

2021 HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT

PHILIPPINE COUNTRY STATEMENT

The COVID-19 pandemic has undoubtedly and considerably overturned development gains, generated new challenges, and compounded existing vulnerabilities posing additional obstacles to curb the spread of the virus and address its socio-economic impacts. With no clear signs of abating and the threat of a new, more contagious virus strain already upending recovery efforts, the pandemic has underscored the interconnectedness of sectors, actors, and development systems, the need for concerted action, and a holistic approach to build back better, guided by the 2030 Development Agenda.

Before the pandemic, the Philippines' strong macroeconomic indicators has translated in socio-economic developments, placing it on a sure path towards becoming an upper middle-income country. Poverty incidence was on the decline, fiscal resource expanded, with highest revenue to GDP ratio in 2019 at 16.1 percent and lowest debt to GDP ratio at 39.6 percent, and lowest levels of underemployment (13 percent) and unemployment (4.5 percent).

Strict lockdowns imposed restricted economic growth in the second quarter of 2020, with GDP falling to 16.9 percent and unemployment increasing to 17.7 percent. By the fourth quarter, relatively smaller GDP contraction and lower unemployment rate became evident, indicating small gains towards economic recovery. By safely reopening the economy while simultaneously addressing both COVID and non-COVID challenges, we intend to focus on building a healthy and more resilient Philippines as a basis for the future.

Our growth prospects are underpinned by three (3) important policy actions: safe re-opening of the economy, full implementation of the recovery package incorporated in Republic Act 11494, "*Bayanihan* to Recover as One Act,) and acceleration of the country's vaccination program.

ON SUSTAINABLE AND EQUITABLE RECOVERY FROM THE PANDEMIC

As nations and economies struggle to recover and build back from the impacts of the pandemic, the Philippines welcomes the global rollout of vaccines through the engagement of the international community and the COVAX facility. Vaccinating frontline workers, vulnerable groups, and a significant portion of the population will prove to be essential to restart the global economy. It will help the region, and the world, to move from locking down societies to containing the virus.

COVID-19 vaccines must be seen as a global public good. Vaccines will only work if a critical threshold of people are covered. This makes it imperative for countries to work together to ensure that all people, specifically the poor and vulnerable, are covered and no country left behind. The Philippines affirms its support for the World Health Organization and its call for vaccine equity. We remain committed to and support multilateral efforts to achieve fair and equitable access to vaccines.

▪ **Policy measures undertaken**

We adhere to and promote a whole-of-government, whole-of-society response to the pandemic to address impacts related to or exacerbated by COVID-19. In this regard, the Philippines has enacted **Republic Act No. 11469**, *Bayanihan to Heal as One Act* and **Republic Act No. 11494**, *Bayanihan II*. As the Philippines' legislative response, these provide the overarching policy framework for the government to undertake social protection measures to support vulnerable population groups, provide fiscal and stimulus recovery packages, and re-start the economy.

The stimulus plan, comprised of PhP140 billion (USD2.8 billion) of regular appropriations and an additional standby fund of PhP25.5 billion (USD525 million). Subsidies were provided to key sectors: government banks; distressed businesses; farmers and agricultural initiatives; local government units; and the education sector.

Further, the **Republic Act No. 11534** or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was enacted to provide stimulus measures for micro, small, and medium enterprises (MSMEs) severely affected by the pandemic. It reduces the current corporate income tax rate and brings the country's corporate tax rate closer to our ASEAN peers. This enhances our fiscal incentives system to attract more foreign direct investments (FDIs) that generate more jobs and accelerate recovery.

It is anticipated that CREATE Act will contribute PhP133 billion (USD2.7 billion) worth of fiscal incentives in 2021, equivalent to 0.67 percent of our GDP.

To eradicate hunger and achieve food security in the context of the on-going pandemic, the **National Food Policy**, which outlines the country's anti-hunger priorities in line with the 2030 Development Agenda, was launched. It advocates a multistakeholder approach to ensure that the most vulnerable – smallholder and family farmers, fisherfolk, women, youth, and indigenous people, among others – are not left behind.

▪ **Role of science, technology, and innovation in recovery and resilience against COVID-19**

The pandemic has highlighted systemic weaknesses and exacerbated existing inequalities. It has also underscored the vital role of technology, as a tool to curb the spread of the virus, address its impacts, and facilitate innovation to address these issues and bridge gaps. However, access to technology remains inequitable and limited; and

this equates to limited access to platforms that could be sources of factual and relevant information to help stem the transmission of the disease.

Governments need to be fully cognizant of the important role of the intersection of Goals 9 (Technology, Innovation, and Infrastructure) and 10 on Reducing Inequalities towards the recovery of health (Goal 3) and economic systems (Goal 8). For its part, the Philippines has been quick to support the repurposing of available technologies, platforms, and methodologies to strengthen the country's COVID-19 response. The sharp increase in digital transactions has been supported by the improvement of digital financial services and strengthening of e-government services.

Some technologies used and rolled out to support the government's COVID-19 mitigation measures include: GenAmplify™ COVID-19 rRT-PCR Detection Kit, initially used for dengue, was developed to measure the vital signs of patients; the disease spread modeler, adopted to monitor the spread of COVID-19; and a travel management system application to support contact tracing efforts.

Recognizing the crucial role of research and development in recovery and strengthening resilience against future shocks, quick-response research programs have been formulated by the Department of Science and Technology (DOST) for the development of drugs, vaccines, diagnostic kits, personal protective equipment (PPE), and other tools to enable Filipinos to adjust to the new normal.

PH COMMITMENTS TO THE SDGs

We recognize that central to an inclusive recovery is green growth, specifically environment and development-related thrusts in SDG 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production), and 13 (Climate Action), which are highlighted in this year's Forum. **The PH reaffirms its commitment to the SDGs and shares its efforts to build back better and greener towards a healthy and resilient Philippines.**

The Philippine Development Plan (PDP) 2017-2022, the country's development blueprint, was updated and enhanced to serve as the resiliency plan consistent with the Sustainable Development Goals and the country's long-term vision of a strongly-rooted, comfortable, and secure life for all Filipinos by 2040 (*AmBisyon Natin 2040*).

The updated PDP takes the pandemic as an opportunity to build back better and greener towards a nature-smart, sustainable, and resilient future by recognizing the interlinkages among the environment and natural resources, public health, and the economy. Recalibrated development thrusts will focus on: (i) sustaining ecosystem services and mitigating biodiversity and habitat loss; (ii) improving environmental quality; and (iii) increasing resilience of communities, individuals, and economic sectors against the converging risks arising from natural and biological hazards and climate change.

Further, to better monitor the country's progress in achieving the SDGs, the SDG Watch and the Measures of the Pace of Progress have been updated (78 out of 83 indicators) to provide a more accurate picture of the country's progress in the attainment of the Goals.

ROLE OF AND SUPPORT FOR MICs IN RECOVERY EFFORTS AND ENHANCED COOPERATION

The Philippines affirms its support and commitment to platforms that support existing development cooperation initiatives and facilitate development financing, such as the South-South and Triangular Cooperation. This includes strengthened collaboration at the regional and global levels in priority development areas. In the PH, these include disaster risk reduction and management, supporting micro, small, and medium-enterprises (MSMEs), and ensuring food security, among others.

As an MIC, the Philippines assumes its twin responsibility of using resources wisely to sustain its economic growth trajectory while simultaneously dedicating its efforts to help less developed countries in their own journey to sustainable development. In this regard, the PH continues to provide assistance to its ASEAN neighbors and the greater Asia Pacific region through capacity building projects in the important areas of, among others, agriculture, education, and science, technology, and innovation.

The Philippines was recently recognized as one of the top overperformers, second to India, in the development and enhancement of frontier technologies to address existing challenges and facilitate innovation towards sustainable development.¹ This pandemic has underscored the important role that technology plays in the global response to curb the virus but also in our collective recovery.

We recognize that as countries rapidly transition and adapt, we need to close the gap within and between countries, with special attention given to lower-middle income and low-income countries. Support to developing countries, in terms of better ICT infrastructure is imperative if digitalization is realized; and ensuring universal internet access, if we are to guarantee that no one is left behind.

¹ UNCTAD. 2021. "Technology and Innovation Report 2021: Catching Technological Waves: Innovation with Equity"