Philippine Development Plan
2011-2016
About the cover

The cover depicts a red and blue film strip shaped into a ribbon, with photos showing the various sectors and stakeholders in development. The sunburst and yellow background depict the current administration’s “Daylight” strategy, focusing on good governance and anticorruption to achieve inclusive growth, create employment, and reduce poverty.

© 2011 by National Economic and Development Authority

All rights reserved. Any part of this book may be used and reproduced, provided proper acknowledgement is made.

This publication is printed on locally-sourced recycled paper using soy-based ink.

Philippine Development Plan 2011-2016

Published by:

National Economic and Development Authority
12 Escriva Drive, Ortigas Center, Pasig City
Tel: (+632) 631 0945 to 56
Email: info@neda.gov.ph
www.neda.gov.ph

ISSN: 2243-7576

Printed in the Philippines
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>viii</td>
</tr>
<tr>
<td>Preface</td>
<td>x</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>xii</td>
</tr>
<tr>
<td>List of Tables and Figures</td>
<td>xiii</td>
</tr>
<tr>
<td>Chapter 1. In Pursuit of Inclusive Growth</td>
<td>17</td>
</tr>
<tr>
<td>What is Inclusive Growth</td>
<td>18</td>
</tr>
<tr>
<td>What Makes Inclusive Growth Elusive</td>
<td>21</td>
</tr>
<tr>
<td>How Shall We Achieve Inclusive Growth</td>
<td>26</td>
</tr>
<tr>
<td>How Shall We Monitor Progress Towards Inclusive Growth</td>
<td>32</td>
</tr>
<tr>
<td>A Window of Opportunity</td>
<td>32</td>
</tr>
<tr>
<td>Chapter 2. Macroeconomic Policy</td>
<td>35</td>
</tr>
<tr>
<td>Output and Employment</td>
<td>36</td>
</tr>
<tr>
<td>Economic Performance 2004-2010</td>
<td>36</td>
</tr>
<tr>
<td>Employment and Poverty</td>
<td>40</td>
</tr>
<tr>
<td>Fiscal and Monetary Sectors</td>
<td>45</td>
</tr>
<tr>
<td>Assessment and Challenges</td>
<td>45</td>
</tr>
<tr>
<td>Fiscal Sector</td>
<td>45</td>
</tr>
<tr>
<td>Monetary and External Sectors</td>
<td>50</td>
</tr>
<tr>
<td>Strategic Framework</td>
<td>52</td>
</tr>
<tr>
<td>Fiscal Reforms</td>
<td>52</td>
</tr>
<tr>
<td>Monetary Policy and External Sector Reforms</td>
<td>58</td>
</tr>
<tr>
<td>Chapter 3. Competitive Industry and Services Sectors</td>
<td>61</td>
</tr>
<tr>
<td>Assessment and Challenges</td>
<td>63</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>63</td>
</tr>
</tbody>
</table>
Exports of Goods and Services 66
Investment 71
Micro, Small and Medium Enterprises (MSMEs) 74
Employment 75
Consumer Policy 78
Strategic Framework 79
Vision 80
Ten-point Agenda 80
Goal 1: Create a Better Business Environment 80
Goal 2: Action Agenda to Improve Productivity and Efficiency 84
Goal 3: Action Agenda to Enhance Consumer Welfare 99

Chapter 4. Competitive and Sustainable Agriculture and Fisheries Sector 101
Assessment 102
Sector Performance 102
Challenges 108
Strategic Framework 113
Vision 113
Goals and Strategies 113
Goal 1: Food Security Improved and Incomes Increased 113
Goal 2. Sector Resilience to Climate Change Risks Increased 116
Goal 3. Policy Environment and Governance Enhanced 118
Legislative Agenda 119

Chapter 5. Accelerating Infrastructure Development 121
Crosscutting Strategies 122
Transport 125
Assessment, Issues, and Challenges 125
Strategic Plan and Focus 130
The Philippine record of socioeconomic development has been slow and below par in comparison with our Asian counterparts. Despite episodes of positive growth, the benefits have yet to be felt by the majority of Filipinos. My administration’s program of government, thus, seeks to reverse this situation.

This program is grounded on transformational leadership and guided by my “Social Contract with the Filipino People” where I envision “a country with an organized and widely shared rapid expansion of our economy through a government dedicated to honing and mobilizing our people’s skills and energies as well as the responsible harnessing of our natural resources”.

Consistent with my commitment to transformational leadership, the Philippine Development Plan 2011-2016 adopts a framework of inclusive growth, which is high growth that is sustained, generates mass employment, and reduces poverty. With good governance and anticorruption as the overarching theme of each and every intervention, the Plan translates into specific goals, objectives, strategies, programs and projects all the things that we want to accomplish in the medium term.

Through this Plan, we intend to pursue rapid and sustainable economic growth and development, improve the quality of life of the Filipino, empower the poor and marginalized and enhance our social cohesion as a nation. Our strategic development policy framework thus focuses on improving transparency and accountability in governance, strengthening the macroeconomy, boosting the competitiveness of our industries, facilitating infrastructure development, strengthening the financial sector and capital mobilization, improving access to quality social services, enhancing peace and security for development, and ensuring ecological integrity.

The Philippine Development Plan will serve as our guide in formulating policies and implementing development programs for the next six years. It enables us to work systematically to give the Filipino people a better chance of finally finding their way out of poverty, inequality, and the poor state of human development.
This Plan is our plan. The government, the private sector, and the civil society have all participated in the planning process, either as part of the planning committees or as participants during the regional and national public consultations. These consultations enabled the various sectors of society to articulate their concerns and provide recommendations. All of these inputs were discussed and considered in formulating the appropriate strategies and policies. The regional consultations, in particular, have been very useful in identifying and refining the aspirations of the various regional stakeholders.

I, thus, urge everyone to support the implementation of the government’s programs and projects that are outlined in the Plan. I seek your cooperation to achieve the objectives of the Plan.

BENIGNO S. AQUINO III
President
Republic of the Philippines
The Philippine Development Plan 2011-2016 was formulated in accordance with the Constitutional provision of Section 9, Article VII, directing the Government’s economic and planning agency to “implement a continuing integrated and coordinated programs and policies for national development.”

Upon the assumption of President Benigno S. Aquino III of the country’s leadership, he embarked on his program of government that is based on his “Social Contract with the Filipino People” wherein he articulated a commitment to transformational leadership, institutional reform, economic stability and inclusive growth.

On September 2, 2010, the President issued Memorandum Circular No. 3 directing the National Economic and Development Authority (NEDA) to coordinate the formulation of the Philippine Development Plan for 2011-2016.

In the formulation of the Plan, NEDA coordinated with all the country’s development stakeholders in giving substance and directions to the document, based on the program of government of the Aquino administration. Exhaustive consultations were conducted throughout the country with the participation of various government agencies, the regional development councils, local government units, the business sector, nongovernment organizations, academe, and groups of well-known experts in economic and social development.

The Social Contract envisions “a country with an organized and shared rapid expansion of our economy through a government dedicated in honing and mobilizing our people’s skills and energies as well as the responsible harnessing of our natural resources.” With good governance and anti-corruption as an overarching theme, the Philippine Development Plan will effectively address poverty and create massive employment opportunities and achieve its vision of inclusive growth. It has emerged into a comprehensive set of strategies, policies and programs and activities within a framework of inclusive growth that will translate the administration’s development agenda for the next six years.

The Plan centers on five key strategies. First is to boost competitiveness in the productive sectors to generate massive employment. Second is to improve access to financing to address the evolving needs of a diverse public. Third is to invest massively in infrastructure. Fourth is to promote transparent and responsive governance, which is emphasized in all the chapters. And fifth, is to develop human resources through improved social services and protection.

These strategies will be supported by complementary action programs that focuses on achieving a stable macroeconomic environment, ensuring ecological integrity, and advancing the peace process and guaranteeing national security.

To achieve growth that is inclusive and sustained, we want to ensure that the production sectors are able to provide the needed employment and livelihood opportunities.
Chapter 1, “In Pursuit of Inclusive Growth”, presents an overview of the Plan, detailing the five strategies earlier listed as well as the policy directions that would ensure the country will not fall into the path of a trickle-down jobless growth which we have seen in the past years. Chapter 2 outlines the initiatives that will ensure the stability and growth of a macroeconomic environment.

Chapter 3 outlines the imperatives for a globally competitive and innovative industry and services sectors that will provide opportunity for every Filipino to pursue gainful employment. In the same manner, Chapter 4 pushes for a competitive, sustainable, and technology-based agriculture and fishery sector.

Chapter 5 aims to accelerate the provision of physical infrastructure to support the economic sectors, and ensure equitable access to infrastructure services especially health, education and housing.

A healthy, dynamic and financial system as envisioned in Chapter 6 will gainfully contribute to sustainable and equitable growth.

Chapter 7 summarizes the strategy for greater transparency, good governance, accountability and the pursuit of the rule of law as a precondition for national development.

Chapter 8 translates inclusive growth by ensuring improvement in the lives of all Filipinos through equitable access to adequate and quality social services and assets. To ensure that every Filipino participates and benefits from socioeconomic gains, Chapter 9 advances the peace process and guarantees national security to break the vicious cycle of conflict and underdevelopment in affected areas.

Chapter 10 envisions an environment that is healthy, ecologically balanced, sustainably productive, climate-change resilient, and providing for the needs of the present and future generations.

The Plan shall be accompanied by a Results Matrix which lists the specific programs and projects against which the performance of the implementing agencies shall be graded. A Public Investment Program (PIP) which identifies the budgetary requirements and their sources for these programs and projects is being finalized. The PIP will also link the Plan particularly the Results Matrix to ensure effective implementation and monitoring of the development initiatives therein. Consequently, the various Regional Development Offices will also roll out their individual Regional Development Plans and Investment Programs for their respective areas.

The Philippine Development Plan provides a substantive translation of the Administration’s Social Contract. The support of all sectors of society will be crucial in turning our aspirations for a better quality of life for all Filipinos into reality.

CAYETANO W. PADERANGA, JR.
Socioeconomic Planning Secretary and Director-General
National Economic and Development Authority
Acknowledgments

Hon. Cesar Virata
Hon. Gerardo Sicat
Emmanuel De Dios, PhD
Sixto K. Roxas, PhD
Jimmy Ayala
Ruperto P. Majuca, PhD
Roehlano M. Briones, PhD

Photo credits

Bangko Sentral ng Pilipinas (Corporate Affairs Office)
Brgy. San Antonio, Pasig City
Center for Community Transformation Credit Cooperative
Office of the Presidential Adviser on the Peace Process
PinoyME Foundation

Allan Pardico
Analiza Congallo-Claridad
Annbee Tiangson
Beloved Eliza Dawn Aberia
Benjamin Paolo Gogo
Claire Mogol
Dan Songco
Fe Dela Cruz
Ferdinand de Leon
Jenzyhow Villareal
Joselito dela Merced
Josephine Cresencio
Lala Yaun-Sallili
Lani Conception
Lorena Pangan
Leody Barcelon
Melvin Villaruz
Michael Lorenzo
Milke Demos
Milo Alto Paz
Roberto Sanchez
Sheryl Datuinginoo
Ted Edward Ferreras
Thomas Raymond Lising
List of Tables and Figures

Chapter 1. In Pursuit of Inclusive Growth

Table 1.1  Annual Average Growth Rate of Real Per Capita GDP: 1950-2009
Table 1.2  Poverty and Inequality in Selected Countries (most recently available)
Table 1.3  Transport Infrastructure Ranking of Selected Countries (out of 139)
Table 1.4  Strength of Bureaucracy and Input Costs in Selected Countries

Figure 1.1  Unemployment and Underemployment Rate: 1990 – 2010 (in percent)
Figure 1.2  Poverty Incidence and the Gini Ratio: 1991, 2003, 2006, 2009
Figure 1.3  Investment-to-GDP Ratios of Selected Asian Countries: 1994 – 2010
Figure 1.4  Cohort Survival and Net Enrollment Rate, Philippines: 1990 – 2009

Chapter 2. Macroeconomic Policy

Table 2.1  Philippine Key Indicators
Table 2.2  Official Poverty Statistics, Philippines: 2003, 2006 and 2009
Table 2.3  Summary of Fiscal Sector Indicators: 2004-2010 (in million PhP)
Table 2.4  Selected External Sector Accounts: 2004-2010 (in billion US$)
Table 2.5  Selected Fiscal, Monetary, and External Medium-Term Targets: 2011-2016

Figure 2.1  Contributions to Growth (Demand): 2004-2010
Figure 2.2  Contributions to Growth (Supply): 2004-2010
Figure 2.3  Contributions to Growth (Demand): Quarterly, 2008-2010
Figure 2.4  Contributions to Growth (Supply): Quarterly, 2008-2010
Figure 2.5  Philippines Unemployment Rate: 2006-2010 (in percent)
Figure 2.6  Comparative Unemployment Rates in Selected Asian Economies: 2006-2010
Figure 2.7  Employment Generated: 2005-2010 (in ’000)
Figure 2.8  Employment by Class of Worker and Underemployment Rate: 2005-2010 (in percent)
Figure 2.9  Poverty Incidence of Families by Region: 2003, 2006 and 2009 (in percent)
Figure 2.10  Year-on-Year Inflation Rate: 2004-2010

Chapter 3. Competitive Industry and Services Sectors

Table 3.1  Cost of Doing Business Indicators
Table 3.2  Export Performance: 2004-2010
Table 3.3  Percent Share of Tourism to GDP, Employment and Total Exports
Vis-à-vis Visitor Arrivals Globally and in the Asia Pacific: 2004-2009
Table 3.4  Visitor Arrivals to ASEAN Countries: 2004-2009 (in ’000)
Table 3.5  Philippines Travel and Tourism Competitiveness in Comparison with Selected ASEAN Countries, 2009
Table 3.6  Total Approved Investments of Foreign and Filipino Nationals by Industry: 2004 – 2010, (in million PhP)
Table 3.7  BOI-PEZA Approved Investments: 2009-2010
Table 3.8  Total Approved Foreign Direct Investments by Country of Investor: 2004 – 2010, (in million PhP)
Table 3.9  PEZA Operating Economic Zones: 2004 – 2010
Table 3.10  Micro, Small and Medium Enterprise Profile
Table 3.11  Employment per Major Industry Group

Figure 3.1  BPO/IT Outsourcing: 2004-2011
Figure 3.2  Investment by Industry Sector in PEZA Economic Zones: 1995-2010
Figure 3.3  MSME 2008 Employment Share by Sector
Figure 3.4  Strategic Framework for Industry and Services
Figure 3.5  Strategic Destination Area for Tourism
Figure 3.6  Industry Cluster Map

Chapter 4. Competitive and Sustainable Agriculture and Fisheries Sector

Table 4.1  Agriculture and Fishery (with Forestry) Performance and Contribution to Economy: 2004-2010
Table 4.2  Contribution of Subsectors in Agriculture and Fishery Growth: 2004-2010
Table 4.3  Value of Philippine Agricultural Exports and Imports: 2004 and 2010 (in million US$)
Table 4.4  Agribusiness Lands (including Agroforestry) Developed: 2005-2010
Table 4.5  Land Acquisition and Distribution Performance: 2004-2010 (in hectares)
Table 4.6  Land Productivity in Selected Southeast Asian Countries (in MT/Hectare)
Table 4.7  Revealed Comparative Advantage (RCA) in Selected ASEAN Countries: 2007
Table 4.8  International Trade of Agricultural Products: 2000 and 2009 (in billion US$)
Table 4.9  Inflation Rates by Commodity for All Households (in percent)
Table 4.10  Poverty Incidence and Magnitude in the Philippines: 2003, 2006 and 2009

Chapter 5. Accelerating Infrastructure Development

Table 5.1  Estimated Coverage of Access to Water: 1990-2008
Table 5.2  Levels of Access to Safe Drinking Water
Table 5.3  Estimated Coverage for Sanitation: 1990-2008
Table 5.4  Status of Irrigation Development: as of 31 December 2009
Table 5.5  Flood-Related Impacts: 1980-2005
Table 5.6  Projected Final Energy Consumption: 2009-2016
Table 5.7  Internet Connection in Public High Schools Per Region: 2009
Table 5.8  NG-LGU Cost-Sharing Framework (in percent)
Table 5.9  Summary of DOH Infrastructure and Equipment Upgrade Projects by Region: 2007 -2010
Table 5.10  2011 DBM Budget Gaps
Figure 5.1 Percentage Access to Safe Water
Figure 5.2 Percentage Access to Sanitary Toilets
Figure 5.3 Primary Energy Mix: 2009
Figure 5.4 Philippine Capacity and Gross Generation: 2009
Figure 5.5 Sectoral Oil Consumption: 2009
Figure 5.6 RE Contribution to Total Power Generating Capacity: 2009
Figure 5.7 Growth in Number of Users/Subscribers of Major ICT Services: 2006-2010
Figure 5.8 State of Web Presence among NGAs as of September 2010
Figure 5.9 New Classroom Construction and Repairs Undertaken: FY 2004–2010

Chapter 6. Towards a Resilient and Inclusive Financial System

Table 6.1 Comparative Market Shares of Key Banking Subgroups in the Philippines as of end-September 2010
Table 6.2 Philippine Stock Exchange - Listed Companies as of February 25, 2011
Table 6.3 Structure of Financial Systems in ASEAN-5 (Averages: 2000-2009)
Table 6.4 Extent of Financial Access - Customer Reach: 2010
Table 6.5 Legislative and Regulatory Priorities for the Financial System

Figure 6.1 Comparative Market Share of the Insurance Industry as of end-December 2009
Figure 6.2 Financial Deepening in ASEAN-5
Figure 6.3 Comparative Benchmark Yield Curves, ASEAN+3
Figure 6.4 Selected Performance Indicators of the Banking System
Figure 6.5 Selected Stock Market Performance Indicators
Figure 6.6 Summary of Financial Market Performance

Attachment 1 Selected Financial Stability Indicators in ASEAN-5
Attachment 2 Average Income, Expenditure, Saving and Savings Rate of Families; at Current Prices, by Region: 2003 and 2006
Attachment 3 Regions with the Highest or Lowest Saving Rates, by FIES year
Attachment 4 Average Income, Expenditure, Saving and Saving Rate of Families at Current Prices by Income Decile: 2006 and 2009
Attachment 5 Philippine Banking System, Deposit Mix

Chapter 7. Good Governance and the Rule of Law

Table 7.1 Status of Submission and Evaluation of Rationalization Plans as of 31 December 2010
Figure 7.1 Philippines: Worldwide Governance Indicators
Figure 7.2 Career Executive System Occupancy Data

Chapter 8. Social Development

Table 8.1 Formal Basic Education Performance Indicators, by Sex: 2004-2009
Table 8.2 Enrolment in Tertiary Level of Education, by Sex: Academic Years 2004-2009
Table 8.3 Direct Housing Accomplishments: 2004-2010
Table 8.4 Indirect Housing Accomplishments: 2004-2010
Table 8.5 Total Housing Need: 2011-2016
Table 8.6 Proportion of Households in Informal Settlements: 2000 and 2006
Table 8.7  Summary of Actual OFW Membership
Table 8.8  Health, Nutrition and Population Targets: 2011-2016
Table 8.9  Education Targets: 2011-2016
Table 8.10 Housing Targets by Program/Agency: 2011-2016
Table 8.11 Social Protection Targets: 2011-2016
Table 8.12 Agrarian Reform Targets, by Land Distribution and CARP Beneficiaries: 2011-2016
Table 8.13 Ancestral Domain and Lands Targets: 2011-2016
Table 8.14 Urban Asset Reform Targets: 2011-2016

Figure 8.1 Poverty Incidence in Southeast Asia
Figure 8.2 Share of Social Services in Total National Government Expenditures
Figure 8.3 Deployed Landbased OFWs, by Top Occupational Category: 2009

Annex 8.1 Pace of Progress of the Philippines in Terms of Attaining the MDG Targets
Annex 8.2 Regional Poverty and Subsistence Incidence and Magnitude: 2009
Annex 8.3 Provinces with High Poverty Incidence: 2009
Annex 8.4 Gini Concentration Ratios, by Region: 2006 and 2009
Annex 8.5 Income Poverty Measures, by Region: 2006 and 2009
Annex 8.6 National and Regional BDR Estimates for the Regular Benefit Package: 2008
Annex 8.7 Various Forms of Malnutrition, by Region: 2008
Annex 8.9 Regions with Minimum and Maximum Poverty Incidences for Each Basic Sector: 2006
Annex 8.10 Regions with the Most Number of Poor for Each Basic Sector: 2006

Chapter 9. Peace and Security
No tables and figures

Chapter 10. Conservation, Protection and Rehabilitation of the Environment and Natural Resources

Table 10.1 Top 20 Provinces Susceptible to Floods
Table 10.2 Top 20 Provinces Susceptible to Landslides
Table 10.3 Hazard Susceptibility of Selected Provinces by Poverty Incidence
Table 10.4 Forest Tenurial Instruments Implemented

Figure 10.1 Philippine Forest Cover: 1934-2003
Figure 10.2 Distribution of Active Faults and Trenches
Figure 10.3 Frequency of Tropical Cyclones in the Philippines: 1948-2006

Box 10.1 Women and the Environment and Natural Resources
Box 10.2 Environmental Education
Box 10.3 Devolution of ENR Functions