead to between 47,000 to 253,000 additional unintended pregnancies and around 11,200 to 59,700 additional unsafe abortions for 2020. For adolescent pregnancies there might be a projected increase in incidence by 6.3 percent or about 5,000 more adolescents who will become mothers (United Nations Population Fund).

² The COVID-19 pandemic is assumed to have an impact on the access of women to essential sexual and reproductive health services – that may lead to an increase in deaths in 2020. Recalibration of the MMR target for 2022 is viewed to ensure the attainment of the country’s 2030 SDG MMR target of 70 per 100,000 livebirths.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value (year)</th>
<th>Plan Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of currently married women of reproductive age (15-49 years old) who have unmet need for modern family planning (%) decreased*</td>
<td>35.0 (2013)</td>
<td>**</td>
</tr>
</tbody>
</table>

**Sector Outcome 2: Gains from the demographic dividend maximized**

<table>
<thead>
<tr>
<th>Life expectancy at birth increased (years)</th>
<th>Male</th>
<th>69.63 (2015-2020)</th>
<th>**</th>
<th>**</th>
<th>71.3</th>
<th>71.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>75.91 (2015-2020)</td>
<td>**</td>
<td>**</td>
<td>77.5</td>
<td>77.5</td>
<td></td>
</tr>
<tr>
<td>Prevalence of stunting among children under-five decreased (%)</td>
<td>33.4 (2015)</td>
<td>**</td>
<td>29.8</td>
<td>28.0</td>
<td>28.0</td>
<td></td>
</tr>
<tr>
<td>Mean years of schooling increased</td>
<td>10 (2018)</td>
<td>N/A</td>
<td>N/A</td>
<td>11.3</td>
<td>11.3</td>
<td></td>
</tr>
</tbody>
</table>

Proportion on learners Achieving at nearly proficient in National Achievement Test increased (%)

| Grade 6                                                                          | 16.0 (2018) | 26.0 | 34.0 | 44.0 | 44.0 |
| Grade 10                                                                         | 34.0 (2018) | 43.0 | 52.0 | 61.0 | 61.0 |
| Grade 12                                                                         | 14 (2018)   | 13.0 | 19.0 | 28.0 | 28.0 |

Proportion of learners completing levels of education (Completion Rate) increased (%)

| Kinder to Grade 6                                                                | 97.0 (2019) | 97.0 | 97.0 | 98.0 | 98.0 |
| Grade 7 to 12                                                                     | 77.0 (2019) | 82.0 | 83.0 | 84.0 | 84.0 |

Female Drop-out Rate (School leaver) decreased (%)

| Junior High                                                                      | 4.43 (2016) | Decreasing |
| Senior High                                                                      | 2.89 (2018) | Decreasing |
| Certification rate of TVET graduates (15-24 years old) increased (%)             | 91.3 (2016) | Decreasing |
| Percentage of youth NEET decreased (%)                                           | 23.0 (2015) | 17.5-19.5 |
| Labor force participation rate of women increased (%)                            | 50.1 (2015) | 50.5 |

* Computed as unmet need for modern family planning plus traditional contraceptive use.
** Responsible Agency (e.g. DOH, POPCOM, and DepEd) did not provide annual targets for these indicators as data are not available for these years.
Strategic Framework

Figure 13.1 Strategic Framework to Reach for the Demographic Dividend

Strategies

With key reforms and policies instituted, full and intensified implementation of strategic interventions will be pursued to enable all regions to reach the demographic dividend. The focus will be on reducing adolescent pregnancy and addressing unmet demand for family planning among couples and individuals. Efforts to prepare the country’s human capital will likewise be sustained along with supportive strategies for improving savings build-up and ensuring the integration of population and demographic factors in development planning and programming. Specific strategies and programs will be fast-tracked and prioritized in regions that have yet to experience the demographic transition necessary for achieving the demographic dividend.
Accelerating demographic transition across regions

Reducing mortality rates. Universal healthcare will be pursued with the implementation of the UHC Act to maintain the downward trend in mortality rates, particularly among neonates, infants, and under-five children. This will be complemented by the provision of appropriate nutrition and health services for the first 1,000 days of life which includes appropriate care for mothers during pregnancy, labor, and childbirth; essential care for the newborn; optimal infant and young child care and nutrition; immunization; and vitamin supplementation for children, among others. As mandated by the UHC Act, local health systems will be strengthened, specifically the primary care provider networks. There will be improved integration of province- and city-wide health systems and networks under the stewardship of the provincial and city health boards, which will manage the special health fund. Adequate local investment to improve access to quality health services and resilience to any threats and health emergencies will also be provided.

Achieving wanted fertility rates. Population management and reproductive health policies and programs will be strengthened to assist couples and individuals achieve their desired number of children (wanted fertility rate) within the context of responsible parenthood and informed choice. These include the intensified implementation of the NPPFP, which involves collaborative management between the DOH and the POPCOM; and coordinated efforts among partner government agencies (e.g., Department of Education, Department of the Interior and Local Government, etc.). Strengthened participation of local government units (LGUs) and expanded partnerships with civil society organizations (CSOs) will be pursued. Development partners and the private sector will also be engaged to allow for effective and efficient delivery of quality reproductive health and family planning commodities and services.

The following are the specific strategies to achieve wanted fertility rates:

Intensify demand generation and advocacy activities. A nationwide age-group-focused multimedia campaign will be pursued by the DOH and POPCOM to raise the level of awareness and knowledge on the importance and benefits of family planning – from a health intervention to a means to improve family outcomes. This entails the development of a comprehensive and inclusive health promotion and communication plan for family planning. Market-segmented demand-generation strategies at the national and subnational levels will be implemented, including hospital-, facility-, and community-based activities, in coordination with LGUs. To further widen the reach of these activities while adhering to new normal protocols, interactive forms of communication (e.g., telephone hotlines and online platforms) will be employed to provide adolescent sexual and reproductive health information and counseling. Adolescent sexual and reproductive health and family planning (RP/FP) information will likewise be continuously incorporated in relevant programs and activities such as pre-marriage orientation and counseling, Pantawid Pamilyang Pilipino Program Family Development Sessions, and other programs for employees or RP/FP in the workplace conducted by the Department of Labor and Employment and Civil Service Commission, among others.

Strengthen provision of family planning services, adolescent sexual and reproductive health commodities and services. To match the demand for family planning and reproductive health services, accessibility and availability of commodities and services will be expanded. Priority will be in areas and populations with high unmet demand for such commodities and services. Appropriate health personnel and facilities within a functioning healthcare provider network to provide services will be made available to all. Family planning logistics management will also be strengthened in all public service delivery points.
through interoperable commodities tracking system across national and local facilities. In times of emergencies and other disasters, the Minimum Initial Service Package (MISP)\(^3\) for sexual and reproductive health services will be provided. Postpartum family planning and family planning outreach missions and counseling services will be intensified.

The participation of LGUs, specifically those with high incidence of unplanned pregnancies, is key in the implementation of these strategies. As such, there will be continued capacity building of local stakeholders specifically for local chief executives, local health officers, and local health service providers. Community volunteers, local government health workers, and private sector providers will be capacitated in delivering family planning and reproductive health services (i.e., Family Planning Competency-Based Training for health providers). Local chief executives will also be provided with leadership and governance capability building programs for health that can improve local health systems and make them more responsive to the health needs of their constituency.

**Provide appropriate and innovative services, including family planning, sexual, and reproductive health for adolescents and the youth.** The high incidence of adolescent pregnancy in the country is a major concern that affects the country’s population growth and human capital development (e.g., poor health condition and nutritional status for mothers and infants, poor education outcomes, etc.). Hence, to prevent unplanned repeat pregnancies, age-appropriate adolescent sexual and reproductive health services, including family planning, will be provided to sexually active adolescents and those who have already given birth. Social determinants of adolescent pregnancy will be given attention by identifying and addressing contextual factors that influence early coitus and pregnancy. The focus will be on ensuring the full implementation of the Comprehensive Sexual Education (CSE) in line with the RPRH Law. This includes the provision of appropriate learning materials and modules, continuous capacity building of adult partners (i.e., teachers, parents/guardians, and CSOs), and the creation of a CSE parent education module to be introduced in Parent-Teacher Association meetings. Adolescent-friendly health service packages will also be developed to address the age group’s unique needs in terms of correct information and access to adolescent sexual and reproductive health services, including HIV. These activities will be implemented along with the establishment and sustainability of teen centers and adolescent-friendly facilities or spaces in LGUs and schools, and developmental activities for the youth (e.g., sports, socialization, volunteerism, etc.). These will be recalibrated and temporarily moved online during the COVID-19 pandemic. Innovative and interactive forms of communication strategies to reach the youth will also be employed, such as the use of social media and other online media platforms, cellphone applications, and call or text hotlines. Youth-oriented TV and other media programs will be developed to reach the youth and encourage them to make productive use of their time. To this end, coordinated efforts among concerned government agencies will be pursued, including the mobilization of and capacity building for the Sangguniang Kabataan (youth council) to promote adolescent sexual and reproductive health and youth development programs among their constituency.

\(^3\) The MISP covers services for safe motherhood, family planning, STIs and HIV/AIDS, and gender-based violence per DOH Administrative Order 2016-0005.
Maximizing gains from the demographic dividend in all regions

Optimizing the increasing labor force for more productive economic output requires quality human resources. Thus, it entails the improvement of health and nutrition, education, and total well-being of the human capital. Labor force participation and employment opportunities in all regions will be enhanced, focusing on the youth and women towards countryside development. Savings rates among households will be increased through expanded access to financial products. Finally, to ensure that the demographic transition will be planned for, there will be continuous integration of population and development, along with health and environment aspects, in the development planning and programming at the national and local levels.

**Improving Quality of Human Capital**

**Intensify health programs and widen access to education.** To improve the quality of human capital, the two-fold strategy of enhancing health, nutrition, and education outcomes needs to be sustained. For health and nutrition outcomes, the focus will be on providing maternal, newborn, and child health services, and school and community nutrition programs. Health and nutrition interventions for mothers, infants, and young children will be expanded in line with the implementation of the First 1,000 Days Law. Reforms in the country’s healthcare system will be pursued with the implementation of the UHC Law and the introduction of innovative measures to make it more resilient and accessible. These measures include wider use of telehealth and improvement of epidemiological and surveillance capacities to respond to disasters and pandemics (see Chapter 10).

A healthy and well-nourished population is not enough to drive productivity – there is also a need to cultivate an educated and competitive labor force. A key strategy will be strengthening early childhood care and development programs in line with the Global Nurturing Care Framework through early stimulation and early intervention from birth to three years old to prepare them for basic education. Basic education programs will be inclusive for vulnerable groups and those not covered by formal education through the Alternative Learning System. Activities such as the updating of higher education curriculum and the development of new programs (e.g., data science, nanotechnology, machine learning, green/renewable energy engineering, etc.) will be initiated to increase responsiveness to the demands of the Fourth Industrial Revolution. The use of flexible learning options 4 will be expanded and institutionalized to reach more Filipino learners and to reduce contact and COVID-19 transmission (see Chapter 10).

**Increasing Youth and Female Labor Force Participation**

There are already potentials for growth following the possible demographic transition but these may be irrelevant if the population seeking employment cannot be productively employed. 5 Therefore, the following strategies will be pursued:

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4 Flexible learning options include open distance learning, blended learning, homeschooling, television- and radio-based instruction, and satellites for off-grid areas.

Provide supportive mechanisms to decrease economically unproductive youth and increase female participation in the labor force. As the working-age population is expected to increase, especially the youngest group, they will be capacitated and provided access to productive employment. To ease the youth’s transition from school to work – internships, apprenticeships, and dual-training programs will be strengthened and expanded. Stronger government-industry-academe linkage will be forged and sustained to achieve these. Employment facilitation for this age cohort will also be improved by providing assistance such as coaching, career advocacy, and counseling. These will be offered through online platforms to make it accessible during the pandemic. Promoting the use of existing labor market programs including technology-based mechanisms such as the PhilJobNet can also help in their employment. Upon employment, their productivity can be further improved by building and strengthening employee and enterprise capacities. Health and safety in the workplace will also be promoted by crafting support mechanisms to address psychosocial risks and work-related stress, and providing reproductive health and modern family planning services to workers (see Chapter 10).

Aside from the youth, specific focus will also be given to women’s participation and retention in the labor force, which is only 47.6 percent of all women of working age in 2019. Female labor force participation will be increased by intensifying monitoring and ensuring compliance of corporations to laws, policies, and programs that foster women’s participation and retention in the workforce (e.g., Expanded Maternity Leave Act and the Family Welfare Program). Women’s access to formal employment opportunities will also be advanced, including entrepreneurship through e-commerce. Flexible work arrangements such as compressed workweek and alternative worksites will likewise be explored. There will also be a continuous push for affordable and accessible childcare support mechanisms like daycare and child-minding facilities and services (see Chapter 10).

Improving savings build-up

The government will provide effective access to a wide range of financial products and services for all. These include the provision of products and services that will support savings build-up through access to savings, checking, and current accounts, pensions, and youth micro-deposits. Widespread adoption of these formal financial services will be pushed through the use of digital payments that will make transaction accounts relevant, valuable, and inclusive. This will be complemented by consumer empowerment through digital financial literacy, among others. During the pandemic, online courses, webinars, and e-conferences will be employed to improve the population’s economic and financial literacy (see Chapter 15).

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6 National Strategy for Financial Inclusion
Improving population and development integration and youth participation

Integration of population factors in development initiatives, planning, and programming will be pursued through various channels – specifically in localizing and teaching population and development concepts (including the demographic dividend) to local chief executives. There will be continuous interagency collaboration for synergized implementation of key strategies identified in the PDP 2017-2022 towards achieving the demographic dividend. Various support such as the provision of capacity building and mentoring will also be extended to national government agencies and LGUs in integrating population and development in their sectoral and local development plans. Sustainable development will be pursued through an integrated population, health and nutrition, and environment approach in carrying out initiatives for reaping the demographic dividend (see Chapter 20).

New methods of collecting population data in the LGUs will be identified and sustained. For example, a harmonized and interoperable Local Migration and Information System will be institutionalized, maintained, and utilized for planning and programming, especially in urban areas. LGUs will also be supported in the collection of population and development-related data through the Community-Based Monitoring System and other local data collection mechanisms. These mechanisms will provide local-level data that will guide the implementation of national programs targeted at developing LGUs (e.g., Balik Probinsya, Bagong Pag-asa Program). These will also allow the LGUs to facilitate the formulation of more effective and targeted local plans, policies, and programs, and adequately respond to shocks and disasters, such as pandemics.

Policies and programs that will drive countryside development will be pursued to allow all regions to maximize the gains from the demographic dividend. The Balik Probinsya Bagong Pag-asa Program will be implemented to promote balanced urban and regional development. It aims to incentivize reverse migration such that people from megacities will move back to the rural areas (see Chapter 3). To ensure that these areas will complete the demographic transition and maximize the possible dividends, the necessary social services, livelihood opportunities, market and value chain development, and human resource development will be set in place. These changes along with new resource needs will be reflected in the participating LGUs' local development plans.

The integrated Population-Health-Environment (PHE) approach in community projects will be promoted and supported in this time of pandemic, when a lot of Filipinos lost their jobs and most are returning to their places of origin. The PHE is an integrated approach in community development that acknowledges the connections between families, their health, and the environment. The Population component focuses on giving access to reproductive health and family planning information and services to men and women of reproductive age. The health aspect involves provision of quality health services, child health and nutrition, water, and sanitation; while the Environment component promotes protected areas and biodiversity conservation through watershed management, natural resource management, and sustainable agriculture. Integrated PHE projects implemented in the past proved to be cost-effective, high impact, and have contributed to sustainable development.\(^7\)

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\(^7\) Per the Community-Based Monitoring System Act of 2018 (RA 11315)

As the country moves towards a transition that will be characterized by a “youth bulge,” data will be made available and accessible for crafting the most relevant, appropriate, and effective policies and programs for this age group. Their active, meaningful, and holistic participation in society will also be strengthened by involving them in the conceptualization and implementation of programs and policies across the following sectors: health, education, economic empowerment, social inclusion and equity, peace-building and security, governance, citizenship, environment, and global mobility.9 Young people represent a valuable resource and network during crises and public health emergencies. With the right information and training, they can be mobilized to assist in government response – in the case of pandemics, to help break the chain of infection.10

Legislative Agenda

Table 13.2 Legislative Agenda to Reach for the Demographic Dividend

<table>
<thead>
<tr>
<th>Legislative Agenda</th>
<th>Rationale/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutionalization of Local Population and Development Policy</td>
<td>This will provide for the establishment and operation of population offices to allow for the effective implementation of population management strategies and measures at the local level. This will facilitate the development of a National Program of Action and Investment Plan for the prevention of teenage pregnancy. The program of action will serve as a national framework for interagency and inter-sectoral collaboration at all levels to address the various health, cultural, socioeconomic, and institutional determinants of teenage pregnancy. The policy may be issued in the form of either an Executive Order or a Republic Act.</td>
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Chapter 14

Vigorously Advancing Science, Technology, and Innovation

The Science, Technology, and Innovation (STI) sector has already been faced with issues that have prevented it from reaching its full potential even before the COVID-19 pandemic. Nonetheless, several reforms to drive the STI sector towards greater advancement were instituted as a result of the increased collaboration of STI stakeholders. Among these are the Philippine Innovation Act, Philippine Startup Act, Philippine Space Act, and the Balik Scientist Act.

With the emergence of COVID-19, there is a need to advance STI that contributes to the attainment of a healthy and resilient Philippines. This will include the rollout of technologies that will help address the pandemic. Moreover, the procurement process of STI programs, projects, and activities (PPAs) will be reviewed and refined for timely implementation and greater impact. Various government support services for startups and micro, small, and medium enterprises (MSMEs) will also be ramped up to help them become more innovative and resilient in times of crisis. The establishment of the National Innovation Council, which is seen to guide the country towards long-term STI development, will also be fast-tracked.

Assessment and Challenges

Assessment. The linkages among the players in the STI ecosystem remain limited despite some significant strengthening of collaboration among the government, academe, and industry in the past year. Furthermore, the problem of slow commercialization of outputs of STI activities and its underutilization persist. This may be partly due to the absence of a vibrant intellectual property (IP) culture brought about by issues in IP ownership, lack of a legally-sanctioned payment mechanism for financial contributions and familiarity on legal mechanisms, costly development of IPs, long processing time of IPs, among others. Other challenges include inadequate research and development (R&D) infrastructure especially in the regions and slow implementation of STI projects, due to procurement concerns and complex administrative requirements.

The country also continued to underinvest in R&D\(^1\) and there is also low level of awareness on the results of R&D activities and the government’s support mechanisms to help firms become more innovative. Information dissemination campaigns, particularly on available technologies, remain inadequate and fragmented.\(^2\) With these, many sectors still do not recognize, appreciate, and understand the use of technology and science-based information in their daily activities, which is exacerbated by the dwindling

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\(^1\)Based on the latest available data from the DOST - Planning and Evaluation Service (as of January 2019), the Philippines’ overall R&D expenditure slightly grew to 0.16 percent of Gross Domestic Product (GDP) in 2015 from 0.14 percent in 2013. However, this still reflects low R&D expenditure relative to the country’s ASEAN peers. This is also well below the 1 percent R&D spending share to GDP benchmark for developing countries recommended by the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

interest in science among the youth, inaccessible scientific information, and the lack of a conducive environment to develop an STI culture.

Based on the World Economic Forum (WEF) Readiness for the Future of Production Report 2018, the Philippines is not yet prepared to manage the Fourth Industrial Revolution (FIRE) as manifested in its weak performance across the drivers of production, which include technology and innovation, human capital, global trade and investment, institutional framework, sustainable resources, and demand environment, among others. For instance, the number of the country’s researchers for every one million population declined to 200 in 2015 from 270 in 2013. This is also lower than the UNESCO norm of 380 per million population and the East Asia and the Pacific average of 1,020 researchers per million population. On monitoring the performance of the STI ecosystem, the existing data on STI are still not enough to keep track and monitor the sector’s progress and performance.

**Challenges**

The adverse spillovers of the prolonged pandemic to the economic sector could bring about a reduction of available resources for STI since the government will now be more focused on addressing the most immediate concerns. However, this is also the opportune time to further strengthen and provide more resources to STI as science-based methods and solutions will be needed more than ever in the new normal to curtail, mitigate, and respond to emerging challenges and potential catastrophes whether they be man-made or natural. The health sector, in particular, will be among the major gainers in this advancement of the sciences in the country.

There will be increased interest in using advances in biology and medical science in the new normal. Similar to the development of COVID-19 testing kits by local scientists, there will be greater efforts to find ways to manage pandemic situations via STI. Among these are means by which mass testing can be facilitated, including the design and manufacture of medical equipment that can aid in the treatment of patients such as ventilators, among others. Moreover, the demand for health-related technologies (i.e., sanitation booths, contact-tracing applications, and other researches related to the treatment or response to the pandemic) is seen to increase. As companies, schools, and government agencies implement work from home arrangements, the use of digital technology will rise significantly. In addition, online business transactions and digital payments will increasingly become a necessity rather than convenience. All these need to be supported by a reliable digital infrastructure system with strong cybersecurity protection. In the production sector, there will be increased demand for automation and digitalization to supplement manual labor in the immediate term. Over the medium term, automated and digitalized processes may substitute for labor.

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3 As the study defined, “production” involves a broad spectrum of economic activities related to manufacturing products and goods. A full end-to-end appraisal of what it entails reveals the following sequence: Design-Source-Manufacture-Assemble-Distribute-Service-End of use-cycle. On the other hand, “readiness” is generally regarded as the ability to capitalize on future production opportunities, mitigate risks and challenges, and be resilient and agile in responding to unknown future shocks.
Targets

Table 14.1 shows the indicators and medium-term targets for each major outcome under this chapter. However, these indicators are limited only to those that have available data. The increase in STI application in agriculture, industry, services, and health sectors will be measured based on the increase in the expenditure and in the number of intellectual property products that have been registered and filed. In the same way, the investments in STI-based start-ups, enterprises, and spin-offs will be assessed based on the World Intellectual Property Organization (WIPO) - Investment Index percentile rank of the country and the number of technology business incubators (TBI) graduates and innovation hubs (e.g., TBIs, innovation centers, niche centers, etc.) established. The creative capacity for knowledge and technology generation, acquisition, and adoption will be gauged based on the country’s WIPO - Knowledge and Technology Outputs percentile rank of the country, R&D expenditure as a proportion of GDP, number of researchers, scientists, and engineers (RSEs) per million population, number of Science, Technology, Engineering, and Mathematics (STEM) enrollees and graduates in higher education institutes (HEIs) and the number of Balik Scientists engaged. Likewise, the strength of the open collaboration among actors in the STI ecosystem will be determined based on the WIPO University-Industry Collaboration percentile rank and the number of collaborations among the HEIs, industries, and the government.

Table 14.1 Updated Plan Targets to Vigorously Advance Science, Technology, and Innovation

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>EOP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Outcome 1: Scale-up technology adoption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subsector Outcome: Increased STI application in agriculture, industry, services, and health sectors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of intellectual property products expenditures to GDP increased (%)</td>
<td>0.5 (2016)*</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
</tr>
<tr>
<td>Number of Filipino patents granted increased (incremental)</td>
<td>31 (2016)</td>
<td>38**</td>
<td>30***</td>
<td>38***</td>
<td>38***</td>
</tr>
<tr>
<td>Number of Filipino utility models registered increased (incremental)</td>
<td>555 (2016)</td>
<td>727**</td>
<td>584***</td>
<td>750***</td>
<td>750***</td>
</tr>
<tr>
<td>Number of Filipino industrial designs registered increased (incremental)</td>
<td>516 (2016)</td>
<td>627**</td>
<td>494***</td>
<td>622***</td>
<td>622***</td>
</tr>
<tr>
<td>Number of Filipino patents filed increased</td>
<td>284 (2017)</td>
<td>348**</td>
<td>353***</td>
<td>394***</td>
<td>394***</td>
</tr>
<tr>
<td>Number of Filipino utility models filed increased</td>
<td>1,325 (2017)</td>
<td>1,862**</td>
<td>1,380***</td>
<td>1,848***</td>
<td>1,848***</td>
</tr>
<tr>
<td>Number of Filipino industrial designs filed increased</td>
<td>875 (2018)</td>
<td>910**</td>
<td>675***</td>
<td>873***</td>
<td>873***</td>
</tr>
<tr>
<td>Number of Filipino patents filed under Patent Cooperation Treaty (PCT) increased</td>
<td>2 (2018)</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Increased investments in STI-based start-ups, enterprises, and spin-offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Innovation Index (GII) – Investment Index percentile rank improved</td>
<td>17 (2016)</td>
<td>22</td>
<td>24</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>
### INDICATOR

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Number of TBI graduates increased (i.e., enterprises and spin-offs) a/</td>
<td>41 (2016)</td>
<td>Increasing*</td>
</tr>
<tr>
<td>Number of innovation hubs increased (e.g., TBIs, innovation centers, niche centers, etc.) (incremental) a/</td>
<td>23 (2016)</td>
<td>63</td>
</tr>
</tbody>
</table>

### Sector Outcome 2: Accelerate Innovation

#### Subsector Outcome: Enhanced creative capacity for knowledge and technology generation, acquisition, and adoption

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Overall Global Innovation Index (GII) rank improved a/</td>
<td>Top 58% (2016)</td>
<td>Top 38%**</td>
</tr>
<tr>
<td>GII - Knowledge and Technology Outputs percentile rank improved d/</td>
<td>66 (2016)</td>
<td>Top 33%</td>
</tr>
<tr>
<td>R&amp;D expenditure as a proportion of GDP increased (in percent, incremental) a/</td>
<td>0.16 (2015)*</td>
<td>0.35</td>
</tr>
<tr>
<td>Number of RSEs per million population increased (incremental) a/</td>
<td>200 (2015)*</td>
<td>290</td>
</tr>
<tr>
<td>Number of STEM enrollees in HEIs increased (in million, incremental) a/</td>
<td>1.29 (AY 2015-2016)</td>
<td>1.7</td>
</tr>
<tr>
<td>Number of STEM graduates in HEIs increased a/</td>
<td>183,000 (AY 2015-2016)</td>
<td>50,000</td>
</tr>
<tr>
<td>Number of Balik Scientists engaged increased (incremental) a/</td>
<td>25 (2016)</td>
<td>46**</td>
</tr>
</tbody>
</table>

#### Subsector Outcome: Strengthened open collaboration among actors in the STI ecosystem

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>GII University-Industry Collaboration percentile rank improved a/</td>
<td>52.5 (2016)</td>
<td>Top 49%</td>
</tr>
<tr>
<td>Number of collaborations between HEIs and industries increased (incremental) a/</td>
<td>70 (2014)</td>
<td>120</td>
</tr>
<tr>
<td>Number of collaborations between HEIs and government increased (NGAs and LGUs) (incremental) a/</td>
<td>300 (2015)</td>
<td>450</td>
</tr>
<tr>
<td>Number of STI-related international cooperations of HEIs increased (incremental) a/</td>
<td>40 (2015)</td>
<td>80</td>
</tr>
</tbody>
</table>

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*b/ indicators set/approved before the pandemic (abridged version as of March 2020)
*c/ new indicators set/approved after the March 2020 version
*d/ original indicators set/approved in 2016 but with the terms corrected
* Revision in baseline data
**2020 original targets set/approved in 2016/prior to the pandemic retained
*** Revisions in targets for the remaining years of the Plan period
Many of the strategies under this Chapter were refined to address the problems posed by the pandemic and also considered the existing and anticipated problems of the STI sector. As such, STI is deemed to contribute to the achievement of the overall PDP goal of “Healthy and Resilient Philippines” by increasing the country’s growth potential. This will be done by scaling-up technology adoption and accelerating innovation to address the potential challenges ushered in by the new normal. To scale-up technology adoption, STI application in the agriculture, industry, services, and health sectors, as well as investments in STI-based start-ups, enterprises and spin-offs, will be increased. These applications primarily cut across PDP Chapters 8, 9, and 10. To accelerate innovation, the creative capacity for knowledge and technology generation, acquisition, and adoption will be enhanced, and open collaboration among actors in the STI ecosystem will be strengthened.

**Figure 14.1 Strategic Framework to Vigorously Advance Science, Technology, and Innovation**

- **SCALE-UP TECHNOLOGY ADOPTION**
  - Increased STI application in agriculture, industry, services, and health sectors
  - Promote commercialization and utilization of technologies from publicly funded R&D
  - Develop a vibrant intellectual property rights culture
  - Encourage more innovative financing mechanisms and private sector investments
  - Provide support mechanisms for startups and MSMEs in the regions

- **ACCELERATE INNOVATION**
  - Increased investments in STI-based start-ups, enterprises, and spin-offs
  - Enhanced creative capacity for knowledge and technology generation, acquisition, and adoption
  - Support research and development agenda
  - Increase funding for human resource development
  - Tap foreign and Overseas Filipino expertise
  - Strengthen STI infrastructure
  - Foster STI culture
  - Strengthen multisectoral collaboration
  - Intensify international cooperation in STI
  - Implement the recommendations of the Scoping Study on STI Statistics
Strategies

Scaling-up technology adoption

*Increase STI application in agriculture, industry, services, and health sectors*

Promote commercialization and utilization of technologies from publicly funded R&D

*Intensify the rollout of available technologies that can be used during pandemic, state of calamities, emergencies, and the transition to the new normal.* The government will conduct an inventory, for possible scale-up, promotion, and dissemination, of available technologies (e.g., technologies for prolonged food shelf-life, possible alternative materials for personal protective equipment, e-vehicles, renewable energy technologies, digital technologies, information-sharing mobile applications and portals, IT facilities, telemedicine technologies, COVID-19 tracking and monitoring technologies, contract tracing report system, disease spread modeling technologies, among others). Shared service facilities and other existing STI support infrastructure will be utilized for mass production. Moreover, the government will incentivize, subsidize, and support researchers and research institutions that will engage in R&D related to development of test kits, medical equipment, vaccines (e.g., COVID-19 vaccine), medicine, and others.

*Utilize innovation hubs, business support mechanisms, state universities and colleges (SUCs), private HEIs, and LGUs to promote technologies and government support to innovation activities.* The government will actively use innovation hubs, online platforms, support mechanisms to businesses/entrepreneurs (e.g., Negosyo Centers), entrepreneurial organizations (e.g., Philippine Chamber of Commerce and Industry), SUCs and HEIs offering business/entrepreneurial courses, offices of LGUs (e.g., city/barangay halls issuing business permits/licenses), and others, as venues to introduce research outputs of the government and the academe that are ready for adoption as well as the different support services of the government to startups and MSMEs to help them become more innovative.

*Formulate public procurement guidelines for STI PPAs consistent with the Government Procurement Reform Act (RA 9184).* The National Innovation Council (NIC), in coordination with the Government Procurement Policy Board (GPPB), will review and identify the problems in the current procurement process for STI PPAs and suggest solutions on how to resolve these constraints. This will entail the issuance of procurement guidelines consistent with RA 9184 that will ensure efficiency, transparency, timeliness, and relevance in the procurement process for STI PPAs (e.g., creation of special/separate procurement process for certain STI projects). This strategy will be prioritized and implemented with urgency in light of the current pandemic and possible occurrences of disasters, epidemics, and other emergencies.
Operationalize the Filipinnovation Portal. The government will fast-track the establishment of the Filipinnovation portal which will serve as a repository of government and academic research and innovation outputs. These research outputs in the portal will be segregated by sector/areas (e.g., farming, fisheries, industrial applications, energy, services, health, construction, food production, digital technologies, and national security and defense, among others) for easier reference. The portal will also contain government programs and projects that can be availed to obtain support on innovation activities and scholarship programs. Access to the portal will be free for all Filipinos. Once operational, it will be aggressively promoted to the public and will be regularly monitored and updated as needed. It will also be integrated and harmonized with the other existing innovation websites of the government such as the Startup Philippines website.

Alongside this, the government will launch an interactive communication strategy or platform where STI results, initiatives, and efforts are highlighted and communicated to Filipinos for their feedback.

Increase public awareness on R&D activities. To become more effective in communicating and raising awareness on R&D, investments in promotions and communications will be increased. The government will maximize the use of ICT/online platforms in the conduct of technology transfer and commercialization programs such as science fairs, exhibits, invention contests, and technology transfer days, among others, to help publicize and commercialize the existing technologies from the government, academe, and the industry. Technology promotions under these initiatives will be conducted by sector/area (e.g., agriculture, industry, services, farming, fisheries, industrial applications, energy, services, health, construction, food production, digital technologies, national security, and defense, among others). Face-to-face/physical technology transfer and commercialization programs will still be continued but in accordance with appropriate social distancing measures.

Ensure that the transfer or distribution of technologies as a public good will be on a non-exclusive and non-competitive basis. To ensure greater access to technologies generated from publicly-funded R&D, the transfer or distribution of these technologies as a public good will be encouraged. These technologies will be transferred in a non-exclusive and non-competitive manner where no licensing fees, technology fees, and/or royalty will be charged or collected. The provision of free technologies to target users such as farmers, fisherfolks, and small-scale industries, among others intends to upgrade their processes and operations for improved productivity.

Develop a vibrant intellectual property rights culture

Expand the network of Innovation and Technology Support Offices (ITSOs) and enhance and develop its capacities to do online transactions. The Intellectual Property Office of the Philippines (IPOPHL) will continue to establish more ITSOs throughout the country and further enhance the capacities of existing ITSOs to guide innovators/inventors from IP creation, protection, to commercialization, thus, improving

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4 The preparation of the Innovation Portal is being supported by the Global Innovation Policy Accelerator. The Global Policy Accelerator program is funded through the United Kingdom government’s Newton Fund and delivers executive development to national cohorts of senior policymakers from the main innovation institutions, while strengthening the implementation capabilities of their teams (Source: https://www.nesta.org.uk/project/global-innovation-policy-accelerator/).
patent applications’ performance. In addition, the IPOPHL will capacitate the ITSOs to do their transactions/services online in order for them to assist clients (e.g. inventors) remotely.

**Streamline and rationalize administrative and registration procedures to remove several barriers to innovation.** To encourage and improve innovation, the IPOPHL, in coordination with the National Innovation Council (NIC), will streamline and rationalize administrative and registration procedures. It will also undertake programs to assist MSMEs in the registration of patents, layout designs, registration of trademarks, and geographical indications and other marks of ownership, industrial designs, utility models, and deposit of copyrights. The IPOPHL will develop and provide the necessary IT infrastructure so that bulk of its services, processes, and procedures can be done online. Reforms on these initiatives will be reported to the NIC for effective monitoring and tracking of results. Under the new normal, e-commerce platforms are expected to be on the rise, thus, the IPOPHL will also strengthen IP enforcement on virtual platforms.

**Increase the public’s awareness of the National Intellectual Property Strategy (NIPS) and steer its adoption.** The NIPS is the government’s main action plan in creating a robust intellectual property regime, with strategies proposed for regulation, administration, and enforcement of IP. The envisioned IP system under the NIPS is seen to be more systematic, comprehensive, and effective in delivering reliable service for Philippine creators and innovators. Hence, the IPOPHL, in coordination with the NIC, will conduct various awareness campaigns/programs to promote the NIPS. Furthermore, the IP process (e.g., from application to commercialization) will also be made part of the curriculum in science and engineering courses to increase awareness and encourage participation.

**Increase investments in STI-based start-ups, enterprises, and spin-offs**

**Encourage more innovative financing mechanisms and private sector investments**

**Institutionalize the implementation of the Science for Change Program (S4CP).** The government will institutionalize the implementation of the S4CP to advance the proliferation of demand-driven innovation activities that will respond to the demand of the users of technologies. The S4CP seeks to accelerate and expand STI programs in the country and will promote development and industrial competitiveness in the regions through the establishment of R&D centers under the Niche Centers in the Regions for R&D (NICER) program. The R&D Leadership (RDLead) program supports the NICER program through engaging Filipino experts to lead in strengthening research capabilities of HEIs and research and development institutions (RDIs). It is also expected to boost academe-industry collaborations and industrial competitiveness through the Collaborative R&D to Leverage Philippine Economy (CRADLE) and Business Innovation through S&T (BIST) Programs. The Department of Science and Technology (DOST) recently launched the CRADLE Challenge 2020 inviting HEIs/RDIs to partner with Filipino private companies to formulate solutions that can aid our industries in overcoming the challenge of the new normal.\(^5\)

\(^5\) The CRADLE Challenge has four thematic areas: (a) sustainable supply and logistics, (b) products for the new normal, (c) reinventing the workplace, and (d) services that transcend boundaries. The developed research outputs are aimed to advance the innovativeness and competitiveness of local Filipino companies and ultimately help jumpstart the Philippine economy.
Establish and expand the funding mechanisms provided under the Philippine Innovation Act and the Innovative Startup Act. The government will invest in the growth and development of startup enterprises and partner with the private sector to ensure availability of financing for startups. The Startup Venture Fund and Startup Grant Fund under the Innovative Startup Act as well as the Innovation Fund, Innovation Development Credit and Financing, and Credit Quota under the Philippine Innovation Act will be operationalized towards ease of access by startups and MSMEs. The government will also require financial institutions to dedicate four percent of their available credit for startups and MSMEs as promulgated under the Philippine Innovation Act. Thus, the formulation of guidelines on both legislation will be fast-tracked.

Provide support mechanisms for startups and MSMEs in the region

Fast-track the implementation of the newly enacted “Innovative Start-up Act” (RA 11337). The Philippine Startup Development Program will be formulated to provide monetary and operational support to innovative and technology start-ups. The program will also provide capacity building and exchange programs, as well as links to potential investors, collaborators, and customers in the Philippines and abroad. In addition, the MSME Innovation Development Program will be mobilized to enable government agencies to work hand in hand with private organizations and academic institutions to provide technical and/or financial support programs for the development training of entrepreneurs. A regulatory sandbox⁶ approach will be used by the government for unimpeded roll out of start-up technologies.

Bolster government support to MSMEs and startups to enhance their innovation activities. This will be done through programs such as the Small Enterprise Technology Upgrading Program (SETUP) 2.0; OneExpert; OneLab; Shared Services Facilities; Kapatid Mentor Me; One Town, One Product; and Technology Business Incubation 4.0. To advance innovation and facilitate efficient operation of MSMEs, the services of the Food Innovation Centers (FICs) will be upgraded from product prototyping or pilot scale processing into toll processing. Pending the operationalization of the Filipinnovation portal, the Startup Philippines website will provide a centralized platform for news and information on government startup support programs and networking and learning opportunities, as well as a one-stop-shop for startup registration and support program applications.

Continue reconfiguring the Department of Trade and Industry’s (DTI) lineup of programs and projects available for startups and MSMEs in response to the COVID-19 pandemic. In response to the pandemic, DTI will reconfigure its lineup of projects and programs to make it compatible to the minimum public health standards under the new normal. The establishment of Regional Inclusive Innovation Centers (RIICs) will be continued and replicated in other key areas around the country (e.g., Batangas City [Region 4A], Iloilo [Region 6], and Zamboanga [Region 9]). These programs include, but are not limited to, capacity-building activities for eligible and qualified startups or MSMEs affected by the pandemic, funding assistance/credit programs, and matching needs of MSMEs with startup solutions providers.

⁶ A regulatory approach, typically summarized in writing and published, that allows live, time-bound testing of innovations under a regulator’s oversight. Novel financial products, technologies, and business models can be tested under a set of rules, supervision requirements, and appropriate safeguards. A regulatory sandbox also creates a conducive and contained space where incumbents and challengers experiment with innovations at the edge or even outside of the existing regulatory framework. (Briefing on Regulatory Sandboxes. United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development).
Expand innovation/business support mechanisms to include online presence. Some services of the innovation hubs and TBIs, innovation centers, among others, will be conducted online (e.g., mentoring, training, and consultancy services), if applicable, to comply with social distancing measures. Furthermore, these innovation support mechanisms will also promote their services online to entice beneficiaries. Government agencies with existing online portals on business support mechanisms will be enhanced and strengthened.

The IPOPHL will also conduct training online through webinars such as the LEAP IP Webinar Project and expand its online payment options for clients.

Enhance creative capacity for knowledge and technology generation, acquisition, and adoption

Support research and development agenda

Formulate the National Innovation Agenda Strategy Document (NIASD). The government, through the NIC, will craft the NIASD that will establish the country's vision and long-term goals for innovation, consistent with global and regional commitments and with AmBisyon Natin 2040 and the PDP. This document will also provide a roadmap consisting of strategies and action plans for improving innovation governance (e.g., identifying and addressing the absorptive capacities of government agencies doing R&D).

The NIASD will contain innovation priority areas (e.g., food security, sustainable agriculture and natural resources, blue economy, education, vocational training, health, renewable energy, climate change and disaster resilience, resource efficiencies, traditional knowledge, traditional cultural expressions, genetic resources, infrastructure, governance, human capital, digital economy, transportation services, security and defense, and others as may be deemed relevant by the NIC), the strategies to be used to realize these priorities, and for which resources and budget will be provided.

In relation, the government will support the conduct of long-term STI foresight studies and development of evidenced-based planning framework to complement the NIASD, taking into consideration the whole STI ecosystem. Increasing capacities on planning tools such as foresight techniques will also be pursued.

Establish relevance criteria and Research, Development, and Extension (RD&E) themes under the new normal. The government, guided by the country’s innovation agenda and development goals, will develop RD&E themes. These themes will be adopted in the RD&E programs of concerned agencies which will ensure that a higher level of mission orientation in publicly funded research is observed. A “relevance criteria” will also be applied by the agencies concerned in the selection of RD&E programs or projects for funding. The relevance criteria will take into consideration the development thrusts and priorities of various regions in the country to ensure alignment (e.g., research areas needed to cope with the COVID-19 pandemic and the new normal). The government will likewise conduct an inventory of academic or educational and RD&E institutions, as well as their resources and capacities to undertake RD&E programs and projects. The inventory will serve as a reference when deciding the allocation of public funds for these purposes. The research areas under the Harmonized National Research and Development Agenda 2017-2022 will be expanded and aligned with RD&E themes of the government. This will be complemented by sustained and aggressive capacity-building activities particularly for R&D institutions in the regions to spur regional R&D that addresses local concerns, expands opportunities for growth, and brings about significant
changes in the regional STI landscape. Additional sources of funding for RD&E will also be identified (e.g., DOE unutilized fund and Malampaya).

**Conduct R&D studies on renewable energy technologies.** The government will explore and conduct R&D studies on renewable energy technologies, including the viability of new technologies to expand the share of renewables in the energy supply mix to fuel the country’s industrialization and urbanization, while simultaneously being mindful of its environmental responsibility. Moreover, the government will promote an innovation culture that supports new and emerging renewable technologies, as well as innovative business models in the renewable energy industry (*see also Chapter 19*).

**Intensify the conduct of R&D through public-private partnership (PPP).** The NIC will intensify the undertaking of PPP on R&D, including innovation, to encourage the private sector to deepen their R&D activities while at the same time accelerating the public sector’s efforts. This will help the government tap more resources, avoid financial and procurement issues, and allow inflows of complementary private sector resources and expertise.

**Strengthen monitoring and evaluation system for all STI-related programs and projects.** Monitoring and evaluation mechanisms for RD&E, including impact assessment, will be enhanced to ensure the attainment of targeted outputs and intended outcomes as well as improve process performance. Adoption of the M&E Protocol prepared by the DOST for the STI community will also be encouraged.

**Operationalize the Philippine Space Agency and implement the Philippine Space Development and Utilization Policy.** With the signing into law of the Philippine Space Act (RA 11363), the government has established the Philippine Space Agency and the Philippine Space Development and Utilization Policy to enable the country to reap the benefits of the development and use of space technologies (e.g., agribusiness, environmental conservation, national security and defense, telemedicine, infrastructure monitoring, urban planning, transportation and communication, and disaster management). This will also provide the Philippines a wider platform to contribute to regional efforts on hazard management and climate studies, space research and development, space industry capacity building, space education and awareness, and international cooperation.

**Formulate a Human Resource Development Plan for Researchers in Higher Education.** This is to ensure that policies in HEIs especially in government-funded institutions provide incentives for research and mentoring. This will entail providing opportunities for aspiring researchers to get startup support, setting policies to make research rewarding (e.g., deloading, compensation, and peer recognition), and ensuring that research outputs are supported for patenting and commercialization within the institution. The plan will be inclusive, allowing small niche institutions to participate and develop their capability to ensure that research capacity is distributed not just in major urban centers of the country. In addition, the plan will also take into consideration the needs of the regions and ensure that research manpower is responsive to those needs.

Moreover, the national budget circular guidelines for promoting faculty members in SUCs and institutions supervised by the Technical Education and Skills Development Authority (TESDA) will be revisited regularly to ensure that those who are engaged in RD&E and innovation under the Philippine Innovation Act are given the proper recognition and commensurate points.
Accelerate efforts to prepare for the emerging Fourth Industrial Revolution (FIRe) landscape. The government, through the NIC, will identify the priority frontier technologies\textsuperscript{7} that are relevant to the country’s development setting and incorporate these in the RD&E themes that will be developed by the government. The NIC will also provide support (e.g., training programs to build new skills) to those that will be adversely affected (e.g., workers) by the emergence of the FIRe. Accelerating curriculum development related to FIRe and its approval by the Commission on Higher Education (CHED) will also be critical. The DTI - Competitiveness and Innovation Group will continue the implementation of its programs related to the absorption of industry 4.0 technologies and startup development.

Increase funding for human resource development

Expand the provision of scholarship programs. The government will continue and expand the provision of scholarship programs such as the Expanded Specialized Science Secondary Education Scholarships, Expanded Undergraduate S&T Scholarships for Inclusive Development, and Expanded S&T Graduate (Masters/Ph.D.) Scholarships, among others to further encourage students to pursue STI courses. Moreover, the government will implement changes to the STEM curriculum\textsuperscript{8} and include life-long learning skills development to enable workers to respond to the requirements of the FIRe. This will be complemented with an intensive information drive to further increase the number of scholarship applicants. Government officials’ leadership capacities for innovation will also be enhanced by conducting regular training programs / management seminars that will enable the government to lead relevant stakeholders (e.g., industries and academe) towards becoming innovative (see also Chapter 10).

Expand the implementation of entrepreneurship-related courses to engineering and the other allied disciplines. Technopreneurship courses (e.g., Technopreneurship 101) will be scaled up to expose undergraduate engineering students to the entrepreneurial mindset and the fundamentals of entrepreneurship. As such, it will be spread out to more HEIs throughout the country to increase their appreciation of STI and entrepreneurship, thereby increasing the utilization of technologies and innovation. Development of support programs will also be provided to ensure engineering graduates take on entrepreneurship as a career option.

Expand digital skills development programs for government employees and public school teachers. The Department of Information and Communications Technology (DICT), in support of the Department of Education (DepEd), CHED, and TESDA, will assist in the provision of teacher training opportunities related to digital literacy, cybersecurity, and other digital skills. The DICT will also contribute to the government’s efforts towards digital transformation through the conduct of digital skills development programs for government employees and the deployment of Chief Information Officers (CIOs) to various government agencies. Government employees will be provided with professional training to effectively use digital tools and efficiently perform tasks even in alternative work setups. Government plans, policies, and

\textsuperscript{7} There is no universally-agreed definition for frontier technology. However, there is a recurring common feature across the different technological advances and that they all “have the potential to disrupt the status quo, alter the way people live and work, rearrange value pools, and lead to entirely new products and services. (Frontier Technologies for Sustainable Development in Asia and the Pacific. 2018. United Nations Economic and Social Commission for Asia and the Pacific). Some examples of frontier technologies are nanotechnology, artificial intelligence, internet-of-things, bioprinting, big data, blockchain, robotics, neurotechnology, synthetic biology, and others.

\textsuperscript{8} CHED will lead the updating of the curriculum.
processes will also be advanced through the deployment of trained CIOs in government agencies, assigned to lead in the development of internal digital transformation strategies and business continuity plans.

The Digital Workforce program of the DICT will also be launched as a capacity building program to enable the broader use of digital technologies in critical sectors such as education, finance, health, agriculture, and logistics (see also Chapter 10).

**Pursue adult learning through online, distance, and/or blended learning.** This will involve the promotion of more open online courses (MOOCs) and flexible training arrangements through blended programs that will reduce face-to-face contact. Education agencies will also collaborate with the private sector and professional organizations to increase the number of online courses accredited for Continuing Professional Development. Curricular adjustments will be done to adapt to the new teaching-learning mode.

Strengthening formal and informal education on health, food, and well-being will also be pursued to equip Filipinos with the fundamental education and preparedness on sound practices in staying healthy and well.

**Increase the number of HEIs offering quality programs in STI-aligned fields, especially in engineering and the sciences.** SUCs will invest in the enhancement of quality of program offerings and will explore offering engineering and science programs to increase the number of scientists and engineers. This can be achieved through sustained investments in facilities and faculty development coupled with proactive outreach to potential feeder high schools that could be assisted to provide students for the SUCs. STI human resource development will get a boost from the free higher education provided through SUCs.

**Tap foreign and overseas Filipino expertise**

**Support the liberalization of certain professions in the Regular Foreign Investment Negative List (RFINL).** The government will support and pursue initiatives to remove restrictions on the practice of professions by foreign experts (e.g., engineers) listed in the RFINL. Pending the amendments to the relevant national laws which restrict foreign professionals from entering the country, the government will consider crafting procedures and measures in granting of temporary permits (see also Chapter 9).

**Promote more participation of Scientists to the Balik Scientist Program.** The government will aggressively promote the enhanced benefits and incentives under the Balik Scientist Act to encourage wider participation, particularly in sectors and areas where expertise is lacking.

**Promote startup visas and other benefits and incentives under the Innovative Startup Act (RA 11337).** The government will strategically market the country’s startup ecosystem to experienced startup founders, investors, and other enablers.

**Strengthen STI infrastructure**

**Establish STI facilities and innovation hubs.** The government will engage with the academe and industry to build more makerspace, innovation hubs, innovation centers, FabLabs, laboratory facilities, R&D centers, and prototyping facilities, as well as science and technology parks in strategic locations throughout the country to support the innovation and technology requirements of the MSMEs and startups. Moreover, the OneLab Network, a platform which integrates DOST analytical and testing laboratories and other
laboratories in the Philippines and ASEAN countries, will be strengthened to provide easy access to testing and calibration services. The capabilities of existing and new STI facilities and innovation hubs to execute some of their services online will also be developed.

**Strengthen infrastructure for and regulation of digital transactions.** Given the increased demand for digital transactions (e.g., digital payments, online delivery, digital tax payments, and online financial services, among others), relevant digital infrastructure and regulatory oversight will be strengthened, including closer monitoring of cybersecurity plans. The implementation of DICT’s National Broadband Program will be fast-tracked to provide the national ICT backbone to support government services delivery, including the use of digital transactions and the linking of digital transformation and research laboratories as part of the STI ecosystem.

**Foster STI culture**

**Harmonize/consolidate the communication advocacy of the government on STI.** Government will consolidate all its existing communication advocacy and campaigns and turn it into a comprehensive/harmonized advocacy plan to promote better public appreciation and understanding of STI. Privately owned mass media networks will be incentivized to undertake mass education and promotion of science-responsive communities.

**Aggressively promote to the public the importance and benefits of science in helping resolve national issues.** The government will use new and traditional media to inform the public of the benefits, importance, and potential of science to address various challenges and move the country forward. Public trust in science is important for science-based policy to succeed. Highly-technical data and information will be conveyed in a manner that can be easily understood by the public. In the case of the COVID-19 pandemic, the massive information campaign and institution of control measures have helped in the reduction of virus transmission. As an example, altering public behavior to lower virus transmission depends on how scientific data are imparted to the populace. “Flattening the curve” for ordinary citizens was unknown before the pandemic, but through the communication efforts executed by doctors and scientists in several platforms, people were encouraged to remain indoors to minimize transmission. Misinformation about COVID-19 continually spread, leading to fear of the unknown. Scientific findings and projections on the virus, however frightening, shed light on how extensive it is. Scientists are being relied upon to minimize fear, as such, accurate and effective communication by scientists will be used to reduce the anxiety of the populace.

Better appreciation of STI by Filipinos could also be achieved through communicating tangible results. Several tools have been used to address the challenges caused by the crisis. For instance, the Baguio City LGU used a predictive analytics tool to understand the transmission of the virus in the locality and has contributed to the goal of containing the virus. A group of UP researchers has correctly estimated the number of people to be affected by the virus should the government implement relaxed quarantine guidelines. The UP National Institute of Health (UP-NIH) has successfully developed test kits[^9] that helped expand the testing capacity of the country.

To help enhance the long-term capabilities of the country’s workforce to generate new ideas for innovation and at the same time produce an agile workforce, creativity will be strongly nurtured as a vital skill of students at all levels and will also be integrated into all disciplines (e.g., science and engineering courses). The transformation of the DepEd’s STEM Program to science, technology, engineering, arts, and math (STEAM) will serve as a starting point (see also Chapter 7).

Open collaboration among actors in the STI ecosystem

Strengthen multisectoral collaboration

*Establish and operationalize the National Innovation Council (NIC).* In line with the Philippine Innovation Act (RA 11293), the government will establish the NIC, an inter-agency committee that will adopt a “whole-of-government approach” in steering the direction of STI development in the country. This will also identify and eliminate the areas of fragmentation/gaps in the governance framework of the STI sector leading to the lack of coherence in the policies, plans, and programs. Moreover, the NIC will strengthen and deepen interactions and partnerships among different actors from the public and private sector, academe, MSMEs, R&Ds, and communities towards promoting inclusive growth and improving the quality of life through innovation.

Pending the creation of a secretariat and a unit of personnel that will help carry out the activities of the NIC, NEDA will constitute an interim Secretariat through the temporary detail of personnel from the NIC member agencies, pursuant to RA 11293.

**Intensify international cooperation in STI**

*Encourage open science and collaboration to combat public health issues and emerging diseases such as COVID-19.* International collaboration in scientific research and innovation has accelerated in the past months. The Philippines has taken advantage of this opportunity to improve the country’s knowledge and scientific social capital. At the onset of the COVID-19 pandemic, scientific journals were made accessible to the public free of charge. Several digital platforms have also provided opportunities for a more sustained STI international collaboration, as the pandemic pushed global scientific communication. These seem to be proving helpful for the advancement of the STI ecosystem in developing countries such as the Philippines.

**Intensify international STI collaboration:** The Philippines will continue to actively participate and figure more prominently in regional and international discussions on STI. As a member of a global scientific community, the Philippines will showcase Filipino ingenuity and innovations as possible solutions to common global problems and concerns. In addition, it will continue to explore new and emerging areas of scientific cooperation where the country and its partner governments and institutions may mutually benefit from (e.g., vaccine development, space and satellite technology, artificial intelligence, security and defense, etc.). The government will also intensify its efforts in improving the country’s STI standing in the

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10 The law establishes the NIC which will develop the country’s innovation goals, priorities, and long-term national strategy. Said Council will also formulate a National Innovation Agenda and Strategy Document that establishes the country’s vision and long-term goals for innovation and provides a roadmap and the strategies for improving innovation governance through clear-cut delineation and complementation of innovation efforts across agencies, deepening and accelerating innovation efforts, and integrating and fostering public-private partnerships, among others.
international community through information dissemination on potential STI partners in the Philippines, promoting international activities related to STI, and fostering exchanges on STI activities. Further, strategic partnerships will be built with other countries through activities such as joint research and development, exchange of scientists, building researchers networks, joint seminars/workshops, technology transfer, and capacity building. Bilateral and multilateral partnerships will also be used to acquire new and existing foreign technologies (e.g., those that may be used to address the COVID-19 pandemic and adopt to the new normal).

**Implement the recommendations of the Scoping Study on STI Statistics**

The results of the scoping study on STI statistics will feed into the work of and will be implemented by the Inter-Agency Committee (IAC) on STI Statistics. The IAC will aim to resolve the issues and concerns being encountered by various government agencies in producing STI statistics. The government will also identify indicators with available regional data to enable the concerned regional offices to effectively monitor their STI sector. This will allow the regions to provide their regional baselines, targets, and actual data on certain STI indicators.

The government will also require various stakeholders (e.g., SUCs) to submit data that will be recommended under the scoping study (e.g., R&D data) and encourage private corporations to participate voluntarily in sharing relevant data. These data will also serve as the country’s inputs to various global indices. The DBM and the DOST will work closely to develop the Unified Accounts Code Structure (UACS) for the R&D spending in the public sector. This will contribute significantly to the data collection and generation of the sector that will substantially aid the development planning cycle.

**Legislative Agenda**

*Table 14.2 Legislative Agenda to Vigorously Advance Science, Technology, and Innovation*

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td><strong>Increased STI application in agriculture, industry, services, and health sectors</strong></td>
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<tr>
<td>Amendments to the Intellectual Property (IP) Code</td>
<td>This seeks to strengthen the IPOPHIL as the lead government agency in IP. It intends to improve its organizational structure to maintain and implement effective, efficient, economical, responsive, technology-driven, and sustainable services and programs; protect, enforce, and adjudicate; promote and steer creativity, innovation, development, utilization, and commercialization that would benefit MSMEs; enhance learning, advocacy; and support the enhancement of digital infrastructure and interconnectivity.</td>
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<tr>
<td><strong>Increased investments in STI based start-ups, enterprises, and spin-offs</strong></td>
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<tr>
<td>Science for Change (S4C) Act</td>
<td>This aims to expand various S&amp;T programs of the DOST (e.g., R&amp;D programs, technology business incubation, foreign scholarships) and prescribes the R&amp;D areas to be considered under the S4C Program. The bill also seeks to require NGAs, LGUs, and SUCs to adopt publicly funded and generated technologies whenever feasible and practicable.</td>
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### LEGISLATIVE AGENDA

<table>
<thead>
<tr>
<th>Enhanced creative capacity for knowledge and technology generation, acquisition, and adoption</th>
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<tbody>
<tr>
<td><strong>Philippine Virology Science and Technology Institute</strong></td>
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<tr>
<td><strong>An Act Creating the Center for Disease Control and Prevention, Providing Mechanisms for Epidemic Control, and for Other Purposes</strong></td>
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<tr>
<td><strong>Comprehensive Philippine Atomic Regulation Act</strong></td>
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<tr>
<td><strong>Strengthening the National Measurement Infrastructure System (NMIS), Amending RA 9236 also known as the National Metrology Act of 2003</strong></td>
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<tr>
<td><strong>Provincial Science and Technology Office Act</strong></td>
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<tr>
<td><strong>eHealth System and Services Act</strong></td>
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<tr>
<td><strong>Digital Philippines Act</strong></td>
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<tr>
<td><strong>Philippine Defense Industry Development Act</strong></td>
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Chapter 15

Ensuring Sound Macroeconomic Policy

The Philippine economy faced and overcame various headwinds in the first half of the Plan period. Macroeconomic fundamentals remain strong and stable, resulting in a credit rating upgrade for the country. The fiscal position also remains sustainable and supportive of growth with the pursuit of tax reforms, improved spending efficiency, and prudent debt management. Headline inflation rate was generally within target with the implementation of appropriate monetary and non-monetary policy measures. The financial sector remains stable, with significant strides in expanding inclusiveness by simplifying requirements for opening basic bank deposit accounts and creating a legal framework for the use of non-traditional collateral. Moreover, the external sector remains resilient, characterized by a manageable current account deficit and modest trade growth despite disruptions in global markets.

This strong starting position to be complemented with strategic and responsive measures will enable prompt recovery from the downturn caused by the COVID-19 pandemic. Towards a healthy and resilient Philippines, fiscal policy will be made more responsive through enabling budget and policies, enhanced local government units (LGUs) capacity, and improved private sector participation. Targeted supervisory actions and reforms that address the impact of the pandemic remain crucial in fostering the resilience of the country's financial system. Trade partnerships will be intensified, while products and markets will be diversified and scaled up to take advantage of shifts in business processes and consumer preferences under the New Normal.

Assessment and Challenges

Assessment: Over the past three years, substantial improvement in spending performance outpaced an increase in revenue collections, leading to an expansion of the government’s fiscal deficit to 3.4 percent of Gross Domestic Product (GDP) by 2019. Nevertheless, the ratio of government outstanding debt to GDP declined as the expansion of the economy outpaced the accumulation of debt. However, this trajectory is expected to be reversed as the pandemic subdues economic activities. Reduced revenues and increased spending on pandemic recovery measures are seen to further elevate the fiscal deficit and consequently, raise the country’s debt ratio. Inflationary pressures of 2018 dissipated in 2019, with headline inflation averaging at 2.5 percent – well within the government's target, as appropriate monetary and non-monetary policy measures were implemented. Meanwhile, the financial sector remains sound and has become more inclusive, supported by various reforms such as the establishment of rules on the introduction of Basic Deposit Accounts; the expansion of low-cost financial touchpoints; and legislation allowing the use of moveable collateral, and easier customer identification.1 These reforms are complemented by an enabling regulatory framework establishing a retail payment system. The outbreak of the pandemic drove up demand

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1 Philippine Identification System Act (RA 11055) and the Personal Property Security Act of 2018 (RA 11057).
for digital financial services as people adhered to social distancing measures. There has been an increased preference for doing basic financial transactions online such as bills payment and fund transfers. On the other hand, the possibility of increased demand for insurance lingers with the increase in infections and fatalities caused by the pandemic.

For the external sector, merchandise goods exports and services posted modest growth during the first half of the Plan period boosted by improved sales of major export products such as electronic products and fruits and vegetables. Thus, the sector was able to exceed the targets for 2017 to 2019, while the widening trade-in-goods deficit was partially offset by the trade-in-services surplus. The current account deficit – recorded at 0.9 percent of GDP in 2019 – is expected to reverse into a surplus in the near term amid a significant deceleration in goods imports mainly due to the sharp decline in global crude oil prices, subdued domestic demand, and disruptions in global supply chains. This is notwithstanding the expected lower receipts from goods exports, trade-in-services, and remittance inflows. The pandemic is expected to reverse gains on trade in goods and services performance with overall global trade seen to slow down (see Chapter 2). Exports from North America and Asia are expected to be hardest hit with trade from sectors with complex value chains, such as electronics and automotive products, expected to decline. Traders are also expected to rely more on online processing of trade documents to facilitate seamless movement of cargo. Capital flows have been increasingly volatile as risk aversion against developing countries led to capital flight to safe havens.

Challenges: The budget strain in the near to medium term may impede planned public investments. The implementation of the Supreme Court ruling on the Mandanas Case in 2022 further adds pressure on the tight fiscal position. Institutional bottlenecks and inadequate absorptive capacity also continue to pose risks to accelerating the implementation of much-needed infrastructure projects.

Similarly, financial institutions that serve vulnerable sectors may lack the capability to respond to the increased need for digital financial services (DFS). On the other end, low-income households may lack awareness of DFS available to them, as well as the knowledge needed to make sound financial decisions. Cybersecurity threats also pose a challenge. For the external sector, portfolio and direct investments may further slow down as recent developments have led to an overall risk aversion of foreign investors to emerging markets as well as an erosion of business confidence. In terms of trade in goods and services, an overall weakening in global trade in goods and services, including travel and tourism is expected (see Chapter 2).

Targets

The targets for revenue and tax effort were revised downwards, taking into account muted economic activity due to the COVID-19 pandemic. The consequent changes in programmed spending, as approved by the Development Budget Coordination Committee (DBCC) in July 2020, were reflected in the revised targets for the national government expenditure performance indicators. These changes take into account the government’s efforts to support the country’s economic recovery and the transition to the New Normal. The higher Internal Revenue Allocation (IRA) in 2022 as provided under the Supreme Court’s decision on Mandanas case is also reflected in the revised targets. These changes, in turn, were reflected in the upward revision of the targets for the deficit, debt, and interest payments ratio.
The revised targets for the ratio of locally sourced LGU income to total current operating income reflect the aforementioned increase in IRA. The locally-sourced income of LGUs in absolute terms was included as an additional indicator to measure the capacity of LGUs to generate their sources of revenues.

The following were included as additional indicators in light of the developments arising from the pandemic: (a) VAT revenues from the digital economy to capture the increase in e-commerce activities\(^2\) (see Chapter 9); (b) share of health sector spending on account of the government’s shift in focus towards improving health systems (see Chapter 10); (c) utilization of the local development fund, and (d) utilization of the Special Education Fund\(^2\) to measure the capacity of LGUs to implement their programs, activities, and projects.

The ratio of the financial system's assets to GDP has been adopted to facilitate benchmarking of the depth of the country's financial system. Likewise, equity market capitalization relative to GDP and size of the local currency bond market in percent of GDP replaced old indicators to provide a better measure of domestic capital market development.

On financial inclusion, Plan targets were revised upward for the indicators on the number of access points per 10,000 adults and the proportion of adults (15 years and older) with an account at a bank or other financial institutions or with a mobile-money-service provider, as the initial end-of-plan targets have already been met. To gauge the extent to which digital technology transforms financial inclusion and to complement the indicator on account penetration which is only able to generate data every two years, higher frequency indicators, such as the volume of InstaPay transfers\(^2\) and retail e-payments, were adopted. The updated targets for microinsurance penetration include insured principal members and their dependents. The value of microfinance loans provided by microfinance non-government organizations (NGOs) accredited under the Microfinance NGOs Act was added as a measure of financial inclusion, in line with the law’s passage and policy.

The targets for exports of goods and services were revised downwards to account for the effects of COVID-19. Likewise, targets were recalibrated to reflect the projected current account surplus due to the narrower trade-in-goods deficit, offsetting the lower receipts from trade-in-services.

Table 15.1 Revised Plan Targets to Sustain a Sound, Stable, and Supportive Macroeconomic Environment, 2020-2022

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>2020* (ORIGINAL PLAN TARGETS)</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Sector Outcome 1.1. Responsive, strategic, supportive, and sustainable fiscal sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Revenue to GDP ratio improved (%)(^1)</td>
<td>15.2 (2016)</td>
<td>17.0</td>
<td>13.2</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Tax revenue to GDP ratio improved (%)(^1)</td>
<td>13.7 (2016)</td>
<td>16.2</td>
<td>12.3</td>
<td>12.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Primary expenditure to GDP ratio maintained above baseline (%)(^1/2)</td>
<td>15.5 (2016)</td>
<td>18.1</td>
<td>19.1</td>
<td>17.9</td>
<td>17.9</td>
</tr>
</tbody>
</table>

\(^2\) Targets for the indicator are reflected in Chapter 15 of the PDP Results Matrices.
<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>2020* (ORIGINAL PLAN TARGETS)</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage share of interest payments in the total disbursements managed (%)</td>
<td>11.9 (2016)</td>
<td>9.7</td>
<td>11.0-14.0</td>
<td>12.0-15.0</td>
<td>12.0-15.0</td>
</tr>
<tr>
<td>Economic service sector expenditure to GDP maintained above 5.0 percent (%)</td>
<td>5.7 (2016)</td>
<td>5.7</td>
<td>6.5^v</td>
<td>5.7^v</td>
<td>5.7</td>
</tr>
<tr>
<td>Social service sector expenditure to GDP maintained above 7 percent (%)</td>
<td>6.7 (2016)</td>
<td>7.3</td>
<td>8.1^v</td>
<td>7.9^v</td>
<td>7.9</td>
</tr>
<tr>
<td>Ratio of discretionary expenditure to total budget maintained above 30.0 percent (%)</td>
<td>42.7 (2016)</td>
<td>41.2 (Actual)</td>
<td>40.1^v</td>
<td>32.4^v</td>
<td>32.4</td>
</tr>
<tr>
<td>Ratio of Health Sector expenditure to total budget increased (%)</td>
<td>4.4 (2016)</td>
<td>4.5</td>
<td>4.6^v</td>
<td>4.1^v</td>
<td>4.1</td>
</tr>
<tr>
<td>Utilization of current year’s budget increasing^g</td>
<td>92.6 (2018)</td>
<td>increasing</td>
<td>increasing</td>
<td>increasing</td>
<td>increasing</td>
</tr>
<tr>
<td>Manageable NG fiscal deficit to GDP ratio maintained (%)</td>
<td>2.4 (2016)</td>
<td>3.0</td>
<td>8.5</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Manageable outstanding NG debt stock to GDP ratio maintained (%)</td>
<td>42.1 (2016)</td>
<td>36.8</td>
<td>58.0-61.0</td>
<td>60.0-63.0</td>
<td>60.0-63.0</td>
</tr>
<tr>
<td>Manageable consolidated public sector balance as a share of GDP maintained (%)</td>
<td>-0.1 (2016)</td>
<td>-1.0</td>
<td>-5.8</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment-grade credit rating sustained</td>
<td>Stable/Positive</td>
<td>At least Stable/Positive</td>
<td>Sustained investment-grade credit rating</td>
<td>Sustained investment-grade credit rating</td>
<td>Sustained investment-grade credit rating</td>
</tr>
<tr>
<td>Ratio of locally sourced LGU income to total current operating income maintained at or above 15.0 percent (%)</td>
<td>33.0 (2016)</td>
<td>36.2</td>
<td>21.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Locally-sourced LGU income increased (PHP, billions)</td>
<td>179.8 (2016)</td>
<td>256.5</td>
<td>144.9</td>
<td>159.4</td>
<td>159.4</td>
</tr>
<tr>
<td>Utilization of local development fund improved (%)</td>
<td>80.0 (2016)</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Sub-Sector Outcome 1.2. Resilient and inclusive monetary and financial sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low and stable inflation rate achieved %</td>
<td>1.3 (2012=100); 1.8 (2006=100)</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
</tr>
<tr>
<td>Ratio of Financial System’s Total Assets to GDP maintained (%)</td>
<td>123.4 (2016)</td>
<td>130.0</td>
<td>120.0</td>
<td>125.0</td>
<td>125.0</td>
</tr>
<tr>
<td>Equity market capitalization relative to GDP (%)</td>
<td>95.4 (2016)</td>
<td>107</td>
<td>73.3</td>
<td>78.5</td>
<td>78.5</td>
</tr>
<tr>
<td>Size of local currency bond market in % of GDP</td>
<td>32.2 (2016)</td>
<td>45</td>
<td>39.2</td>
<td>43.6</td>
<td>43.6</td>
</tr>
</tbody>
</table>
### Chapter 15: Ensuring Sound Macroeconomic Policy

#### Updated Philippine Development Plan 2017-2022

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>2020* (ORIGINAL PLAN TARGETS)</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual value of microfinance loans increased (PHP billion)¹⁷</td>
<td>52.7 (2016)</td>
<td>&gt;65.4</td>
<td>&gt;95</td>
<td>&gt;104.7</td>
<td>&gt;104.7</td>
</tr>
<tr>
<td>Number of access points per 10,000 adults increased (cumulative)¹⁸</td>
<td>10.1 (2016)</td>
<td>&gt;10</td>
<td>&gt;13</td>
<td>&gt;14</td>
<td>&gt;14</td>
</tr>
<tr>
<td>Proportion of adults (15 years and older) with an account at a bank or other financial institutions or with a mobile-money-service provider</td>
<td>22 (2015)</td>
<td>Not a survey year</td>
<td>&gt;40</td>
<td>Not a survey year</td>
<td>&gt;40</td>
</tr>
<tr>
<td>Volume of retail e-payments in the country (% of total payments)¹⁹</td>
<td>10.0 (2018)</td>
<td></td>
<td></td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Microinsurance penetration (% of total population)²⁰</td>
<td>27.2 (2016)</td>
<td>34.0</td>
<td>40.8</td>
<td>44.8</td>
<td>44.8</td>
</tr>
</tbody>
</table>

#### Sub-sector Outcome 1.3. Sustainable and resilient external sector

| Exports of goods increased (USD billion, cumulative)¹ | 42.7 (2016) | 54.8-56.9 | 46.1-47.1 | 47.9-49.4 | 47.9-49.4 |
| Exports of services increased (USD billion, cumulative)¹ | 31.2 (2016) | 47.2-49.0 | 37.0-37.8 | 40.0-41.2 | 40.0-41.2 |
| Sustainable current account balance to GDP ratio achieved | -0.4 (2016) | 0.01 | 0.8²¹ | NA | NA |

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*2020 original targets set/approved in 2016/prior to the pandemic retained.

1/ Targets for 2021-2022 are based on the macroeconomic assumptions and fiscal program approved by the DBCC on July 28, 2020 via Ad Referendum.

2/ Albeit the downward trajectory of the 2021 and 2022 projections for the ratio of primary expenditure to GDP due to higher interest payments, these projections will remain above the actual 2016 baseline value. Thus, the consequent re-statement and revision of targets of the indicator.

3/ Figures are projections on the ratio of interest payments to total disbursements, which is foreseen to increase over the medium-term even when compared to the baseline in view of the government’s effort to borrow prudently to support the country’s economic recovery.

4/ Targets are based on the emerging proposed FY 2021 budget level, and consistent with the macroeconomic assumptions and fiscal program approved by the DBCC on July 28, 2020 via Ad Referendum. Subject to further refinements based on the FY 2021 National Expenditure Program (NEP) and/or Budget of Expenditures and Sources of Financing (BESF).

5/ Targets for 2021 and 2022 for selected fiscal indicators will be on a downward trajectory due to limited fiscal space arising from the combined impact of lower revenue projections and SC’s ruling on the Mandanas Case. Subject to further refinements based on the FY 2021 National Expenditure Program (NEP) and/or Budget of Expenditures and Sources of Financing (BESF).


7/ Actual 2016 baseline value is in obligation-based appropriations level while medium-term targets for 2020-2022 are in cash-based appropriations level.

8/ Lower target for 2022 relative to the rest of the annual Plan targets reflects the impact of lower revenue projections and SC’s ruling on the Mandanas Case. Likewise, health is a devolved function. Subject to further refinements based on the FY 2021 National Expenditure Program (NEP) and/or Budget of Expenditures and Sources of Financing (BESF).

9/ The indicator measures how fast implementing agencies can obligate/contract out their funds budgeted for the current year. The current year’s budget pertains to the cash-based appropriations level.

10/ The 2018 actual accomplishment will serve as the baseline value for the indicator to reflect the introduction of the Department of Budget and Management transitional reforms to cash-based budgeting system. The updated 2019-2022 targets are in cash-based appropriations level.

11/ Albeit the upward revision of the targets for 2021 and 2022 due to the combined impact of lower revenue projections and higher disbursements in line with the government’s response to address the socio-economic impact of COVID-19, fiscal
consolidation (as seen in the downward trajectory of the deficit by the end of the Plan period) will take place to ensure prudent fiscal management.

12/ Targets for 2021 and 2022 were revised upwards due to higher deficit assumption and borrowing requirement. Despite this, the revised targets cluster along the 60% emerging economy threshold indicated in most literature.

13/ Target for 2022 is not available as some components of the indicator could only be projected until 2021.

14/ Downward revision of the target for 2021 is due to expected slower economic activity (versus original target), complemented with higher Internal Revenue Allocation for 2021 resulting from the implementation of TRAIN in 2018; while the lower target for 2022 relative to the rest of the annual Plan targets reflects the impact of the SC’s ruling on the Mandanas case, which will significantly increase IRA.

15/ It is estimated that LGUs would miss around 30% to 50% of their original targets for FY2020 to FY2022 due to the financial hardship and economic impact brought about by the COVID-19 pandemic.

16/ Figures are based on Bureau of Local Government Finance’s projections.

17/ Microfinance figures include banks and microfinance NGOs. Data with the Securities and Exchange Commission is only based on the Microfinance NGOs accredited by the MicroFinance NGO Regulatory Council.

18/ Access points are the regulated entities where both cash-in and cash-out transactions can be performed. These include banks, non-stock savings and loan associations, cooperatives with financial services, microfinance NGOs, pawnshops, money service businesses, e-money agents, cash agents, and other non-bank financial institutions.

19/ Share of retail e-payments to total number of retail payments.

20/ Number of people with microinsurance coverage consists of insured principal members and dependents.

21/ Figures are Bangko Sentral ng Pilipinas (BSP) projections approved by the Monetary Board on October 08, 2020.

**Strategic Framework**

To achieve the targets above and consequently sustain a sound, stable, and supportive macroeconomic environment, the following sub-sector outcomes will be pursued: (a) responsive, strategic, supportive, and sustainable fiscal sector; (b) resilient and inclusive monetary and financial sectors; and (c) sustainable and resilient external sector.

Amidst the challenges brought about by the pandemic and the transition to the New Normal and the increasing pressure on the national government’s fiscal position, responsiveness, and sustainability were included in the sub-sector outcome under the fiscal sector, while the third sub-sector outcome was expanded to cover the entire external sector (from external trade sector only previously). The figure below shows the updated framework.
Strategies

Responsive, strategic, supportive, and sustainable fiscal sector

Strategically realign and reprioritize expenditure. To facilitate transition and adjustment to the New Normal, the government will implement strategic realignment of its budget and reprioritize its expenditures over the near-term. Priority will be given to health-related expenditures, disaster-risk management, food security, digital economy/government, and growth-inducing expenditures such as crucial and shovel-ready infrastructure projects, among others.

Pursue institutional reforms to ensure timely execution of projects. To complement administrative improvements in budget execution such as the implementation of the Budget and Treasury Management System, institutional reforms will be introduced to address persistent bottlenecks. These include the revision of the guidelines on the release of funds for foreign-assisted projects and its alignment with the cash-based budgeting system. Existing Commission on Audit (COA) issuances will be consolidated and codified to resolve ambiguities and inconsistencies. The 1976 Government Auditing Code of the Philippines will also be updated. Furthermore, the implementing rules and regulations of the Government Procurement Reform

\[3\] Presidential Decree No. 1445
Act will be further reviewed to address procurement delays. To minimize undue delay in the implementation of crucial infrastructure projects during election periods, amendments to the exemption provisions under the Omnibus Election Code will be pursued. Moreover, to make the budget more responsive to crises and other unprecedented events, institutional reforms to increase flexibility in the emergency use of funds, such as the LGU development fund, will be considered.

**Implement transition plans for fully devolved functions to LGUs, including capacity development and intensive public information campaign.** To ease pressure coming from the implementation of the SC ruling on the Mandanas case, concerned agencies shall be tasked to prepare transition plans with well-defined parameters for functions and services that are fully devolved to LGUs. The transition plans include the definition of standards for the delivery of devolved services, clear delineation of responsibilities between the national government and the LGUs, and, the strategy for capacity development of LGUs, which will involve training for LGUs on development planning. The implementation of the transition plans will be coupled with intensive public information campaigns on the shift in responsibilities in the delivery of basic services which will help increase LGU accountability. Cost-sharing schemes between the national government and LGUs for projects that are local in nature but benefit multiple LGUs, will also be explored.

**Fast-track the implementation of priority tax reform measures.** Amid muted economic activity, the passage of growth-enhancing revenue measures, such as the Corporate Recovery and Tax Incentives for Enterprise Act (CREATE), will provide immediate relief to businesses and encourage investments that will aid the economy’s recovery. To further promote crucial investment and innovation, it is important for the government to utilize a regulatory sandbox approach to help develop supportive regulatory frameworks for emerging industries under the new normal (see Chapters 5 and 16). Subsequently, the pursuit of the digital transformation agenda, especially the establishment and institutionalization of a digital taxation framework, will help the government manage the challenges and reap the benefits of the digital economy. Meanwhile, once recovery is underway, the passage of the remaining packages of the tax reform program will help sustain growth by correcting inefficiencies and leveling the playing field. These policy reforms will be complemented by tax administration measures, particularly the fuel marking and Electronic Receipt and Invoice System, which will enable the government to recoup needed revenues.

**Increase local sources of revenue by introducing legislated and non-legislated measures.** Despite the higher IRA under the SC ruling on the Mandanas case, the need to pursue measures that will improve the collection of locally sourced revenues remains. Foremost is the passage of the Real Property Valuation reform, which can help augment property tax collection of LGUs. Legislative measures will also be supplemented with capacity building activities to enable LGUs to access other sources of financing, such as official development grants.

**Encourage greater private sector involvement to compensate for the narrower fiscal space.** Private sector participation through various public-private partnership (PPP) modalities will be tapped to ease pressure on the national government’s fiscal position. PPP can also supplement the limited capacities in project implementation at the LGU level.

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4 The crafting of these transition plans will be guided by the framework being developed by the Core Technical Working Group (TWG) on Full Devolution Efforts. The members of the TWG are DBM, National Economic and Development Authority, Department of Interior and Local Government, Department of Finance, and Civil Service Commission.
Explore optimal financing schemes including multilateral and market financing portfolio. The national government will explore various financing schemes, including multilateral institutions to ensure sufficient resources are available to support the economic recovery plan. Furthermore, the Bureau of the Treasury will tap the local market through local bonds issuance and the offshore commercial markets through issuance of dollar-denominated debt papers, “panda” bonds, and “samurai” bonds for additional funding sources.

Recalibrate debt and contingent liability management by: (a) continuing to adopt a strategic and sustainable financing mix in favor of domestic sources and optimization of Official Development Assistance resource; (b) further diversifying funding sources and instruments; and (c) improving the liquidity of the government securities market. These strategies can be supported by the Local Currency Debt Market Development Roadmap – a reform package that focuses on deepening market liquidity, improving price discovery, and enhancing regulatory oversight and surveillance. In addition, ensuring that risks related to contingent liabilities are well-managed could safeguard resilience of the country’s fiscal position to future shocks, such as pandemics. Overall, continuously developing the domestic capital market (see Monetary and Financial Sectors) and building safeguards against external risks (see External Sector) will complement the strategies mentioned above.

Communicate the recovery plan and the temporary nature of deviation from fiscal program to calm markets. To manage market expectations and ensure stability, the national government will carefully and clearly communicate its recovery plan, as well as the temporary nature of deviation from the medium-term fiscal program. It is important to highlight that the deviation from the medium-term fiscal program is the result of the national government’s effort to mitigate the impact of the COVID-19 pandemic on the economy.

Resilient and inclusive monetary and financial sectors

Strengthen the transmission of monetary policy to the economy. The BSP will continue to refine its monetary operations, including through the interest rate corridor system, to enhance its capacity in guiding short-term market interest rates to move closely with the policy rate. The amendments to the BSP’s charter – particularly on allowing it to issue its own securities – will further expand its policy toolkit and give it more flexibility in determining the size and timing of its monetary operations. The BSP is ready to ease monetary policy settings further and to deploy regulatory relief measures as needed, especially amid the sustained uncertainty brought about by the COVID-19 pandemic. It will continue to vigilantly monitor domestic and international developments for any emerging risks to the outlook for both inflation and economic activity.

Pursue financial stability through macro-prudential measures. Systemic risks have become more prevalent, given the increasing complexity of financial transactions. The Financial Stability Agenda is thus necessarily pre-emptive and will be geared towards containing systemic risks such as the COVID-19 crisis within prudent levels. Conducting macro-prudential stress test exercises is essential in quantifying how risks in the financial markets can be amplified and can create adverse implications for the real economy, and vice-versa. The recently approved Macroprudential Policy Strategy Framework by the Financial Stability Coordination Council (FSCC) and the Systemic Crisis Management Framework currently

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underway will provide guidance on how financial authorities will execute the financial stability agenda and handle systemic risks in the Philippine financial system.

**Develop a more inclusive digital finance ecosystem.** To ensure the benefits of financial digitalization are optimized, particularly by vulnerable sectors and MSMEs, the country’s digital financial infrastructure will be developed, including the regulatory frameworks and platforms that facilitate the scope, scale and reach of DFS. Among others, the Philippine Identification System (PhilSys), QR Ph, digital banking, and open banking are essential pieces in improving this infrastructure. The widespread adoption of formal financial services remains a priority and will be promoted by leveraging on compelling use cases for digital payments (e.g., bills payment, receipt of wages, social transfers, payment of government fees, etc.). This will be complemented by consumer empowerment through digital financial literacy and consumer protection policies, including for OFs and their families (see Chapter 21).

**Encourage efficiency and innovation in microfinance and microinsurance for the domestic market.** The ability of microfinance institutions to provide digital financial services will be enhanced. Private insurance providers will be encouraged to engage in the delivery of microinsurance for agriculture, in addition to the existing micro-health and pre-need services.

**Foster capital market development to secure a well-functioning financial market that is critical to financial stability.** Developing the domestic capital market and increasing the efficiency in trading of securities will be facilitated by policies such as the use of forwards in lieu of spot prices, consolidation of the current exposures into fewer but deeper benchmark tenors, transparent and accessible pricing, and expansion of local investment options. Increased transparency such as through a timely disclosure of delayed payments and contracts with cross-default provisions will help boost investor confidence. Passage of the Collective Investment Schemes (CIS) Act, will harmonize its tax and regulatory framework, provide an even playing field, and the same level of protection to the investing public. The SEC is drafting the rules on Corporate Debt Funds, which will invest primarily in debt papers of large corporations and medium-sized enterprises that need liquidity to support their capital and operating costs to sustain their businesses, especially those affected by the pandemic. On the other hand, the passage of the proposed Package 4 of the Comprehensive Tax Reform Program (CTRP) can level the playing field and remove tax arbitrage between subsectors of finance by reducing and harmonizing withholding taxes across instruments and minimizing friction costs by eliminating the Initial Public Offering tax.

**Foster growth of green and sustainable finance market.** The SEC has issued regulations and guidelines on the issuance of green, social, and sustainable bonds that are aligned with ASEAN standards. Further, it has collaborated with multinational corporations such as the Asian Development Bank (ADB) to seek assistance in developing the market. With the increasing uptake of green bonds in the country, the agency is currently studying the possible publication of guidance for issuing transition and sustainability-linked bonds to provide direction for issuers and assurance for both domestic and foreign investors.

**Support reforms and initiatives that aim to develop the domestic financial market and expand consumer protection.** The proposed Financial Consumer Protection Law will provide a comprehensive financial consumer protection regime and empower financial regulators to implement specific enforcement actions.

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6 The Monetary Board approved the Digital Banking Framework which recognizes digital bank as a new bank category that is separate and distinct from the existing bank classification. Digital bank is defined as a bank that offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branches. (https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?Itemld=5617)
The establishment of digital supply chain financing, credit risk database, and online collateral registry will enhance MSME access to finance. To implement the Personal Property Security Act, a personal property security registry will be developed by the Land Registration Authority. The amendments to the Warehouse Receipts Law of 1912 seek to establish an online registry system where all electronic warehouse receipts can be lodged and accessed. Lastly, agriculture insurance, guarantee programs, and other mechanisms that address risks in the agriculture sector will be put in place to strengthen agricultural financing (see Chapter 8).

Develop the regulatory framework for Islamic finance in the country. The Regulation and Organization of Islamic Banks Act was signed into law in 2019. There were also provisions on Islamic banking contained in the Bangsamoro Organic Law. The BSP has issued drafted circulars on the guidelines on the establishment of Islamic banks and Islamic banking units, and the guidelines on the Shari’ah Governance Framework. In addition, there is an ongoing technical assistance from the ADB to expand Islamic financial services in the Philippines, which include capacity building programs to discuss Islamic finance.

Use of micro-prudential measures to promote financial institution soundness and nurture consumer protection. The resilience of financial systems depends on sound regulations and supervision from monetary authorities. Amid the COVID-19 crisis, regulatory relief measures have been implemented to support financial institutions and ensure liquidity flow into the economy. Among others, these include the use of capital conservation and liquidity buffers to absorb losses and support financing requirements of the overall economy7 and authorizing banks to book their allowance for credit losses on a staggered basis for a maximum period of five years.8 Consistent with BSP’s prudential framework, requests for the extension of eligibility period for these measures will be evaluated and handled on a case-by-case basis. In this manner, targeted and temporary supervisory actions will be taken and blanket reduction or suspension of micro-prudential measures will be avoided in dealing with the temporary impacts of the pandemic. Communication and transparency between the financial institutions, regulators, and the public will remain essential to provide a true picture of the financial position of an institution and guide regulators in designing appropriate policy responses.9

Strengthen monitoring of insurance sector and expand information campaigns on available products and services. The economic impact of COVID-19 outbreak on the insurance sector is significant and multifaceted. As the COVID-19 pandemic accentuated the need for insurance services and products, intensified informational campaigns on available products and services will be necessary to reach the public. Improved insurance literacy will help protect consumer interest and enable them to make sound and well-informed financial decisions. The rise in insurance claims,10 coupled with the possibility of insurance companies including pandemics in the coverage of their future policies, will likely result in an increase in insurance premiums in the near-term. The possible surge in demand for insurance products may give rise to insurance frauds, which will affect both consumers and insurers. As such, there is a need to strengthen the monitoring

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10 Insurance Commission Press Release (June 4, 2020). Based on the survey conducted by the Insurance Commission, total COVID-19 related payouts amounted to PHP 326.95 Million, of which PHP 19.68 Million were ex-gratia payments. The survey was conducted from April 16 to May 8, 2020
of the insurance sector to avoid capital and liquidity problems that could lead to insolvency of insurance companies and to ensure consumer protection.

**Sustainable and resilient external sector**

*Maintain adequate foreign exchange reserves and market-determined exchange rate*

The country’s flexible exchange rate policy should provide macroeconomic stability amid external headwinds. In addition, the BSP implements measures to cushion the impact of sharp peso movements such as maintaining a healthy level of forex (FX) reserves as a buffer, reviewing and adjusting macro-prudential measures, and using liquidity-enhancing and management tools such as the United States (US) dollar repo facility, exporter’s dollar and yen rediscounting facilities, and the enhanced Currency Rate Risk Protection Program, among others. Lastly, amid the COVID-19 pandemic, the BSP implemented operational relief measures for FX transactions to help stabilize market conditions and restore confidence. These relief measures, which aim to facilitate the public’s access to FX resources of the banking system to finance legitimate transactions, are effective only for the duration of the declaration of any form of “community quarantine” by the Office of the President, or as may be extended by the BSP.

**Scale up and diversify products and markets**

*Strategically participate in bilateral, regional, and global integration, and optimize the utilization of existing free trade agreements (FTAs)*. Trade tensions between major trading partners US and China exacerbated by mobility restrictions to stem the rise in COVID-19 has dampened trade (see Chapter 2). Philippine merchandise exports and imports are expected to decline in 2020 by 16 percent and 18 percent, respectively. The pandemic has also highlighted the significance of diversifying products and markets to reduce vulnerability to supply constraints and shifts in production chains.

To ensure that utilization of existing preferential market access is enhanced and facilitated, the reach of advocacy programs will be expanded through information sessions and greater use of data-driven analytics. This will be complemented by the development of a database for utilization of FTA agreements and an assessment tool to identify gaps and formulate initiatives to enhance utilization. The compliance of partner countries with their FTA commitments will be closely monitored. The government will pursue negotiations to expand or lock-in current preferential concessions, such as the review of the Philippines-Japan Economic Partnership Agreement and ASEAN+1 Free Trade Agreement. In addition, active negotiations will be carried out with existing trading partners, such as in the proposed Regional Comprehensive Partnership Agreement, the Philippines-Korea Free Trade Agreement, the Philippines-EU Free Trade Agreement, and the proposed agreements with the USA.

The existing governance structure on negotiations for international trade agreements will be strengthened. Effective coordination among different interagency bodies involved in international trade agreements, timely monitoring and assessment of gains and challenges, and capacity building activities to develop a continuing pool of trade negotiators, will enhance the country’s capacity to forge strategic trade agreements.
The government is presenting the Philippines as a complementary host country for the production of health products, electrical equipment and appliances, metal products, automotive and auto parts, machinery and equipment, optical lenses, and furniture to firms that were either affected by the COVID-19 pandemic in China or the trade tension between China and the USA. The government will also leverage the country’s preferential access to the US and EU (through the Generalized System of Preferences [GSP] scheme).

Enhance economic and technical cooperation with trading partners and pursue strategic partnerships with other non-traditional trading partners. Enhancing existing cooperation with major partners while forging new partnerships and engaging non-traditional but strategic partners are vital approaches to strengthen the country’s position in these markets and open up new opportunities for our exporters. Fragmentation of global trade and supply linkages and the trade measures implemented by various countries during the pandemic (see Chapter 2) also point to the need to expand cooperation with traditional and non-traditional trade partners. Regional stockpiling and operationalizing of a logistics scheme to ensure supply of essential goods will be explored. The country will also engage non-traditional partners in Eastern Europe, Northern and Central Asia, Middle East, Latin America, and Africa through dialogue mechanisms or possible trade agreements.

Intensify promotion of Philippine exports in digital platforms and targeted marketing efforts for international leads. As digital transactions become the new norm, firms must be able to harness the potential of the internet in conducting their businesses. Local exporters will be capacitated to increase their online presence and sensitized to potential changes in market preferences (e.g., shift in demand to comfort wear, electronics, protective equipment). In lieu of physical trade missions and fairs, online business to business (b2b) matching events and realistic virtual trade fairs with improved visual content and detailed product descriptions will be considered as avenues for trade promotion.

DTI and DFA will likewise bolster a feedback mechanism with diplomatic posts, trade, and agricultural attaches to obtain accurate information on market access opportunities, especially in non-traditional but strategic markets, and provide market relevant and timely information in a single website. Platforms such as the Philippine Trade Repository and the TradeLine will be made more user-friendly and refocused on practical content for exporters and potential buyers.

Consistent national branding strategies will be utilized across goods, services, and investment sectors to ensure maximum recall and effectivity. Design-centric and quality-driven products will be promoted in niche markets. For instance, sustainable and eco-friendly indigenous materials (such as bamboo) can be used for market segments with a specific preference for these types of products. Moreover, green certification among MSMEs will be aggressively promoted by the DTI. Green-trepreneurs will also be encouraged to become global by supporting the conduct of the Green Business Forum, among others. Green certification provides an opportunity for MSMEs to gain competitive advantage against large companies as global demand for green products are steadily on the rise. Support for the use of green certification among MSMEs will be provided.

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11 Green products are those that are considered as natural, healthy, eco-friendly, and socially responsible. These also include products that carry eco-labels confirming that the products meet voluntary sustainability standards or international private standards through third-party certification (i.e., Halal, Kosher, vegan), environmentally-sustainable (i.e., cruelty-free, dolphin safe, UTZ certified, Forest Stewardship Council-certified, Scientific Certification Systems, Inc.-certified), and have natural content.
Participation in investment promotion events or high-level outbound missions to Korea, Japan, China, Taiwan, and the US may be timed with bilateral FTA negotiations or meetings.

**Improve overall climate for export development**

Continuous structural reforms will serve as the backbone of ongoing efforts to develop a better business environment and create development opportunities.

**Strengthen supply side interventions to improve the quality of Philippine exports.** The issuance of a National Quality Infrastructure Law will be pursued to establish the country as a provider of quality products (*see Chapter 9*). To ensure supply chain resilience, better business continuity planning in the export sector will be supported. Logistics reforms such as strategic warehousing as well as cold chain systems will be prioritized. An integrated website tracking real-time information on cargo release, availability of supply, production, and inventory is useful for the national government, LGUs, as well as the private sector to avoid disruptions and uncoordinated supply flow. A registry or database of importers and traders will also be developed for seamless issuance of permits and necessary travel documents to ensure a steady supply and keep track of inventories particularly during emergencies. The present warehouse receipt system will be overhauled to include the creation of an online electronic warehouse receipts registry system.

Upgrading of production processes will be pursued to integrate automation of operations as well as put in place innovative and alternative business processes that will become the new standard on engaging clients, buyers, and suppliers. The digitalization of these operations will enable the Philippines to increase the reach of its products, develop product lines that respond to consumer demand, promote trade through virtual tours, discover better marketing leads, and reallocate other resources to diversify and develop non-traditional exports.

Through the Inclusive Innovation Industrial Strategy (i³S), a competition-innovation-productivity relationship will be pursued to address a highly-liberalized market environment by growing innovative and globally-competitive manufacturing, agriculture, and services sectors to combat challenges as a result not only of globalization but also of rising regional economic integration.

While the Information Technology and Business Process Management (IT-BPM) continues to lead the services exports sector, it needs to innovate to stay ahead.¹² The government will encourage investments in skills development to tap into higher-value services like animation, data analytics, and cloud computing by strengthening its industry-academe linkages. The country needs to harness its comparative advantage in emerging creative industries (i.e., heirloom and furniture production, weaving, advertising, architecture, culinary arts, film, performing and visual arts, animation, and game development), given these areas (*see Chapter 9*). The Shared Service Facilities Project of the DTI will improve the competitiveness of MSMEs (*see Chapter 9*).

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¹² IT-BPM covers multiple information technology and business process activities while Business Process Outsourcing (BPO) only covers contact centers (i.e. voice and non-voice) outsourcing services.
Engaging the private sector to invest and set up more agri-based industries will also help in developing agricultural products for exports (see Chapter 8). Programs that link MSMEs to large companies that are part of or operate their own global supply and/or value chains will be sustained (see Chapter 9).

The government will prioritize logistics reforms that will rationalize the freight system, establish strategic warehousing, as well as cold chain systems. Enterprises will be encouraged to rethink and adjust production and storage facilities to ensure optimum access with the least disruptions. Development of partnerships with local suppliers to reduce vulnerabilities will be supported. The formation of a Supply Chain and Logistics Committee which will be responsible for identifying and implementing programs that will improve the flow of goods will be considered.

Amendments to the Customs Modernization and Tariff Act (RA 10863) to allow for the expeditious process of tariff modifications in times of crises will be considered to augment local supply. Likewise, amendments to the Special Economic Zone Act of 1995 (RA 7916) may be considered to relax export requirements pertaining to threshold values for domestic sales in cases of emergency as declared by the President and subject to applicable laws, rules or regulations. Further, incorporating amendments related to provisions that will address alternative work arrangements may also be considered. Currently, issuances from the DOLE and Memorandum Circulars issued by the PEZA enable work from home arrangements given the current situation.

Develop a holistic communication management system and increase market intelligence responsive to dynamic consumer preferences. Strengthening the lines of communication between the national government, LGUs, and the private sector through the establishment of a crisis communication management system will enable the immediate dissemination of critical information during emergencies. The development of a compendium of standard operating procedures in times of crisis will be a useful resource for the crisis management system.

Pursue full implementation of enabling laws, support amendments to investment-related laws, and ensure timely implementation of trade facilitative platforms. Implementation of the TradeNet will be accelerated to ensure efficient government services and a robust monitoring and evaluation framework that will facilitate the movement of cargo through the digitalization of processes and payments. The new system shall also curb trade costs and create ease in securing trade documents.

Full implementation of the Ease of Doing Business and Efficient Government Service Delivery Act will be pursued to streamline processes or regulations that impede exports. The Public Service Act will also be pushed, which will allow foreign investments in transport and communication, this in turn can help reduce shipping costs (see Chapter 9). Other legislations that will allow foreign competition and improve the competitive environment such as the Foreign Investments Act and the Retail Trade Liberalization shall also be pursued.

Development of mechanisms to track initiatives related to regulations will enable the country to align regulations with other countries and identity necessary capacity building initiatives and norm-setting. The enforcement of science-based sanitary and phytosanitary (SPS) protocols will be strengthened to guard against various diseases that may be brought in through imports. Relevant agencies such as the Bureau of

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14 PEZA Memorandum Circular 2020-011 dated 5 March 2020, “PEZA Assistance to Ecozone I.T. Enterprises in Responding to COVID-19 (Coronavirus Disease).”
Quarantine and other regulatory agencies shall be equipped with detection equipment and the hiring of properly trained personnel.

The government will also provide adequate Information and Communications Technology and logistics infrastructure to achieve connectivity and facilitate the movement of traded goods (see Chapter 9). This will allow for the use of electronic Certificates of Origin and electronic SPS Certificates under the ASEAN Single Window to reduce trade costs.

The Philippine Trade Facilitation Committee will also be established to improve coordination of trade facilitation regulations and procedures in line with the country’s WTO commitments.\textsuperscript{15}

**Targeted and focused comprehensive packages of support for specific products and services sector**

**Target support to specific sectors that have great potential to improve the country’s external position.** A comprehensive package of support measures related to product development, research, capacity building and marketing approaches will be provided to assist exporters in restarting operations in a calibrated manner while maintaining minimum health standards. To improve the response to product demand shifts in the long-term, capacity building programs through education and training activities for exporters shall be implemented to fully tap technology-enabled business-to-business (B2B) / e-commerce platforms and engage in trade marketing activities despite the pandemic. These would include tapping the technology-enabled platforms in the conduct of webinars, web conferences, and online media advertisements, and the creation of website and visual content on online trade promotion activities. Among the priority sectors will be electronics, food (including urban farming), IT-BPM, tourism, education, healthcare, logistics, construction, personal protective equipment (PPE), solo mobility solutions/transport-related products and services, and creative industries.\textsuperscript{16}

Industry roadmaps that will include the development of business continuity plans for promising export-oriented industries will be developed to better prepare firms for the challenges of the New Normal. The Board of Investments will continue to work with the industry, specifically for export-oriented and priority industries, in coming up with recovery plans and preparing/updating of industry roadmaps to prepare and assist firms for changes brought about by the new normal.

The DTI under the Regional Interactive Platform for the Philippine Exporters Plus (RIPPLES Plus) and Philippine Halal Export Development and Promotion Program (PHEDPP) shall likewise continue to coordinate with other trade promotion agencies and the private sector to undertake export development and marketing activities to address the need to expand the supply base of internationally-competitive Philippine export products and services and to provide intensified, purposive, and practical assistance.

\textsuperscript{15} This is a commitment under Article 23.2 of the World Trade Organization Trade Facilitation Agreement.

\textsuperscript{16} Includes film, animation, game development, graphic arts and design, and advertising.
# Table 15.2 Updated Legislative Agenda to Sustain a Sound, Stable, and Supportive Macroeconomic Environment, 2017-2022

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal Sector</strong></td>
<td>Amend the National Internal Revenue Code of 1997 to achieve a simpler, fairer, and more efficient tax system. Among the packages, Package 2 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) is a priority. The measure aims to institute reforms in the corporate tax system (e.g., reduce corporate income tax rate and the fiscal incentives system, directing them toward strategic growth industries, to attract greater foreign investment and generate more jobs.</td>
</tr>
<tr>
<td>Passage of the remaining packages of the Comprehensive Tax Reform Program&lt;sup&gt;1&lt;/sup&gt;</td>
<td>There is a need to establish a digital taxation framework given the expected shift of the private sector to online transactions amid the new normal. This will ensure a level playing field between traditional industries and the digital economy.</td>
</tr>
<tr>
<td>Digital Taxation Framework</td>
<td>Introduce reforms in the Military and Uniformed Personnel (MUP)’s pension system, which among others include (a) mandatory contribution scheme and (b) increase in the compulsory retirement age, to curb the ballooning pension costs and to ensure fiscal sustainability.</td>
</tr>
<tr>
<td>Unified Pension Reform bill</td>
<td>Institute sound Public Financial Management (PFM) practices to promote transparency, accountability, and efficiency in the use of public resources.</td>
</tr>
<tr>
<td>Budget Modernization Bill</td>
<td>Amend certain sections of the Omnibus Election Code (OEC) to allow the exemption of key priority infrastructure projects from the ban during the election period in order to ensure the timely implementation of these projects.</td>
</tr>
<tr>
<td>Amendment to the Omnibus Election Code</td>
<td>Revise the outdated provisions of the Government Auditing Code considering the technological advancements, innovations, and other changes in the conduct of government auditing across the globe.</td>
</tr>
<tr>
<td>Update the 1976 Government Auditing Code of the Philippines (Presidential Decree 1445)</td>
<td>Institute the income classification of provinces, cities, and municipalities, to make it reflective of LGUs’ financial capability, particularly their ability to generate locally-sourced revenues.</td>
</tr>
<tr>
<td>LGU Income Classification Bill</td>
<td>Amend certain sections of the Omnibus Election Code (OEC) to allow the exemption of key priority infrastructure projects from the ban during the election period in order to ensure the timely implementation of these projects.</td>
</tr>
<tr>
<td>Key legislative measures that will improve local government finance such LGU Property Insurance Bill (see Chapter 19) and Amendment to the Local Government Code of 1991 (see Chapter 5).</td>
<td>Provide a comprehensive regulatory and legal framework for Collective Investment Schemes.</td>
</tr>
<tr>
<td><strong>Monetary and Financial Sector</strong></td>
<td>Empower financial regulators to formulate and implement rules and regulations, conduct surveillance and examination, monitor supervised entities, and have enforcement powers relative to financial consumer protection.</td>
</tr>
<tr>
<td>Enactment of the Financial Consumer Protection Law</td>
<td>Make financial institutions comply with international standards on transparency and help facilitate investigations on tax evasion, money laundering and other financial crimes.</td>
</tr>
<tr>
<td>Amendments to the Bank Secrecy Law</td>
<td>Amend outdated provisions of the Code to enable SEC to enforce its rules and regulations relative to its supervision over the corporate sector, the capital market participants, the securities and investment instruments market, and the investing public.</td>
</tr>
<tr>
<td>Amendments to the Securities Regulation Code</td>
<td>Provide a comprehensive regulatory and legal framework for Collective Investment Schemes.</td>
</tr>
<tr>
<td>Collective Investment Schemes Bill</td>
<td>Overhaul the present warehouse receipt system and provide an online registry system where all electronic warehouse receipts can be registered and accessed.</td>
</tr>
<tr>
<td>LEGISLATIVE AGENDA</td>
<td>RATIONALE</td>
</tr>
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<tr>
<td>Amendments to the Agri-Agra Law</td>
<td>Seeks to amend the Agri-Agra Reform Credit Act of 2009 (RA 10000) to strengthen rural development by providing for a holistic approach that takes into account the broader agriculture financing ecosystem and rural community development requirements.</td>
</tr>
<tr>
<td>Financial Institutions Strategic Transfer Bill</td>
<td>Aims to maintain the financial health of banks and other financial institutions in order to cushion the adverse economic impact of the COVID-19 pandemic.</td>
</tr>
<tr>
<td>Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery Bill</td>
<td>Provide financial assistance to firms that are strategically important to economic recovery, in view of their role in providing employment and supporting the Philippine economy.</td>
</tr>
</tbody>
</table>

**External Sector**

| Amendments to the Customs Modernization and Tariff Act (RA 10863) | Allow for the expeditious process of tariff modifications in times of crisis in order to augment local supply and ensure that essential medical supplies are stable. |
| Amendments to the Special Economic Zone Act of 1995 | Consider relaxing export requirements and incorporate provisions which will address telecommuting and work from home arrangements as a response to the pandemic. |

Key legislative measures that will promote a sustainable and resilient external sector include measures listed under Chapter 9 such as National Quality Infrastructure Bill, Amendment to the Foreign Investment Act, and Amendment to the Retail Trade Liberalization Act.

*1/ Also includes Package 2+: Mining Fiscal Regime, Package 3: Real Property Valuation, and Package 4: Passive Income and Financial Intermediary Taxation*
Chapter 16

Promoting Competition

Competition makes markets perform better and promotes inclusive economic growth. It induces producers to reduce costs, innovate, and widen the range of goods and services available to consumers. It allows a level playing field where small entrepreneurs and firms, apart from larger players, may operate and grow. Competition raises productivity, expands economic opportunities, increases people’s real incomes, and improves overall welfare. It especially benefits the poor through job creation and lower prices made possible by the entry, growth, and expansion of efficient firms; and through greater variety and higher quality of goods and services.

The Philippine Development Plan (PDP) 2017-2022 reinforces the Philippine Competition Act (PCA) through strategies that aim to foster an environment that penalizes anti-competitive practices, facilitates entry of players, supports regulatory reforms, and improves trade policies to stimulate investments and innovation and boost competitiveness.

As the country reels from the economic consequences of the COVID-19 pandemic, there is a need to refocus the government’s strategies and interventions towards a healthy and resilient Philippines. Hence, this chapter outlines strategies and interventions that stimulate economic recovery and restore market efficiency to ensure a more resilient, inclusive, and competitive market.

Assessment and Challenges

Assessment: The unrelenting efforts of the government and its proactive interventions to sustain healthy competition in the market have yielded positive results. The performance of the Philippines in terms of the Global Competitiveness Index (GCI) from 2016 to 2018 recorded an improvement, although with a slight drop in 2019. This notwithstanding, the country’s performance in terms of product market efficiency and market size as well as business dynamism vis-à-vis the annual plan target for 2019 posted notable improvements. However, in the face of the COVID-19 pandemic, micro, small, and medium enterprises (MSMEs) had to temporarily close due to community quarantine restrictions, and their cash flow constraints have resulted in increased debt, difficulty in covering overhead costs, and supply chain interruptions. While work-from-home arrangements and digitalization made it possible for business operations to continue, these worked for only a small percentage of firms in the country. Hence, in our transition to the new normal, the government needs to refocus its interventions to fast-track economic recovery to ensure that markets are resilient, inclusive, and competitive. Financial and technical support should be provided to firms especially MSMEs to help them recover from the adverse effects of the pandemic and be able to thrive in the market. Government interventions should be carefully considered to ensure a level playing field and avoid market distortions. The current regulatory framework should be reviewed to ensure that government regulations do not pose a barrier for firms to enter and re-enter the market and hamper competition. Similarly, potentially anti-competitive agreements should be examined to prohibit price fixing, output limitation, market sharing, and activities that abuse dominant position.
**Challenges:** Advancing pro-competitive policies remains one of the challenges in leveling the playing field. The implementation of the NCP requires a whole-of-government effort to ensure that government responses and interventions follow competition principles to address market failures and distortions especially those arising from the COVID-19 pandemic. To this end, the issuance of an Administrative Order by the President is being sought to lend more strength to the Joint Memorandum Circular on the NCP that was signed by the National Economic and Development Authority (NEDA) and the Philippine Competition Commission (PCC). Considering the economic consequences of the pandemic, improving the regulatory environment becomes even more crucial to help MSMEs enter or re-enter the market and thrive. Strong enforcement against cartels and other anti-competitive practices is also essential to ensure consumer welfare protection. Awareness of competition, especially in the regions remains low, thus continuous advocacy of the PCA should be pursued to increase public awareness not only of the PCA but also of the vital role of PCC in promoting competition.

**Targets**

The remaining plan period is geared towards addressing the gaps and challenges in promoting and enforcing competition while taking into consideration the challenges arising from the new normal.

Table 16.1 presents the baseline values (2016) for each core indicator as well as the plan targets (in percentile rank) for 2020 up to the end-of-plan targets in 2022.

*Table 16.1 Updated Plan Targets to Promote Competition*

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020 a</th>
<th>2021</th>
<th>2022</th>
<th>EOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Competitiveness Index (GCI) ranking improved</td>
<td>59 (Top 41%) 2016</td>
<td>63 (Top 37%)</td>
<td>63 (Top 37%)</td>
<td>64 (Top 36%)</td>
<td>64 (Top 36%)</td>
</tr>
<tr>
<td>Business Dynamism improved b</td>
<td>62 (Top 38%) 2016</td>
<td>69 (Top 31%)</td>
<td>70 (Top 30%)</td>
<td>71 (Top 29%)</td>
<td>71 (Top 29%)</td>
</tr>
<tr>
<td>Product Market Efficiency improved</td>
<td>28 (Top 72%) 2016</td>
<td>63 (Top 37%)</td>
<td>62 (Top 38%)</td>
<td>65 (Top 35%)</td>
<td>65 (Top 35%)</td>
</tr>
<tr>
<td>Extent of Market Dominance improved c</td>
<td>17 (Top 83%) 2016</td>
<td>20 Top 80%</td>
<td>21 Top 79%</td>
<td>22 Top 78%</td>
<td>22 Top 78%</td>
</tr>
<tr>
<td>Market Size improved</td>
<td>78 (Top 22%) 2016</td>
<td>80 Top 22%</td>
<td>78 Top 22%</td>
<td>80 Top 20%</td>
<td>80 Top 20%</td>
</tr>
<tr>
<td>Burden of Government Regulation improved d</td>
<td>15 (Top 85%) 2016</td>
<td>29 Top 71%</td>
<td>32 Top 68%</td>
<td>35 Top 65%</td>
<td>35 Top 65%</td>
</tr>
<tr>
<td>Starting a Business Score improved e</td>
<td>(68.56) 2016</td>
<td>83</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
a 2020 targets were set prior to onset of the COVID-19 pandemic. 2021, 2022, and end-of-plan targets were adjusted to take into consideration the ill effects of the COVID-19 pandemic.
b Business Dynamism is one of the 12 pillars of the GCI under innovation and sophistication sub index measured in terms of supplier quality and quantity and value chain breadth, among other indicators.
c Extent of Market Dominance is an additional indicator which the Planning Committee for Chapter 16 deems contributory in ensuring healthy competition in the country. Extent of market dominance is an index under product market efficiency pillar that captures the characteristics of corporate activity in a country: either dominated by few business groups or spread among many firms.
d Burden of Government Regulation is a substitute for the old indicator, “Product Market Regulation,” which has been removed due to the issue in the regularity of its release. It measures government performance vis-à-vis existing regulations for businesses in complying with government administrative requirements (e.g., permits, regulations, reporting).
e Starting a Business is a substitute indicator for “Regulatory compliance costs incurred by firms reduced (PHP)” which has been removed due to the absence of a standard methodology in measuring regulatory compliance cost. It is one of the World Bank’s ease of doing business indicators and is deemed more appropriate in measuring the reduction of limits to entrepreneurship.

Strategic Framework

In light of the ill effects of the COVID-19 pandemic, the revised strategic framework presents strategies aimed at hastening economic recovery. Specifically, it focuses on sustaining promotion of competition and implementation of the PCA and other competition-related issuances to create a level playing field where small business players alongside larger ones may operate and thrive. Improving the regulatory environment to reduce barriers to entry and facilitate the re-entry of firms that may have closed down as a result of the community quarantine restrictions will likewise be pursued.

Figure 16.1 Strategic Framework to Promote Competition
**Strategies**

**Crosscutting Strategies**

**Issue and implement the NCP.** A Joint Memorandum Circular embodying the NCP has been issued by NEDA and PCC. However, to ensure a whole-government effort and support to promote competition, the issuance of an Administrative Order by the President will be sought.

The NCP prescribes guidelines to steer regulations and administrative procedures of government agencies to level the economic playing field. It will direct and guide all national government agencies, government-owned and controlled corporations (GOCCs), and local governments to ensure that all policies, rules and regulations, actions, and interventions are not anti-competitive.

The NCP highlights three key elements: Pro-competitive Policies and Government Interventions; Competitive Neutrality; and Enforcement of Competition-related Laws and Issuances.

Under Pro-Competitive Policies and Government Interventions, the government will ensure that all policies, laws, rules and regulations, issuances, and other interventions do not unnecessarily distort competition. It will amend or repeal anti-competitive laws and regulations and factor in market competition in the formulation of new policies. The adoption of this element in the design of government interventions will reduce barriers to entry and re-entry as well as reduce limits to entrepreneurship. This will be beneficial in facilitating the market participation of more firms, especially MSMEs, which are among the most affected by the COVID-19 pandemic.

Under Competitive Neutrality, the government will ensure that GOCCs and private sector businesses compete on a level playing field. Unless it can be clearly demonstrated that greater public interest will be served and the undertaking lacks commercial viability, GOCCs will not enjoy net competitive advantages or disadvantages over private sector businesses simply because of public sector ownership. To promote competitive neutrality, the Governance Commission for GOCCs (GCG) and Department of Budget and Management (DBM) will continue to review the mandates of GOCCs within their respective jurisdictions and make appropriate recommendations to the President to ensure, among others, the separation of proprietary and regulatory activities. Moreover, GCG and DBM will lead in the drafting of guidelines on the grant of subsidies in favor of GOCCs based on an assessment of the nature, form, extent, and costs and benefits of these government subsidies and interventions and their impact on the business environment. They will also implement regulatory and non-regulatory measures to neutralize any advantage or disadvantage that may accrue due to public sector ownership.

Lastly, under Enforcement of Competition-related Laws and Issuances, the government will uphold the original and primary jurisdiction of PCC over issues involving cartel agreements, abuse of dominance by firms, anti-competitive mergers and acquisitions, and other anti-competitive behaviors. In support of the mandate of PCC, all government agencies will identify specific actions within their areas of responsibility to promote competition, eliminate competitive behavior, and undue regulatory burdens on competition.
Strengthen capacity of relevant agencies to foster competition. PCC and the Office for Competition (OFC) under the Department of Justice will continue to implement capacity-building programs aimed at strengthening the technical competencies of the government in developing interventions and measures to address anti-competitive and other pernicious practices affecting the supply, distribution, and movement of goods and services, especially during emergencies. These programs will be made available through in-person training and classes (subject to strict physical distancing protocols) or through distance learning such as online courses and webinars.

Increase understanding and awareness of market competition, the PCA, and PCC. Household surveys show there is still low appreciation and awareness of market competition, including the PCA and PCC. While it has conducted regional roadshows before the COVID-19 pandemic, PCC will sustain its grassroots campaign. It will form strategic partnerships with education institutions, among others, and utilize traditional as well as social media to conduct advocacy initiatives that can help increase awareness on market competition and its benefits to the public. Through these campaigns and advocacy initiatives, PCC will also engage citizens to play an active role in monitoring and reporting anti-competitive practices through a complaint desk via trunkline and online platform.

Expand the mechanism for various sectors to report on potential violations of competition. PCC will sustain its implementation of the Leniency Program, which offers immunity from suit or reduction of administrative fines to any entity that participates in an anti-competitive agreement but offers to provide information and full cooperation during the investigation and prosecution of the violation. As one of the tools used by competition agencies in detecting cartels, this program facilitates the reporting of cartel members of their anti-competitive conduct to aid PCC and OFC in the investigations and prosecution. Citizens will also be encouraged to report violations of competition to the said agencies.

Diminishing anticompetitive practices

Strengthen investigation, detection, and prosecution of conducts and agreements that may substantially prevent, restrict, or lessen competition. The investigation of potentially anti-competitive behavior while maintaining an environment where businesses and GOCCs can compete on a level playing field will be pursued. The impact of the actions of firms on market efficiency, competition, and consumer welfare will be quantified. This information will be useful to the public as well as policymakers in understanding the seriousness of the competition problems in certain sectors and of the benefits that could be derived from inhibiting anti-competitive practices.

Noting the likelihood of firms forming cartels in the guise of corporate re-structuring and forming monopolies by way of mergers or acquisitions during the pandemic, PCC will strictly monitor the prevalence of acts in violation of the PCA and other competition-related laws and issuances to protect the welfare of firms and consumers. It will heighten efforts in addressing anti-competitive practices in the new normal to ensure that firms do not engage in cartelistic agreements, abuse of dominance, and other anti-competitive conduct.

On the other hand, collaborative efforts among competing firms to ensure more effective and efficient delivery of essential services and articles of prime necessity in the new normal may be considered, subject to the PCA and other competition-related laws and issuances.

OFC will gear towards a virtual platform for the conduct of training for prosecutors, investigators, and staff to better enhance institutional capacity. OFC will fully implement the recently issued Rules Implementing the Criminal Provisions of the PCA, which includes provisions for electronic filing of complaints and applications for criminal leniency.

Reducing barriers to entry and re-entry

Conduct market scoping studies in priority sectors to facilitate competition among MSMEs. Considering the economic consequences of the COVID-19 pandemic, government will provide financial and technical support to MSMEs to enable them to thrive in a market participated in by larger and more established foreign and domestic players. For MSMEs to better respond to increasing customer expectations and competition in the market, digitalization of business processes, capacity building on formulating and implementing business continuity plans, and upskilling and retooling of the workforce should be adopted. PCC, NEDA, and DTI will continue to conduct market scoping studies in priority sectors that will provide comprehensive market analysis and identify concerns that need to be addressed. Other strategies to ensure the welfare and development of MSMEs are cross-referenced in Chapter 9.

Improve the regulatory environment by addressing restrictive laws and regulations that hamper competition. To increase the number of business players in the market and facilitate their entry and re-entry, especially MSMEs, the government will address barriers to entry that stem from government regulation, patent protection, start-up costs, education, licensing requirements, or technological challenges.

In the services sector, the government will open sectors to foreign players and consider the enactment of legislation that will ease requirements for the practice of professions in the country to not only increase competition but also push local players to further improve their goods and services. Opening the telecommunications sector, for instance, will ensure more reliable internet services in the country and digitalization of businesses, especially of small business players and MSMEs in the new normal.

In the construction sector, the government will address public restraints by reviewing regulations that hinder competition such as the nationality-based distinction, which creates an uneven playing field between local and foreign contractors. The subsequent strengthening of regulatory quality within the industry will effectively reduce the formal and informal costs of doing business that held back sector efficiency and performance far below its inherent potential for so long.

To address other technological challenges, the government will continue to support research and development efforts to further pursue technological advancements in the country.
Institutionalize the use of the Competition Assessment Manual/Toolkit. PCC will adopt the Competition Assessment Manual/Toolkit in identifying and reviewing potentially anti-competitive laws and regulations that address several development objectives but have unwarranted consequences on market competition. This manual/toolkit will be a capacity-building tool for government agencies to enhance their understanding of pro-competition interventions. It will enable government agencies to determine the impact of these laws and regulations on market competition, and possibly develop alternative regulations that are able to achieve development goals with the least harm to competition. To ensure improvement of the quality of regulations, the principles and steps under the manual/toolkit will be integrated into the RIA Manual being formulated by the Anti-Red Tape Authority (ARTA).

Reducing limits to entrepreneurship

Streamline business registration and permitting processes. To minimize the number of transactions and physical contact with various government agencies during business registration and submission of business-related requirements, ARTA will continue to promote the establishment and implementation of One-Stop Shops and adoption of online registration system across the government. ARTA will continue to coordinate with the Department of Information and Communications Technology and monitor the development and implementation of the Central Business Portal (CBP) as mandated by the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (EODB-EGSD Act). The CBP will facilitate faster and more convenient ways of registering as well as securing and submitting other business-related permits. It will promote interconnectivity, integration, and linkage of the systems developed by national government agencies and LGUs.

ARTA will be strengthened in terms of regulatory management practices to include reducing unnecessary regulatory burdens and requirements. To achieve this, ARTA will continue coordinating with relevant government agencies for the implementation of Program NEHEMIA (National Effort for the Harmonization of Efficient Measures of Inter-related Agencies), which commenced in the first quarter of 2020. NEHEMIA is an interagency program that aims to streamline and reengineer inter-agency processes affecting priority sectors of economic and social significance. The priority sectors for the 2020 cycle of Program NEHEMIA are: (a) food and pharmaceuticals, (b) telecommunication towers, (c) power/energy, (d) housing and construction, and (e) logistics.

Establish the Philippine Business Databank (PBD). PBD will be established pursuant to the EODB-EGSD Act to provide the government a single point of access to data and information of registered business entities to verify their existence, validity, and other relevant information. It will include the Philippine Standard Industrial Classification, a detailed classification of industries prevailing in the country according to the kind of productive activities undertaken by establishments. With this in place, PBD will serve as a medium in implementing a more streamlined and uniform procedure for the issuance of business-related licenses, clearances, permits, certifications, or authorizations. It will facilitate online submission of documentary requirements and processing of requests. This arrangement will facilitate ease of doing business, enticing more firms to participate in the market at the local level. It also enhances the zero-contact policy, curbing corruption and ensuring public health and safety in view of the COVID-19 pandemic.
To strengthen the country’s promotion of market competition, government will work towards the passage of the following key legislation:

**Table 16.2 Legislative Agenda to Promote Competition**

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
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<tbody>
<tr>
<td>Amendment of the Public Service Act (Commonwealth Act No. 146)</td>
<td>The measure will define “public services” and “public utilities,” which have been used interchangeably, to distinguish the former from the latter. The 1987 Philippine Constitution limits the operation of a public utility to citizens of the Philippines or to corporations or associations, at least sixty percent of whose capital is owned by Filipinos. The measure will lift foreign equity restrictions in certain sectors that offer services not under the scope of public utilities such as those engaged in the telecommunication services. This will encourage potential investors to participate, reducing the market power of incumbent firms.</td>
</tr>
<tr>
<td>Amendment of the Foreign Investments Act of 1991 (Republic Act No. 7042)</td>
<td>The measure will ease restrictive provisions in the Foreign Investment Act to address procurement restrictions and lengthy procedures that hamper foreign investment and participation of foreign bidders in local procurement. It will also include provisions to ease restrictions on the practice of professions in the Foreign Investment Negative List.</td>
</tr>
<tr>
<td>Amendment of the Consumer Act of the Philippines (Republic Act No. 7394)</td>
<td>The measure will facilitate the growth of e-commerce and ensure that firms respond to the requirements in the new normal and thrive in the digital economy. It will regulate e-commerce to protect both firms and consumers from fraudulent schemes. E-commerce will play a big role in the new normal as businesses and consumers increase the use of online transactions. <em>(See Chapter 9)</em></td>
</tr>
<tr>
<td>Amendment of the Magna Carta for Micro, Small and Medium Enterprises (MSMEs) (Republic Act No. 9501, amending Republic Act No. 6977)</td>
<td>The measure will promote the growth and development of MSMEs by addressing challenges such as limits to entrepreneurship and lack of access to finance and markets, among others. It will increase access of MSMEs to financing such as extending credit window to recover from the economic consequences of the COVID-19 pandemic.</td>
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</table>
Chapter 17

Attaining Just and Lasting Peace

A society where there is just and lasting peace is critical to the realization of AmBisyon Natin 2040 or the Filipino people’s collective aspiration of a matatag, maginhawa, at panatag na buhay (strong family and community ties, a comfortable and secure life). Peaceful communities can harness the fruits of economic growth through improved access to social services and financial opportunities, and increased overall human development, without fear or threat to their lives and livelihood. Conversely, economic development can diminish the likelihood of armed conflict, especially if socioeconomic interventions are inclusive, participatory, and sustainable.

In the first three years of the current administration, significant strides have been made resulting in the successful negotiation and implementation of peace agreements with internal armed conflict groups. Complementary interventions for the continuous protection and development of conflict-affected and conflict-vulnerable communities were also pursued along with the implementation of other peacebuilding initiatives.

For the remainder of the Plan period, interventions in conflict-affected and conflict-vulnerable areas will be sustained while being mindful of the new health protocols. This is to ensure that the socioeconomic impact of the COVID-19 pandemic will not aggravate the fragile situation in such areas and that peace building efforts would contribute towards a healthy and resilient Philippines.

Assessment and Challenges

Assessment. The first half of the Plan period marked significant milestones in the peace process. The enactment and ratification of the Bangsamoro Organic Law (RA 11054) paved the way for the establishment of a new political entity in the Bangsamoro, ending the decades-long armed conflict with the Moro Islamic Liberation Front (MILF). The Bangsamoro normalization process was fast-tracked through the issuance of Executive Order No. 79, s. 2019.¹ The government has likewise continuously engaged the two groups of the Moro National Liberation Front (MNLF) to ensure the implementation of the remaining commitments under the 1996 Final Peace Agreement (FPA). Efforts to complete the implementation of the peace agreements with the Rebolusyonaryong Partido ng Manggagawa–Pilipinas – Revolutionary Proletarian Army-Alex Boncayao Brigade (RPMP-RPA-ABB) and the Cordillera Bodong Administration-Cordillera People’s Liberation Army (CBA-CPLA) were also actively pursued. These were complemented by the institutionalization of a whole-of-nation approach to end local communist armed conflict through the issuance of EO 70 in 2018. Socioeconomic interventions, reintegration programs for former rebels and former violent extremists, and other various peacebuilding initiatives to create an enabling environment for peace and development were also implemented.

¹ Implementing the Annex on Normalization under the Comprehensive Agreement on the Bangsamoro (CAB)
Challenges. While the government remains committed to build on and sustain the gains of the peace process, the current pandemic introduced new challenges in the implementation of peace agreements. Refocusing of budget priorities to address the impact of the pandemic can affect or delay the implementation of some components of peace agreements and of various socioeconomic interventions for conflict-affected and conflict-vulnerable communities. Both the physical and virtual inaccessibility (e.g., lack of internet access, low level of capacity to use technology) particularly in geographically-isolated, conflict-affected communities can limit government in implementing alternative mechanisms to deliver socioeconomic and peacebuilding initiatives. New policies such as health protocols and quarantine restrictions also pose hurdles in the implementation of peacebuilding programs particularly those requiring face-to-face interactions in affected communities.

The pandemic has increased the vulnerabilities and further limited the capacities of poor and conflict-affected communities to respond to other economic, social, and environmental shocks. Moreover, violent extremists and terror groups may take advantage of the crisis to ramp up terrorist activities. The gains from the peace process that have been achieved thus far could take a setback due to this situation. Hence, it is imperative to find alternative and innovative approaches to sustain the gains of the peace processes amidst the pandemic.

Strategic Framework

The government remains committed in pursuing efforts to attain just and lasting peace for the remainder of the Plan period. These include the effective implementation of signed peace agreements and continuous delivery of various peace and development interventions in conflict-affected and conflict-vulnerable areas. These will be undertaken despite the challenges posed by the current pandemic.
To achieve these outcomes, the following strategies will be implemented in line with the President’s Six-Point Peace and Development Agenda:

**Successfully negotiating and implementing peace agreements with all internal armed conflict groups**

**Support the Bangsamoro Transition Authority (BTA) as the interim government of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).** As the interim government during the transition period from 2019 to 2022, it is critical for the BTA to lay down the foundations for the establishment of a fully-functioning BARMM government in 2022. Foremost are the enactment of priority legislations, the determination of parliamentary districts for the first regular elections of the Parliament members, the organization of its own civilian bureaucracy, and the full transfer of powers and properties of the dissolved ARMM regional government to the BARMM. These activities are guided by the BTA’s priority pillars: education, health, economic development, strategic infrastructure, and moral leadership. A critical component in the implementation of the peace agreement is the immediate organization of all mechanisms under the National Government–Bangsamoro Government Intergovernmental Relations Body (IGRB),
which resolves all potential issues and concerns, ensuring smooth relationship and coordination through continuous engagements and consultations. Aside from the Intergovernmental Fiscal Policy Board and the Intergovernmental Energy Board, other intergovernmental relations mechanisms that will be organized are: (a) Philippine Congress-Bangsamoro Parliament Forum; (b) Joint Body for the Zones of Joint Cooperation (Sulu Sea and Moro Gulf); (c) Intergovernmental Infrastructure Development Board; (d) Bangsamoro Sustainable Development Board, and the (e) Council of Leaders.

**Intensify the implementation of the normalization program for the Bangsamoro.** The Inter-Cabinet Cluster Mechanism on Normalization (ICCMN), along with other joint bodies (Joint Normalization Committee, Joint Peace and Security Committee, and Joint Peace and Security Teams), is tasked to guarantee the completion of the components of the normalization program. These include (a) timely decommissioning of MILF forces and their weapons particularly for the Bangsamoro Islamic Armed Forces (MILF’s forces); (b) implementation of socioeconomic development efforts for MILF decommissioned combatants; (c) transformation of identified MILF camps into villages with increased access to economic opportunities; and (d) implementation of interventions towards social healing, reconciliation, and cultural harmony to address the legitimate grievances of the Bangsamoro people. The ICCMN also includes the creation of a technical working group that will assess the propriety of grant of amnesty, pardon, or other available processes towards the resolution of cases of persons charged with or convicted of crimes and offenses connected to the armed conflicts in Mindanao. The implementation of these components during the pandemic will comply with the required health-related guidelines, protocols, and restrictions.

**Complete the implementation of the remaining commitments under the 1996 FPA between the Government of the Philippines (GPH) and the MNLF.** The government will further pursue the completion of its remaining commitments under the 1996 FPA with the MNLF through the coordinating committees created in 2019 with the Misuari and Jikiri groups. These include the establishment of the Bangsamoro Development Assistance Fund (BDAF) intended to uplift the conditions of the MNLF and the operationalization of a monitoring mechanism anchored on the results of the Tripartite Review Process (TRP) between the GPH, MNLF, and the Organization of Islamic Cooperation (OIC). The full implementation of the 1996 FPA will contribute to sustainable and durable peace, development, and security in Mindanao and ensure inclusivity of peace dividends.

**Implement a transformation program for the MNLF combatants.** A transformation program for the MNLF combatants, their families, and communities will be implemented through the coordinating committees, beginning in the Province of Sulu. It shall mirror the Normalization Program of the Moro Islamic Liberation Front (MILF) and intends to deter disgruntled MNLF combatants from joining the Abu Sayyaf Group and other violent extremist groups in the Southern Philippines, thereby contributing to the enduring peace and stability in the Bangsamoro.
**Effectively implement the National Plan to End Local Communist Armed Conflict 2019-2022 that will operationalize the whole-of-nation approach to address local communist and other armed conflicts.** The National Task Force to End Local Communist Armed Conflict (NTF-ELCAC), together with the Cabinet Officers for Regional Development and Security, will oversee the implementation of the whole-of-nation approach through the regional and local task forces and the 12 lines of efforts (LOEs)/clusters. The NTF-ELCAC will ensure inter-cluster convergence of efforts in addressing community armed-conflict issues. In addition, these task forces and LOEs will support and complement action plans to address the impact of the pandemic at the national, regional, and local levels, including the localization of interventions through the Barangay Development Program (BDP). Referral protocols for monitoring and response will also be streamlined to improve vertical and horizontal connectivity of various cluster mechanisms.

**Effectively undertake localized peace engagements through community consultations and problem-solving sessions, and local peace dialogues with local insurgent groups.** The Lakbay Kapayapaan Roadmap for Peace and Development will be mainstreamed as the primary mechanism to support localized peace dialogues in communities based on mutual confidence and trust. In connection to this, the government will prioritize the enhancement of capacities of local chief executives and the strengthening of the role of local government units (LGUs) in carrying out peace dialogues, and the complementation and convergence of socioeconomic packages to communities and individual former rebels and their families.

While the current pandemic calls for alternative mechanisms in carrying out engagement activities with communities, face-to-face interactions will still be undertaken especially in local community dialogues, consultations, and problem-solving sessions, albeit in strict compliance with public health standards and protocols. Face-to-face interactions are important in building and rebuilding confidence with the communities especially in providing a safe democratic space for communities to raise issues and concerns that are at the root of, resulting from, or further aggravating the armed conflict. It also provides a platform for constructive engagement among the community, the government, and other stakeholders, and provides opportunities for strengthening capacities for peace. Alternative mechanisms such as the use of digital platforms will be utilized only when necessary and feasible.

**Fast-track the completion of remaining commitments under the agreements with the Rebolusyonaryong Partidong Manggagawa – Pilipinas-Revolutionary Proletarian Army-Alex Boncayao Brigade (RPMP-RPA-ABB) and the Cordillera Bodong Administration-Cordillera People’s Liberation Army (CBA-CPLA).** The government remains committed to complete the implementation of the remaining commitments under these agreements by 2022. The completion strategy for the RPMP-RPA-ABB involves engagements with the Tabara-Paduano Group (TPG) and the Nilo de la Cruz Group (NDCG). The 2019 Clarificatory Implementing Document (CID) lays down the commitments towards the absolute and final settlement of the 2000 Peace Agreement with the RPMP-RPA-ABB between the government and the TPG.

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1. The NTF-ELCAC is headed by the President as Chair and the National Security Adviser as the Vice-Chair.
2. The regional task forces are created through the convergence of the Regional Peace and Order Councils and the Regional Development Councils, and are headed by the Cabinet Officers for Regional Development and Security.
3. These are: (1) local government empowerment; (2) international engagement; (3) legal cooperation; (4) strategic communication; (5) basic services; (6) infrastructure and resource management; (7) poverty reduction, livelihood, and employment; (8) peace, law enforcement, and development support; (9) situational awareness and knowledge management; (10) localized peace engagement; (11) Enhanced Comprehensive Local Integration Program (E-CLIP) and amnesty; and (12) sectoral unification, capacity building, empowerment, and mobilization.
4. The BDP is a peace and development convergence initiative of the NTF-ELCAC which provides socioeconomic interventions, (e.g., farm to market roads, school buildings, health stations, livelihood support, etc.) to communist terrorist groups-cleared barangays.
5. The Lakbay Kapayapaan Roadmap aims to institutionalize and champion sustainable peace and development agenda at the grassroots by continuously building strong and capable institutions, strategic partnership of government and non-government organizations, and heightened citizen participation through whole-of-nation approach to establish and sustain peaceful, progressive, and resilient communities.

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These include the full transformation of the TPG from an armed group into a civilian organization through a three-year normalization plan that will facilitate development assistance to its members, their families, and identified communities. Engagement with the NDCG is also being pursued within the bounds of the 2000 Peace Agreement, with full observance of the ceasefire agreement.

Meanwhile, the completion strategy for the CBA-CPLA focuses on the implementation and sustainability of socioeconomic reintegration programs for former CPLA members, their families, and communities. Multi-stakeholder convergence to support regional peace and development advocacies and interventions towards the Cordillera autonomy will also be pursued.

To this end, collaboration and partnerships through existing peace process mechanisms need to be sustained especially in recalibrating specific strategies in light of the new normal. Digital communications infrastructure is also needed in the conduct of critical activities such as monitoring of project implementation, consultation meetings with various stakeholders, and capacity building and skills development programs for beneficiaries.

Protecting and developing communities in conflict-affected and conflict-vulnerable areas

**Strengthen convergence and complementation in the implementation of peace and development interventions.** Convergence of all government efforts and mechanisms at the national, regional, and local levels will be critical in advancing the protection and development of conflict-affected areas. These include the Payapa at Masaganang Pamayanan (PAMANA) Program, the Retooled Community Support Program (RCSP), the E-CLIP,\(^7\) programs and projects under the NTF-ELCAC, and crisis and contingency planning activities as provided under EO 82 s. 2012.\(^8\) The Regional Task Forces of the ELCAC will be further strengthened as a mechanism for national and regional coordination to address key issues and concerns affecting peace, security, and socioeconomic development.

Inter-agency programming and agency-level budget prioritization need to be strengthened in light of foreseen priorities towards addressing the impact of the COVID-19 pandemic. This is to ensure that the aforementioned peace and development interventions will still be effectively implemented amidst this crisis.

**Empower communities by increasing their capacity to address conflicts and reducing their vulnerabilities.** Strengthening local capacities for addressing peace, conflict, and security issues remains central in sustaining the government’s community-based support and peacebuilding programs. The government will continue its engagements with severely affected and vulnerable groups in armed conflicts (i.e., women, indigenous peoples, children, elderly, internally displaced peoples [IDPs]) and pursue the application of inclusive and participatory approaches to empower these groups. Moreover, partnerships with women and youth sectors and the local civil society organizations (CSOs) will be strengthened in

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\(^7\) E-CLIP’s coverage was expanded through Administrative Order 25, s. 2020: Amending AO 10, s. 2018 “Centralizing All Government Efforts for the Reintegration of Former Rebels and Creating for the purpose an Inter-agency Task Force.” This provides for a comprehensive, integrated, and community-based national program that is locally implemented to address the economic, social, psychological rehabilitation needs, legal status and security of Former Rebels (FRs) who are members of the CPP-NPA-NDF, former violent extremists, their immediate family members and communities through the E-CLIP. The Task Force Balik Loob (TFBL) oversees the implementation of the E-CLIP.

recognition of their significant role in advancing the peace education and peace advocacy agenda. In this regard, the government will sustain its efforts for various capacity development and advocacy initiatives on conflict-sensitive and peace-promoting (CSPP) approaches, providing avenues for dialogues with vulnerable groups and their communities. Face-to-face peace conversations will still be conducted, albeit in strict compliance with public health standards and protocols. Use of alternative digital platforms and other forms of mass media such as local radio and television, will also be considered.

**Strengthen government peace and development institutions and mechanisms to increase their accountability and responsiveness to peace and human security issues.** Strengthening institutions to effectively ensure security, restore public confidence, and provide economic opportunities is critical, particularly in light of emerging multi-dimensional risks arising from armed conflicts, disasters, and health-related hazards. Establishing accountability mechanisms will enable the government to appropriately respond to various threats to communities in conflict-affected and conflict-vulnerable areas.

Planning, implementation, and monitoring and evaluation of peace and development programs will likewise be undertaken to ensure streamlined and harmonized government response to various peace and security issues. Mainstreaming of CSPP approaches in the plans and programs of government and various stakeholders will be institutionalized. This includes mainstreaming CSPP in the Comprehensive Development Plans (CDPs) to highlight the important role of LGUs and local special bodies in conflict prevention and peacebuilding. The Office of the Presidential Adviser on the Peace Process, with the Department of the Interior and Local Government will develop various online knowledge products, including the facilitators’ manuals and guidebooks on mainstreaming CSPP in the CDPs of conflict-affected and conflict-vulnerable LGUs. As part of the new normal, LGUs will explore online schemes of reporting their CSPP mainstreaming and coaching efforts to the national government.

The government will develop and continuously implement action plans to ensure the protection and promotion of rights of women, youth, and children in conflict situations and against radicalization and violent extremism. These include the National Action Plan on Women, Peace, and Security (NAP-WPS); National Action Plan on Youth, Peace and Security (NAP-YPS); the program framework and work plan for the implementation of the Special Protection of Children in Situations of Armed Conflict Act (RA 11188); and the National Action Plan to Prevent/Counter Violent Extremism (NAP-PCVE). Priority interventions under these plans will complement the national, regional, and local efforts to address the impact of the COVID-19 pandemic, and will be aligned with the rule of law, international human rights law, and international humanitarian law.

**NAP-WPS.** A major goal of the NAP-WPS is to ensure the meaningful participation and leadership of women and girls as active change agents in conflict transformation and post-conflict development. It seeks to protect women and girls’ human rights at all times – before, during, and after various conflict situations – and prevent all forms of violence against them. It also embodies the government’s commitment to implement the United Nations Security Council Resolution (UNSCR) 1325 and 1820,9 and other related resolutions. For the remainder of the Plan period, the National Steering Committee on Women, Peace, and Security, through its member agencies and local stakeholders, will target the implementation of the action points identified in the Agency Strategic Action Plans. These include mainstreaming of the WPS agenda in

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9 UNSCR 1325 was adopted in October 2000, affirming that “peace and security efforts are more sustainable when women are equal partners in the prevention of violent conflict, the delivery of relief and recovery efforts, and in the forging of lasting peace.” UNSCR 1820 was adopted in June 2008, recognizing sexual violence as a tactic of war that “can significantly exacerbate situations of armed conflict and may impede the restoration of international peace and security.”
policies, plans, and programs at the national, regional, and local levels; the localization of the NAP-WPS through the crafting of respective regional action plans; the development and implementation of programs to address gender-based violence in emergencies (e.g., those affected by the Marawi crisis); and ensuring that former women rebels and violent extremists can benefit from normalization and reintegration programs.

**NAP-YPS.** The crafting of the NAP-YPS is in compliance with the UNSCR 2250\(^{10}\) on the YPS agenda. The NAP-YPS will outline the country’s YPS agenda based on the recommendations from the Youth Peace Tables, which serve as a platform for young peace advocates to further strengthen their capacities in building a culture of peace and conflict sensitivity and mobilize a youth constituency to support the peace processes. The NAP-YPS also aims to guide both policymakers and service-providers in integrating and adopting the action points in the formulation and implementation of policies and programs that will address or contribute to addressing the needs articulated by the youth. Other related efforts on the NAP-YPS include capacity-building for national government agencies (NGAs) on UNSCR 2250, and mapping of different youth-related programs and projects of the government and non-government organizations.

**Implementation of RA 11188.** The Special Protection of Children in Situations of Armed Conflict Act seeks to strengthen protection mechanisms for children involved in, affected, and displaced by armed conflict situations, including guaranteeing their rights in situations of armed conflict and providing preventive measures against recruitment, use, and grave child rights violations, prosecution, and rehabilitation and reintegration.

The law declares children as “zones of peace” – hence, treatment will extend beyond territorial and geographical boundaries and will focus on the promotion and protection of their rights at all times. An Inter-Agency Committee on Children in Situations of Armed Conflict (IAC-CSAC) was created to oversee the implementation of this law. For the remainder of the Plan period, all activities for the development of a work plan for this law will proceed, utilizing alternative strategies in consideration of the current public health situation. These activities include policy advocacy and dissemination, risk communications, and community engagements through online platforms; conduct of regular online coordination meetings to enhance and finalize the work plan; and increasing partnerships with NGAs and international development partners particularly in updating and enhancing CSAC protocols on the handling and management of children involved in armed conflict.

**NAP-PCVE.** The NAP-PCVE will continuously be implemented to address the various factors of radicalization which lead to violent extremism. This is to ensure that recurrence of armed conflict will be avoided, and public order and safety is ensured particularly at the grassroots level (see Chapter 18).

**Continue to build on the gains of the peace processes through education, social healing, and reconciliation.** Instilling a culture of peace (COP) and non-violence will sustain the gains of the peace process and ensure that legitimate grievances can be raised without resorting to armed conflict and violent extremism. The government will continue and expand the mainstreaming of peace education and promote a culture of peace and non-violence in both formal and non-formal settings. These include the integration of peace education in basic, higher, and technical and vocational education and integration of Mindanaoan narratives from indigenous peoples, Bangsamoro Filipinos, and Filipino Christian migrants into the

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\(^{10}\)UNSCR 2250 was adopted in December 2015, recognizing that “young people play an important and positive role in the maintenance and promotion of international peace and security.”
Philippine Educational System. This will be coupled with advocacy programs, capacity building for faculty, and development of syllabi and training materials for peace studies in higher education. Development of online learning materials and capacity building modules for COP and peace education mainstreaming will also be pursued as part of the new normal situations. Other COP sessions will be conducted, firmly adhering to prescribed health standards and protocols.

The government will actively undertake social healing, reconciliation, and peacebuilding programs. For example, the implementation of reintegration and rehabilitation programs for former violent extremists (FVEs) through the Task Force Balik Loob (TFBL) will be conflict-, gender-, and culture-sensitive. These will also include various programs and projects such as provision of safe spaces for healing and reconciliation of SVEs and their families, families of survivors and victims of conflict-related violence, and the communities. Furthermore, the building and rebuilding of relationships of the IDPs with their community leaders, sectoral representatives, NGAs, LGUs, CSOs, and all stakeholders is expected to build social cohesion, resilience, and sustainable peace towards the recovery and rehabilitation of Marawi and its nearby municipalities.

**Legislative Agenda**

To achieve the desired outcomes discussed above, the following legislative agenda will be pursued in the remainder of the Plan period.

*Table 17.1 Legislative Agenda to Attain Just and Lasting Peace*

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td>Separate amnesty proclamations for the Bangsamoro, RPMP/RPA/ABB, and former rebels of the communist terrorist groups</td>
<td>The proposed presidential proclamations on amnesty for various groups aim to accept former combatants back into the fold of the law and eventually provide them access to the government’s socioeconomic services as a means to attain peace, reconciliation, and unity in the country.</td>
</tr>
<tr>
<td>Enabling law creating an autonomous region in the Cordilleras</td>
<td>The purpose of establishing the Autonomous Region of the Cordillera is to establish a political entity and provide the structure of its government in recognition of the justness and cause of the Cordillerans and to secure their identity and posterity and allow for meaningful governance.</td>
</tr>
<tr>
<td>Enabling law creating the National Transitional Justice and Reconciliation Commission for the Bangsamoro (NTJRB)</td>
<td>The proposed law will create the NTJRCB which shall design and supervise the implementation of a TJR program. The program shall be guided by the Dealing with the Past Framework that respects, protects, and fulfills the victims’ right to truth, right to justice, and right to reparation, and ensures the State’s obligation to provide guarantees of non-recurrence.</td>
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Ensuring Security, Public Order, and Safety

The realization of the Filipino people’s long-term vision of a matatag, maginhawa, at panatag na buhay para sa lahat rests upon an environment that is safe, secure, and orderly. It is the government’s duty to ensure that all Filipinos feel secure to walk and travel around all places in the country, without fear of harm to themselves and their property, and are able to go about their business, economic, and social pursuits. Moreover, as the country pursues greater economic development, it is imperative that the government safeguard national interests, territory, and sovereignty.

In the first three years of the Duterte Administration, efforts towards building a safe, secure, and orderly Philippines were intensified. While significant strides have been made in terms of putting in place structural reforms and various mechanisms in the security sector, recurring challenges persist and new threats to public safety have emerged. The protection of our country’s entitlements, not only in the West Philippine Sea, has been one of the most pressing security concerns facing the country. Criminality and illegal drugs remain a prevalent threat to public safety, along with the increased frequency of natural disasters, isolated occurrences of human-induced disasters, and outbreak of diseases.

For the remainder of the Plan implementation, the government will maintain its independent and principled foreign policy. The government will strengthen the capabilities of its security forces to ensure that Philippine territories 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 needs of the people, including the provision of support to sectors that bring food, basic necessities, and essential services to them. Furthermore, the government will upgrade its systems and operations to conform to the new normal in keeping public order and safety. The protection of human rights, as enshrined in the Constitution, will be ensured, especially during the implementation of policies and measures in times of crisis and emergencies.
Assessment and Challenges

Assessment: Successful negotiations for the formulation of the “ASEAN-China Code of Conduct in the South China Sea” have been pursued to ensure security and stability in the region. Various efforts have been exerted to engage claimant states and to promote a rules-based regime in the “South China Sea,” including the Single Draft Code of Conduct (COC) Negotiating Text, which will inform the formulation of the COC. The crime situation has generally improved with the reduction of average monthly index crime rate and the improvement of index crime solution efficiency rate from 2016 to 2018. A holistic approach, involving community and civil society groups, to the campaign against illegal drugs was introduced through the issuance of Executive Order 66, s. 2018, which institutionalized the Philippine Anti-Illlegal Drugs Strategy.

Challenges: Managing conflict and reducing tensions among claimant states of the South China Sea continue to be the main challenge to external security. Various emerging and non-traditional threats such as radicalization, violent extremism, and increasing risks to disasters and health hazards continue to threaten the safety of Filipinos.

The outbreak of COVID-19 has posed another challenge to ensuring security and safety of the people. Despite the continued reduction in reports of criminal incidents even during the implementation of the community quarantine, law enforcement operations are stifled by the need to observe strict health protocols amidst limited supply of personal protective equipment (PPE), exposing law enforcers to risk. On the other hand, incidence of cybercrimes is on the rise with the increased digital dependency of the public for financial and government transactions. The imposition of quarantine protocols also demands greater accountability from the government to ensure that human rights are protected and upheld.

Strategic Framework

Ensuring security, safety, and public order is one of the foundational strategies in the Philippine Development Plan 2017-2022, hence it is accorded high priority by the current administration. Achieving this goal will entail pursuing the following strategic outcomes taking into consideration the new normal situation brought about by the COVID-19 pandemic, as shown in Figure 18.1 below.
Figure 18.1 Strategic Framework to Ensure Security, Public Order, and Safety

Note: For strategies for overseas Filipinos (OFs), refer to Chapter 21 on Migration
Strategies

Ensuring public safety

The government will continue to exert efforts in building the capabilities of public safety institutions to respond to all hazards, including pandemics, that pose risks to the safety of the people. This will include interventions in preventing the spread of radicalization resulting in violent extremism. The following strategies will be implemented to raise the standards for public safety.

*Increase police presence and professionalize police ranks.* Efforts to enhance police presence to maintain peace and order is primordial. As such, the PNP will strive to meet the standard police-to-population ratio of 1:500 to greatly improve public safety. In addition, the government will pursue the construction of additional police stations in every community to further strengthen and expand their presence. To enhance policing presence in communities, various programs and activities, such as *Pulis Nyo Po sa Barangay,* Barangay Peacekeeping Action Teams, and Barangay Information Networks, will be organized and empowered as force multipliers for the PNP. Moreover, the Community and Service-Oriented Policing System will be strengthened to help build ties between the PNP and communities and to strengthen the involvement of the latter in addressing public safety issues such as crime, social disorder, and fear of crime.

The PNP will continue its efforts in sustaining internal discipline within their ranks through the implementation of the Revitalized Internal Cleansing Strategy, with particular focus on getting rid of incompetent and corrupt police personnel. Reporting platforms such as the Integrity Monitoring and Enforcement Group Hotline aimed at receiving complaints and information from the public about erring police officers will also be sustained. Disciplinary actions and sanctions will be strictly imposed on those involved in corruption and other unlawful activities.

The Philippine Public Safety College and PNP will continue to institutionalize a highly efficient, competent, credible, and professionalized corps of peace and order and public safety personnel through the conduct of mandatory courses, specialized and in-service training, and continuing quality education and training to PNP uniformed personnel. Online training programs and digital platforms will form integral parts of the learning process during this pandemic situation.

Being at the frontline of the pandemic and other crisis situations, the police force will be equipped with adequate logistical support for its operations and be provided with sufficient PPE. This is to ensure the safety and protection of the police forces while performing their duty of upholding the rule of law to maintain peace and order and public safety in the middle of a public health crisis.

*Strengthen the partnership between law enforcement agencies, local peace and order institutions, and communities.* LGUs will continuously strengthen local peace and order institutions to effectively address criminality and illegal drugs within communities. Maintaining peace and order and discipline in communities is of utmost importance as quarantine restrictions adversely affect the economy and people’s livelihood and income. To this end, the government will capacitate LGU officials, especially those at the barangay level, as force multipliers and frontliners in the fight against COVID-19. Capacity-building interventions will include developing protocols on checkpoints and enforcement of community quarantine guidelines. The PNP will support other sectors, particularly those involved in supply chains, to ensure
unhampered distribution of food and other essential goods, including medical supplies and equipment. Together with the DILG, the PNP will also develop a concise rules of engagement with their civilian counterparts.

**Sustain and expand systems for responding to crime and emergencies.** The implementation of the 911 Emergency Hotline Service, which serves as the direct access of the people to the government, will be sustained. The DILG will expand its coverage to better serve and respond to emergencies in the countryside. Moreover, training programs for telecommunicators and responders will be provided.

In response to challenges arising from the new normal, the DILG, the DOH, and other relevant security sector agencies will expand the utilization of internet and mobile-based reporting channels. This will enable frontliners to respond timely to the information and security needs of the public under the new normal.

**Enhance the capability of the security sector for humanitarian assistance and disaster response.** To enable security sector agencies to effectively respond to natural and human-induced disasters, the National Disaster Risk Reduction and Management Council (NDRRMC) through the Office of Civil Defense (OCD), will continue to provide capacity-building programs for disaster responders such as the National Urban Search and Rescue Capacity Building. In support of this, the DILG is expected to implement by the fourth quarter of 2020 the Safe Philippines Project Phase I which will provide police, public safety institutions, and emergency response units with the latest technologies and equipment on surveillance and monitoring, with its own integrated operations and command center, and a remote back-up center. This will allow them to predict, detect, prepare for and quickly respond to incidents, and mitigate and respond to disasters promptly. The security sector shall also continue to build its capacities to qualify for International Search and Rescue Advisory Group’s (INSARAG’s) external classification, to be recognized for international response support.

In view of the new normal, the OCD will augment the Human Resources for Health through the establishment and mobilization of a pool of medical and allied health professionals and volunteers from the security sector. These personnel will provide support in the implementation of social support programs, especially during public health emergencies. Duty bearers in the security sector will be capacitated on providing medical/paramedic services to enable and intensify the conduct of contact tracing and early detection.

In line with the implementation of the NAP WPS 2017-2022, which acknowledges the vulnerability of women in emergency situations, the government will strengthen the coordination and harmonization of protection and rehabilitation initiatives for women and girls in various emergencies. It will also develop comprehensive, gender- and culturally-sensitive disaster risk reduction and management programs that specifically highlight the context and vulnerabilities of women during emergencies, including women in frontline agencies.

Furthermore, the passage of the bill to establish the Department of Disaster Resilience will be actively pursued in Congress. The bill will strengthen the coordination among agencies in providing response during emergencies and disasters. The bill should also be revisited to explicitly specify public health emergencies such as pandemics as disaster events, and identify measures that will enable the government to mitigate the impacts of such emergencies and to respond effectively. Meanwhile, the National Disaster Risk Reduction and Management Plan will be revisited to reflect the aforementioned aspects, among others.
Improve the capability for fire protection services. Capability of the BFP to safeguard life and property, as well as the country’s vital and critical infrastructure, will be strengthened. This includes fast-tracking the modernization of fire protection services and the implementation of the BFP service upgrade and capability upgrade programs. This will include the hiring of additional personnel, procurement of firefighting and communication equipment, and fire trucks to service communities. The modernization programs of the BFP will likewise cover the procurement of PPE and other safety equipment for fire fighters during operations, especially those at the frontline providing assistance during pandemic response and other emergency situations. Strict compliance with health protocols and standards will be observed during operations to ensure not only the safety of the public, but also of the firefighters.

The capacity of the BFP to enforce the Fire Code and respond to fire and other related emergencies will be further strengthened. Priority will be given to urban areas with low firefighter-to-population ratio and to LGUs with inadequate fire protection services. Moreover, pursuant to DILG Memorandum Circular 2019-121, roads will be cleared of obstructions to ensure the smooth and quick access of responders.

Establish a secure and resilient Philippine cyberspace. The Department of Information and Communications Technology will ensure the successful implementation of the National Cybersecurity Plan (NCSP) 2022 which aims to protect the critical information infrastructure, government networks, supply chains, and individuals; and establish programs and platforms for local and international cooperation in cybersecurity. The strategic initiatives of the NCSP will include enhancing security resilience of critical information infrastructure, and government, public, and military networks to deal with sophisticated attacks, promoting the adoption of cybersecurity measures among individuals and businesses, and enhancing and expanding the pool of local cybersecurity experts.

To better address the challenges to cybersecurity arising from the new normal, a strategic defensive posture within the Office of the President will be established. This will be complemented by the strengthening of the country’s capability to protect the National Critical Information Infrastructures and improve its cyber resiliency through cybersecurity assessment and compliance and national drill exercises. The government will build the skills and capabilities of local cybersecurity experts; strengthen cooperation between law enforcement, cybersecurity experts, academe, and the private sector; and improve cybersecurity awareness through the conduct of National Cybersecurity Awareness Month, engagements with non-government organizations and other stakeholders, and employing social media as means for disseminating information.

Reducing all forms of criminality and illegal drugs

The government remains committed to its campaign against all forms of criminality and illegal drugs. Likewise, the government recognizes the need to address the spread of radicalization and violent extremism that leads to terrorism, transnational crimes, and other non-traditional threats that pose risks to public safety. The conduct of law enforcement operations will need to consider new challenges brought about by the current pandemic. The following strategies will be pursued.
Sustain the intensified law enforcement operations, including military support, to fight criminality, trafficking, and terrorism. The PNP will sustain its efforts in reducing all forms of criminality and intensified crime prevention measures even amidst the pandemic. This will involve updating of existing and/or developing new policies, manuals, and procedures to ensure compliance with pertinent laws and human rights standards, particularly on crime investigations including those for missing persons, case documentation and filing, and harmonization of inter-agency procedures. Coordination between law enforcers and military, especially during conduct of operations, will also be enhanced.

To address the challenges under the new normal, standard procedures for law enforcement and anti-illegal drug operations will be revised and updated. Health protocols and measures will be incorporated in the procedures to ensure that both law enforcers and criminal personalities are protected from getting infected by the virus. The PNP will also consider using non-lethal weapons and other police equipment in the conduct of police operations, delivery of public safety services, and other law enforcement functions while strictly adhering to the minimum health standards provided by the Department of Health (DOH).

Rollout of the Core Competency-Based Training Program for investigators will strengthen the PNP’s investigative capability and contribute to the success of law enforcement operations. Capabilities of police personnel in case recording and tracking, case filing and arrest, operational readiness, and disaster and emergency response will also be enhanced. Moreover, the current pandemic brought the need to utilize advanced information and communications technology in the performance of PNP’s mandate, such as the adoption of secured, mobile, artificial intelligence-driven, and real-time policing. This will harmonize information systems and improve data sharing and coordination within the criminal justice system.

Law enforcement capability on cybercrime detection and investigation will be improved and modernized. This also calls for efforts to increase the general public’s awareness on the detection of cybercrimes to protect themselves and avoid being a victim, especially at the height of a pandemic and other crisis situations. Moreover, the DILG will lay down policies to protect and rehabilitate children at risk and children in conflict with the law. This will include developing a manual on handling and treatment of children at risk, as well as on preventing trafficking in persons, especially of women and children.

The PNP will ensure timely and accurate crime monitoring and reporting through information technology solutions and initiatives. The conduct of a periodic nationwide Crime Victimization Survey will be pursued to augment administrative-based data. In addition, a survey on the perception of criminality and law enforcement will be carried out.

Enhance the capability of police, coast guard, military, and other law enforcers to address internal security threats. Development and full implementation of the modernization programs of the PNP, AFP, Philippine Coast Guard (PCG), Bureau of Fisheries and Aquatic Resources (BFAR), and other law enforcement agencies is critical in addressing threats posed by local and transnational terrorists and criminal groups, and emerging security threats such as cybercrimes. Information and communications capabilities of law enforcement agencies will be strengthened to ensure that they are responsive in addressing such threats. Online trainings may be utilized as the primary mode in implementing capacity-building programs for personnel.
Protection of our porous borders will be ensured through the enhanced interdiction and strengthened presence and capability of the Bureau of Immigration, Bureau of Customs, and other agencies mandated to enforce border security. The PCG and BFAR will intensify the conduct of maritime security law enforcement patrols within Philippine territory. The PCG will also pursue the development of maritime detection systems and operationalize the Vessel Traffic Management System to secure the country’s maritime jurisdiction.

The threat of global pandemics calls for intensified air and maritime border security and strict imposition of health protocols and quarantine procedures for arriving passengers and visitors. This will be carried out through the installation of modern e-gates and other border control systems, which will also efficiently prevent human trafficking and entry of terrorists, especially in major ports of entry.

**Strengthen commitment to a holistic campaign against the use of illegal drugs and the abuse of dangerous drugs.** The government will continue to strengthen the conduct of its intensive and unrelenting campaign against the trafficking and use of dangerous drugs and other similar substances through an integrated system of planning, implementation, and enforcement of anti-drug abuse policies, programs, and projects. In doing so, the government will aim to achieve a balance in its national drug control program so that people with legitimate medical needs will still have access to dangerous but licit drugs, subject to the prescription of appropriate medication.

Central to the government’s campaign is to address the country’s illegal drug use problem through the Philippine Anti-Illlegal Drugs Strategy (PADS). The PADS recognizes the need for a holistic, human rights-based approach in addressing the problem on illegal drugs production, trafficking, and use. The strategy entails a comprehensive and balanced approach to drug demand and drug supply reduction. This involves the suppression of the flow of illegal drugs supply through sustained law enforcement operations; and the reduction of consumer demand for drugs and other illegal substances through drug rehabilitation and massive preventive education and awareness programs.

In support of the implementation of the PADS pursuant to EO 66, s. 2018, all government agencies, including government owned and controlled corporations and state universities and colleges, are mandated to formulate their respective implementing and operational plans. This will include programs and activities to ensure a drug-free workplace, including those in the private sector. The strategy also calls for the support of LGUs through the strengthening of Anti-Drug Abuse Councils, conducting barangay drug clearing operations, and appropriating funds for anti-illegal drugs programs and projects. The EO also prescribes the conduct of a nationwide survey to determine the extent and magnitude of drug abuse prevalence in the country. In addition, the establishment of an age- and sex-disaggregated database and secure database for dangerous drugs operations will ensure transparency and enable an effective monitoring of the implementation of the government’s fight against dangerous drugs.

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1 Dangerous drugs include those listed in the schedules annexed to the 1961 Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and in the schedules annexed to the 1971 Convention on Psychotropic Substances as enumerated in the annex, which is an integral part of the Comprehensive Dangerous Drugs Act of 2002 (RA 9165).
The Philippine Drug Enforcement Agency (PDEA) will also intensify the random drug testing in the transportation sector as a preventive effort against drug-related road traffic accidents. It will enjoin all government agencies through the Inter-Agency Committee on Anti-Illlegal Drugs, as created through EO 15, s. 2017, to ensure that the anti-illegal drugs campaign is implemented in an integrated and synchronized manner.

**Prevent and counter terrorism and violent extremism.** To address communist terrorist groups, the National Task Force to End Local Communist Armed Conflict will intensify the implementation of the whole-of-nation approach at the regional and local levels. This will require strong coordination between regional and local development and peace and order councils, as well as the commitment and support of local chief executives and the communities.

Following the adoption of the National Action Plan on Preventing and Countering Violent Extremism (NAP PCVE), various national government agencies will be capacitated particularly on the formulation of their respective agency’s PCVE plans that are aligned with the NAP. In the same manner, LGUs will be capacitated on the preparation of their local plans that will adopt and translate national strategies into concrete action at the grassroots level, taking into consideration the current health crisis and other emerging threats to peace and order and public safety. These plans will include programs aimed at addressing the political, economic, cultural, psychosocial, and religious factors of radicalization that lead to violent extremism. The government will pursue a comprehensive and people-centered approach in addressing drivers of radicalization and ensure that such plans are conflict-, culture-, and gender-sensitive, uphold the rule of law, and are compliant with international human rights law and international humanitarian law.

The government’s efforts to prevent violent extremism and terrorism will be further intensified to maintain community resilience, especially during pandemics and other public health emergencies. The cooperation of the citizens, private sector, and non-government organizations with the government’s efforts on PCVE will build a strong and solid front against violent extremists, which may lead to their possible containment and neutralization.

The government will continue to deepen partnerships with the international community through multilateral and bilateral mechanisms such as mutual legal assistance agreements, global cooperation, and international law enforcement arrangements (e.g., International Criminal Police and joint law enforcement operations). This will also include intensified government and multisectoral efforts against domestic and transnational trafficking in persons through international partnerships and the Inter-Agency Council Against Trafficking.

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2 *Adoption of the NAP-PCVE is pursuant to the Anti-Terrorism Council’s Resolution No. 38, s. 2019.*
Intensify investigation and resolution of human rights violations cases. Investigation strategies and approaches to strengthen case build-up will be further strengthened to ensure successful prosecution of human rights violation cases. The Commission on Human Rights will pursue efforts to empower the poor, marginalized, vulnerable, and disadvantaged to seek response and remedies for injustice through the development of client-based education and training programs. These will include developing learning modules, teaching aids, and education materials and organizing and mobilizing a network of public support for the conduct of human rights events, utilizing primarily digital platforms and mechanisms during the pandemic. Partnerships with state and non-state duty bearers in addressing human rights violations cases will also be pursued. Furthermore, the National Action Plan on Women, Peace, and Security (NAP-WPS) will pursue the protection of human rights of women and girls at all times and the prevention of gender-based violence.

In line with the international human rights law, which mandates that duty-bearers not derogate from their obligation to respect, protect, and fulfill human rights even in times of emergencies, a human-rights based approach will be followed in the implementation of relevant laws, policies, protocols, and guidelines. The government will ensure that Constitutionally-enshrined human rights are upheld and protected, and that violators will be treated humanely in the enforcement of community quarantine procedures and protocols amidst the pandemic situation. Updating of standard procedures for law enforcement operations must adhere to human rights standards while ensuring health protocols to protect both the suspects and the law enforcers from getting infected by the virus.

Upholding and protecting territorial integrity and sovereignty

Deescalating tension and resolving disputes in the South China Sea (SCS) continue to be the main challenges in sustaining stability and security in the region. To uphold and protect territorial integrity and sovereignty, the following strategies will be implemented:

Promote respect for a rules-based regime in Philippine seas and territories. The government will sustain efforts that promote respect for legal and diplomatic processes in clarifying issues and resolving disputes on maritime jurisdictions, in accordance with international law, particularly the 1982 United Nations Convention on the Law of the Sea (UNCLOS). Central to this is the push for an effective and substantive ASEAN-China COC that will guide actions of claimant-states to avoid activities that raise tension or threaten security and stability in the SCS. On the other hand, the Philippines remains committed to taking necessary diplomatic interventions against actions that run counter to international laws and principles, including the UN Charter, the 1982 UNCLOS, and the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea, to preserve national security and maintain peace and stability in the region. The government will continue to enhance its relations with other claimant countries such as China, but with the consciousness of the need to protect the country’s rights and interests in the WPS, as recognized under the foregoing international instruments and the 2016 Award of the Arbitral Tribunal on the South China Sea arbitration case.

In addition, the government will pursue negotiations of maritime boundary delimitation agreements with countries the Philippines shares borders with. Further, dispute settlement mechanisms consistent with international law will be pursued for the settlement of maritime border delineation and outstanding territorial claims.
Promote greater amity and cooperation with all nations. The country will continue to enhance and strengthen existing bilateral relations, alliances, strategic partnerships, and defense cooperation, while expanding our bilateral diplomatic engagements. The government will maximize existing platforms and pursue alternative platforms to maintain diplomatic engagements with its bilateral and multilateral partners to strengthen cooperation towards addressing the impact of public health emergencies such as pandemics.

Expand and enhance diplomatic engagements and cooperation in regional and international fora. The country will strengthen relationships at the regional level. Aside from the existing Trilateral Cooperative Agreement with Indonesia and Malaysia, which contributed to the enhanced stability in the Sulu-Celebes Seas, the Philippines will continue to engage ASEAN through its various platforms towards promoting joint patrols, maritime exercises, intelligence cooperation, regional security, and stability. It will also strengthen cooperation to effectively manage the current and avoid future pandemic situations.

Pursue and sustain modernization programs for a credible and self-reliant defense posture. The establishment of a credible, self-reliant defense posture is critical to the protection and preservation of the country’s territorial integrity, sovereignty, and sovereign rights. Thus, the government will fully implement the Armed Forces of the Philippines (AFP) Modernization Program and the AFP Capability Upgrade Program by ensuring continued budgetary support to these programs. Air and maritime domain awareness will likewise be intensified through the conduct of law enforcement patrols and operations in Philippine maritime jurisdiction, as well as the establishment of domain awareness platforms. Various structures that can be used for territorial defense operations, marine resource protection, information gathering, and civilian purposes will be established to strengthen the AFP’s presence in Philippine-owned islands and features. Moreover, the AFP will strengthen the Reserved Forces and the Reserved Officers Training Corps (ROTC) Program to augment its numbers, especially during crisis situations.

Declaration of some parts of the West Philippine Sea as marine protected areas (MPAs). The government will pursue this strategy to address environmental degradation and to ensure food security and the livelihood of fisherfolk who depend on the area. Pursuant to existing domestic laws, specifically the Expanded National Integrated Protected Areas System Act of 2018 (RA 11038), the management and enforcement of MPAs will be the mandate of the military and relevant civilian national government agencies, local communities, and non-government organizations. Towards this end, the government will acquire sea vessels to aid navigation, construct and maintain bases, support organization and operations of bantay-dagat, and conduct marine scientific research in these areas. While MPAs are considered national initiatives, the Philippines will also pursue cross-border and multilateral or regional cooperation with neighboring countries for more effective administration and management of the oceans.

Ensuring security and safety of overseas Filipinos

Armed conflicts, economic instabilities, and social tensions in other countries continue to put the welfare and safety of all Filipinos overseas at risk. Strategies to ensure the security and safety of overseas Filipinos are discussed thoroughly in Chapter 21.
Legislative Agenda

To support the implementation and effectiveness of the strategies, legislative action is needed on the following:

**Table 18.1 Legislative Agenda to Ensure Security, Public Order, and Safety**

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Territorial integrity and sovereignty upheld and protected</strong></td>
<td></td>
</tr>
<tr>
<td>National Defense Act</td>
<td>This will update and define key national defense policies, principles, and concepts. It will codify the various issuances concerning national defense, the AFP, and the civilian bureaus in the DND with the aim of streamlining and professionalizing the defense bureaucracy through the institutionalization of reforms. It will prohibit the sale of defense real properties; redefine the minimum and maximum tenure in key positions to provide stability in the AFP leadership; implement mandatory military service for all natural-born or naturalized Filipino citizens for a minimum of two years; and transform the National Defense College of the Philippines into the National Defense University of the Philippines, among others.</td>
</tr>
<tr>
<td>Defense Acquisition Act</td>
<td>This will exempt all acquisition of defense equipment, materiel, ordinance and integrated military systems of the Department of National Defense and its attached bureaus from the regular procurement process bounded by the Government Procurement and Reform Act.</td>
</tr>
<tr>
<td>National Security Code</td>
<td>This will institutionalize the national security planning process. This aims to address the required regular preparation of a National Security Policy and a National Security Strategy; and identify how the government will implement the policy and strategy.</td>
</tr>
<tr>
<td>Philippine Defense Industry Development Act</td>
<td>This will promote and stimulate the local defense industry, as in-country enterprises will be entitled to avail incentives under the Omnibus Investments Code (EO 226, s. 1987). The proposed law places premium in encouraging local industry players to invest in developing in-country defense capabilities. The industry players may avail of credit and other financial products extended by government financial institutions and enjoy exemption from customs duties and national internal revenue taxes that are payable on the importation of raw materials and critical components. The government will promote the export of locally made defense materiel and the in-country enterprises to other countries.</td>
</tr>
<tr>
<td>Philippine Maritime Zones Act</td>
<td>This will serve as a general declaration of the maritime zones under the sovereignty and jurisdiction of the Philippines. It will also provide the necessary foundation and framework for the enactment of subsequent laws pertinent to the rights and obligations of the Philippines over its maritime zones. The proposed law will establish archipelagic sea lanes in Philippine archipelagic waters and the adjacent territorial sea. It will likewise prescribe the rights and obligations of foreign ships and aircraft that exercise the right of passage through the established archipelagic sea lanes. The bill will also determine and put in place appropriate measures for the protection of areas along said sea lanes in accordance with international conventions and agreements to which the Philippines is a party.</td>
</tr>
<tr>
<td>Philippine Archipelagic Sea Lanes Act</td>
<td></td>
</tr>
<tr>
<td>LEGISLATIVE AGENDA</td>
<td>RATIONALE</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td><strong>All forms of criminality and illegal drugs reduced</strong></td>
<td></td>
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<tr>
<td>PNP Revitalization and Capability Enhancement Act</td>
<td>This will enhance the capabilities of the PNP through infrastructure and facilities development as well as equipment acquisition and upgrading.</td>
</tr>
<tr>
<td>Forensic DNA Database Act</td>
<td>The bill will give way for the establishment of a DNA database system for the collection, storage, and maintenance of genetic identification information for law enforcement purposes.</td>
</tr>
<tr>
<td>Anti-Drug Abuse Council Law</td>
<td>This will institutionalize the creation of Anti-Drug Abuse Councils in every local government unit. It provides for the corresponding budget allocation for the operations of the Councils and the conduct of other anti-illegal drug activities, among others.</td>
</tr>
<tr>
<td>Amendment of the Comprehensive Dangerous Drugs Act of 2002</td>
<td>This will allow for the mandatory drug testing of students in the secondary and tertiary level and the forfeiture of properties involved in drug cases in favor of PDEA. The amendment will also prescribe stronger penalties to those found guilty of trafficking dangerous drugs; provide for the destruction of seized dangerous drugs and controlled precursors and essential chemicals; and restore plea bargaining and probation laws. It will also strengthen PDEA as an organization, including the provision of benefits for personnel, among others.</td>
</tr>
<tr>
<td><strong>Public safety ensured</strong></td>
<td></td>
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<tr>
<td>BFP Modernization Act</td>
<td>This will modernize the BFP and enable it to become a fire and emergency medical and rescue services agency capable of responding to hazards such as destructive fires, accidents, and other natural and human-induced disasters. It will strengthen the ongoing modernization of the BFP and give BFP the power to investigate all causes of fire, and if necessary, file proper complaints.</td>
</tr>
<tr>
<td>Amendment of the Fire Code</td>
<td>This will amend certain provisions of the Revised Fire Code of the Philippines of 2008 (RA 9514) and clarify the respective authorities and jurisdictions of the BFP, the Philippine Economic Zone Authority, and other similar entities on the enforcement of the law within economic zones. It will give the BFP the sole responsibility to administer and enforce the Fire Code. It also expands the utilization of the Fire Code Fees Collections for the acquisition of properties of fire stations. It also provides more stringent penalties for every act that compromises fire safety and endangers the lives and limbs of Filipinos.</td>
</tr>
<tr>
<td>Disaster Resilience Bill</td>
<td>This will establish a Department of Disaster Resilience with sufficiently high level of authority to lead the coordination, monitoring, oversight, and implementation of disaster risk reduction and management efforts. The proposed Department will be equipped with the necessary competency and resources to engage new actors, particularly in the field of risk transfer and insurance, and built with the necessary structure to manage broader governance programs. The current version of the bill should also be revisited to explicitly specify public health emergencies such as pandemics as disaster events and to identify measures that will enable the government to mitigate the impact of such emergencies and respond effectively.</td>
</tr>
<tr>
<td>LEGISLATIVE AGENDA</td>
<td>RATIONALE</td>
</tr>
<tr>
<td>--------------------</td>
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<tr>
<td>Mandatory ROTC Program</td>
<td>This will address the decline in the number of students taking up ROTC, which resulted in the insufficient number of reserve officers and personnel for the AFP that may be tapped in times of need. The proposed law seeks to revive the mandatory nature of the ROTC. The re-establishment of mandatory basic ROTC Program will form part of the basic curricula for Senior High School (Grades 11 and 12) in public and private schools and a requisite for graduation. The program aims to enhance the students’ consciousness in the ethics of service, patriotism, and nationalism; military training for national defense preparedness and civil-military operations; and civic training for disaster risk reduction and management, human and civil rights awareness, and law enforcement.</td>
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Chapter 19

Accelerating Infrastructure Development

The Build, Build, Build (BBB) Program managed to overcome several implementation challenges in the first half of Plan period, having increased infrastructure spending to more than five percent of the gross domestic product (GDP) in 2018, twice more than the average spending over the past five decades. The progress of the Program is a confirmation of the government’s strong resolve to strategically and decisively improve the country’s infrastructure through the development of a robust pipeline of massive capital investments, including priority high-impact projects, and the implementation of game-changing reforms.

The unprecedented challenges brought by the COVID-19 pandemic, however, is expected to 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. On the other hand, government is also keen in using BBB as an instrument for socioeconomic recovery.

The resumption of rollout of activities under the BBB Program and the continuous investment in infrastructure are vital to stimulating the economy and facilitating recovery with their potential multiplier effects on creating jobs and stimulating growth. Bolstering infrastructure is instrumental in ensuring business continuity, development of agglomeration economies, creation of new urban centers, delivery of essential government services, and transitioning into the digital economy. 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 normal” and in pursuit of a healthy and resilient Philippines. Even while facing constraints brought about by the pandemic, government will remain mindful of the longer-term development goals requiring early interventions.

Assessment and Challenges

Assessment. During the first half of Plan implementation, frameworks, laws, and policies were introduced for various infrastructure sub-sectors: National Transport Policy and its implementing rules and regulations; streamlining of regulatory procedures for energy projects; formulation of the framework for use of energy-efficient technologies; enactment of the means to lower electricity costs; adoption of the framework for the Public School of the Future; Philippine Health Facility Development Plan to guide and ensure the rational allocation of investments for public health facilities, upgrading and development, including the Health Facilities Enhancement Program; and government-initiated investments in the enhancement of the digital infrastructure through the National Broadband Program.

Challenges. The COVID-19 pandemic has posed serious challenges to resource mobilization for and implementation of the BBB Program, particularly in terms of: (a) availability of fiscal space for the target
infrastructure program; (b) conceivable delays in project preparation, procurement, and/or implementation due to disruption of work of contractors, professionals/experts/engineers, and workers/laborers involved in the projects; (c) possible interruption of importation of construction materials due to disruption to labor and materials supply; and (d) change in demand for infrastructure services, which could affect the financial viability and therefore appetite of investors, particularly in public-private partnership (PPP) projects. In addition, increase in costs of infrastructure projects may be expected due to requirements for social distancing and other health precautionary measures and protocols.

Amidst the challenges of the pandemic and transitioning to the “new normal,” the government will have to continue and step up efforts to address: increasing demand for infrastructure, especially health and water facilities, which have been and continue to be critical in the fight against COVID-19; right-of-way issues; lack of updated and integrated infrastructure data; and regulatory environment issues. At the same time, the remainder of the reform agenda will still be pursued: creation of an apex body for water resources and an independent economic regulator for water supply and sanitation; and amendments to the National Economic and Development Authority (NEDA) Joint Venture (JV) Guidelines.

### Targets

The plan targets for FY 2020-2022 were revisited and updated considering infrastructure development as a pivotal strategy to pump-prime the economy and with the strong recognition that each sector of the economy essentially requires infrastructure emerging from the COVID-19 pandemic and transitioning further into the path of recovery and resiliency. Table 19.1 shows the success indicators and updated targets for infrastructure development.

#### Table 19.1 Updated Targets to Accelerate Infrastructure Development

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public infrastructure spending increased (in % share in GDP)(^1)</td>
<td>4.1(^2) (2016)</td>
<td>4.20</td>
<td>5.40</td>
<td>4.50</td>
<td>4.50</td>
</tr>
<tr>
<td>Transport Infrastructure</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Road Transport</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Travel time (decreased) via land per key corridor (in hours)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metro Manila</td>
<td>2.97 (2016)</td>
<td>3.12</td>
<td>3.11</td>
<td>3.11</td>
<td>3.11</td>
</tr>
<tr>
<td>N1/Pan-Philippine Highway (Laoag-Zamboanga)</td>
<td>61.12 (2016)</td>
<td>50.94</td>
<td>48.39</td>
<td>45.84</td>
<td>45.84</td>
</tr>
</tbody>
</table>

\(^1\) On 28 July 2020, the Development Budget Coordination Committee (DBCC) adopted via Ad Referendum the revised macroeconomic assumptions and fiscal targets for FY 2020 to FY 2022 in line with the fiscal impact of the COVID-19 pandemic. Accordingly, the government’s programmed spending on infrastructure were revised.

\(^2\) Actual disbursement based on the Department of Budget and Management’s 2019 Budget of Expenditure and Sources of Financing.
## Chapter 19: Accelerating Infrastructure Development

### Updated Philippine Development Plan 2017-2022

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manila – Baguio</td>
<td>7.04 (2016)</td>
<td>5.86</td>
<td>5.57</td>
<td>5.28</td>
<td>5.28</td>
</tr>
<tr>
<td>Manila – Pagudpud</td>
<td>13.36 (2016)</td>
<td>11.13</td>
<td>10.58</td>
<td>10.02</td>
<td>10.02</td>
</tr>
<tr>
<td>Manila – Clark</td>
<td>2.80 (2016)</td>
<td>2.34</td>
<td>2.22</td>
<td>2.10</td>
<td>2.10</td>
</tr>
<tr>
<td>Clark – Subic</td>
<td>2.09 (2016)</td>
<td>1.75</td>
<td>1.66</td>
<td>1.57</td>
<td>1.57</td>
</tr>
<tr>
<td>Manila – Batangas</td>
<td>3.46 (2016)</td>
<td>2.88</td>
<td>2.74</td>
<td>2.60</td>
<td>2.60</td>
</tr>
<tr>
<td>Iloilo – Capiz</td>
<td>2.62 (2016)</td>
<td>2.18</td>
<td>2.07</td>
<td>1.96</td>
<td>1.96</td>
</tr>
<tr>
<td>Surigao – Davao</td>
<td>7.10 (2016)</td>
<td>5.92</td>
<td>5.62</td>
<td>5.33</td>
<td>5.33</td>
</tr>
<tr>
<td>Butuan – Iligan City</td>
<td>5.80 (2016)</td>
<td>4.83</td>
<td>4.59</td>
<td>4.35</td>
<td>4.35</td>
</tr>
<tr>
<td>Cagayan De Oro – Davao City</td>
<td>5.70 (2016)</td>
<td>4.75</td>
<td>4.51</td>
<td>4.27</td>
<td>4.27</td>
</tr>
<tr>
<td>Bacolod – Dumaguete – Bayawan</td>
<td>8.46 (2016)</td>
<td>7.05</td>
<td>6.70</td>
<td>6.35</td>
<td>6.35</td>
</tr>
<tr>
<td>Danao – Cebu – Santander</td>
<td>4.61 (2016)</td>
<td>3.85</td>
<td>3.65</td>
<td>3.46</td>
<td>3.46</td>
</tr>
<tr>
<td>Road traffic accident rate reduced (in number of incidents per 100,000 population) - incidents of accidents</td>
<td>10.7 (2016)</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
</tr>
</tbody>
</table>

### Air Transport

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air passenger movement increased (in number of passengers, cumulative)</td>
<td>71.54M (2016)</td>
<td>29.42M</td>
<td>32.65M</td>
<td>38.33M</td>
<td>38.33M</td>
</tr>
<tr>
<td>Cargo shipped via air increased (international and domestic) (in metric tons [MT], cumulative)</td>
<td>285.86M (2016)</td>
<td>165.54M</td>
<td>277.92M</td>
<td>328.93M</td>
<td>328.93M</td>
</tr>
</tbody>
</table>

### Water Transport

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers transported by sea increased (in number of passengers, cumulative)</td>
<td>89.16M (2016)</td>
<td>90.11M</td>
<td>91.66M</td>
<td>93.27M</td>
<td>93.27M</td>
</tr>
<tr>
<td>Cargo shipped increased (international and domestic) (in MT, cumulative)</td>
<td>302.68M (2016)</td>
<td>317.92M</td>
<td>325.12M</td>
<td>332.06M</td>
<td>332.06M</td>
</tr>
<tr>
<td>Number of vehicles carried by RORO vessels increased</td>
<td>5.50M (2016)</td>
<td>6.70M</td>
<td>6.77M</td>
<td>6.84M</td>
<td>6.84M</td>
</tr>
</tbody>
</table>
### Rail Transport

**Passenger trips via rail in Metro Manila increased (in % share to total passenger trips via rail, cumulative)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11</td>
<td>16</td>
<td>17</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

### Energy/Power

#### Power requirements met (in % available capacity over peak demand)

<table>
<thead>
<tr>
<th>Region</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luzon</td>
<td>144 (2016)</td>
<td>148</td>
<td>147</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>Visayas</td>
<td>140 (2016)</td>
<td>143</td>
<td>144</td>
<td>137</td>
<td>137</td>
</tr>
<tr>
<td>Mindanao</td>
<td>149 (2016)</td>
<td>150</td>
<td>146</td>
<td>137</td>
<td>137</td>
</tr>
</tbody>
</table>

#### Energy intensity (primary energy) reduced (in tons of oil equivalent per million peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.71</td>
<td>5.82</td>
<td>5.66</td>
<td>5.56</td>
<td>5.56</td>
</tr>
</tbody>
</table>

#### Energy intensity (electricity consumption) reduced (in kWh per million peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11.18</td>
<td>10.96</td>
<td>10.83</td>
<td>10.84</td>
<td>10.84</td>
</tr>
</tbody>
</table>

#### Proportion of households (HHs) with electricity to total number of HHs increased (in %, cumulative)

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>90.70</td>
<td>96</td>
<td>98</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Electricity consumption per capita increased (kWh per capita)

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>879.461</td>
<td>1,043.52</td>
<td>1,095.91</td>
<td>1,163.54</td>
<td>1,163.54</td>
</tr>
</tbody>
</table>

### Water Resources

#### Water Supply and Sanitation

- **Proportion of HHs with access to safe water supply to total number of HHs increased (in %, cumulative)**
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>87.60</td>
<td>93.11</td>
<td>94.49</td>
<td>95.87</td>
<td>95.87</td>
</tr>
</tbody>
</table>

- **Proportion of cities/municipalities served by water districts with 24/7 water supply increased (% cumulative)**
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>84.00</td>
<td>86.00</td>
<td>88.00</td>
<td>90.00</td>
<td>90.00</td>
</tr>
</tbody>
</table>

- **Proportion of HHs with access to improved sanitation to total number of HHs increased (in %, cumulative)**
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>91.90</td>
<td>94.60</td>
<td>95.28</td>
<td>95.95</td>
<td>95.95</td>
</tr>
</tbody>
</table>

### Irrigation

- **Cropping intensity increased (in %, cumulative)**
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>143.00</td>
<td>164.37</td>
<td>165.50</td>
<td>166.36</td>
<td>166.36</td>
</tr>
</tbody>
</table>

- **Ratio of actual irrigated area to the total potential irrigable area increased (in %, cumulative)**
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>End of Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>59.32</td>
<td>63.10</td>
<td>65.33</td>
<td>66.73</td>
<td>66.73</td>
</tr>
<tr>
<td>INDICATOR</td>
<td>BASELINE (YEAR)</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>End of Plan</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Flood Management</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of flood-protected areas to the total flood-susceptible areas</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>increased (in %, cumulative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Information and Communications Technology</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average broadband download speed increased (in Mbps)</td>
<td>4.30 (2016)</td>
<td>25.00</td>
<td>30.00</td>
<td>35.00</td>
<td>35.00</td>
</tr>
<tr>
<td><strong>Social Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>70.64 (2017)</td>
<td>TBD</td>
<td>TBD</td>
<td>72.18</td>
<td>72.18</td>
</tr>
<tr>
<td>Proportion of barangays with barangay health stations, rural health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of barangays with rural health units, or urban health centers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to the total number of barangays (42,036 as of 2016) increased (in %,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cumulative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid Waste Management</td>
<td>13,149 (2016)</td>
<td>21,018</td>
<td>23,119</td>
<td>25,221</td>
<td>25,221</td>
</tr>
<tr>
<td>Number of barangays served by materials recovery facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of local government units (LGUs) served by sanitary landfills</td>
<td>248 (2016)</td>
<td>434</td>
<td>456</td>
<td>479</td>
<td>479</td>
</tr>
<tr>
<td>(1,634 LGUs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Infrastructure development is an important bedrock strategy that contributes to enhancing the social fabric, reducing inequality, and increasing the country’s growth potential, enabling all other development strategies to work effectively. The aspiration of a healthy and resilient Philippines entails envisioning the country’s strategic infrastructure development post-pandemic with the BBB Program as a major growth lever to hasten the country’s recovery and provide a more solid foundation for resiliency.

The outcomes and major strategies for the rest of the Plan period were carefully revisited and updated to better facilitate the transition and adaptation to the new normal, propel economic activities, and lay the foundation for extended growth.

*Figure 19.1 Strategic Framework to Accelerate Infrastructure Development*
Strategies

With the continuous reopening of the domestic markets and gradual lifting of restrictions, the government will prioritize the continuous resumption of the BBB Program, which is envisaged as a key element in bringing the much needed impetus to help the country emerge from the COVID-19 pandemic and bounce back to recovery. With this, the major strategies aimed at accelerating infrastructure development have been updated as: (a) re-programming for the new normal; (b) implement strategic infrastructure for the various infrastructure subsectors; (c) ensure asset preservation; and (d) intensify infrastructure-related research and development (R&D) on technologies, including monitoring and evaluation of critical outcome indicators.

Recognizing that resources are limited as the country deals with the COVID-19 pandemic, the government was constrained in the rollout and implementation of the infrastructure program in 2020. Nonetheless, the rollout of infrastructure projects is expected to bounce back in 2021 and be a major driver of economic growth through job generation, among others. The government will thus continue to closely monitor progress and make adjustments on an annual basis or as necessary. Project proponents or implementing agencies will also have to be mindful of the project planning and implementation phases such that mobilization of resources are properly timed. Important projects that form part of master plans and are expected to yield significant benefits in the long-term will still be pursued by starting pre-procurement activities, capacity building, social preparation, coordination among agencies and LGUs, anticipating and resolving right of way problems and other regulatory issues, which are common and recurring causes of implementation delays. Addressing such issues will pave the way for smoother and faster implementation of projects in the future. Thus, while the pandemic may have slowed down and disrupted the implementation of projects, with the right policies, financial instruments, and our whole-of-government approach, the resumption of the BBB Program is intended to put the Philippines in a good position to drive its recovery and resiliency program.

Re-programming for the new normal

**Invest in necessary infrastructure under the new normal.** Accelerating infrastructure development has gained increased urgency and relevance as a result of the COVID-19 pandemic. To rise from the economic downturn and build lasting gains, the government will need to stimulate optimism and confidence in the general economy and investing in the necessary infrastructure under the normal is a crucial strategy to support recovery by creating stimulus for economic growth through employment opportunities and aiming for renewed investor appetite and confidence.

The government has an ambitious infrastructure development program in place that has undergone review and reprioritization. As the country continues to address the COVID-19 pandemic, the government has prioritized development interventions that will have the most impact on the economy, guided by recovery and resiliency measures. This initiative involved assessing the available fiscal space for the infrastructure sector due to the pandemic, firming up budgetary requirements, and adjusting carefully the infrastructure spending strategy such that additional fiscal space for pressing health and social recovery programs may be better supported.
Thus, the government has carefully revisited the BBB Program and the Infrastructure Flagship Projects (IFPs) to take into account emerging priorities under the new normal and prioritize projects with high economic impact with due consideration for project readiness, implementation capacity of line agencies, job-generation potential, and interest and risk level of the private sector. Accelerating infrastructure investment is seen to drive economic and productive activities across industries towards creating employment opportunities to support direct and indirect jobs that in turn have multiplier effects that can help trigger and regain consumer spending and business confidence.

Besides infrastructure being crucial to support recovery, it is also a key strategy to strengthen the country’s resilience given the changing global economic landscape and to be better positioned in dealing with future pandemics and their socioeconomic implications. Thus, the government recognizes that a shift in investment priorities under the new normal is necessary with greater focus on resiliency that can build a better foundation for lasting growth.

The shifts in focus in infrastructure investments involve development interventions in various infrastructure facilities and services that have gained imperative value and urgency in transitioning into the new normal and unleashing economic opportunities in a post-pandemic world. The changing patterns in the way people work and do business provide an impetus for the government to fast-track its efforts in shifting into the digital economy and contactless society, which require enhancing the country’s digital infrastructure and broadband internet. Additional investments will be pursued in affording new priorities for social infrastructure services under the new normal, particularly given the heightened importance of advancing our healthcare systems and the capacities of our healthcare facilities; to continue the delivery of quality education through blended learning and improvement of our education facilities; as well as to provide appropriate housing and resettlement in support of the Balik Probinsya, Bagong Pag-asa Program. Access to safe and adequate water supply and sanitation will be given priority with the ever increasing water demand and consumption, especially to help mitigate the spread of COVID-19 and other diseases through proper hygiene. The development and maintenance of irrigation facilities will also be necessary to support the food security goals of the country. Moreover, the electrification efforts will be accelerated, particularly in off-grid areas, to support the energy requirements under the digital economy and contribute to providing security and promoting lasting peace. With all these, continued investments in infrastructure come with exercising fiscal prudence and enhanced capacity to efficiently utilize the available resources.

**Pursue PPPs in infrastructure development.** The private sector will play an important role in supplementing government efforts and augmenting public resources as the latter can mobilize the former’s capital to fully or partially finance infrastructure projects and tap their efficiency and expertise in project delivery and management. Through PPPs, government resources may be freed up for urgently needed health and social recovery programs.

Along this line, the government will continue to enhance the regulatory framework for PPP to address various issues and challenges and fast-track the implementation of priority projects and programs. In this regard, the government intends to amend the NEDA Joint Venture Guidelines in the immediate term.

**Continue to push for reforms and convergence programs.** With less than three years remaining in the Plan period, convergence programs and inter-agency collaborations will be further intensified, such that the needed reforms that the government has initiated can be finally realized and implemented.
To smoothly carry out the BBB Program, NEDA will work closely with DBM and other member agencies of the NEDA Board Committees to strengthen the alignment and synergy among planning, programming, and budgeting. Moreover, the government will continue to champion the timely movement and completion of priority programs, activities, and projects by identifying operational issues hampering project implementation under the new normal and aiming for the early resolution of bottlenecks. To minimize road disruptions in the rollout of infrastructure, the government (e.g., DWPH, DOTr, DICT, among others) will form convergence programs and agreements for coordination of planning permission and civil works, and in the process, to also work towards transparency and better coordination with utility service providers.

Implementing strategic infrastructure

Public investment will be focused on transport, water resources, energy, information and communications technology (ICT), and social infrastructure, which are strategic and crucial in achieving development goals, especially in transitioning into the new normal.

Transport

The government will further enhance the efficiency of the transport sector to sustain economic growth and increase competitiveness by providing adequate, accessible, reliable, efficient, seamless, and safe movement of people and goods across the country, neighboring regions, and the world.

Enforce the National Transport Policy (NTP) and strengthen it through legislation. Following the adoption of the policy by the NEDA Board, a law adopting it and creating independent regulatory bodies for the railways, airports, and seaports, among others, will establish a more streamlined transport sector that is able to efficiently and effectively carry out the identified development strategies.

Pending legislative action on the NTP, the NEDA Board Committee on Infrastructure (INFRACOM) and the Inter-Agency Technical Committee on Transport Planning will continuously ensure that the NTP and its implementing rules and regulations (IRR) will be adhered to in planning, programming, implementing, operating, and maintaining transport projects and in operationalizing strategies and intended policy reforms.

In accordance with the principle of local autonomy, local government units (LGUs) will be made responsible for mobility outcomes in their jurisdictions. To this end, the Department of Transportation (DOTr) and the Department of Public Works and Highways (DPWH) will extend technical assistance to LGUs in the field of transport planning, transport and land use integration, program and project implementation and monitoring, and traffic engineering and management. Consistent with the NTP, the closer engagement between national and regional transportation planning offices and LGUs will ensure that local mobility initiatives are guided by master plans and evidenced-based studies from an overall network perspective, aligned with national and regional development plans, and based on financial and economic viability, comparative advantages, and linkages with other transport modes, which in turn will guide the rational development of an intermodal transport infrastructure network.
Relatedly, baseline transport data and information will have to be consolidated and a unified database and transport model will be maintained. At the local level, regional agencies of DOTr, DPWH, Land Transportation Office, and Land Transportation Franchising and Regulatory Board, together with LGUs will be responsible for collecting traffic flow data across different transport modes, which will be shared with the central transport database.

Adopt an integrated approach to transport planning, in line with the NTP and the National Spatial Strategy (NSS). National transport agencies and LGUs will implement an integrated approach to land use and transport planning in the provision of transport infrastructure and services. This approach aims to improve the capacity of transport facilities to adequately serve the demand for movement of passengers and goods to, from, and within the centers of socioeconomic activities identified in the NSS. LGUs will be required to prepare local transport sector plans such as the Local Public Transport Route Plan as part of their Comprehensive Development Plans (CDPs). The CDPs will be regularly updated to account for new and significant developments in land use and transport networks. Critical infrastructure in times of disasters, calamities, and future pandemics will be required in the Comprehensive Land Use Plans (CLUPs) of LGUs.

Develop efficient and resilient national supply chain network system. Transport agencies will continue to formulate convergence programs with concerned agencies to ensure that economic sectors are provided with adequate transport infrastructure support and services. Agricultural areas will continue to be supported through the provision of farm-to-market and farm-to-mill roads in accordance with the standards set for both design and construction. Transport infrastructure supporting tourist destinations will continuously be developed to boost tourism activities that were affected by the COVID-19 pandemic.

To support development in Mindanao, road projects under the Mindanao Logistics Infrastructure Network will be pursued along with the implementation of the Improving National Roads for Inclusive Growth in Mindanao Projects in Western Mindanao. The capacity of the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) road network will also be increased.

With an emphasis on improved connectivity and enhanced mobility, multimodal transport terminals complete with ancillary facilities will be established to provide smooth transition for passengers and freight from one mode to another.

In terms of securing the backbone of transport planning activities in vulnerable areas, priority will be on the development and enhancement of critical transport infrastructure (i.e., transport facilities that are critical in ensuring continued economic activities during disaster operations and health crisis response) and mitigating pandemic impacts. These efforts will be complemented and supported by a resilient energy and communications infrastructure development. Critical transport infrastructure will be made climate- and pandemic-resilient to provide continuity in the movement of people and goods, contribute in containing the spread of contagion, and ensure last mile operation for humanitarian logistics. Logistics estates and hubs will be developed at critical locations nationwide to support not only regional economic activities, but also humanitarian logistics in times of pandemics and disasters. Applicable standards and best practices on the adoption of resilient, efficient, and environment-friendly designs and technologies will be adopted.
Ensure the upkeep of existing infrastructure while expanding the transport network. To ensure that the transport sector is able to support economic development, the physical state of existing infrastructure will be maintained at a level that generates the optimal economic outcomes. This strategy will be coupled with the expansion of the transport network to reach the rest of the country and the world. Projects that are implemented, especially those identified as flagship projects, will be monitored closely to ensure the quality and timely delivery of output.

Ensure the universal accessibility of transport facilities. As part of the government’s vision to improve the quality of life of the people through eased access, universal accessibility design and principles will be considered in the implementation of all transport infrastructure facilities and services to ensure an inclusive and people-oriented national transport system. The Task Force on Accessibility created in 2007 will be revived to develop initiatives that will address the unique needs of persons with disabilities, elderly, women, and children in terms of mobility within the transport network, particularly in public transport systems.

Land-based Transport

Prioritize mobility of people and goods over private vehicles by improving land-based transport network through engineering, enforcement, and education. The land-based transport network is slated for road widening and integration with mass-transit facilities through the implementation of multimodal transport terminals. For a more efficient use of road infrastructure, high-quality public transport modes will be pursued, such as public transport reform, fleet modernization, route rationalization, and environmentally sustainable urban transport systems, among others, so that commuters will prefer public over private vehicles and more people can be moved with less road space, thereby addressing traffic congestion. In high passenger density corridors, high capacity mass transit systems such as rail will be prioritized over buses and jeepneys.

On the modernization of public transportation and in transitioning to the new normal, the DOTr and its attached agencies will adopt the Philippine Standard for Accessible Public Utility Vehicles formulated by the Department of Trade and Industry – Bureau of Philippine Standards.

Non-motorized transport (e.g., bicycle and pedestrian infrastructure) will be integrated into the existing network through retrofitting. The design of new projects will also consider features to encourage more walking and cycling trips. Standardized designs for bicycle and pedestrian infrastructure will be mainstreamed in projects of national transport agencies and LGUs. Existing and future transportation facilities will have infrastructure supporting non-motorized transport modes (e.g., bicycle racks, adequate pedestrian lighting) to promote multimodal mobility.

Appropriate traffic management measures will also be enforced and updated to be responsive to prevailing situations. Traffic engineering solutions, such as the use of intelligent transport systems (e.g., signalized intersections, advanced detection systems, incident detection), will be installed, particularly in urban areas.

Anti-overloading measures, including penalties will be strictly enforced and strengthened to prevent the rapid deterioration of roads. Additional weighbridges and portable weighing devices will be set up to broaden the scope of implementation. To ensure compliance with international standards on vehicle safety and environmental impact, the Motor Vehicle Type Approval System and Motor Vehicle Inspection System will be implemented.
Training of drivers and traffic enforcers will be continued to ensure that investments in transport facilities and other assets are preserved through proper use.

**Sustain the expansion and enhancement of strategic corridors.** Future developments will be pursued for the national road network with the planned implementation of the Philippine High Standard Highway Network Program Phase II, which will add about 1,044.6 kilometers (km) of high standard national roads and expressways across metropolitan areas (884.7 km in Luzon, 73.8 km in Metro Cebu, and 86.1 km in Metro Davao). Toll expressways will be equipped with interoperable contactless toll collection systems for greater mobility and limiting person-to-person contact.

To complement the level of service being delivered by the national road network, local roads will continuously be improved by upgrading, expanding, and providing adequate maintenance. Road capacity should be optimized while maximizing the design speed in the road network. Innovative designs of intersections and interchanges will also be adopted and temporary bridges will be made permanent. Design standards that ensure the safety of users and resiliency of roads and bridges will be strictly enforced noting the road network should remain functional for humanitarian logistics.

**Decongest local and national transport corridors.** On the matter of encroachment along transport corridors, the Department of the Interior and Local Government (DILG), together with the Philippine National Police (PNP) and respective LGUs, will sustain directives for all concerned units to clear all roads from illegal structures and abandoned construction materials, and rehabilitate damaged road facilities. To complement the ongoing inventory of national roads by the DPWH and to establish a complete database and monitoring of the Philippine road network, LGUs will also be required to prepare an inventory of all roads within their jurisdiction as part of their geographic information system-based Local Roads Network Development Plan and their respective Local Public Transport Route Plans as part of their CLUPs.

**Expand the rail network and other mass transit systems and ensure their accessibility, affordability, convenience, and reliability.** The rail network will be expanded by developing new lines in high-density corridors, taking into consideration the plans for road-based transport infrastructure, especially in cases where projects will utilize the same right-of-way. Consistent with the objective of moving more people and cargos rather than vehicles, priority on the right-of-way will be accorded to rail-based transport over road-based transport.

Tourism, trade, and commerce will be supported through enhanced interconnectivity of passenger and freight railway transport development to generate opportunities for local area development, as well as expansion of local markets to promote productivity and trade competitiveness.

Noting the significance of railway in transit-oriented development strategies, the completion of planned interregional railway projects will be prioritized to facilitate greater interregional accessibility, linkages, and seamless multimodal transport network and to increase opportunities for economic activities. The establishment of rail-based connection to seaports, dry ports, inland container depots, and airports will also be pursued for faster movement of freight and to decongest traffic along road networks to/from said terminals.

Transport network operators, both private and public, will continue to forge convergence undertakings to achieve integrated fare collection systems. Stored value cards or similar electronic media will be used to ensure maximum convenience for passengers and enable easy transfer between modes. While non-contact
fare system is already being used in LRT/MRT, migration from physical stored value cards to mobile, contactless payment will be expanded to other public transport modes to reduce the risk of spreading diseases as part of health and safety protocol in the public transport sector.

Policies and guidelines on procurement activities in the railway sector will be customized to ensure the availability of highly specialized spare parts and supplies.

To ensure that the quality of rail and mass transit systems are up to standards, capacities of skilled workers in mass transit systems, especially rail, will be upgraded. In view of the forecasted need for skilled workers manning the planned public mass transit projects, the Philippine Railway Training Center will continue to provide comprehensive technical training for train drivers and other rail professionals.

Air Transport

**Improve the operational efficiency of airports and address constraints to optimal capacity utilization.** All possible means to achieve operational efficiency and the optimal capacity utilization of airports will be explored. In particular, strategies will focus on decongesting air traffic serving the Greater Capital Region, such as building a new international airport, guided by an optimal airport strategy. In the interim, movements in both land and air facilities at the Ninoy Aquino International Airport will be optimized through procedural measures, which involve airspace management and adoption of collaborative decision-making among the air traffic control, airlines, and ground handlers (e.g., by using ground movement radar and other technologies). Runway capacity will be optimized by cutting aircrafts’ occupancy times. Development plans for the Clark International Airport (CRK) will be continued, including the establishment of a fast and direct access to Manila through a rail system providing non-stop and commuter services.

**Implement an optimal airports system strategy to expand airport capacities at pace with growing demand.** Existing provincial airports will be rehabilitated, while smaller or community airports will be upgraded to standard Principal Class 2 classification to cater to commercial flights for better connectivity with various tourist destinations. On the other hand, Aeronautical Lighting System and Instrument Landing System, can be installed in airports with appropriate facilities complying with the existing civil aviation regulations to enable night-time operations and improve accessibility, especially for those identified to readily accommodate said technology. The remaining regional airports will be assessed to determine night-landing viability. Appropriate design and operation measures will be identified to address limitations and achieve the goal of 100 percent coverage for all regional airports catering commercial flights.

Facilities and equipment will be modernized (e.g., night-rating) in compliance with International Civil Aviation Organization (ICAO) and International Air Transport Association standards, especially those that serve island provinces in Visayas and Mindanao. Security features/aspects should be integrated in the planning and design stages of development and/or rehabilitation of air transport facilities, to ensure allotment of sufficient space for security equipment (technology), processes (passenger and baggage throughput), and personnel (ergonomics). New investments will be made to service future destinations corresponding to the spatial and socioeconomic context and passenger demand.
Support the role of airports in spurring local tourism development and new growth centers. To provide stimulus to local tourism development, especially in island provinces, tourism clusters identified by the Department of Tourism will be served by a primary airport. Airport development in regional areas and island provinces will follow a hub-and-spoke model, where the gateway airport will connect to feeder airports providing access to areas of destination with natural and cultural tourism sites.

The role of airports as a catalyst for new growth centers and smart cities will be explored, taking off from the experience in CRK where demand growth complements and is reinforced by various ongoing mixed-use developments in Northern and Central Luzon, e.g., the New Clark City.

Strengthen and rationalize air transport regulations, policies, and protocols and modernize facilities to enhance air passenger experience. The private sector will play an important role in the operations and maintenance and future upgrading of airport facilities. Leveraging on its financial capacity, operational efficiency, and technological advantage, the private sector will be tapped to complement the government’s resources in the initial development and construction of airport infrastructure to deliver an enhanced passenger experience. In view of these, regulatory functions of air transport agencies will be strengthened.

To reduce the impact of interruptions in airport operations during natural and human-induced disasters, existing intervention protocols between airlines and airport authorities will be reviewed. Equipment inventory will be modernized and airport training modules will be further enhanced. To ensure that passengers receive appropriate compensation or accommodation in case of flight cancellations pursuant to the Air Passengers Bill of Rights, more public assistance officers will also be deployed.

Consider environmental impacts of airport operations. The Civil Aviation Authority of the Philippines and other airport authorities (e.g., Manila International Airport Authority, Mactan-Cebu International Airport Authority, etc.) will ensure that airports will be ready for the implementation of the Second Phase of Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The Second Phase, which will be implemented from 2027 through 2035, will require the cooperation of airlines. As such, the groundwork on the necessary policy and infrastructure should be undertaken to ensure seamless implementation.

Maritime Transport

Improve port facilities to ensure that inter-island shipping, including a stronger roll-on/rroll-off (RORO) network, will remain a viable option for transporting people and cargo. Breakwater facilities will be constructed for wave protection in order to prevent ports from deteriorating. International standards will be followed in the expansion of port facilities. In addition, navigation channels to accommodate larger vessels will be installed to ensure the sustainability and efficiency of ports. These approaches will yield economic gains through lower transport cost, increased lifespan of products, and more profits and job opportunities, especially for fishing communities.

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3 The CORSIA, an initiative of ICAO, will be implemented in three phases: pilot phase (2021-2023); followed by a first phase (2024-2026); and a second phase (2027-2035). Participation in the pilot phase and first phase is voluntary (until 2026), after which, more stringent requirements from the scheme would be mandated to all member states. The Philippines has voluntarily applied to take part in the CORSIA and has submitted an action plan to ICAO.
**Sustain the optimal utilization of existing and additional port capacities.** The government commits to optimize the utilization of existing ports. Among the precursory measures for container ports are the development of a freight rail service between Clark and Subic, promotion of the use of inland container terminals, optimization of port container yard utilization, and integration of port management plans in the intermodal and multimodal approaches in the logistics network development. These efforts will be sustained with the implementation of additional plans, programs, and projects that facilitate efficient flow of goods and services, e.g., dry ports, freight rail, and construction or expansion of regional ports.

The direct connection between Manila and Batangas Ports, through the Cavite Gateway Terminal, will be further enhanced, and co-loading (modified cabotage) will be promoted to encourage shipment between domestic ports. Existing dry ports will be improved and new ones will be built to provide support to manufacturers, importers, and exporters. Logistics hubs will be developed, where applicable, to connect industrial and manufacturing zones and agro-industrial areas to major port areas. Further, the capacity of the BIMP-EAGA Transit Transport Route in Mindanao will be improved to facilitate swift intra-EAGA transport.

**Promote maritime transport as an alternative sustainable mode.** Taking off from the initiatives on the revival of the Pasig Ferry System as a sustainable alternative to road-based transport, the government will develop the Coastal and Inland Waterways Transport System to further reduce urban traffic congestion and pollution, expand the intermodal transport network, increase regional connectivity, and create new business opportunities. The same system can also be utilized for disaster response, especially when road infrastructure in urban centers are damaged. Support for low-income LGUs and coastal and island communities in establishing their own seaports will be continued to promote local trade, tourism, livelihood, and disaster preparedness.

**Implement the Maritime Industry Development Plan (MIDP).** To accelerate the integrated and rational development of the country’s maritime industry, eight priority programs, as well as other strategies espoused in the MIDP, have commenced implementation. These include the Nautical Highway Development Program, Maritime Tourism Program, and National Fishery Industry Development Program to improve the capacity, efficiency, safety, and security of shipping, as well as ship building and ship repair services (SBSRs).

A global maritime hub for SBSRs and related ancillary businesses with a world-class research and training center in the country will be developed to bring together all maritime-related companies in one eco-maritime industrial park. This will provide comprehensive services to domestic and international passengers and crew, and cruise and cargo ships plying the Philippine waters for maintenance and other related services.

**Safety and Security**

**Adopt a universally-accepted security structure to improve safety and security of the public transport system.** An independent body will be created to investigate transport accidents and provide transport safety recommendations to minimize activities that may cause injury, death, loss, or damage to property. In the interim, the Office of Transportation Security (OTS) will continue to conduct compliance monitoring activities (CMA) such as security audit, inspection, and test in public and private transport terminals to ensure that the security measures and procedures are implemented and in compliance with the standard presented in their respective security plans. Similarly, concerned agencies will ensure that projects are
designed with appropriate safety standards. Advanced security systems for land-based terminals, airports, and seaports will be procured and installed. The Philippine Coast Guard (PCG) will continue its capability-building programs to ensure presence and control over the country’s vast maritime domain. To ensure safety in marine navigation, the PCG will continue the installation of aids to navigation such as buoyage systems, lighthouses, and other related facilities. New floating and air assets will be procured and a sufficient well-trained personnel complement will be provided. To serve the growing tourism and maritime industry, new bases or stations will be developed in strategic locations.

**Strictly implement road safety measures.** In modernizing traditional public utility vehicles and implementing new public mass transit systems, the following safety features will be incorporated: side entry/exits that can be easily opened from either side, emergency exits, speed limiting technologies, dashboard camera, closed-circuit television, and global positioning system, among others. To reduce road crash incidents, street crossings for school zones and other public spaces along national roads should be replaced with pedestrian overpass/underpass, if applicable, and low-speed vehicles, such as tricycles and pedicabs, must be restricted in plying national highways. Other road safety laws and ordinances will be strictly implemented including the use of dedicated bus lanes, motorcycle lanes, and loading/unloading areas; Land Transportation and Traffic Code (RA 4136); Anti-Distracted Driving Act (RA 10913); Children’s Safety on Motorcycles Act (RA 10666); and Road Speed Limiter Act (RA 10916).

**Mainstream risk-based health protocols at the country’s gateways.** Considering that airports and ports are the country’s gateways and frontline against the entry and transmission of pandemic diseases, there is a need to adopt operational measures that will minimize the risk of transmission at the terminals and onboard aircrafts and vessels or cruise ships. Health declaration forms of passengers will be administered and collected in electronic form, and in advance prior to passenger departure. Procedures such as check-in, immigration, and boarding checks that can be conducted electronically will be automated and self-service options will be provided to minimize person-to-person contact. High-end temperature scanners and sanitation facilities in major international and domestic airports and ports will be set up and mandatory temperature screening will be imposed on inbound and outbound passengers. Passenger movement during boarding and disembarkation inside the cabin may be limited to smaller batches to maintain physical distancing. Additional cleaning and sanitization schedules by the crew before boarding and after disembarkation should be implemented.

**Water Resources**

**Pursue water supply and sanitation (WSS) policies, plans, and programs in accordance with the key reform agenda identified in the Philippine Water Supply and Sanitation Master Plan.** With the amplified importance of WSS during the COVID-19 pandemic and moving forward, the reform agenda will focus on the following areas, which are ultimately aimed at making water services adequately accessible for all: (a) establishing effective WSS sector institutions; (b) strengthening regulatory environment; (c) creating and ensuring effective WSS services; (d) balancing water supply and demand; (e) building climate resiliency; (f) enabling access to funding and financing; (g) managing data and information; and (h) driving R&D.

The creation of an apex body for water resources and the establishment of an independent economic regulatory body for WSS will remain as priority reforms in the sector. As envisioned, the apex body will be primarily responsible for the formulation and implementation of a comprehensive water development
and management plan for the Philippines in accordance with the principles of integrated water resources management (IWRM) and integrated coastal management. The independent water regulatory body, on the other hand, will harmonize regulatory practices, processes, and fees, among others, to facilitate and rationalize the expansion, improvement, and efficient provision of WSS services in the country.

In the interim, the government will also continue to push for an executive issuance that will strengthen the National Water Resources Board (NWRB) to address fragmentation in the water sector and provide the overarching framework for an integrated and coordinated policy-making, planning, and implementation of programs and projects.

To ensure access to safe and adequate water to cope with the inevitable increase in water demand and consumption for the precautionary or mitigating measures for COVID-19 and other diseases, the government will fast-track the implementation and expansion of WSS infrastructure and services. As a complement, a water demand management program will likewise be implemented through: (a) conduct of intensive public education campaign on water demand management; (b) formulation of policies and strategies for efficient water supply system; and, (c) conduct of researches on water storage and collection systems.

**Pursue initiatives on attaining water security.** Increase in water demand arising from an expected rise in individual hygiene practices and disinfection of public spaces due to COVID-19, as well as rising support to urban/community farming practices, would call for new water sources to ensure that demand is met, especially in areas suffering from water scarcity. Thus, the government will continue to support the development of new water sources and prioritization of surface water development, where feasible. Groundwater recharge system in the development of the surface water source for critical areas will be incorporated, wherever possible, in accordance with prescribed standards. Measures on efficient water utilization and conservation, as well as the use of eco-efficient water infrastructure such as, but not limited to, rainwater harvesting, water reuse, proper agricultural and agronomic planning for irrigation, and other emerging technologies on WSS will continue to be promoted to avert water shortage.

With the reactivation and reconstitution of the El Niño Task Force pursuant to Memorandum Order No. 38, s. 2019, NEDA, as overall head, will revise and update the Roadmap for Addressing the Impacts of El Niño. NEDA will also facilitate action on the pertinent recommendations emanating from the National Roadmap for Water Security currently being prepared by NWRB. Said roadmap will incorporate the possible impacts of future epidemics, pandemics, and climate change or variability to address the impending water crisis.

**Adopt a common/unified framework for resource allocation for WSS and review the National Sewerage and Septage Management Program (NSSMP) to accelerate the provision of WSS services.** Under the common/unified framework for resource allocation, the national government will ensure the availability of the required budget allocation for WSS projects across the country, which will include funding for project preparation, development activities, and capacity-building interventions on the operation and maintenance of facilities. Likewise, in accordance with the Clean Water Act (RA 9275), sewerage and septage management projects will be implemented. Given this, the government will explore the expansion or restructuring of the NSSMP, in line with principles of the common/unified framework for resource allocation for WSS to accommodate more beneficiaries other than sewerage or septage.

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4 Created pursuant to Executive Order No. 16, s. 2001.
management systems in highly urbanized cities and first-class cities or municipalities. Such expansion and restructuring of the NSSMP may include the review and restructuring of the cost-sharing scheme with the LGUs on the basis of absorptive capacities and performance, as well as technical assistance and revision of cost-sharing schemes in the preparation of feasibility studies.

**Optimize funds for irrigation development and strengthen technical capacities for the development and maintenance of irrigation facilities guided by the National Irrigation Master Plan.** Water allocation for irrigation will have to be managed efficiently to offset the imminent increase in domestic or municipal water consumption to combat COVID-19. With the passage of the Free Irrigation Service Act (RA 10969) in 2018, funds for the restoration and rehabilitation of irrigation infrastructure and facilities will be optimized in accordance with the recommendations of the National Irrigation Master Plan, which is currently being finalized, to ensure food security amidst the pandemic. Specifically, the government will shift its focus in the short term towards funding the operation and maintenance, rehabilitation, and/or restoration of existing irrigation systems across the regions, instead of funding for the construction of multi-year large irrigation systems.

Other developments in the agricultural sector, such as RCEF and support for diversified, non-traditional, and high-value crop farming, will also be taken into consideration in setting the direction for the irrigation sector under the said master plan. Likewise, to ensure effective and sustainable operations and maintenance of irrigation facilities, there will be capacity-building activities to improve the technical skills and workforce of LGUs, National Irrigation Administration, Department of Agriculture-Regional Field Offices, Bureau of Soils and Water Management, Irrigators’ Associations, and Small Water Irrigation System Associations.

**Improve coordination between flood management efforts and undertakings in other sectors.** Pending the creation of an apex body for the water sector, DPWH, as the de facto lead agency for flood control and management, and other relevant agencies will intensify coordination between flood management efforts and undertakings in other sectors, such as solid waste management, reforestation, and housing, among others, under the general framework of IWRM and river basin and land-use planning. Likewise, a paradigm shift from looking at floodwaters as “disaster to be prevented” into a “resource to be managed” is a necessary step in attaining the objectives of the IWRM framework. In this regard, storage of excess floodwaters will be prioritized in the context of water conservation and efficiency measures: flood management infrastructure that will also serve as potential source for domestic water supply, irrigation, and/or hydropower generation, among other possible uses, will be implemented, where feasible. Meanwhile, in anticipation of the completion of flood control master plans and studies for the major river basins, timely financial support for the full implementation and maintenance of flood management and mitigation measures under said master plans will be provided through the inclusion of the priority projects in the investment program of the national government. Under the proposed creation of an apex body for the water sector, a comprehensive database of all water-related data including flood-related information, will be established and regularly updated.

**Energy**

**Integrate and enhance the energy plans.** The Philippine Energy Plan (PEP) will be enhanced by adding a spatial dimension that informs investors on where to invest their energy projects. The PEP will integrate the inventory of traditional and renewable upstream resources with the downstream and the Power
Development Plan. Renewable energy (RE) zones will continue to be identified and developed to facilitate connection to the transmission and distribution facilities. Other fuel resources and existing logistical facilities will be supplied to encourage the investments that will improve the operations of the energy service and goods providers.

**Implement policy reforms to promote competition and encourage investment in the energy sector.** The Department of Energy (DOE) continues to pursue the policy reforms under the Electric Power Industry Reform Act (EPIRA) of 2001 (RA 9136) and the Renewable Energy Act of 2008 (RA 9513). Policy issuances will be implemented to enhance the consumers’ power of choice (i.e., Amended Policy on the Retail Competition and Open Access and the Green Energy Option), the reduction of costs (i.e., abolition of the Universal Charges – Missionary Electrification for new contracts and the Uniform Billing Policy), and the enhancement of benefits of host communities of power generation facilities and energy resource developers.

As an enabling mechanism for host communities to respond to the ongoing COVID-19 pandemic, the DOE Department Circular (DC) 2020-04-0008\(^5\) issued on 6 April 2020, authorizing host LGUs to utilize the Energy Regulation (ER) 1-94 Funds for COVID-19 related response mechanisms.

The strengthened Competitive Selection Process (CSP) in securing power supply contracts of all distribution utilities’ (DU) procurement of power supply agreements for their captive market will also be sustained. Implementation of the CSP has already resulted in the reduction of generation rates for the Manila Electric Company, which covers around 50 percent of the consumers.

The full commercialization of the Wholesale Electricity Spot Market (WESM) in Mindanao will be pursued to provide a competitive market for buying and selling of electricity that is not covered by bilateral contracts, and at the same time, promote efficiency in the scheduling and dispatch of generation capacities in the region. Meanwhile, new market features and enhancements to systems and procedures will be introduced to improve the existing WESM in Luzon and Visayas, including the transition into the five-minute WESM replacing the current one-hour trading interval. The WESM in Mindanao and the enhanced WESM in Luzon and Visayas are expected to operationalize once the ERC approves the price determination methodology (PDM) adopting the five-minute dispatch interval and certification of market readiness (for Mindanao).

Under the context of economic recovery and spurring growth, more choices and more affordable electricity are crucial for industrial, commercial, and residential customers. To encourage the entry of more power generation investors, the government enacted the Energy Virtual One-Stop Shop (EVOSS) Act (RA 11234), Executive Order No. 30, s. 2017, and the LGU Energy Code (DOE-DILG Joint Memorandum Circular 01-2020), which streamline the permitting processes for energy projects. Phase 1 of the enhanced EVOSS system is targeted to be carried out by end of third quarter of 2020 in an effort to promote faster and simplified permitting process of power projects. This will involve online submissions of all the needed applications, documentary requirements, and online payment for charges and fees. Moreover, the EVOSS will consider the expansion of its coverage to all the other non-power energy projects, which will also be implemented in phases.

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\(^5\) Rationalizing the Utilization of ER 1-94 Fund by Host Local Government Units in Response to COVID-19 Public Health Emergency.
To meet the increasing energy demand, DOE will continue to explore the development of all the available energy resources, including nuclear energy option. The National Smart Grid Policy Framework and Roadmap for distribution utilities (DOE DC 2020-02-0003) will likewise be implemented. Smart grid uses innovative technologies to modernize electric infrastructure towards empowering consumers, ensuring energy supply flexibility and security, improving electric grid performance and asset utilization, and protecting the environment (e.g., through the use of smart meters).

Further, the privatization of power plant assets, which include the capacity of government-owned generating plants and contracted capacity of independent power producer (IPP) contracts, will be accelerated. To ensure the success of asset privatization, the Power Sector Assets and Liabilities Management (PSALM) Corporation will engage third-party advisors to conduct an extensive study that will serve as basis for formulating options and structures for the privatization of IPP-contracted capacity and real estate assets. Options include the sale through public bidding of the power plant, together with the underlying land owned by PSALM or the government PSALM will also streamline and simplify bidding procedures to attract more bidders. Further, it will observe protocols and make use of applicable virtual and blended platforms in the privatization or disposal process to ensure that public bidding schedules will push through under the new normal.

As structural reliability is important in the new normal, major hydroelectric power plants under government ownership will be rehabilitated and uprated. Electricity generated from undisposed power assets throughout the country will continue to be provided to distribution utilities and other power customers at regulated rates.

**Expedite the implementation of remaining policy mechanisms under the Renewable Energy Act of 2008 (RA 9513) to further encourage RE development in the country.** Policy issuances on the Renewable Portfolio Standards and the Green Energy Option will be implemented to require mandated electric power industry participants to source a certain percentage of their power mix from eligible RE sources such as biomass, geothermal, solar hydropower, ocean, and wind. Establishment of the RE market will facilitate the trading of RE Certificates. To strengthen R&D in the RE sector, Affiliated Renewable Energy Centers will continue to be established.

The water-energy-food nexus will be incorporated in the design and facilitation of all the energy projects to conserve water, ensure energy security, and maximize food production. Instead of competing with the water and food sectors, complementation will be targeted through the introduction of RE and energy storage technologies in farming and crop processing methods and machineries, such as, but not limited to, pump or drip irrigation, rice hulling, and milling.

Moreover, the use of RE systems in the health and education sectors is being considered, such as the use of off-grid powered health and educational facilities using RE and energy storage systems.

In implementing the net metering policy, the government will review the current pricing methodology and financing mechanisms that will help in the adoption of PhotoVoltaic (PV) in the country. DOE will continue to conduct policy studies to accelerate the positioning of RE in the country.

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*Net-metering is a consumer-based renewable energy incentive scheme that allows consumers to produce their own power generation using eligible renewable energy facilities and to deliver excess electricity supply back to the electric grid to offset their electricity consumption at 100 kW maximum.*
In line with the thrust of promoting a more robust regional and local development, creating livelihood opportunities, and promoting inclusive growth, the Electric Cooperative-owned Distributed Generation Facility Program will be implemented. This program will develop distribution generation facilities using various RE sources to be owned by the 121 electric cooperatives. In support of the Balik Probinsiya, Bagong Pag-asa Program, it will provide additional power sources that can stimulate investors to relocate investments and cater to the requirements of the people in the provinces.

**Continue to develop transmission and distribution facilities, and projects that will transmit electricity efficiently to various load centers and interconnect the entire grid and other areas.** The country’s power transmission network will be unified to allow flexibility in the power grid system. Under the One Grid Philippines, the three major grids will be able to share excess supply. This program optimizes the use of available energy resources and additional generation capacities. To further improve the delivery of power services, the government will harmonize the Power Development Plan by integrating the Transmission Development Plan, Distribution Development Plan, and the Missionary Electrification Development Plan with the corresponding RE targets under the National Renewable Energy Program. It will also support the development of the Philippine Smart Grid. The National Transmission Corporation, its concessionaire, the National Grid Corporation of the Philippines, and the DUs will coordinate with concerned agencies (e.g., DPWH) to explore the possibility of including the future installation of power transmission or distribution lines to connect island grids and other areas in the design of proposed inter-island bridges.

**Ensure timely implementation of electrification programs, especially for remaining unelectrified off-grid islands, geographically-isolated and depressed areas, and last-mile communities.** DOE is closely monitoring the implementation of the three major forms of electrification programs — household electrification, grid electrification, and off-grid electrification — with the aim of fast-tracking the programs to achieve total household electrification by 2022. These are especially critical in supporting regional development under the new normal, where the need for physical movement to the biggest economic areas in the country would be tempered by the practicality of online connectivity and productivity.

As part of the electrification strategies under the Household and Grid Electrification Programs, house-wiring subsidy will be provided for unenergized households in areas with distribution facilities through the DOE’s Nationwide Intensification of Household Electrification. Distribution line facilities will also be extended to unserved areas through the National Electrification Administration’s Expanded Sitio Electrification Program, Barangay Line Enhancement Program, and Expanded Household Electrification Program.

Under the Off-grid Electrification Program, individual PV Solar Home Systems will be installed by DUs via DOE’s Access to Sustainable Energy Program’s PV Mainstreaming Program. In addition, the entry of the private sector in the Mini/Micro-Grid System will be allowed and encouraged through Qualified Third Party (QTP) schemes, joint ventures, and the National Power Corporation-Small Power Utilities Group Mini-Grid Scheme. Further, RE-diesel hybrid power systems will also be developed to provide reliable electricity services at more affordable rates in off-grid areas.

To facilitate private sector participation in the achievement of the total electrification target of the government, existing guidelines on the participation of QTPs will be further streamlined and enhanced.
Promote the utilization of alternative fuels and new advanced energy technologies to diversify the country’s energy resources and mitigate the adverse impact of energy use on the environment. The Alternative Fuel Roadmap will be implemented to promote a technology-responsive energy sector. For one, electric vehicles, where viable, will be supported to reduce dependence on conventional fuels. This involves the development of policy guidelines and regulatory framework for Electric Vehicle Charging Stations, as well as the development of Minimum Energy Performance for Electric Vehicle Charging Stations.

**Implement the Energy Efficiency and Conservation (EE&C) Act (RA 11285) and the Energy Efficiency and Conservation Roadmap.** In April 2019, the EE&C Law was enacted to institutionalize energy efficiency and conservation as a national way of life for energy consumers. The law promotes the efficient and judicious utilization of energy and advocates the use of RE technologies.

In line with this initiative, the government will take the lead through the Government Energy Management Program involving efficiency and conservation measures in the government’s use of electricity and fuel.

To help LGUs reduce their energy consumption, the law also requires the development of local energy efficiency and conservation plans for incorporation in the local development plans. With the law in place, additional power supply for the country will come not just from new power plants, but also from energy savings as a result of EE&C measures.

**Encourage investments in the upstream energy sector.** To renew investor confidence in the Philippine upstream energy sector, DOE will continue to promote the Philippine Conventional Energy Contracting Program, which offers 14 pre-determined areas for upstream development, with an option for investors to nominate their own prospective exploration area.

**Pursue the development of the natural gas industry.** The development of the natural gas industry will provide an additional alternative for the consumers. The Philippine Downstream Natural Gas Regulation sets the policy direction and guidance for interested investors on the construction of natural gas facilities such as import receiving and regasification terminals, network of transmission, and distribution pipelines, under a regime of fair competition.

**Pursue the establishment of a strategic petroleum reserve.** A strategic petroleum reserve will shield consumers from volatile international oil prices and secure the country’s petroleum requirement. In the short to medium term, the project envisions to cover the immediate importation of oil products and the construction of additional oil storage facilities and small-scale refinery. This will serve the dual purpose of generating profit for the government and augmenting the production and supply of refined petroleum products in response to the rising conflicts in oil producing countries.

**Adoption of the Energy Resiliency Policy.** The government will institutionalize the development, promotion and implementation of a comprehensive Resiliency Plan (RCP), as well as incorporation of mitigation improvements into the reconstruction and rehabilitation of damaged infrastructures in accordance with the Build Back Better principles. This measure will be facilitated through the DOE Department Circular (DC) 2018-01-0001 on the “Adoption of Energy Resiliency in the Planning and Programming of the Energy Sector to Mitigate Potential Impacts of Disasters” that was signed in 2018 to ensure an energy system that is resilient from risks and vulnerabilities from both natural and human-induced hazards.
ICT Infrastructure

With the aim of transitioning into the digital economy, the digital connectivity agenda, mainly driven by the government, will be of utmost importance under the new normal. Digital infrastructure will need to be provided to address the digital divide that has been heightened due to the pandemic. Policy reforms will also be introduced to facilitate digital transformation.

Fast-track the government’s digital connectivity program. Investments in digital infrastructure will need to be reviewed to support current demand for broadband internet access to enable telecommuting (work from home set-up), distance learning, telehealth, business for micro, small, and medium enterprises, online financial services, and as support to the Balik Probinsya, Bagong Pag-asa Program.

The digital connectivity program, which encompasses the National Broadband Program and the Free WiFi in Public Places Program, will be prioritized and fast-tracked to accelerate the deployment of the needed digital infrastructure that can serve the government, businesses and industries, and the public, especially those in the countryside. The program embodies the government’s efforts in enhancing internet accessibility to bridge the growing digital divide.

The physical infrastructure that will interconnect government offices via the Government Network (GovNet) can facilitate communication, address data gaps in various infrastructure subsectors, and allow better sharing and collaboration of the different units of government for coherence of initiatives. This aims to enable more LGUs to offer ICT-enabled government services to the public. Alongside this are cyber resiliency and security measures for the protection of government data and infrastructure.

Towards building our digital society and digital workforce, the broadband connection will also be provided to public segments of the country including public hospitals, rural health units, public schools, state universities and colleges, and other public places. This will support digital education, distance learning, and telemedicine towards developing ICT-based knowledge base and extending social services to far-flung or last-mile areas. Under the new normal state, the government will prioritize the provision of free WiFi in other public places including community quarantine sites, plazas, transport terminals, airports, and seaports, among others.

Pursue ICT policy reforms to support the digital connectivity agenda. To complement the program initiatives, the government will need to pursue the necessary policy reforms and interventions in the ICT sector.

- The open access policy removes barriers to the entry of multiple, competing, and independent players in various layers of the broadband network. It aims to provide access to the facilities of existing national backbone network operators under terms that are non-discriminatory and transparent.
- Streamlining and harmonizing broadband-related permits, fees, and processes will hasten the rollout of broadband infrastructure. Permitting processes, fees, and requirements across national government agencies and LGUs need to be reduced, simplified, and harmonized to encourage players to enter the market. LGUs may also establish online one-stop-shops for these purposes.
• **Infrastructure sharing** encourages the shared use of passive ICT infrastructure to reduce the associated costs in the broadband rollout. This will also expand wireless network coverage and enhance the quality of ICT services across the country, including in underserved and unserved areas.

**Social Infrastructure**

Social infrastructure is fundamental in the provision of adequate basic social services to achieve the human capital development objectives of the country. The implementation of social infrastructure projects will have to be ramped up to make up for the slow progress in the first three years of the Plan implementation.

Importantly, in line with the whole-of-government approach, LGUs must also be able to step up in the provision of devolved social services, including education, health, and sanitation.

**Education**

The Department of Education (DepEd), in coordination with DPWH, will endeavor to complete by 2022 all programmed school projects under the Basic Educational Facilities Fund which have been abandoned or unfinished since 2014. Furthermore, to enhance its School Building Program, DepEd has included the following strategies in its Public School of the Future for implementation in School Year (SY) 2020-2021:

**Prioritize alternative learning platforms for formal education.** Amidst the COVID-19 pandemic, education systems have largely shifted away from traditional “face-to-face” forms of educational instruction. In this regard, the DepEd has adopted the blended learning system starting SY 2021-2022, which includes online distance learning, television and radio-based instruction, and distribution of printed learning modules to students, to ensure that quality learning opportunities are made available to public school students. Toward this end, universal access to reliable and affordable internet connection for the education sector will be prioritized. In addition, DepEd may consider providing its faculty and students access to necessary ICT equipment (both hardware and software) to enable them to access virtual classes and other online learning modules. Given the foregoing, cooperation among concerned national government agencies and LGUs should be ensured for the successful implementation of the blended learning program.

Efforts to address backlogs in the provision of education facilities will resume. As the country recovers from the pandemic and attendance to physical classes are then deemed safe for resumption, DepEd, in coordination with DPWH, will continue to address its current backlog in education infrastructure, especially in geographically isolated and conflict-affected areas. With the required physical distancing measures under the new normal, DepEd may need to revisit its existing design standards and minimum specifications for education facilities (e.g., classroom size and class size). Nevertheless, the following facilities will need to be continuously provided or made accessible to public schools:

* Clean and potable water supply, comfort rooms, wash, and other sanitation facilities;
* Electrification that considers utilization of renewable energy sources. Off-grid schools may be equipped with alternative sources of renewable energy through installation of solar panels, among others;
* Clinics that will also serve as multi-service hubs catering to the various health, nutrition, and medical needs of learners; and
• Efficient disaster response through a streamlined warehouse scheme for storage and inventory of supplies and for easier deployment and delivery of materials and equipment, such as temporary learning spaces or classroom tents, to replace those damaged by calamities.

Further, DepEd will facilitate convergence initiatives with the DPWH, Department of Health (DOH), Department of Social Welfare and Development, and other agencies in all governance levels, including LGUs, to address the broader needs of the education sector.

Health

Sustain strategic implementation of health facilities. With the strain on the capacities of health facilities brought about by medical crises such as the COVID-19 pandemic as well as the expected increase in demand for health services post-pandemic, it is imperative for the national government to continue to invest in health service improvement. Construction of health infrastructure facilities that are energy-efficient, disaster-resilient (e.g., hospitals and healthcare facilities, including testing facilities, quarantine, and isolation facilities) and responsive to health and medical needs that have recently emerged with the pandemic will have to be prioritized in accordance with the existing standards to prepare and ensure the sufficiency of the country’s health infrastructures not only during the path to recovery from COVID-19 but more so in case of any similar occurrence in the future. DOH will conduct a comprehensive needs assessment of critical health facilities involved in service delivery networks, especially with respect to those that are vital in dealing with COVID-19. The assessment will form part of the basis for determining which facilities will be constructed (especially in underserved areas), upgraded, or expanded under the Health Facilities Enhancement Program.

Improve epidemiological and surveillance capacities for COVID-19 and other infectious diseases. In response to the pandemic and in preparation for the possible emergence of other highly infectious diseases, there is a need to establish an integrated health data management system that tracks and links patient referrals and laboratory testing and monitors the supply of available equipment, medicines, and blood, among others. Further, there may be a need to construct and establish an operational Level 2 Biosafety laboratory with adequate number of test kits in every region.

Solid Waste Management

Enhance technical and financial capacities of LGUs in implementing solid waste management (SWM) initiatives in compliance with the Ecological Solid Waste Management Act of 2020 (RA 9003). The Department of Environment and Natural Resources-Environmental Management Bureau, together with the National Solid Waste Management Commission, DILG, and relevant stakeholders, will work towards enabling LGUs to implement the following SWM strategies:

• Facilitate clustering or pooling of resources of LGUs for common SWM facilities and services for enhanced economies of scale;
• Explore innovative financing and improve access of LGUs to financing windows, such as those being provided by government financing institutions and through PPP arrangements, to finance SWM programs;
• Adopt alternative technologies, including waste-to-energy, considering institutional, legal, and technical limits;
• Support knowledge management through increased investments in SWM-related innovation and R&D of appropriate technologies;
• Operationalize the National SWM Fund and study the re-institutionalization of the national government-LGU cost-sharing scheme for SWM; and
• Revisit the SWM Act of 2020 and make necessary amendments towards facilitating and expediting the provision of SWM facilities.

Ensuring asset preservation

With emphasis on sustainability, safety, and resilience of infrastructure, asset management planning and innovative maintenance strategies will be implemented to improve the infrastructure system’s performance. The conduct of comprehensive vulnerability and risk assessment of critical infrastructure, particularly in areas considered as COVID-19 hot spots – including buildings that may serve as isolation or treatment facilities – is deemed urgent and significant.

**Strengthen technical and financial capabilities for operations and maintenance.** Training facilities will be established for the upgrading of the technical and managerial skills of the country’s workforce and building their capacity to innovate. National and local level planning will be rationalized and processes will be streamlined to expedite program and project implementation. To optimize the use of funds for infrastructure development, value engineering and value analysis techniques at different stages of project development will continue to be applied.

The country’s regions will be developed through better rationalization of the budget allocation that takes into account the geographic location of infrastructure projects and programs. This effort will be guided by masterplans and roadmaps being formulated, maintained, and updated by pertinent agencies.

**Incorporate climate change adaptation and disaster resilience measures and ensure the security of infrastructure facilities.** Given the country’s high vulnerability to disasters and the effects of climate change, disaster risk reduction and climate change adaptation strategies will be employed. The Energy Resiliency Policy, issued to institutionalize disaster resiliency efforts, aims to strengthen energy systems and facilities such that these can quickly restore power and provide alternative sources of energy in times of emergency. To mitigate risks that threaten essential infrastructure services, there will be coordinated efforts to enhance the security of infrastructure facilities through the adoption of appropriate technologies, e.g., surveillance systems, satellite-based navigation systems, among others. Existing data infrastructure in the National Disaster Risk Reduction Management Operations Center will be upgraded. Joint exercises in disaster response protocols and engagement of stakeholders in disaster risk reduction and climate change adaptation will be conducted with the end view of meeting international sustainability standard rating systems for construction. Sustainability incentive programs will be promoted and the comprehensive and integrated strategic environmental assessment will be undertaken.
Intensifying infrastructure-related R&D

Recognizing that R&D can foster a more sustainable and efficient way of building infrastructure, the government will pursue R&D on renewable energy and technologies to meet the growing need for clean and affordable energy; cost-efficient technologies for the management of wastewater and solid, hazardous, and healthcare wastes to protect public health and the environment; new transportation technologies; climate change- and disaster-resilient infrastructure designs; and new methodologies for gathering and managing science-based data. In this regard, the establishment of R&D facilities will be supported.

**Improve the collection, management, and utilization of infrastructure data across all subsectors for planning, programming, and policy-making.** Updated, integrated, and comprehensive data for various subsectors of the infrastructure sectors will be made available to decision-makers to serve as basis in planning, programming, and policy-making. Towards this end, resources will be mobilized to identify vital data and statistics for the infrastructure sector, with the intent of establishing comprehensive databases based on available technological applications and platforms.

**Legislative Agenda**

The table below contains the various legislative agenda for the infrastructure sector.

*Table 19.2. Legislative Agenda to Accelerate Infrastructure Development*

<table>
<thead>
<tr>
<th>Legislative Agenda</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport</strong></td>
<td></td>
</tr>
<tr>
<td>Enactment of the National Transport Policy</td>
<td>This aims to help achieve a safe, secure, efficient, competitive, dependable, integrated, environmentally sustainable, and people-oriented Philippine transportation system by setting forth policies that will serve as boundary conditions to guide all entities involved in the transportation sector in the exercise of their functions. This policy will provide the parameters for planning at the agency level, e.g., the formulation of the Philippine Transport System Master Plan. The NTP was adopted by the NEDA Board on September 12, 2017 and its IRR was approved by the INFRACOM on December 14, 2018. The proposed law is for filing/endorsement to the 18th Congress.</td>
</tr>
<tr>
<td>Enactment of a law creating independent regulatory bodies for the railway and maritime transport sectors</td>
<td>This addresses the weak and fragmented institutional setup of concerned transport agencies by creating respective independent regulatory bodies for the railway sector and maritime transport sector that is consistent with the NTP. The existing dual roles of some agencies acting as both operator and regulator of transport facilities will be effectively eliminated. The bill is for the adoption of the NEDA Board and subsequent filing /endorsement to the 18th Congress.</td>
</tr>
<tr>
<td><strong>Legislative Agenda</strong></td>
<td><strong>Rationale</strong></td>
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<tr>
<td>Enactment of a law creating an independent body for transport Safety and Security</td>
<td>This places all transport safety and security matters under a single independent body that will, among others, investigate transport accidents and provide transport safety recommendations, thereby eliminating conflicting and overlapping functions of existing agencies or entities. Various Senate Bills (SBs) and House Bills (HBs) pertaining to the creation and establishment of a National Transportation Safety Board were filed in the 18th Congress.</td>
</tr>
<tr>
<td>Enactment of a law institutionalizing the use of bicycles and other active and sustainable modes of transportation</td>
<td>This aims to shift the role of bicycles and other forms of non-motorized and active transportation, from being an “alternative mode” towards an institutionalized mode of transport that is integrated in the transportation network of the country. This will be done by providing the necessary infrastructure and support services, establishing safety and design standards, and increasing public awareness on road safety and road sharing among motorists, cyclists, and pedestrians. Various SBs and HBs on the proposed measure were filed in the 18th Congress (SBs 66, 285, 319, 332, 948, and 1518, and HBs 1251, 1893, 2520, 4493, 5374, and 5435).</td>
</tr>
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**Water Resources**

<table>
<thead>
<tr>
<th><strong>Legislative Agenda</strong></th>
<th><strong>Rationale</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enactment of a law creating an apex body for the water resources subsector; and independent economic or financial regulator for WSS</td>
<td>The apex body will act as the lead agency to oversee/coordinate overall policy and project/program implementation to address the weak and fragmented institutional set-up of the water resources subsector. Meanwhile an independent economic regulator for the water supply and sanitation is envisioned to harmonize the regulatory practices, processes, fees, and standards on water supply and sanitation while addressing the overlapping functions or jurisdictions of existing regulatory entities. A substitute HB creating the Department of Water Resources (DWR) and the Water Regulatory Commission (WRC) was jointly approved by the HOR Committee on Government Reorganization and Committee on Public Works and Highways on 12 November 2019. Said HB was likewise approved by the House Committee on Appropriations on 18 November 2020.</td>
</tr>
</tbody>
</table>

**Energy**

<table>
<thead>
<tr>
<th><strong>Legislative Agenda</strong></th>
<th><strong>Rationale</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendments to the Electric Power Industry Reform Act (RA 9136)</td>
<td>Amendments to the EPIRA aim to improve the implementation of the law’s provisions and enhance its effectiveness to address high cost of electricity, alleged market collusion, and insufficient power supply. The following relative draft bills were filed in 18th Congress: HB 466, HB 469, HB 2339, HB 2784, HB 3802, HB 7059 and HB 7341.</td>
</tr>
<tr>
<td>Enactment of an enabling law for the natural gas industry</td>
<td>This provides an enabling legal and regulatory framework for the natural gas industry to guide investments in the sector. The bill has been filed in the 18th Congress as HB 3031.</td>
</tr>
<tr>
<td>Legislative Agenda</td>
<td>Rationale</td>
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<td>--------------------------------------------------------</td>
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</tr>
<tr>
<td><strong>ICT</strong></td>
<td>This aims to lower the barriers to entry and allow participation of more diverse set of providers to compete in the various segments of the data transmission industry.</td>
</tr>
<tr>
<td>Enactment of the Open Access in Data Transmission</td>
<td>Open access is envisioned to pave the way for promoting physical infrastructure sharing among service providers and access network segments based on fair, reasonable, and nondiscriminatory terms.</td>
</tr>
<tr>
<td></td>
<td>The bills have already been filed in the 18th Congress as HBs 57, 4109, and 5341 and are currently pending with the Committee on ICT.</td>
</tr>
<tr>
<td><strong>Social Infrastructure</strong></td>
<td>This addresses the weak administrative, organizational, and institutional dynamics of LGUs in implementing SWM programs or projects.</td>
</tr>
<tr>
<td>Amendments to the Ecological Solid Waste Management Act (RA 9003)</td>
<td>Filed in the 18th Congress as HB 1598 and currently pending with the Committee on Ecology, the proposed amendments include, among others, the mandatory creation of a local environment and natural resources offices and identification of dedicated focal SWM units with corresponding organization structure, powers, and functions.</td>
</tr>
</tbody>
</table>
Chapter 20

Ensuring Ecological Integrity, Clean and Healthy Environment

The COVID-19 pandemic and the mobility restrictions that were imposed have redirected our attention to the most basic needs of air, water, and food and how these relate to human health. In fact, encroachment into natural habitats caused the transmission of zoonotic diseases such as COVID-19 from animals to humans, posing greater societal risk. The shift towards sustainable development then becomes 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 (ENR) and increase 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 long-standing issues on governance and monitoring and evaluation.

Assessment and Challenges

Assessment. For the first three years of Plan implementation, stakeholders have increasingly been participating in transformative actions toward bringing back the benefits that Filipinos enjoy from environment and natural resources while improving resilience to climate and disaster risks. The following actions and reforms in the sector were put in place: (a) demonstration effect of rehabilitation efforts (e.g., Boracay and Manila Bay rehabilitation); (b) institutionalization of sector reforms through policy issuances and implementation (e.g., National Integrated Protected Areas System [NIPAS] Act, as amended by RA 11038 [ENIPAS]), Guidelines on Protected Area Suitability Assessment (PASA); (c) formulation of the Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP); and (d) development of local climate change adaptation and mitigation / disaster risk reduction and management (CCAM/DRRM) plans and establishment of early warning systems. However, current experience on the COVID-19 pandemic and the consequent imposition of community quarantine resulted in both negative and positive impacts on the ENR sector, which clearly manifested the interrelationship of environment and public health. On one hand, the restrictions on the movement of people during the quarantine and pandemic response measures and protocols have caused (a) limited patrolling, policing, and ground validation activities for wildlife and habitat protection, (b) generated more waste from healthcare facilities and households, (c) increased pressure on resource extraction as raw materials for additional quarantine facilities, and (d) increased vulnerability of resource-dependent communities to the economic and social impacts of the pandemic and natural hazards, especially with the onset of rainy season, which may be exacerbated by climate variability. On the other hand, the quarantine resulted in improvement in urban air quality and allowed many ecotourism sites to start to recover their pristine state, thus encouraging behavior towards preservation and ecological restoration.
**Challenges.** In view of the new normal state arising from the COVID-19 pandemic, managing pollution and sustainable use of natural resources vis-a-vis addressing the threat of future pandemics amid climate change become even more challenging. In particular, poor waste management and pollution control exacerbate decline in environmental quality. Inadequate waste management facilities can increase the volume of untreated healthcare wastes which pose a greater threat to public health. Also, with the digitalization of most economic activities, harmful substances from unmanaged electronic wastes will contaminate land, air, and water – aggravating pollution and health risks. A lack of air and water pollution control measures can worsen the situation and even negate the environmental gains generated during the quarantine period. Further, ineffectual ENR governance and institutional arrangements undermine the effectiveness of protection, conservation, rehabilitation, and resilience measures. The national and sub-national governments have had limited capacity to manage multi-dimensional risks arising from natural and biological hazards, including climate change. This affects our response to mitigate the impacts and implement recovery measures. The low adoption of innovative technologies for enforcement and monitoring of wildlife and habitats also limits efforts to keep biodiversity intact and minimize zoonotic disease risks. Compounding these are the following long-standing challenges in the sector that need to be addressed:

(a) *Issues on zoning, boundary delineation, and overlapping claims constrain efforts on the rehabilitation of natural resources.* The absence of zoning, unresolved boundary conflicts in many LGUs, and outdated land records and problems in land data capture pose challenges in: (i) achieving targets on issuance of residential free patents; (ii) facilitating forestry-related investments; and (iii) supporting preferential access of municipal fishers to coastal and marine waters, among others. These zoning and delineation issues stem primarily from the lack of national land and sea use, and permanent forest limit policies.

(b) *Weak and fragmented monitoring and evaluation (M&E) system in the sector prevents timely and appropriate interventions.* This stems from the lack of an integrated M&E framework and inadequate capacity for the use of appropriate methodology, particularly for the collection and robust analysis of up-to-date ENR data. In fact, concerns on insufficient data capture from environmental monitoring stations and limited habitat inventory make it difficult to evaluate the effectiveness of ENR management interventions. Moreover, the methodologies being used to generate, monitor, and report data/information, are still inadequate, such as on (i) waste management (e.g. solid waste diversion rate, wastewater production vs. treatment capacity), (ii) livelihood and other economic opportunities provided by ecosystems (e.g. ecotourism and biodiversity-friendly enterprises), and (iii) resilience to the impacts of climate change and disasters (e.g. risk resilience index). Furthermore, existing review tools do not yet capture whether or not local plans (i.e., Comprehensive Development Plans, Comprehensive Land Use Plan, Local Climate Change Action Plans, and Local Disaster Risk Reduction and Management Plan) are risk-informed and/or responsive to the vulnerability of a given locality.
Targets

Table 20.1 presents the medium-term targets corresponding to each of the major outcomes, namely: (1) biodiversity and ecosystem services sustained, (2) environmental quality improved and, (3) resilience of resource-dependent and vulnerable communities increased.

Table 20.1 Updated Plan Targets to Ensure Ecological Integrity, Clean and Healthy Environment

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>BASELINE (YEAR)</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter Outcome: Ecological integrity and socioeconomic resilience of resource-dependent communities improved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsector Outcome: Biodiversity and ecosystem services sustained</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest cover increased (in million ha)</td>
<td>7.01 (2015)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Quality of coastal and marine habitats under NIPAS marine protected areas and other priority coastal and marine conservation areas improved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of hard coral cover (HCC) in MPAs (in number of MPAs):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No baseline data</td>
<td>2 (2018)</td>
<td>0</td>
</tr>
<tr>
<td>Poor (0-22%)</td>
<td>12 (2018)</td>
<td>14</td>
</tr>
<tr>
<td>Fair (&gt;22%-33%)</td>
<td>11 (2018)</td>
<td>11</td>
</tr>
<tr>
<td>Good (&gt;33%-44%)</td>
<td>4 (2018)</td>
<td>4</td>
</tr>
<tr>
<td>Excellent (&gt;44%)</td>
<td>7 (2018)</td>
<td>7</td>
</tr>
<tr>
<td>Percentage of seagrass cover in MPAs (in number of MPAs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No baseline data</td>
<td>11 (2018)</td>
<td>0</td>
</tr>
<tr>
<td>Poor (0-25%)</td>
<td>11 (2018)</td>
<td>22</td>
</tr>
<tr>
<td>Fair (26-50%)</td>
<td>10 (2018)</td>
<td>10</td>
</tr>
<tr>
<td>Good (51-75%)</td>
<td>3 (2018)</td>
<td>3</td>
</tr>
<tr>
<td>Excellent (76-100%)</td>
<td>1 (2018)</td>
<td>1</td>
</tr>
<tr>
<td>Number of free patents issued</td>
<td>57,822 (2016)</td>
<td>62,000</td>
</tr>
<tr>
<td>Subsector Outcome: Environmental quality improved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of priority water bodies within water quality guidelines increased (e.g. BOD, DO, pH, temperature, P, TSS, fecal coliform)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Water Supply (%)</td>
<td>0(2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Food Production (%)</td>
<td>20 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Recreational (%)</td>
<td>87 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Percentage of highly urbanized and other major urban centers within ambient air</td>
<td>55 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>INDICATOR</td>
<td>BASELINE (YEAR)</td>
<td>TARGETS</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>quality guideline value (i.e., PM10 and PM2.5) increased (%)</td>
<td>Metro Manila: 48; Outside MM: 46 (2015)</td>
<td>70</td>
</tr>
<tr>
<td>Solid waste diversion rate increased (%)</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Percentage of healthcare waste managed (%)</td>
<td>66 (2016)</td>
<td>100</td>
</tr>
<tr>
<td>Area assessed and mapped for soil fertility status and soil fertility management increased (ha)</td>
<td>1,000,000 (2016)</td>
<td>450,000</td>
</tr>
<tr>
<td>Area of land degradation hotspots decreased (ha, cumulative)</td>
<td>2,300,000 (2016)</td>
<td>2,100,000</td>
</tr>
<tr>
<td><strong>Subsector Outcome: Resilience of communities and their livelihood increased</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of LGUs with climate change and disaster risk-informed plans increased (%)</td>
<td>CLUP: 34 CDP: 0 (2016)</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>LDRRMP: 0 (2016)</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>LCCAP: 0 (2016)</td>
<td>100</td>
</tr>
<tr>
<td>Number of LGUs with operating early warning systems (EWS) in place increased</td>
<td>1,180 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Number of fully-functional DRRM operations centers increased</td>
<td>Permanent: 775 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td></td>
<td>Temporary: 810 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td>Employment from biodiversity-friendly enterprises and other sustainable resource-based industries increased (cumulative)</td>
<td>From NIPAS-PAs and ecotourism sites 1,484 (2016)</td>
<td>Increasing</td>
</tr>
<tr>
<td></td>
<td>From reforestation and non-timber/agroforestry enterprises (i.e. NGP, CBFM) 114,584 (2016)</td>
<td>Increasing</td>
</tr>
</tbody>
</table>
Strategic Framework

For a healthy and resilient Philippines, the government will intensify the protection, conservation, and rehabilitation of natural resources and accelerate the adoption of innovative technologies for enforcement and monitoring of wildlife and habitat. Law enforcement will be further strengthened to enhance compliance with environmental standards and safeguards and consequently improve environmental quality. Innovative waste and pollution abatement measures will also be implemented to address the increasing waste and other pollutants generated from COVID-19 response measures, among others. The resilience of resource-dependent communities and their livelihood will be enhanced by strengthening capacities to undertake CCAM-DRRM actions and expanding sustainable economic opportunities from natural capital.

Figure 20.1. Strategic Framework to Ensure Ecological Integrity, Clean and Healthy Environment
Strategies

To achieve the Plan’s targets, sector-specific and crosscutting strategies will be implemented.

A. Sustaining biodiversity and ecosystem services

To sustain biodiversity and the provision of ecosystem services, demonstration effects from natural resources protection, conservation, and rehabilitation efforts will be replicated and scaled up by building on the increased multi-stakeholder involvement and existing opportunities for inter-agency convergence. Capacities and competencies for data generation, assessment, and tracking of the state of natural resources, including its ecosystem services, will be enhanced. Complementing these are the necessary investments for research and development as well as innovative monitoring technologies that will support habitat and wildlife protection and help safeguard the country from zoonotic diseases arising from unsustainable and illegal wildlife consumption and trade.

1. Intensify protection, conservation and rehabilitation of natural resources.

Ecosystem-based actions and area-based management will continue to be prioritized to protect terrestrial and coastal and marine ecosystems while supporting the natural and assisted rehabilitation of degraded habitats. Conservation and sustainable use of natural resources will also be strengthened to ensure continuous provision of essential ecosystem goods and services to optimize their contribution to the economy, food security, and overall well-being of people.

Terrestrial Ecosystems

Forest and critical watersheds including inland wetlands and caves

- *Prioritize interventions and investments to accelerate and improve forest protection and reforestation activities in critical watersheds.* Integrated and science-based restoration approaches, such as forest landscape restoration, will be used to rehabilitate the remaining unproductive, denuded, and degraded forest areas, including critical watersheds. Local government units (LGUs), private sector, and communities will, once more, be engaged for community-based forest and watershed management to ensure that the remaining natural forests and reforested areas remain intact and protected. These strategies are geared towards ensuring uninterrupted supply of water to meet the country’s demand for domestic, agricultural, health and sanitation, and industrial uses, and other forest ecosystem services.

- *Enhance water conservation and efficiency measures to avert water shortage.* Nature-based solutions, aside from or more than hard infrastructure, will be pursued to enhance water use efficiency and conservation. Support will be given for the establishment of riparian buffer strips, restoration of natural floodplains, and aquifer recharge.

- *Continue and scale up the conduct of comprehensive water resource assessment in groundwater critical areas and major river basins for sustainable water supply.* This will support evidence-based planning and guide sustainable allocation of water resources, assessment, and simulation of current and potential future scenarios for surface and groundwater resources.
● **Delineate production and protection forests.** The areas within forestland that will be made available for development and private sector investment (production zones) and those reserved for protection and conservation activities (protection zones) will be identified. This way, appropriate management arrangements in the forestlands can be established and protection and rehabilitation efforts for protected areas and ancestral lands can be harmonized.

● **Optimize the implementation of the NIPAS Act, as amended, to improve the management of terrestrial protected areas.** Specifically, the Department of Environment and Natural Resources (DENR) will (a) conduct regular monitoring of protected area management to gauge effectiveness, and (b) implement a biodiversity assessment and management system starting with determining baseline conditions of habitats and species (e.g., species richness and abundance).

● **Improve the management and sustainable use of inland wetlands and their resources.** The DENR will (a) conduct biophysical and sociocultural assessments of inland wetlands to determine those for conservation and rehabilitation; (b) strengthen enforcement of legal easement, hazard zones, and other environmental regulations to ensure sustainable use of inland wetlands in coordination with LGUs; and (c) continue to utilize market-based instruments to promote conservation and proper management of inland wetlands.

● **Scale up sustainable management of caves and cave systems.** The DENR cave survey, assessment, and classification activities will be scaled up to identify caves with high conservation value for protection. Policies to develop caves as ecotourism attractions and monitor/manage visitor impact, while ensuring compliance with safety and sanitation standards, will be formulated and implemented by the DENR, Department of Tourism, and LGUs.

● **Conduct research on terrestrial ecological connectivity to support biodiversity corridors.** Research studies that examine the ecological needs and natural behavior of wildlife species will be pursued to inform development of biodiversity corridors. The corridors intend to link terrestrial protected areas to ensure uninterrupted areas of forest and other habitats, which support the entire life cycle of birds and other important wildlife species.

**Land and Mineral Resources**

● **Complete Rapid Land Tenure Appraisal (RLTA) to identify patentable lands and facilitate issuance of free patents (i.e., residential and agricultural).** Partnership and coordination among land-related agencies and LGUs will be intensified and land titling processes will be streamlined. These will hasten land survey and titling activities and address concerns on idle private lands for optimal use, such as for agriculture and forestry purposes, among others (see Chapter 8). LGUs will also be encouraged to adopt their zoning ordinances based on best-use assessment of land assets and enable implementation of their Comprehensive Land Use Plans (CLUPs).

● **Pursue the mapping of Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs) to facilitate the recognition of ancestral lands/domains.** The country’s various ICCs/IPs will be identified and mapped with the issuance of Certificate of Ancestral Domain Title (CADT) and Certificate of Ancestral Land Title (CALT), and provided with assistance in the preparation of their Ancestral Domain Sustainable Development and Protection Plan (ADSDPP). This will help address overlaps, particularly in forestlands, protected areas, and ancestral domains/lands.

● **Rationalize and enhance the free, prior, and informed consent (FPIC) process for the protection of indigenous peoples’ rights and interests in their ancestral domains.** The National Commission on Indigenous Peoples will rationalize the process for issuance of FPIC clearances to (a) promote genuine protection of the rights of indigenous peoples and indigenous cultural communities and (b) ensure their active engagement in the governance of natural resources within their ancestral domain based on their own plans and priorities.
● *Improve compliance with environmental and social safeguards for mineral resources development.* The DENR will:
  ○ Strengthen regulatory enforcement, monitoring and evaluation (M&E), and reporting mechanisms through the:
    ▪ conduct of objective, science-based, and fact-finding reviews of large- and small-scale mining operations, including mineral processing plants;
    ▪ enhancement of the participation of the mining industry in the Extractive Industries Transparency Initiative to ensure greater transparency and accountability in the management of natural resources; and
    ▪ development and adoption of a more stringent monitoring instrument (e.g., scorecard) for assessing compliance of mines under exploration, production, and care and maintenance.

  ○ Ensure that plans and programs for large-scale mining operations (e.g., Safety and Health Program, Final Mine Rehabilitation and/or Decommissioning Plan, Social Development and Management Program and Environmental Protection and Enhancement Program) and small-scale mining operations (e.g., Community Development and Management Plan and Potential Environmental Impact Management Plan) are aligned with the local land use and development plans;

  ○ Continue research and development to determine the appropriate strategies that will address the mercury contamination of Palawan Quicksilver Mine, Inc. as part of the rehabilitation (i.e., bio-remediation), and facilitate the smooth turnover of management (i.e., protection and maintenance) to the LGU at the end of the project;

  ○ Strengthen the *Minahang Bayan* scheme to avoid proliferation of illegal small-scale mining activities and ensure that operations are undertaken only under legitimate contracts/permits and within legitimate/designated areas by:
    ▪ Revisiting the implementation of the People's Small-scale Mining Act of 1991 (RA 7076) particularly the definition and coverage of small-scale mining;
    ▪ Easing the application requirement of *Minahang Bayan* scheme; and
    ▪ Increasing the penalty provisions to approximate the value of environmental and health damages and intensify the anti-illegal mining efforts.

**Coastal and Marine Ecosystems**

● *Complete stocktaking of coastal and marine habitats and species diversity.* The extent and condition of the country’s coastal and marine habitats such as coral reefs, mangroves, and seagrass beds, will be determined to support a more effective planning and programming for the sector. The species and genus diversity of these habitats will be assessed with the implementation of the Coastal and Marine Ecosystems Management Program (CMEMP) and the NIPAS Act, as amended, among others.

● *Optimize the increased coverage of marine protected areas (MPAs) as a habitat of biologically and economically important species through MPA networking.* In view of the declining performance of the fisheries sector (see Chapter 8), it is important to ensure that appropriate management measures are established in the country’s MPAs, based on ecological connectivity and biophysical assessments. To scale up MPA networking, more ecological connectivity studies will be undertaken to effectively protect and conserve the entire life cycle of fish and other marine species.

● *Pilot-test existing innovative technologies for rehabilitation of coastal habitats.* Innovative technologies will be pilot-tested to fast-track rehabilitation of degraded coastal and marine habitats (e.g., massive coral larval reseeding), and support replication and scaling-up.
• **Complete delineation of municipal waters.** Continuous support and technical assistance from the National Mapping and Resource Information Authority (NAMRIA) will be provided to LGUs to fast-track municipal water delineation, while the guidelines for delineation of municipal waters with offshore islands will be finalized by the Bureau of Fisheries and Aquatic Resources of the Department of Agriculture (DA-BFAR). Spatial planning within the delineated municipal waters will also be pursued to determine the protection and multiple use zones.

• **Enhance multi-stakeholder coordination and capacity on coastal and marine resources management aligned with the country’s international commitments and related sector initiatives (e.g., Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security).** Program convergence budgeting and cooperation among DA, DENR, and Department of the Interior and Local Government (DILG), as well as between and among LGUs, will be pursued to ensure complementary actions within national and locally-managed marine protected areas, fisheries management areas, and fish sanctuaries within municipal waters, and support ecosystem approach to fisheries management (EAFM) (see Chapter 8). Inventory and monitoring of locally-managed MPAs and other local coastal resource management (CRM) interventions will be conducted through the Fisheries Compliance Audit of the DILG.

**Biodiversity and Genetic Resources**

To sustainably harness the economic potential of terrestrial, coastal, and marine biodiversity, and genetic resources, especially their medicinal and pharmaceutical properties for various zoonotic diseases, the following strategies will be pursued:

• **Develop a system for access and benefit sharing (ABS) of wealth from genetic resources.** The national policy framework on ABS will be finalized and adopted to enhance regulatory measures and facilitate sharing of economic benefits from the use of genetic resources and traditional knowledge. Permitting protocols on marine scientific research will also be strengthened.

• **Develop a bioprospecting and biotechnology program to facilitate discovery and development of novel compounds and derivatives for pharmaceutical purposes.** Priority will be given to studies on zoonosis in selected wildlife reservoirs and natural resources with potential antibacterial/antiviral properties and treatments that can be used for pharmaceutical applications.

• **Establish a clear mechanism for encouraging private sector investment and civil society participation in biodiversity conservation and sustainable use.** The DENR will formulate clear guidance and systems for facilitating private sector investment and promoting cohesive participation of civil society organizations, given their vital role in raising public awareness on the benefits of keeping biodiversity intact.

2. **Scale up adoption of innovative technologies for enforcement and monitoring of wildlife and habitat integrity**

• **Strengthen law enforcement and intensify the use of technological innovations for improved surveillance activities to combat illegal wildlife trade, and deter illegal, unreported, unregulated fishing (IUUF).** The use of innovative technologies (e.g., unmanned aerial vehicles, Visible Infrared Imaging Radiometer Suite, satellite-based Vessel Monitoring System) will be intensified to help in patrolling and policing to protect wildlife, prevent habitat encroachment and emergence and spread of zoonotic infectious diseases, and combat IUUF. This will be complemented with stricter inspection protocols at checkpoints, airports, and seaports, to combat illegal wildlife trade.

• **Modernize habitat monitoring and impact evaluation of management interventions.** Available technologies and digital platforms (e.g., satellite image-sharing platforms, remote sensing,
geospatial mapping) will be utilized for regular and real-time monitoring of terrestrial and coastal and marine habitats. This will facilitate modernized data generation and analysis for more efficient evaluation of impacts and assessment of effectiveness of various management interventions implemented.

B. Improving environmental quality

Government, private and business, and individuals will be enjoined to take collective and concrete actions to achieve a clean and healthy environment. Strategies will focus on eliminating the long-term impact of pollution on biodiversity, the ecosystem, and public health.

1. Strengthen enforcement, regulation, and monitoring of environmental compliance and management interventions.

The enforcement, regulation, and monitoring of compliance with existing environmental laws and regulations will be intensified to implement the necessary operational mechanisms to address the impact of the COVID-19 pandemic, rapid urbanization, and climate change on environmental quality.

Air Quality Management

The air quality compliance monitoring activities of the DENR will be complemented by more aggressive implementation of the vehicle emission-testing program and no-contact apprehension policy of the Department of Transportation (DOTr) and Land Transportation Office. The DENR will also designate attainment and non-attainment areas in existing airsheds and implement necessary action plans to comply with the National Ambient Air Quality Guidelines Values.

- Upgrade air pollution control and emission regulatory systems
  - For mobile sources, prior to issuance of Certificate of Conformity (COC) by the DENR, the actual inspection of new imported motor vehicles will be strengthened to ensure compliance with the EURO IV Emission Limits requirement. The DENR, DOTr, and Department of Trade and Industry will expedite the issuance of procedural guidelines on the National Motor Vehicle Inspection and Maintenance Program (NMVIMP) for public and private vehicles, and implement the public utility vehicle (PUV) modernization program. The Civil Aviation Authority of the Philippines, in cooperation with the International Civil Aviation Organization, will implement the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA);
  - For stationary sources, the DENR will review the Emission Standards for Stationary Sources in attaining cleaner air quality in industrial and commercial areas. Streamlining the stack emission testing, installation of Continuous Emission Monitoring, System (CEMS), permitting, and inspection of industries will be reinforced through the implementation of Industrial Emission Management Program (IEMP).
  - For area sources, the DENR will provide support to the LGUs to strengthen the implementation of environmental local ordinances (e.g., ban on smoking in public places and open burning ["siga”]) especially within designated airsheds.
• **Modernize air quality monitoring systems of the DENR-EMB**
  - Develop a more stringent air quality index for PM2.5, standard for regulating and monitoring black carbon (i.e., PM1), and ambient air quality standards/guideline values for Hazardous Ambient Air Pollutants.
  - Repair, upgrade, and increase the number of air quality monitoring stations and install backup systems to ensure adequate data capture, including regular preventive maintenance to lessen equipment breakdown.
  - Develop and utilize digital, modelling, and remote sensing technologies for air pollution monitoring in partnership with the DOST.
  - Develop and/or utilize locally-available technologies for ambient and indoor air pollution control.

**Water Quality Management**

• **Strengthen the regulation of point sources (e.g., discharges from industries and treatment plants) and nonpoint sources (e.g., agricultural farms and residential areas) of pollution** by:
  - Expediting the nationwide inventory and classification of waterbodies, and establishment of water management systems in priority waterbodies;
  - Refining and expanding the Environmental User Fee System (EUFS) to cover all pollution sources (i.e., domestic, industrial, commercial, and agricultural), and to properly reflect the value of environmental damages;
  - Designating the non-attainment areas\(^1\) for waterbodies where pollutants exceed the water quality guidelines to prevent new sources of effluent concentration and discharge from adversely affecting water quality;
  - Designating and operationalizing the required number of Water Quality Management Areas (WQMAs), including updating of its Action Plans; and
  - Strengthening marine pollution regulations and expanding shore reception facilities in seaports for the collection and disposal services of wastes generated from ships through collaboration among concerned agencies (e.g., DOTr, PCG, MARINA, PPA, and CPA).

• **Accelerate the establishment of domestic wastewater treatment facilities and its conveyance system.**
  - The DPWH, DENR, and DOH will continue to enhance the institutional and technical capacities of LGUs, water districts, and concerned entities to implement sewerage and septage projects under the NSSMP, and mobilize other financial support on wastewater treatment.

• **Modernize water quality monitoring systems** by:
  - Repairing, upgrading, and increasing the number of fully-operational ambient water quality monitoring stations; and
  - Enhancing capacity for laboratory analysis and exploring the use of advanced remote sensing and UAV technologies in monitoring water quality.

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\(^1\) Pursuant to the Philippine Clean Air Act of 1999, the DENR in coordination with the LGUs, shall designate these non-attainment areas of waterbodies where pollutants have exceeded water quality guidelines to prevent new effluent concentration and discharges.
Land Quality Management

To manage the potential increase in volume of infectious waste materials (e.g., disposable masks and PPEs) and solid wastes from single-use packaging materials in households, health care facilities, and other establishments, the LGUs will need to prioritize the (a) approval and/or implementation of their approved 10-year solid waste management plans; (b) closure of dumpsites; and (c) clustering of waste management facilities through inter-LGUs partnership.

- **Fast-track the implementation of waste management measures for solid, toxic, and hazardous wastes, including electronic waste, especially at the local level through:**
  - Engagement among solid waste management (SWM) regulators, users, service providers, and intermediaries to ensure that cities, municipalities, and barangays have fully-functional materials recovery facilities (MRFs) by conducting regular onsite maintenance and operational trainings;
  - Capacity development of LGUs to implement a proper monitoring and reporting scheme on solid waste management, development of methodology for estimation of waste diversion, and strengthening the monitoring and evaluation of effectiveness of SWM programs by the National Solid Waste Management Commission (NSWMC);
  - Implementation of community-based composting of food wastes and other biodegradable materials and linking households to composting market/industry for commercial viability;
  - Formulation of a policy on the management and monitoring of e-wastes and institutionalization of extended producer responsibility (EPR);
  - Streamlining the management of health care and infectious wastes, especially at the community and household levels by:
    - Ensuring compliance of healthcare facilities\(^2\) and treatment technologies\(^3\) with the standards for hazardous waste management and handling new pathogens or viruses;
    - Modernizing and increasing the number of Treatment Storage and Disposal (TSD) facilities for handling infectious healthcare wastes. Support will be given to mobilize public-private investments in the construction and accreditation of additional TSD facilities;
    - Improving disposal of healthcare wastes at the household or barangay level, especially in areas with limited access and capacity to transport to TSD facilities;
    - Establishing partnerships between and among LGUs and TSD accredited facilities to ensure that untreated healthcare wastes do not reach MRFs and SLFs.

- **Promote sustainable land management (SLM) to arrest land degradation.**
  - Integrate SLM practices into national and local development plans;
  - Improve local capacities and skills for planning and management of land resources, and strengthen awareness and advocacy campaigns;
  - Scale up and promote SLM in production landscapes and within multiple-use zones, among others.

2. **Adopt and implement innovative pollution abatement solutions**

- **Support reforms on mass transport system, including the expansion of ride-sharing services** to reduce proliferation of vehicles, and promote the production and utilization of eco-friendly

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\(^3\) New and existing technologies need to undergo Environmental Technology Verification of the DOST-Industrial Technology Development Institute and comply with the applicable environmental standards and the DOH-required level of microbial destruction or inactivation to eliminate bacteria/virus.
vehicles, as well as the use of non-motorized transport through the establishment of bicycle lanes and replication of local bike-sharing systems (see Chapter 19).

● **Encourage development of walkable cities and major urban areas** to improve built-up systems of urban environment, and expand green and open urban spaces and green infrastructure to improve health and well-being of people and the environment (e.g., reduce carbon emissions).

● **Support wastewater reclamation/recycling and reuse** for next intended use (e.g., indoor use and irrigation purposes); and promote other cleaner production techniques to control the discharge of pollutants (e.g., use of organic fertilizers and biopesticides).

● **Strengthen public-private partnerships to create opportunities for low-cost pollution-control and treatment technologies.** Capacity development of the private sector and promotion of available incentive mechanisms to adopt cleaner technologies in its operations (e.g., factories and power plants) will be encouraged.

● **Establish synergies with research and development institutions** to undertake studies on technological solutions and water pollution abatement measures.

C. Increasing resilience of communities and their livelihood

1. **Strengthen national and local capacities for climate and disaster risk reduction and management**

In partnership with research institutions and development organizations, the government will prioritize the development and adoption of appropriate baseline information and indicators to measure resilience of ecosystems and communities (i.e., resilience index), and set up a systematic database to regularly monitor sectoral emissions reduction. To ensure the implementation and effectiveness of CCAM and DRRM initiatives vis-à-vis Sustainable Development Goals, Sendai Framework for Disaster Risk Reduction, and Paris Agreement commitments, the following strategies will be implemented:

● **Enhance accessibility of climate and geospatial information and services by:**
  o Developing a data protocol to facilitate access and sharing of available scientific researches and studies, geospatial information, climate trends and projections, risk estimation models, gender-related variables, and disaggregated loss and damage datasets on vulnerable and affected groups. Technical support will be provided to LGUs on integrating these information in the local planning databases; and
  o Establishing integrated knowledge management systems to serve as platforms for sharing, managing, and reporting CC/DRR related information.

● **Integrate CCAM-DRR considerations in public investment programming processes.** NEDA and other concerned implementing agencies will ensure that climate and disaster risk parameters are mainstreamed in the design and ex-ante evaluation of programs and projects toward ensuring their long-term sustainability.

● **Fast-track and prioritize the development of guidelines and standard quality assurance review tools and streamline local planning and review mechanisms** (DILG for Comprehensive Development Plans; DHSUD for Comprehensive Land Use Plans; Office of Civil Defense-NDRRMC for Local DRRM Plans; and Climate Change Commission for Local Climate Change Action Plans).

● **Strengthen existing mechanisms to harmonize the monitoring of CCAM and DRRM expenditures at the national and local levels.** The Department of Budget and Management, CCC, and OCD-NDRRMC will prioritize and enhance climate budget tagging to cover actual expenditures and establish a similar budget-tagging arrangement for DRRM.
• Enhance the capacity of the government to address the multidimensional risks arising from natural hazard events, including biological hazards by:
  • Updating the local disaster risk reduction and management (DRRM) and local climate change action (LCCAP) plans to include public health emergencies, and climate and disaster risk parameters to ensure better preparedness and response to pandemics while mitigating impacts of climate-related disasters;
  • Sustaining support to promote business and public service continuity planning and ensuring the development of climate and disaster-resilient structures and designs following established measures and standards;
  • Providing technical assistance to NGAs, LGUs, private sector, and community organizations to: (a) maximize access to CCAM and DRRM financing and risk transfer mechanisms; and (b) implement ecosystem-based adaptation (EbA) measures that are risk-informed, gender-responsive, and sensitive to the needs, benefits, and priorities of men and women, while taking into account indigenous knowledge systems.
  • Undertaking gender analysis to identify gender issues related to capacity of both men and women, especially in vulnerable communities, to engage in decision-making processes, project development, implementation, and monitoring of CCAM and DRRM actions.

2. Expand sustainable livelihood and economic opportunities for resource-dependent and vulnerable communities

As upland and coastal communities remain among the poorest sectors of society, the development of more sustainable livelihood and other economic opportunities will be pursued in cooperation with relevant agencies (e.g., DTI, DSWD) to increase their socioeconomic resilience.

• Intensify agroforestry development and establishment of commercial forest plantations. Commercial forest plantations within integrated forest management agreement (IFMA), community-based forest management agreements (CBFMA), and applicable areas in ancestral domains will be developed based on comparative advantage. There will be investment support packages to encourage diversification especially towards fast-growing native species that yield high-value timber. Community and family-based agroforestry farms, and related biodiversity-friendly enterprises will be established. Through these, traditional crop varieties will be cultivated and products using indigenous materials will be developed, such as eco-friendly personal protective equipment (PPEs). To ensure sustainability and international competitiveness of the country’s forest-based products, registry and forest certification systems will be institutionalized.
• **Pursue sustainable and resilient fish- and marine-based industries for blue economy development.** Sustainable fish- and marine-based industries\(^4\) will be developed and promoted using innovative technologies and practices and with proper sanitary and safety protocols. Climate-resilient post-harvest facilities will be provided to support value-adding activities in coastal communities. Existing community fish landing centers will be operationalized by the BFAR to cater to the needs of coastal communities for cold storage and other related support services. The overall economic contribution of the blue economy will be accounted through the ocean economy satellite accounts of the Philippine Statistics Authority.

• **Develop and promote ecotourism and cultural sites within ecological limits, and sanitary and safety standards.** The following will be pursued: (a) replicate and scale up carrying capacity studies to support the implementation of ecotourism activities and development of new ecotourism sites; (b) develop ecotourism facilities and environment-friendly infrastructure, including ecotourism-related products and services to support livelihood of communities following proper safety and sanitation protocols; (c) conduct risk assessment necessary for developing health and safety plans and guidelines; and (d) finalize the methodology to account for employment generated from ecotourism.

• **Fast track adoption and implementation of (a) green jobs assessment and certification criteria/guidelines, (b) green jobs human resource development plan, and (c) tools to monitor and account green jobs.**

**D. Crosscutting strategies**

1. **Review, codify, and streamline existing ENR policies, rules, and regulations to improve compliance, address conflicting provisions, and promote transparency and accountability.** A comprehensive assessment and review of existing ENR laws and policies, including governance arrangements, will be undertaken. This is deemed necessary to address the overlaps and conflict in existing policies toward improving compliance, transparency, and accountability across all levels of governance. An institutional review and assessment of the agencies' existing mandates vis-a-vis the human resources, as well as technical and financial capacity required, will be conducted. Findings from this assessment will help identify concrete recommendations to improve environmental governance and better address challenges in the sector.

2. **Upscale natural capital accounting (NCA) including valuation of ecosystem services in national and local planning and programming.** Natural capital accounting provides important data and information on the stock and status of the country’s ecosystems and resources. The NCA as a tool (a) allows for more systematic collection, monitoring, and reporting of data from both the national and local governments, including academic and research institutions; (b) facilitates informed decision-making of political leaders and local communities on conservation areas; (c) assesses trade-offs and provides better alternatives; (d) enables income and employment generation in the rural areas and creates wealth for the nation; and (e) provides incentives for the management of ENR (e.g., payments for ecosystem services).

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\(^4\) These industries include (a) sustainable fisheries and aquaculture; (b) ocean energy, offshore, and gas exploration; (c) shipping/marine transportation and ship building; (d) coastal tourism; and (e) marine biotechnology, among others.
3. **Streamline green and climate finance in the financial sector through the formulation of a sustainable finance framework and roadmap** that will support and accelerate the development of a **green and sustainable economy**. This includes the issuance of guidelines on green/climate finance flows, including green finance taxonomy, and protocol/processes for implementation, regulation, transparency, and institutional arrangements. Building capacities of regulators and market participants in the financial sector on internalizing environmental and climate and disaster risks in the current government and private systems will also be prioritized.

4. **Accelerate implementation of sustainable consumption and production.** In the remaining Plan period, the Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP) will be rolled out to guide the government and stakeholders’ programmatic actions in the short term (2020-2022), medium term (2022-2030), and long term (2030-2040). The goal is to influence behavioral change at the national, community, and individual levels, especially in consuming and producing more green goods and services, and practicing more sustainable and climate-smart lifestyles. The PAP4SCP<sup>5</sup> calls for a) the valuation of economic, social, and environmental costs and benefits of production and consumption processes by accounting the stock of natural resources and flow of ecosystem services, and (b) a set of interventions, schemes, and innovative technologies, as well as enhanced environmental education, to ensure efficient use and equitable allocation of natural resources.

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<sup>5</sup> Actions are categorized into the following: (a) policy and regulation; (b) research and development, innovation, and technology; (c) infrastructure; and (d) promotion and education.
### Legislative Agenda

**Table 20.2 Legislative Agenda to Ensure Ecological Integrity, Clean and Healthy Environment**

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td>National Land Use Bill</td>
<td>It aims to provide an institutional mechanism for integrating existing sector-specific land use laws and institutionalize land use planning as basis for the rationalization, management, and development of the country’s land resources.</td>
</tr>
<tr>
<td>Philippine Genetic Resources Access and Benefit-Sharing (PGRABS) Bill</td>
<td>It aims to provide and institutionalize a policy framework on access and benefit-sharing from the utilization of genetic resources aligned with the country’s commitments to the Nagoya Protocol.</td>
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<tr>
<td>Integrated Coastal Management (ICM) Bill</td>
<td>It aims to adopt ICM as a national strategy to ensure the sustainable development of the coastal and marine environment and establish supporting mechanisms for its implementation.</td>
</tr>
<tr>
<td>Amendment of the Wildlife Act</td>
<td>It aims to strengthen the protection of the country’s wildlife resources by: (a) increasing the fees and penalties for violators and (b) define and implement sanitary and phytosanitary measures to address possible entry of zoonotic infectious disease into the country (e.g., standards and protocols for crops, livestock, fisheries, and wildlife).</td>
</tr>
<tr>
<td>Forest Limit Bill</td>
<td>It intends to delineate the specific limits of forestlands for the conservation, protection, and development of the country’s forest resources.</td>
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<tr>
<td>Sustainable Forest Management Bill</td>
<td>It will institutionalize the development of sustainable forest management strategy based on the allocation of forestland uses (i.e. production and protection zones), enhancement of private sector participation, and forest certification, monitoring, assessment, and reporting system.</td>
</tr>
<tr>
<td>Maritime Zones Bill</td>
<td>It intends to define the limits of the different maritime zones over which the country can exercise sovereignty (i.e. Territorial Sea) and sovereign rights (i.e. exclusive economic zone). This will support the implementation of measures to sustainably manage fisheries and other resources in these maritime zones.</td>
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<tr>
<td>Philippine Archipelagic Sea Lanes Bill</td>
<td>It intends to define the limits of Archipelagic Sea Lanes. Foreign ships will have to confine their navigation within the sea-lanes to ensure that vessels will not pass through MPAs and marine habitats are protected from shipping-related activities.</td>
</tr>
<tr>
<td>Proper Management of Electronic Wastes (E-Wastes) Bill</td>
<td>It aims to institutionalize mechanisms and guidelines/standards for proper collection, handling/storage, and disposal of electronic wastes.</td>
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<tr>
<td>Department of Disaster Resilience Bill</td>
<td>It aims to provide a clear operational framework to address the fragmented institutional functions and actions among concerned agencies on climate change and disasters by establishing a Department that will serve as the primary agency responsible for leading the coordination, implementation, monitoring, and reporting on climate change and disaster risk reduction and management.</td>
</tr>
<tr>
<td>Philippine Environmental Assessment System to cover Strategic Environmental Assessment (SEA) Bill</td>
<td>It aims to ensure that possible environmental consequences of policies, plans and programs are fully accounted for at the earliest stage of decision-making consistent with economic and social considerations. This will also strengthen the use of the Environmental Impact Statement System as a planning and monitoring tool.</td>
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<tr>
<td>LEGISLATIVE AGENDA</td>
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<tr>
<td><strong>Amendment of the Ecological Solid Waste Management Act, Clean Water Act, Clean Air Act, and Toxic Substances, Hazardous and Nuclear Wastes Control Act</strong></td>
<td>This is to provide higher penalties and stringent measures for environmental protection. It also intends to bridge the policy gap between municipal waste management and health care waste management by streamlining protocols on the management of hazardous wastes, particularly infectious wastes, at the community and household levels. These bills will also contain better enforcement against mixed waste collection and biodegradables in landfills and incentives for home composting as well as LGU support for at-source segregation and composting.</td>
</tr>
<tr>
<td><strong>Green Public Procurement Bill</strong></td>
<td>It aims to strengthen green public procurement by enhancing compliance of procuring entities in integrating green criteria in the procurement guidelines, including bidding documents and technical specifications, and in setting clear LGU involvement based on market readiness.</td>
</tr>
<tr>
<td><strong>Extended Producer Responsibility (EPR) Bill</strong></td>
<td>It aims to enhance product stewardship among producers/manufacturers nationwide, who will be made responsible for the disposal and treatment of post-consumer products and help minimize pollution, especially from packaging materials of the food and beverage sector at source.</td>
</tr>
<tr>
<td><strong>Safe Pathways Bill</strong></td>
<td>This intends to provide safe and convenient pathways for pedestrians and non-motorized vehicles (e.g., walkways and bike lanes) and integrate these in the infrastructure development agenda. The Bill intends to create a network of pop-up bicycle lanes to connect users to essential destinations (e.g., medical facilities), designate a network of people-oriented emergency pathways, and mandate the provision of adequate parking spaces for bicycles and other non-motorized vehicles, as far as practicable, among others.</td>
</tr>
<tr>
<td><strong>Maritime Safety, Security and Prevention of Ship-Sourced Pollution Bill</strong></td>
<td>This intends to provide a Maritime Code that will implement and enforce international maritime instruments, of which the country is a state-party. These include the International Convention for the Prevention of Pollution from Ships, and its Protocols.</td>
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Chapter 21

Protecting the rights, promoting the welfare, and expanding opportunities for Overseas Filipinos

International migration has been a significant aspect in the economic and social dynamics of the Philippines over the last four decades. In recent years, about two million Filipinos leave every year to temporarily work overseas, mainly in the Middle East and Asia. Another 80-90 thousand choose to permanently transfer to another country, mainly to the USA and Canada. Filipinos overseas send annual remittances equivalent to about 10 percent of Philippine GDP\(^1\).

With the outbreak of the coronavirus disease 2019 (COVID-19), governments across the world have imposed lockdowns, disrupting economic activities and employment, including that of migrants. The pursuit of a healthy and resilient Philippines should consider the particular challenges faced by Overseas Filipinos (OF) in order to protect their rights, promote their welfare, and sustain their contribution to the country’s development. The government will continuously support and assist repatriated and displaced OFs and seek to address the increased vulnerability of those who remain abroad. For those who have decided to return to the Philippines permanently, their successful socioeconomic reintegration will be prioritized. Financial inclusion initiatives for OFs and their families will also be strengthened.

**Figure 21.1 Overseas Filipino Worker (OFW) Deployment, Land-based, 2011-2019**

Source: Philippine Overseas Employment Administration (POEA)

**Figure 21.2 OFW Deployment by Destination Country, 2019**

Source: POEA
Assessment and Challenges

Assessment: The first half of the Plan period has seen significant developments in international migration and development. An internationally-agreed framework for comprehensive international cooperation on migration was established; access to government services was made easier for Overseas Filipino Workers (OFW) through the additional One Stop Service Centers for OFWs and OFW Helpdesks; onsite training and competency assessments were conducted; measures to enhance the security and safety of OFs were introduced; government initiatives enabling safe, efficient, and reliable fund transfers have contributed to the decline in remittance cost; and financial inclusion initiatives have channeled more remittances into savings and investment.

The Universal Healthcare Act, Social Welfare Attaché Act, Handbook for OFWs Act, and the Social Security Act of 2018 were enacted to enhance the social protection afforded to OFs. The first National Migration Survey was also conducted in 2018 to address the need for baseline data on the international mobility of Filipinos.

However, the pandemic has displaced migrant workers, including OFWs. As of early August, the Department of Labor and Employment (DOLE) has received close to 600,000 applications for cash assistance from onsite and repatriated OFWs. Almost 230,000 returning overseas Filipinos (ROFs) have arrived, of which over 120,000 had been repatriated by the DFA. In addition, there are almost 9,800 confirmed COVID-19 cases (and more than 700 deaths) among OFWs based on DFA data. Among the ROFs, 4,904 were confirmed COVID-19 cases, among whom 5 have passed away.

Challenges: With the pandemic and the subsequent global recession, the unprecedented volume of OFs intending to return and those who have already returned will put pressure on the capacities of OF-serving agencies in providing assistance and reintegration programs. Returning OFWs will face a weak labor market in the country amidst social distancing measures and an economic slowdown. Meanwhile, those who will choose to continue to stay abroad face increased vulnerabilities as the pandemic transforms economies, resulting in shifts in labor demand, aggravated by inadequate social protection. Demand for workers in the healthcare sector and manufacturing of essential goods is expected to remain strong, while it may decline in other sectors such as tourism and retail. Furthermore, the impact of lower remittances will be felt by many Filipino households.
Targets

Table 21.1 Updated Plan Targets to Protect the Rights, Promote the Welfare, and Expand Opportunities for Overseas Filipinos to Contribute to the Country’s Development

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>EOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent share of documented to total OFs increased (%)&lt;sup&gt;*&lt;/sup&gt;</td>
<td>92.3 (2019)</td>
<td>Increasing&lt;sup&gt;h&lt;/sup&gt;</td>
<td>Increasing&lt;sup&gt;h&lt;/sup&gt;</td>
<td>Increasing&lt;sup&gt;h&lt;/sup&gt;</td>
<td>Increasing&lt;sup&gt;h&lt;/sup&gt;</td>
</tr>
<tr>
<td>Philippine ranking on the US index on Trafficking in Persons maintained*</td>
<td>Tier 1 (2019)</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
</tr>
<tr>
<td>Percent share of active to total members of OWWA increased (%)**</td>
<td>28.9 (2016)</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
</tr>
<tr>
<td>Voter turnout increased (%)&lt;sup&gt;*&lt;/sup&gt;</td>
<td>31.3 (2016)</td>
<td>N/A</td>
<td>N/A</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>International remittance costs as a proportion of the amount remitted reduced (%)</td>
<td>4.7 (2016)</td>
<td>&lt;4.0</td>
<td>&lt;3.5</td>
<td>&lt;3.0</td>
<td>&lt;3.0</td>
</tr>
<tr>
<td>Percent of returnees successfully provided re-employment or livelihood**</td>
<td>tbc (2019)</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
<td>tbc</td>
</tr>
</tbody>
</table>

Notes: * new indicator; ** revised indicator; h – increasing from previous year; tbc – to be confirmed

Strategic Framework

During the formulation of the Philippine Development Plan (PDP) 2017-2022, international migration and development (IMD) issues were mainstreamed in 9 out of the 15 main chapters. These are the chapters dealing with governance, justice, culture, industry and services, human capital development, reducing vulnerabilities, science & technology, financial inclusion, and security & safety. This reflects the crosscutting nature of migration and the need for a whole-of-government approach.

For this Updated PDP, this chapter has been added to ensure greater coherence and comprehensiveness in discussing issues, relevant indicators, and strategies in relation to migration and development, towards a healthy and resilient Philippines. In line with this, new indicators to better monitor the government’s progress on improving migration governance and harnessing the full benefits of migration towards sustainable development have been identified.
The framework used in 2017 focused on protecting the rights and improving the well-being of OFs, whether here or abroad; strengthening their engagement in governance; and facilitating their participation in the country’s development and reintegration. For this update, the framework has been enhanced in line with the new normal and the commitments under the Global Compact for Safe, Orderly, and Regular Migration (GCM). Thus, the enhanced framework seeks to cover all dimensions of migration, as well as both OFs and foreign nationals in the Philippines.

**Strategies**

In line with the enhanced framework on migration, the following strategies have been expanded to ensure that the Chapter’s objectives will be pursued accordingly.
Protecting OFs’ rights and improving their well-being

*Enhance government support for repatriated and displaced OFWs.* With the unprecedented volume of repatriates and displaced migrant workers, the government must ensure that all affected OFs, especially OFWs, are provided adequate assistance to overcome the crisis. The absorptive capacity of OF-serving agencies will be improved by streamlining agencies’ operations and enhancing their workforce utilization to cater to OFs’ needs better.

Moreover, the government will explore hiring repatriated OFs as healthcare workers, contact tracers, personnel for the Build, Build, Build projects, the National ID System (PhilSys), and Community-Based Monitoring System (CBMS), among others. Along with these initiatives, the government will intensify the skills retooling and upgrading programs for displaced and repatriated OFWs (especially for telecommuting and e-commerce-friendly jobs) to keep them competitive whether in the domestic or international labor markets.

Concurrently, the government will facilitate the movement of OFWs, especially essential workers needed by the global economy, without compromising the needs of the local economy. The government will also explore options to support the recovery of the recruitment industry.

*Enhance health insurance and social security for OFWs.* Given the unprecedented volume of migrants needing assistance due to the pandemic, the operating funds of migrant-serving agencies will be augmented to facilitate welfare and health-related (including mental health) programs and emergency response at posts.

Information campaigns on the importance and benefits of health insurance and social security for OFWs and their families will be intensified. Among others, such information shall be incorporated into orientation seminars across all stages of migration. With the urgent need for convenient and contactless transactions, e-payment services for PhilHealth and Social Security System (SSS) will be continuously enhanced and expanded. Payment schemes for PhilHealth premiums for departing OFWs will be enhanced to enable more flexible payment terms.

*Strengthen bilateral and regional ties.* Negotiation of bilateral labor agreements (BLAs) with migrant-receiving countries will be intensified, especially with those practicing the Kafala system. BLAs with stringent welfare and protection provisions, social security agreements, and emergency response protocols will be pursued, while the inclusion of health insurance in BLAs and in the standard employment contract will be explored. BLAs will give particular attention to vulnerable groups, such as household service workers (*See Chapter 10*). Programmed bilateral labor agreements for review in 2020 include those with Morocco, Russia, Thailand, Seychelles, Micronesia, Suriname, Romania, Saudi Arabia, Trinidad and Tobago, Portugal, Canada, Taiwan, Solomon Islands, and Switzerland, as well as Memoranda of Agreement / Understanding on labor cooperation with Seychelles, Micronesia, and Turkey. The joint conduct of post-arrival orientation seminar (PAOS) will be explored in bilateral labor negotiations. Further, the government will continue its negotiations to create pathways to regularization for qualified but undocumented OFs.
The Social Security Act of 2018 (RA 11199) also mandates the negotiation of BLAs with host countries which do not cover OFWs under their social security schemes, particularly for pension entitlement. In line with RA 11199, the requirement for foreign employers of land-based OFWs to pay SSS contributions, similar to foreign principals of sea-based OFWs, and portability of social security entitlements and earned benefits will be included in the bilateral labor agreements and their implementing administrative arrangements.

**Facilitate effective service delivery to OFs.** Deploying mobile government representative offices overseas will improve the provision of basic services to OFs. To help empower the OFs onsite, scholarships, training assistance, and competency assessments shall be provided. The Technical Education and Skills Development Authority’s (TESDA) Onsite Assessment program and the Professional Regulation Commission’s (PRC) Special Professional Licensure Examinations will be expanded. Moreover, government transactions that cater to OFs will be simplified. This includes the full roll out of online transactions at the Philippine Overseas Employment Administration (POEA). Further, the government will provide online platforms for psychosocial intervention and psychological first aid to bring together trained professionals to address the psychological needs of OFs. As an organized and well-defined database on international migration would help facilitate effective service delivery, expediting the operationalization of the international migration statistics framework is necessary. To ensure comparability, the data collection, processing, and methodologies of migrant-serving agencies will be aligned with the framework. This will also contribute to the operationalization of the Shared Government Information System on Migration. An integrated inter-agency referral and case tracking system will also be introduced (see Chapter 5).

**Provide sufficient assistance-to-nationals (ATN) services.** Additional plantilla positions and Foreign Service Posts especially in high-risk countries and in countries with high levels of undocumented OFs will be prioritized. In addition, agencies’ capacity to provide assistance to undocumented Filipino migrants who wish to be repatriated will be strengthened. Proper documentation before the deployment of OFWs will strengthen protection and lessen the risk of OFWs becoming undocumented (see Chapter 18).

Further, there is a need to enhance the capability of migrant-serving agencies and consular officers on crisis preparedness and contingency planning. All Philippine Foreign Service Posts will be enjoined to regularly update their respective contingency plans. The One Country Team Approach, where overseas representatives of various government agencies act together under the leadership of the Head of Post, will be strictly observed. The Overseas Preparedness Response Team (OPRT) will ensure that coordination with relevant agencies is sustained and rapid response and relief measures are implemented efficiently (see Chapter 18).

**Enhance education of OFs on IMD.** The pre-employment, pre-departure, and post-arrival orientation seminars will be improved in terms of conduct and content. Enriching the orientation seminar modules to include cultural diversity, benefits and costs of migration, economic and financial literacy, and overseas voting and reintegration would better prepare OFs throughout the migration cycle. Pre-migration orientation seminars that include not only the prospective migrants but also the families left behind will also be implemented. Content will be standardized across agencies conducting the orientation seminars. Further, local governments will be integrated as service providers in the conduct of pre-migration education training.

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2 This includes e-Registration of OFWs and Seafarers; Balik Manggagawa (BM) Online; POEA Online Processing System; and further developing Online Direct Hire; Online Continuing Agency Education Program (CAEP); and Online Licensing and Legal Assistance.
Exploring other modes of dissemination will also help enhance information delivery. The online presence of existing programs such as the BaLinkBayan may be expanded to reach a larger audience (see Chapters 5 and 15). The conduct of mobile Pre-departure Orientation Seminars (PDOS) in more areas as well as the expansion of the Community Education Program and Peer Counseling Program of the Commission on Filipinos Overseas (CFO) would help prospective emigrants make informed decisions on working or settling abroad. The Handbook for OFWs (RA 11227) will be completed and regularly distributed to serve as an important reference for migrants. Further, embassies will continue to strengthen regular engagement of Filipinos abroad by institutionalizing cultural initiatives (see Chapter 7).

**Strengthen measures to protect OFs against human trafficking and exploitation.** Trafficking and illegal recruitment schemes will be abated with effective use of technology-enabled platforms for information dissemination. There is also a need to capacitate more LGUs to invest in anti-trafficking interventions. This includes seminars for duty bearers and stakeholders at the grassroots level on how, when, and where to report violations and other related laws. The Inter-Agency Council Against Trafficking’s referral and feedback system among duty bearers and stakeholders will be improved. Service directories will be regularly updated and effective referral pathways for essential services (including healthcare, policing and justice services, psychosocial support, reporting and complaints mechanisms, and other necessary support) will be made available and accessible to all OFs. Moreover, coordination among local and international law enforcement agencies will be strengthened. The government will continue to explore ways to cooperate with other countries on combatting trafficking in persons (see Chapter 18).

**Improve mechanisms to monitor the socioeconomic and political conditions of OFs.** Existing mechanisms to monitor the conditions of OFs, such as ATN Mappings and connections with Filipino communities will be complemented by mechanisms to facilitate regular gatherings to enable embassies to check the status of OFs, particularly OFWs, on a regular basis (see Chapters 5 and 18). The OPRT will also conduct threat and environmental scanning regularly.

**Reduce pre-departure costs.** Technology-enabled platforms such as online payment systems will be enhanced to address the issue of requiring payments in bulk. The burden of paying for placement and training fees will be removed from the OFW in observance of the “employer pays principle” in the recruitment process. To ensure that OFWs are not charged more than the regulations allow, recruitment agencies will be strictly monitored.

**Facilitating OFs’ participation in the country’s development and reintegration in Philippine society**

**Strengthen financial inclusion initiatives for OFs and their families.** Faster, safer, and cheaper transfer of remittances will be promoted by advocating the use of technology-based banking such as internet banking and mobile payment applications. To complement the reduction in costs, access to information on financial services must be enhanced through a multi-agency effort to create a centralized portal related to various financial transactions. In addition, economic and financial literacy programs catering specifically to OFs and their families will continue to be expanded while highlighting financial planning and management. This will include the Pinansyal na Talino at Kaalaman (PiTaKa) Program of the Bangko Sentral ng Pilipinas (BSP) and Overseas Workers Welfare Administration (OWWA), information on existing government-managed schemes, such as the SSS provident fund program, and the recently-launched
digital services of the Overseas Filipino Bank among others. Furthermore, access to financial products and services will be supported by the full operationalization of the PhilSys which will address issues on lack of identity documents for opening bank accounts and verifying financial transactions.

**Ensure successful socioeconomic reintegration of OFs and their families.** The government will facilitate the smooth reintegration of Filipino migrants into Philippine society. The Comprehensive OFW Reintegration Program will be implemented fully and continuously to realize its objectives: (a) incorporation of a gender-responsive reintegration preparedness program in all phases of migration, involving both OFWs and their families left behind; (b) initiation of reintegration pathways for different OFW segments, particularly domestic workers, less-skilled workers, sea-based workers, and professionals; and (c) convergence of initiatives and harmonization of reintegration programs and services of all government agencies and organizations to ensure a comprehensive approach to reintegration.

The budget for the loan guarantee fund of the Overseas Workers Welfare Administration (OWWA) for the Enterprise Development and Loan Program (EDLP), which is administered by the agency in partnership with the Land Bank of the Philippines and the Development Bank of the Philippines, will be increased. All financial and livelihood assistance initiatives, including grants and loans, will be promoted to reach a greater number of returning Filipinos. For those seeking local employment, the government will strengthen employment facilitation services through proactive job matching, competency assessment, and certification. The convergence of DOLE’s enhanced National Skills Registration Program and the National Reintegration Center for OFWs’ OFW Skills Registry will facilitate matching of employers and employees based on the former’s needs and the latter’s background and skills.

**Tap the knowledge and other resources of OFs.** Mechanisms through which overseas-based experts are able to share their knowledge and specializations with the academe, industry, and government will be strengthened. Likewise, institutional linkages will be fostered through Filipino professionals and experts abroad to induce more collaborations in research and development and capacity-building activities. The potential of OF remittances will be effectively harnessed and channeled into productive investments, through localization of the BaLinkBayan Portal and replication of the Overseas Filipino Remittances for Development (OFReD) project.

**Strengthening engagement of OFs, families, and other stakeholders in governance**

**Mainstream migration into local development planning.** The government will facilitate the inclusion of programs/projects for repatriated OFWs in the Rehabilitation and Recovery Plans of local government units (LGUs). Committees, subcommittees, or councils on IMD will be created in key regions to provide a proper venue to discuss migration issues at the local level. It is necessary to include migrant representatives in these committees to ensure that migrants’ concerns are addressed and to harness their full potential in contributing to local development.

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3 The OF-RED project was launched by the United Nations Development Programme and the Western Union Foundation and implemented by the CFO.
Increase overseas voter turnout. More strategic locations of overseas registration centers abroad will be explored. Massive information campaigns, especially through social media, to encourage OFs to register and vote will be also pursued.

Protecting the rights and improving the well-being of foreign nationals in the country

Establish clear policy direction as a migrant-receiving country. The swift passage of amendments to the Philippine Immigration Act to enhance the control and regulation of the entry of foreign citizens into the Philippines is a crucial step towards improving immigration policy and management. While work permit issuance by different agencies was harmonized through Joint Memorandum Circular No. 001, s. 2019, the government will look into the eventual transition to a single provider of all work permits for foreign nationals. Moreover, in accordance with the GCM, the security and safety of foreign nationals in the Philippines will be ensured by providing them with basic services, protecting them against discrimination, and upholding due process of law in cases of litigation. Foremost, the government will uphold international treaties on the rights of migrants and guarantee that foreign nationals in the Philippines are not denied basic services on the basis of their status as migrants. The legal framework for the protection of asylum seekers, refugees, and stateless persons, including children, will be developed, including institutionalization of their access to social services.

Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

Table 21.2 Legislative Agenda to Protect the Rights, Promote the Welfare, and Expand Opportunities for Overseas Filipinos to Contribute to the Country’s Development

<table>
<thead>
<tr>
<th>LEGISLATIVE AGENDA</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsector Outcome 1: OFs’ rights protected and well-being improved</td>
<td>This provides the legislative framework on the implementation of the standards set by international conventions and agreements such as the Maritime Labor Convention 2006 on the working and living conditions and occupational safety and health, among others, for seafarers.</td>
</tr>
<tr>
<td>Magna Carta of Filipino Seafarers</td>
<td></td>
</tr>
<tr>
<td>Subsector Outcome 4: Rights protected and well-being improved for foreign nationals in the country</td>
<td>The amendments aim to strengthen legal and institutional framework; border control at ports of entry; and regulation and registration of foreign nationals within the country.</td>
</tr>
<tr>
<td>Amendments to the Philippine Immigration Act of 1940</td>
<td></td>
</tr>
<tr>
<td>Amendment to Articles 40, 41, And 42 of Presidential Decree No. 442 or the Labor Code of the Philippines</td>
<td>This will enhance the country’s labor market test, taking into account best practices in other countries.</td>
</tr>
</tbody>
</table>
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