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Implementing
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The Philippine Development Plan (PDP) 2017-2022 promises to lay down the foundation for inclusive growth, a high-trust and resilient society, and a globally-competitive knowledge economy. The foundation should be solid enough to propel the country on a faster economic growth path while ensuring that no one is forsaken and all Filipinos are empowered to attain their *AmBisyon*.

The strategies set out in the PDP are founded on a comprehensive agenda for change, consistent with President Rodrigo R. Duterte's 0-10-Point Socioeconomic Agenda, and geared towards the country's long-term vision. The strategies address the binding constraints that severely limit the effectiveness of programs and projects to achieve the desired outcomes.

For many sectors, groundwork for change was initiated in 2017. Some even reached successful conclusion, either through legislation or executive action. The former was made possible with the reactivation of the Legislative-Executive Development Advisory Council (LEDAC). Year 2018 is then expected to be a transition period as the changes are implemented in full by 2019. For the latter, however, the spadework for change still needs to be continued all through 2018, thereby pushing back the transition year to 2019.

Following is an overview of the major groundwork laid down in 2017 along with the recommended priority strategies for 2018 and 2019. The list is not exhaustive; a more detailed enumeration is discussed in the subsequent chapters of this Report.

Malasakit: Enhancing the Social Fabric

A robust foundation for building a high-trust society is a trustworthy government. Mutual trust among people groups, as well as between individuals, can begin with a proper understanding of the different culture and values systems.

Ensuring people-centered, clean, and efficient governance

The major game-changers to effect efficient governance are the launch of the Electronic Business Permit and Licensing System, the rollout of Project Repeal, and the creation of the Participatory Governance Cluster in the Cabinet. The early part of 2018 also saw the passage of the Expanded Anti-Red Tape Act (ARTA) of 2017 Bill.

For 2018, government agencies need to be trained on the conduct of Regulatory Impact Analysis. Quality management systems may need to be developed for processes involving frontline services of government. The necessary hardware and software also need to be procured in time for full implementation in 2019.

Another measure that is expected to be launched in 2018 is the national identification (ID) system. This is intended to provide every Filipino and resident a legal proof of identity to facilitate transactions, especially with government, and to improve access to public services.

The year 2018 is expected to be devoted to the design of the system and procurement of the necessary hardware and software; additional personnel also need to be hired and trained. There will also be a need to construct a well-designed facility to house the huge data and hardware complement, with due regard for data integrity, process efficiency, and business continuity. The designs can be done beginning 2019.

Addressing the needs of overseas Filipinos (OFs) and overseas Filipino workers (OFWs) can be greatly facilitated with the rollout of the national ID, together with the interface systems.

Enrollment in the system can begin in the latter part of the year and to proceed on a more massive scale, including OFs and OFWs, in 2019. Line agencies, particularly those that implement direct transfer programs, will need to reconfigure their systems and protocols to include the national ID.

Pursuing swift and fair administration of justice

Manuals of operations have been harmonized across the different actors in the justice sector. Other developments are the Single Carpeta System which will interconnect and integrate all Corrections Cluster agencies of the National Justice Information System, and the passage of the amendment to the Revised Penal Code. Nevertheless, a number of critical reforms are still needed.

More case decongestion officers have been deployed but there is still a need to create new courts with judges and complete staff complement. New positions for public attorneys also need to be created. Similarly, additional correctional facilities need to be constructed.

Promoting Philippine culture and values

A corpus of Filipino values that will serve as the cornerstone for the values formation program of government and culture stakeholders will be finalized in 2018. Developing the education and training modules will then proceed in 2019.

Several draft bills to create the Department of Culture have already been filed in Congress. If approved in 2018, the new Department will begin to be established in 2019.

Pagbabago: Inequality-reducing Transformation

Fundamental to attaining *AmBisyon Natin 2040* is for every Filipino to be given adequate opportunities to attain his or her *AmBisyon*. Investments need to increase in order to generate higher demand for jobs. As resources become more scarce, these investments should come with better technologies leading to higher productivity and even greater affordability.

Expanding economic opportunities in Agriculture, Forestry, and Fisheries

The agriculture, forestry, and fisheries (AFF) sector has demonstrated significantly better output performance in 2017, largely helped by good weather conditions. More sweeping reforms are required to attract more and better investments to the sector while making it possible to provide higher incomes to the producers and more affordable and better quality goods (mostly food) to the consumers.

Currently going through the legislative mill is the bill that replaces the quantitative restriction on rice trade with tariffs. This will remove the policy uncertainty in the rice market, paving the way for a more efficient trading environment. It will also reflect better rice market conditions on a broader scale, enabling a more optimum allocation of agricultural lands and labor across agricultural uses.

Intensive research and advocacy campaign need to be undertaken in 2018, not just to inform the farmers and other players about the benefits and costs of the new regime, but also on how to maximize its benefits.

In early 2017, the Department of Agriculture has updated and subsequently made available online, a color-coded agricultural map that can guide farmers on the crops that can be best grown in their farm, considering soil characteristics, topography, geoclimatic risks, etc. Utilization of this resource needs to be increased – to cover all extension workers, farmers' groups, and even unorganized farmers.

Expanding economic opportunities in Industry and Services through *Trabaho at Negosyo*

Meanwhile, as with AFF, the industry and services sectors need to expand and be more competitive. These objectives are mutually reinforcing and can be achieved by attracting innovative firms to invest in the country.

In 2017, President Duterte issued Memorandum Order No. 16 directing the National Economic and Development Authority (NEDA) and NEDA Board member agencies to “take immediate steps to lift or ease restrictions on foreign participation” in certain investment areas and initiatives. Some of the identified investment areas do not even require new legislation nor constitutional amendment to be opened up to foreigners; these have been considered in the latest draft of the 11th Regular Foreign Investment Negative List (RFINL), which promises to be the least negative of FINLs thus far issued.

Accelerating human capital development

While economic opportunities are being created and expanded, individuals, particularly the marginalized, need to be empowered to take advantage of these opportunities. Human capital development requires investments from the ante-natal period, all through pregnancy, birth, first 1,000 days, and so on.

On nutrition. In May 2017, the Philippine Plan of Action for Nutrition (PPAN) was launched. This is a comprehensive response of the government to the long-standing problems of malnutrition – wasting, stunting, micronutrient deficiency, overweightedness, and obesity. PPAN programs will be implemented by member agencies of the National Nutrition Council. It is important to ensure that these programs and projects are adequately budgeted for in 2018 and 2019.

On health. The Universal Health Care Bill is already in advance stages of the legislative process. Once approved, the law will improve access to health care and even reduce out-of-pocket expenses for health. This will need to be accompanied by investments in health care facilities, higher compensation for public health personnel, and adequate financing of the PhilHealth.

On education. The first cycle of the K to 12 Program will have been completed in 2018. It is important to undertake a rapid appraisal of the program and introduce improvements, as necessary.

The public higher education sector also needs to prepare for more incoming first year college students, due to the provision of free tuition in state universities and colleges and the influx of the first batch of senior high school graduates. To maintain—or even improve—education quality, investments in education inputs (classrooms, teachers, computers, laboratories, etc.) must at least match the projected higher demand.

On increasing employability. The K to 12 Curriculum is supposed to produce graduates who are work-ready. However, as the curriculum is still being perfected, there may be a need to increase work exposure, especially for the first set of senior high school graduates. To allow for this, the Government Internship Program may need to be reconfigured and expanded in coverage.

Another initiative that can increase employability is the enactment of the Philippine Qualifications Framework (PQF) Act. As this may increase the demand for qualifications testing, it may be necessary to establish more testing centers across the country.

In addition, government agencies, in cooperation with the Civil Service Commission, may need to revise the Qualification Standards pertaining to certain positions to allow graduates of senior high school and those who qualified under the PQF Act to work in government.

Reducing vulnerability of individuals and families

Some people groups remain vulnerable and are likely to suffer quite seriously when faced with unexpected calamities, whether of natural or human-made causes.

Among the most vulnerable are the children in poor families. Any calamity befalling the family will likely result in the child being withdrawn from school, the child's health not being cared for properly, among others, thereby limiting the child's ability to realize his or her potentials as well as the family's ability to attain their *AmBisyon*.

By far, the most comprehensive program to address this vulnerability is the *Pantawid Pamilyang Pilipino Program* (4Ps). This program needs to be sustained and even enhanced.

The recent passage of the Tax Reform for Acceleration and Inclusion (TRAIN) is expected to increase the price of certain commodities, albeit temporarily. This negative impact must be mitigated, especially in the case of the 4Ps beneficiaries. This is also the case for the beneficiaries of the Social Pension Program.

Other vulnerable groups like the disabled and indigenous peoples remain underserved, mainly because they have not been adequately identified. Registries will need to be developed in the appropriate agencies and corresponding interventions will have to be made.

Building safe and secure communities

A lot of work needs to be done to reform the housing sector. It has been negatively affected by leadership changes. Even the governance structure remains fragmented and ineffective in addressing the need to build safe and secure communities. This problem needs urgent attention, especially with the Build, Build, Build program that will undoubtedly result in displacement of families and communities.

Under deliberation in Congress are several bills that will introduce sweeping reforms in the sector. If passed in 2018, the transition, which may require reorganization of housing agencies, will need to be supported in 2019.

The Home Development Mutual Fund recently announced reductions in its lending rates. This can spur private investments in housing. Ideally, however, this should be preceded by the enactment of a National Land Use Policy and the formulation of urban plans consistent with the policy.

Meanwhile, the Marawi rehabilitation plan is expected to be implemented over a period of four (4) years beginning 2018.

Patuloy na Pag-unlad: Increasing Growth Potential

Sustaining a period of fast economic growth all the way to 2040 will require periodic expansion in capacity. This can be done through technological innovation, as more goods and services will need to be produced using less resources. At the same time, the demographic dividend will temper the increases in demand even as it allows for more meaningful investments in human capital and social infrastructure.

Reaching for the demographic dividend

The President has demonstrated tremendous support for this program. In 2017, the President issued Executive Order No. 12, s. 2017 on zero unmet need for family planning (FP) services, essentially mandating the full implementation of the Responsible Parenthood and Reproductive Health (RPRH) Law. The momentum further intensified with the lifting of the temporary restraining order on the use of certain FP commodities.

For 2018 and beyond, there should be adequate access to facilities and commodities to fully implement RPRH, particularly for sectors with unmet demand. This must be supplemented by information campaign, awareness-raising, and the comprehensive sexuality education program to address the sharply rising teenage pregnancies.

Vigorously advancing Science, Technology, and Innovation

The Harmonized National Research and Development Agenda (HNRDA) for 2017-2022 has been completed and is set to be implemented beginning 2018. Correspondingly, roadmaps to develop technologies pertaining to artificial intelligence (AI), data analytics, internet of things, and nanotechnologies will be formulated. Already in advance stage is the roadmap concerning AI and data science; to follow should be an aggressive call for proposals for research and development along these lines.

Attracting the best minds is key to the successful implementation of the HNRDA. The strategies include strengthening the *Balik Scientist* program and hiring of foreign experts, including Filipino-American scientists and engineers. This will also require a more attractive compensation package and collaborative arrangements for conducting research and mentoring of graduate students. In addition, it is important to reduce, if not eliminate, restrictions on hiring foreign experts, particularly concerning the priorities identified in the HNRDA.

Enabling and Supportive Economic Environment

Maintaining sound macroeconomic fundamentals is crucial to encouraging private initiatives. At the same time, there should be a level playing field to allow for healthy competition and innovation among firms and enterprises.

Ensuring sound macroeconomic policy

The years 2018 and 2019 will be a major turning point in fiscal programming and budget execution. Wide-ranging reforms will improve the linkage between concerned agencies in terms of planning-programming-budgeting-implementation processes.

- Program Expenditure Classification (PREXC) will replace programming by Major Final Outputs. The PREXC requires government agencies to classify recurring activities and projects according to programs designed to meet the mandate and objectives of the agency. This forces the agencies to think about the synergy of activities and the optimum use of resources.
- Cash-based budgeting will replace obligation-based budgeting. The budget should only reflect payment for goods and services to be actually delivered within the budget year. Previously, the tendency is to simply obligate the funds but implementation and actual completion of activities can go beyond the current year. Cash-based budgeting will ensure that projects and activities are implemented at the time for which they have been originally programmed.
- The one-year validity of the budget (with an extended payment period of three months) will be in full implementation in 2019. Approved projects that require more than a year for implementation will be provided with a multi-year obligation authority.

These will need to be accompanied by intensive capacity-building programs and investments in technology hardware and software. Agencies should be provided with well-staffed and well-equipped procurement units. Philippine Government Electronic Procurement System (PhilGEPS) Modernization will also be carried out.

The Budget Reform Bill (BRB) currently being deliberated upon in Congress will institutionalize these initiatives to ensure continuity. In addition, the BRB stipulates measures to strengthen horizontal and vertical linkages, including the use of Regional Development Councils as a mechanism.

Another major reform being pursued is the National Government Rightsizing Program. Once enacted into law, government agencies, together with DBM, will need to reconfigure their organizational structure taking note of technological improvements, increased number of constituencies, among others. There is also a need to allocate funds for separation and early retirement benefits of affected personnel.

The passage of the TRAIN Package 1A is the beginning of an overhaul of the country's tax system with a view to making it simple, fair, and equitable. The remaining packages of the TRAIN will undergo deliberation in Congress in 2018 and possibly, spill over into 2019. The TRAIN also commits to improving tax administration. For this, investments in hardware and software, including training of personnel, are called for. Some tax measures also require monitoring implements, like fuel marking, to ensure compliance.

The financial inclusion agenda is given a big boost with the issuance of circulars by the *Bangko Sentral ng Pilipinas* to encourage loan offerings to micro, small, and medium enterprises and opening of basic deposit accounts. Government financial institutions may need to set the example of complying with the circulars, hopefully demonstrating improved bottom lines to encourage the rest of the financial sector to follow. Another positive factor to be introduced in 2019 is the national ID and its interface systems, like e-KYC (know-your-customer). This can improve the ability of financial institutions to manage risks and pave the way for broader financial inclusion.

A Capital Market Development Plan has been formulated covering the period 2011-2016. This should be assessed extensively and the lessons integrated into the new blueprint.

Bilateral and regional trade agreements are currently being negotiated. These will provide a more favorable environment for our exporters and importers. Necessarily, the negotiations should be backed by studies and strategies to assess and ensure benefits from the trade agreement.

Leveling the playing field through a National Competition Policy

The Philippine Competition Commission has been conducting information campaign while increasing its capacity to carry out its mandate. Other initiatives have also been undertaken consistent with Memorandum Order 16, s. 2017 and the enhanced ARTA Law.

To be completed in 2018 is the Philippines' National Competition Policy (PNCP) to capture the policy direction, framework, and institutional arrangements. This will provide the structure and rationale for ongoing and future rules and regulations to consider the competition lens.

Once the PNCP is approved, there should be a massive information and awareness-raising campaign, particularly to inform the public about competition, the benefits of competition, and how to detect anti-competitive practices in both private and public sectors. Government officials also need to be trained on the use of the competition lens (i.e., determining whether and to what extent a proposed regulation impede or promote competition) before rules and regulations are issued.

Foundations for Sustainable Development

The above-mentioned strategies can only work if founded on a solid bedrock of peace, security, public order, and safety. This will be further supported by the accelerated implementation of strategic infrastructure. In all these, there will be conscious effort to ensure ecological integrity.

Attaining just and lasting peace

The draft Bangsamoro Basic Law has already been filed in Congress, hopefully to be enacted into a law in 2018. The law, however, still needs to be approved in a plebiscite. This will require broad-based information and advocacy campaigns prior to the holding of the plebiscite.

The law also mandates the creation of a Bangsamoro Transition Authority to ensure functionality of the governance structures and implementation of the peace agreements.

Some areas previously affected by conflict may be ready to dialogue with government for lasting peace. This willingness can be reinforced with the implementation of confidence-building social and economic development projects.

Ensuring security, public order, and safety

Eliminating the drug menace remains a top priority. The Philippine Drug Enforcement Agency and other law enforcement agencies must be adequately staffed and properly equipped. At the same time, the National 911 Program will be expanded to the Greater Manila Area. Recognizing that some local government units already have an emergency number assistance system in place, the program will also include a component to ensure interoperability.

Funding for Assistance to Nationals has recently been increased and the guidelines enhanced. This needs to be complemented by adequate staffing of foreign service posts. To rationalize staffing decisions, there is a need to build the database on OFs and OFWs.

Accelerating infrastructure development

The President has approved the National Transport Policy that will govern the selection and design of projects that affect people and vehicle mobility. Guidelines on how this can be applied at different levels will need to be developed and communicated effectively.

For 2018, the Philippine Transport System Master Plan and the Philippine Water Supply and Sanitation Master Plan are expected to be completed. Priority projects identified in the plans will then be implemented the following year.

Meanwhile, 24¹ out of 75 infrastructure flagship projects (IFPs) amounting to ₱1.13 trillion have been approved by the NEDA Board/Investment Coordination Committee or are currently being implemented. These IFPs are expected to proceed to the next stages of project development.

As preparation, right-of-way acquisition issues need to be resolved immediately. This has, of course, been greatly facilitated by the recent policy to value the compensation at market rates. It is also important to open up new roads that will serve as alternative routes while the infrastructure is being built. Some of these may be local roads, or even those in private subdivisions.

¹ As of December 2017.

The Project Facilitation, Monitoring, and Innovation (PFMI) Task Force,² a facilitative mechanism for IFPs, was put up so that there will be improved coordination to resolve implementation bottlenecks. It is anticipated that regular updates on the progress of the IFPs shall be provided by the PFMI Task Force on a monthly basis.

Ensuring ecological integrity, clean and healthy environment

Programs to protect land and water ecosystems are currently being implemented: enhanced National Greening Program and the Coastal and Marine Ecosystem Management Program. These will need to be sustained and the coverage expanded. In addition, the Guidelines on Mainstreaming Climate Change Adaptation and Disaster Risk Reduction in the Comprehensive Development Plan and Local Development Investment Program has been drafted. This will be finalized in 2018 and be subsequently rolled out across all local government units.

The more radical groundwork to ensure ecological integrity, however, still needs to be defined or even enacted into law. These are the Framework for Sustainable Consumption and Production and the National Land Use Policy—both necessary inputs into our Nationally Determined Contributions to the Paris Agreement on Climate Change. Studies should be conducted to ensure that all evidence is considered; consultations need to be undertaken to obtain broad-based acceptability.

The year 2019

The PDP 2017-2022 intends to lay down the foundation for attaining the country's long-term vision while addressing short- and medium-term needs. However, the strategies outlined in the PDP can only be effective if implemented against a backdrop of important reforms.

A number of these reforms will have begun implementation in 2018 and the changes will be felt in full by 2019 or, perhaps, shortly thereafter. There will be changes in the market (new players, new production patterns), changes in the way citizens transact with government, changes in the way government delivers goods and services to the public, among other changes. There may be some handholding necessary for sectors that will be adversely affected during the transition. This must be done with utmost sensitivity, but with the objective of facilitating the transition that will fully eventuate in positive change.

² On June 27, 2017, the NEDA Board approved the establishment of the PFMI Task Force to facilitate the development, approval, and implementation of the IFPs. To this end, on September 1, 2017, NEDA, the Department of Finance, and the Department of Budget and Management issued the 2017 Joint Memorandum Circular No. 1: Implementation Guidelines for the Establishment of the PFMI Task Force.