

# Foreword

**T**HE Philippines entered 2020 with significant improvements in our economic and social indicators. The sustained average GDP growth of 6 percent over the past decade would have elevated us to upper middle-income country status this year before COVID-19 hit. Our revenue and debt-to-GDP ratio were at its best in decades. We have achieved the highest credit rating and our infrastructure budget has exceeded five percent of GDP.

All of these gains have translated to record-low unemployment, underemployment, and poverty rates. We were also able to lift six million people out of poverty in 2018, four years ahead of the 2022 target.

But much more can be achieved. The 8<sup>th</sup> Philippine Human Development Report's findings on the various factors that enable people to improve their income and living conditions, as well as those that hold them back, reinforce our decision to support the enactment and implementation of laws and reforms such as the Pantawid Pamilyang Pilipino Program (4Ps) Act, Enhanced Basic Education Act of 2013 (K to 12 Basic Education Program), Rice Tariffication Law (RTL), and the Universal Health Care (UHC) Law.

For instance, the RTL brought down the price of rice and improved food security among households. The implementation of the K-12 program is important in improving educational outcomes that will empower individuals to realize their potentials. On the other hand, the passage of the UHC law, which is funded by increased taxes on alcohol, tobacco, and e-cigarette products, among others, benefits vulnerable and indigent populations needing access to quality healthcare.

We also supported programs for greater financial inclusion and highlighted the importance of infrastructure development and the adoption of Philippine Identi-

fication System (PhilSys) or the national ID system. As of December 1, 2020, we have completed the first step of PhilSys registration among some seven million Filipinos from low-income households, where we can better target beneficiaries for our social protection programs.

While these successes are significant, translating these into tangible human development outcomes may take more time. After all, these are structural reforms that address longstanding and decades-old deficiencies that we are just starting to fix.

This year, the country faced multiple unexpected shocks that have posed new challenges for us. The health crisis caused by COVID-19, in particular, has pulled back our human capital gains. Fortunately, the economic, social, and institutional reforms that we have previously put in place and recently implemented cushioned the blow and allowed us to generate resources to fund our response to the pandemic.

The government initially responded with one of the biggest social protection programs. The Bayanihan to Heal as One Act was swiftly passed and helped families cope with the most severe impact of the crisis through the social amelioration program and support to health care. We have also provided small business wage subsidy and public guidance for safer and quicker recovery. These have prevented deeper and protracted deterioration of the economy, jobs, and human welfare. The Philippine Institute for Development Studies (PIDS) noted that through these interventions, we have prevented four million Filipinos from slipping back into poverty.

We also saw in the first three quarters of 2020 that the economy's performance responds to the level of quarantine. As we relax quarantine restrictions and gradually reopen the economy, we are already seeing signs of economic recovery. Recent figures show that

our economy is resilient and it can recover if we enable it to do so. It also motivates us to push for more reforms— some of which may be unpopular, complex, and difficult but are necessary and will benefit our people in the long run.

As we recover and plan for a more resilient future, we need to understand the pandemic’s impact on Filipinos’ socioeconomic conditions over time to determine whether and to what extent our responses have been effective and which strategies we should pursue or revise. To this end, the Philippine Development Plan (PDP) 2017-2022 has been updated to refocus on health and resilience.

We remain mindful to carefully balance and manage the risks by striving to restore livelihoods and increase incomes while safeguarding the health and well-being of Filipinos. We are now pursuing programs that are necessary for safely reopening the economy to help bring back jobs, restore consumer confidence, and allow people to recover their sources of income. Doing so will help us get back on track to our development objectives.

Our collective vision of a *matatag, maginhawa, at panatag na buhay para sa lahat* should remain steadfast and this pandemic has motivated us more to rise above these challenges. Together, we will emerge from this crisis as a stronger, more inclusive, and resilient nation. This publication and its subsequent editions can guide us in our development journey to ensure that our country will continue moving towards the achievement of *Ambisyon Natin 2040*.

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