

# REPORT ON NATIONAL INCOME ACCOUNTS (Q3 2021)

**Table 1. Q3 2021 Economic Performance**  
 (percent growth rate year-on-year, at constant 2018 prices)

PARTICULARS	2020				2021			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
<b>GROSS DOMESTIC PRODUCT</b>	-0.7	-17.0	-11.6	-10.1	-3.9	12.0	7.1	4.9
<b>GROSS NATIONAL INCOME</b>	-1.6	-17.6	-13.5	-11.2	-10.6	6.8	2.8	-0.6
Net Primary Income	-9.3	-24.4	-32.6	-21.9	-75.6	-54.4	-52.3	-62.4
<b><u>By Industrial Origin</u></b>								
Agriculture, Fishery and Forestry	-0.3	1.6	1.2	0.8	-1.3	0.02	-1.7	-1.0
Industry	-2.5	-21.8	-17.6	-14.2	-4.4	21.0	7.9	7.6
<i>of which: Manufacturing</i>	-3.3	-21.2	-10.4	-11.7	0.5	22.2	6.3	9.1
Services	0.1	-17.1	-10.6	-9.6	-4.1	9.8	8.2	4.6
<b><u>By Expenditure</u></b>								
Household Final Consumption Expenditure	0.2	-15.3	-9.2	-8.2	-4.7	7.3	7.1	2.9
Gov't Final Consumption Expenditure	7.0	21.8	5.8	12.4	16.1	-4.2	13.6	6.8
Capital Formation	-12.1	-51.5	-39.5	-35.3	-14.8	80.3	22.0	22.1
<i>of which: Fixed Capital Formation</i>	-2.0	-35.8	-38.0	-26.5	-18.0	39.8	16.0	9.8
Exports	-4.4	-33.5	-15.1	-18.0	-8.8	27.8	9.0	7.7
Imports	-7.4	-37.3	-20.7	-22.0	-7.0	39.8	13.2	12.7

*Source: Philippine Statistics Authority (PSA)*

## A. GDP and GNI

1. The Philippine economy grew by 7.1 percent year-on-year in the third quarter (Q3) of 2021, a reversal from the -11.6 percent recorded in the same period last year.
2. The government took proactive measures to manage the spike in COVID-19 cases due to the Delta variant. In August 2021, tighter restrictions were implemented in several areas of the country, including two weeks of enhanced community quarantine (ECQ) in the National Capital Region (NCR), followed by a month of modified ECQ in the country's economic center. Nevertheless, economic activities improved indicating that the government was able to better balance the need to contain the Delta variant and ensure people's livelihoods are not disproportionately affected. The latest growth outturn is better than the 4.7 percent median forecast of private-sector analysts for the period.<sup>1</sup> On a seasonally adjusted quarter-on-quarter (q-o-q) basis, the economy increased by 3.8 percent. For the first three quarters of 2021, real gross domestic product (GDP) growth accelerated to 4.9 percent.
3. Among major emerging economies in the region that have already released their Q3 2021 real GDP growth, the Philippines ranked first followed by China (4.9%), Indonesia (3.5%), and Vietnam (-6.2%). Private sector analysts expect positive growth for India (8.0%) but subdued performance for Malaysia (0.1%), and Thailand (-0.6%)<sup>2</sup>. The weaker growth in Q3 can be attributed to the resurgence of virus cases, lockdown restrictions, and vaccination delays.
4. Similarly, the country's gross national income (GNI) posted an increase of 2.8 percent in Q3 from 6.8 percent in the second quarter (Q2) of 2021. Net primary income recorded slightly less negative growth at -52.3 percent in Q3 from -54.4 percent in Q2, mainly due to slower contraction in inflow of compensation (-

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<sup>1</sup> <https://www.bworldonline.com/q3-gdp-growth-likely-slowed-poll/> Accessed on November 8, 2021.

<sup>2</sup> Bloomberg consensus forecast for Q3 GDP as of November 8, 2021.

42.7%) and increase in property income (30.4%), which offset the significant increase in outflow of property expense (33.2%).

5. On the expenditure side, growth was primarily driven by household consumption (7.1%), fixed capital investments (16.0%) – particularly construction (23.8%) and durable equipment (8.0%) – and government spending (13.6). Overall domestic demand grew by 10.6 percent in Q3. Meanwhile, growth in total imports (13.2%) outpaced the increase in total exports (9.0%), resulting in a decline in net exports (-30.5%).
6. On the production side, all sectors grew except agriculture which slightly contracted by 1.7 percent. Both the industry and services sectors posted expansions as a result of the calibrated lockdown that allowed most sectors to operate. In particular, growth in Q3 was mainly driven by trade (6.4%), manufacturing (6.3%), construction (16.8%), professional and business services (11.5%), and financial services (6.4%). Meanwhile, the contraction in the agriculture sector can be attributed to the typhoons, flooding, and the African Swine Fever (ASF) that hit the country in Q3.

## B. Expenditure (Demand-side)

7. ***Household final consumption expenditure***. Household expenditure was broadly steady at 7.1 percent in Q3 2021 from 7.3 percent in Q2 2021, resulting in a 2.9 percent expansion in the first three quarters of 2021. This strong rebound points to improving consumer confidence. We expect this to be sustained in the fourth quarter (Q4) given more relaxed restrictions and a higher vaccination rate

All commodities continued to post positive growth in Q3 except alcoholic beverages and tobacco (-4.7% in Q3 2021), likely due to the ongoing implementation of liquor bans in several areas. Based on the latest Google Mobility Trend Report, increased travels to grocery stores and pharmacies were

recorded during the quarter.<sup>3</sup> Household spending on education (14.5%) also accelerated in view of the opening of classes in September 2021.

8. **Government final consumption expenditure.** Government expenditure accelerated to 13.6 percent in Q3 2021 from -4.2 percent in Q2 2021, reversing its contraction in the previous quarter. For the first three quarters of the year, government spending rose by 6.8 percent.

In detail, maintenance and other operating expenses (MOOE) growth rebounded to 4.5 percent in Q3 2021 from a decline of 29.1 percent in Q2 2021.<sup>4</sup> In addition, growth in disbursements for personnel services (PS) went up to 15.3 percent in Q3 2021 from 4.9 percent in the preceding quarter.<sup>5</sup>

9. **Capital formation.** Total investments increased by 22.0 percent in Q3 2021, from 80.3 percent in Q2 2021 driven by public and private construction that grew by 55.3 percent and 12.2 percent, respectively. The government's decision to allow all construction activities to resume regardless of the area's quarantine status must be credited for this. However, it is still 26 percent below the investments level in Q3 2019. The improvement in gross capital formation was mainly driven by the uptick in construction (23.8%), change in inventories (54.6%), and durable equipment (8.0%).

In particular, construction activities of the general government (55.3%) and households (62.6%) posted double-digit expansion. Disbursements on infrastructure and other capital outlays increased by (39.9%)<sup>6</sup> due to the implementation of various projects of the Department of Public Works and Highways (DPWH), aviation sector projects of the Department of Transportation, and capital outlays of State Universities and Colleges.

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<sup>3</sup> <https://ourworldindata.org/covid-mobility-trends>. Accessed on November 8, 2021

<sup>4</sup> Less accounts payables, figures are based on PSA Key Economic Indicators for Q3 2021 and Q2 2021

<sup>5</sup> Less accounts payables, figures are based on PSA Key Economic Indicators for Q3 2021 and Q2 2021

<sup>6</sup> Based on PSA Key Economic Indicators for Q3 2021

Meanwhile, the increase in durable equipment investments is largely on account of road transport (13.1%) which can be attributed to the ongoing implementation of the public utility vehicle modernization program (PUVMP). As of August 2021, the Land Bank of the Philippines approved a total loan amount of PHP2.3 billion for the acquisition of 1,093 modern PUVs.<sup>7</sup>

In contrast, investments on breeding stock and orchard development (-2.2%) and valuable (-34.1%) declined during the quarter.

10. **Net Exports.** Growth in net exports improved to -30.5 percent in Q3 2021 from -88.6 percent in Q2 2021, bringing year-to-date (YTD) growth to -31.1 percent. Both total imports and exports sustained their expansion in Q3. The high growth of imports reflects the strong recovery of consumption and investment spending. The moderate growth of exports reflects both the global recovery as well as global logistics issues.

a. **Exports.** Total exports continued to post positive growth in Q3 at 9.0 percent from 27.8 percent in Q2 2021, a reversal from the -15.1 percent decline in Q3 2020. This brings YTD growth for 2021 to 7.7 percent. Merchandise exports increased by 8.8 percent, mainly driven by the continued strong growth in semiconductors (6.8%) and electronic data processing (26.6%). Likewise, exports of services posted a growth of 9.6 percent supported by an increase in almost all subsectors except business services which slightly contracted by -0.1 percent.

b. **Imports.** Total imports rose by 13.2 percent in Q3 2021 from 39.8 percent in Q2 2021, a reversal from the 20.7 percent contraction in Q3 2020. For the first three quarters of 2021, total imports expanded by 12.7 percent. The increase in merchandise imports (16.3% in Q3 2021) was mainly driven by semiconductors (16.5%), mineral fuels (32.3%), and pharmaceutical products (82.8%). In contrast, growth in imports of services remained negative (-2.3%

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<sup>7</sup> <https://www.landbank.com/news/landbank-ltfrb-partner-for-faster-cash-payout-to-puv-operators>. Accessed on November 8, 2021.

from -1.7%) primarily due to subdued travel (-39.2%), government goods and services (-26.7%), and miscellaneous services (-16.1%).

### C. Production (Supply-side)

11. **Agriculture, fishery, and forestry.** The agriculture sector slightly declined by 1.7 percent. The increase in palay production, which was aided by the continued implementation of the Rice Competitiveness Enhancement Fund, was more than offset by typhoon damages to other agricultural crops and by the ASF to livestock. For the first three quarters of 2021, the agriculture sector contracted by 1.0 percent. Specifically, the decline in Q3 could be traced to the drop in livestock (-15.6%) and corn production (-18.2%), offsetting the increase in palay (5.6%) and other crops.

The agriculture sector was disrupted by weather disturbances in Q3, particularly by typhoons Fabian, Jolina, and Kiko resulting in an estimated loss of PHP1.04 billion and affecting around 90,000 farmers and fisherfolks.<sup>8</sup> Moreover, infections due to the ASF continues to affect the supply of livestock in the country.

12. **Industry.** The industry sector continued to post strong growth at 7.9 percent in Q3 2021 from 21.0 percent in Q2 2021. This brings the YTD growth to 7.6 percent. All subsectors posted positive growth.
  - a. **Manufacturing.** Growth in the manufacturing sector remained positive at 6.3 percent in Q3 from 22.2 percent in Q2, resulting in a 9.1 percent growth in the first three quarters of the year. The expansion in Q3 was driven by the increase in electronic and optical products (17.8%), food

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<sup>8</sup> Based on reports from National Disaster Risk Reduction and Management Council and the Department of Agriculture, accessed on November 8, 2021.

(5.3%), other non-metallic minerals (21.3%), basic metals (11.6%), and pharmaceuticals (23.0%).

After falling below the neutral threshold of 50.0 in August as a result of factory and business closures amid the reimposition of stricter quarantines<sup>9</sup>, the country's manufacturing Purchasing Managers' Index recovered to 50.9 in September. This could be traced to firms increasing their inventories due to expectations of higher demand as restrictions eased during the month.<sup>10</sup>

- b. **Mining and quarrying.** The mining & quarrying sector grew marginally by 0.6 percent in Q3 2021 from nil growth in Q2, resulting in a 0.5 percent increase in the first three quarters of 2021. The double-digit expansion in quarrying (20.5%) and gold and other precious metals (15.8%) was mostly offset by the decline in copper (-3.7%) and crude petroleum and natural gas (-8.8%).
- c. **Electricity, steam, water and waste management.** The sector recorded positive growth in Q3 2021 at 2.9 percent from 9.5 percent in Q2, bringing YTD growth to 4.5 percent. Growth in Q3 was driven by the increase in electricity (3.6%) and waste management (9.2%), which outweighed the contraction in water supply (-0.6%) and steam production (-8.2%).

The National Grid Corporation of the Philippines' transmission revenue has returned to pre-pandemic levels since Q4 2020 and has grown by 2.7 percent in Q3 2021 after a 6.3 percent growth in prior quarter.<sup>11</sup> Moreover,

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<sup>9</sup> IHS Markit Manufacturing PMI® report for August 2021, <https://www.markiteconomics.com/Public/Home/PressRelease/2cbc80502f354945b1cfce1833087c41>

<sup>10</sup> IHS Markit Manufacturing PMI® report for September 2021, <https://www.markiteconomics.com/Public/Home/PressRelease/4ec4c79253cd47d78a0973ab4ce85cfb>. Accessed on November 8, 2021.

<sup>11</sup> PSA Key Economic Indicators as of Q3 2021



revenue growth of MERALCO has been driven largely by the bullish semiconductor, cement, and steel industries.<sup>12</sup>

**d. Construction.** The construction sector continued to record double-digit growth in Q3 2021 at 16.8 percent from 27.1 percent in Q2 2021. For the first three quarters of 2021, the construction sector grew by 6.1 percent. Among its subsectors, public (55.3%) and household (62.6%) construction increased, while private construction declined (12.2%).

Essential and priority construction projects, whether public or private, were allowed even in ECQ as long as they are in accordance with the guidelines issued by the DPWH. Moreover, residential permits grew by 4.9 percent in Q3 2021,<sup>13</sup> supporting private construction.

13. **Services.** Services sector growth remained strong at 8.2 percent in Q3 2021 from 9.8 percent in Q2 2021. This brings YTD growth to 4.6 percent. All subsectors recorded expansion in Q3 but was mainly driven by wholesale and retail trade (6.4%), professional and business services (11.5%), and financial services (6.4%).

a. **Trade and repair of motor vehicles, motorcycles, personal and household goods.** Growth in the sector accelerated to 6.4 percent in Q3 2021 from 5.4 percent in Q2 2021, bringing YTD growth to 3.0 percent. All sectors posted positive growth during the period: retail trade (7.6%), wholesale trade (0.9%), and sale and repair of motorcycles (3.7%).

Despite the reduced operating hours in August due to the reimposition of ECQ and MECQ in NCR, Google COVID-19 mobility indicators show that on average, visits to retail and recreational places was only 28 percent below pre-

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<sup>12</sup> *MERALCO September 2021 Financial and Operating Results*, [https://meralcomain.s3.ap-southeast-amazonaws.com/2021-10/sec\\_17-c\\_-\\_results\\_of\\_board\\_meeting\\_9m\\_2021\\_financial\\_and\\_operating\\_results\\_-\\_october\\_25\\_2021.pdf](https://meralcomain.s3.ap-southeast-amazonaws.com/2021-10/sec_17-c_-_results_of_board_meeting_9m_2021_financial_and_operating_results_-_october_25_2021.pdf). Accessed on November 7, 2021.

<sup>13</sup> PSA Key Economic Indicators as of Q3 2021



pandemic level in Q3 2021, an improvement compared to -34 percent in Q2 2021 and -50 percent in Q3 2020.<sup>14</sup> In addition, business establishments awarded with Safety Seal Certifications are allowed to operate at an additional ten percentage points beyond the prescribed on-site capacity or venue or seating capacity. By the end of August, about 21,676 establishments were awarded the certification, of which 3,169 were issued by the Department of Trade and Industry.<sup>15</sup>

- b. **Transport and storage**. The sector continued to post strong growth in Q3 at 14.8 percent from 24.7 percent in Q2, resulting in a 1.7 percent expansion for the first three quarters of 2021. The increase in Q3 was mainly driven by the strong growth in land transport (12.7%), air transport (124.0%), warehousing and storage (10.3%), and water transport (15.8%). Only postal and courier activities (-2.0%) recorded a contraction during the period. Despite the imposition of ECQ and MECQ in August and September, essential industries and services, including public transportation, were allowed to operate.
- c. **Accommodation and food service activities**. The sector continued to post double-digit growth in Q3 2021 at 11.5 percent from 56.7 percent in Q2 2021, although it is still operating at about half of its pre-pandemic output levels. For the first three quarters of 2021, the sector grew by 2.2 percent. Both food service (12.7%) and accommodation (7.2%) posted positive growth despite the reimposition of stricter quarantine measures in August and September. Restaurants were generally limited to take-out and deliveries, while only those hotels and accommodations with valid Department of Tourism (DOT) Accreditation were allowed to operate subject to guidelines issued by the DOT and the Inter-Agency Task Force.
- d. **Information and communication**. The sector sustained strong growth in Q3 at 8.5 percent from 12.3 percent in Q2, bringing YTD growth to 9.3 percent.

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<sup>14</sup> Visits to retail and recreation, <https://ourworldindata.org/covid-mobility-trends>. Accessed on November 8, 2021.

<sup>15</sup> <https://www.pna.gov.ph/articles/1151412>. Accessed on November 8, 2021.

Both communication (8.8% in Q3 2021 from 11.7% in Q2 2021) and information and publishing (4.6% from 19.4%) expanded during the period.

PLDT Inc.'s total service revenue grew by 5.6 percent in Q3 2021 mainly driven by its wireless and fixed line businesses.<sup>16</sup> Flexible work arrangements, online classes, and e-commerce activities continue to drive demand for data and broadband in the country.

- e. **Financial and insurance activities.** The sector expanded by 6.4 percent in Q3 2021 from 5.2 percent in Q2 2021. For the first three quarters of 2021, financial and insurance activities grew by 5.3 percent. All subsectors recorded positive growth, led by insurance (25.8%), banking (3.5%), non-banks (2.9%), and auxiliary financial services (5.8%).

Despite the gains in this sector, banks continued to tighten lending standards across all borrower firm sizes, citing deterioration in the profiles of borrowers and in the profitability of banks' portfolio, a less favorable economic outlook, and a reduced tolerance for risk, as some of the reasons.<sup>17</sup> This was evident in reduced credit line sizes; stricter collateral requirements and loan covenants; and increased use of interest rate floors.<sup>18</sup> Nonetheless, there was some easing in lending standards identified in terms of longer maturities for enterprises and narrower loan margins for households.<sup>19</sup>

- f. **Real estate and ownership of dwellings.** Growth in real estate and ownership of dwellings remained positive at 4.7 percent from 16.7 percent in Q2 2021, supported by growth in real estate (8.4%) and ownership of dwellings (1.3%).

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<sup>16</sup> PSA Key Economic Indicators as of Q3 2021 and PLDT Inc.'s Consolidated Unaudited Financial Statements as of Q3 2021.

<sup>17</sup> <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5989> (Accessed November 7, 2021).

<sup>18</sup> Ibid. Interest rate floor refers to the minimum interest rate set by banks for loans. Increased use of interest rate floors implies generally tighter credit conditions.

<sup>19</sup> Ibid.

This brings the sector's performance for the first three quarters of the year to 2.0 percent.

Outsourcing and traditional firms, particularly those in e-commerce and logistics, continued to drive demand for office space in Q3 2021.<sup>20</sup> Vacancy continued to rise, albeit at a slower pace, contributing to the decline in average lease rates.<sup>21</sup> In the residential segment, demand remained subdued due to the absence of demand from POGOs and slower demand from expatriates and local professionals, who have gone back to their home provinces.<sup>22</sup>

**g. Professional and business service activities.** The sector posted a double-digit expansion in Q3 2021 at 11.5 percent from 9.6 percent in Q2 2021, a reversal from the 11.1 percent decline in Q3 2020. This brings the sector's performance for the first three quarters of the year to 5.9 percent. The sector's adoption of hybrid work arrangements and use of teleconferencing apps allowed for the unhampered delivery of professional services regardless of prevailing quarantine restrictions.

**h. Public administration and defense.** Growth in the sector was sustained at 5.2 percent in Q3 2021 from 5.1 percent in Q2 2021, resulting in a 5.8 percent expansion for the first three quarters of 2021. Actual disbursements for personnel services accelerated to 15.3 percent in Q3 2021 owing to the implementation of the second tranche of the Salary Standardization Law V, payment of the Performance-Based Bonus particularly in the Department of Education (DepEd) and Department of National Defense, the release of Special Risk Allowance under the Department of Health (DOH), and the requirements for the increase in the number of filled uniformed personnel of the Department of Interior and Local Government.

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<sup>20</sup> [https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report\\_office-q3-2021-philippines](https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report_office-q3-2021-philippines) (Accessed November 7, 2021)

<sup>21</sup> Ibid.

<sup>22</sup> [https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report\\_residential-q3-2021-philippines](https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report_residential-q3-2021-philippines) (Accessed November 7, 2021)

- i. **Education.** The education sector growth accelerated to 13.8 percent in Q3 from 12.6 percent in Q2, bringing YTD growth to 8.6 percent. The expansion in Q3 was supported by both public (14.7%) and private (11.7%) education.

As of September 23, 2021, DepEd reported that around 28.2 million learners registered for school year 2021-2022. This was an increase of over 7 percent compared to last year's enrollment.<sup>23</sup>

- j. **Human health and social work activities.** The sector posted a double-digit expansion in Q3 2021 at 17.7 from 13.5 percent in Q2 2021. This brings YTD growth to 14.8 percent. The robust growth of the sector was supported by an uptick in all subsectors: private health (20.3%), public health (11.8%), and social work (18.2%).
- k. **Other services.** The sector maintained its double-digit growth in Q3 2021 at 20.3 percent from 37.6 percent in the previous quarter, bringing YTD growth to -7.9 percent. Nonetheless, both arts, entertainment and recreation (35.2%), and other service activities (5.9%) posted positive growth despite the reversion to ECQ in the NCR for two weeks in August.<sup>24</sup>

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<sup>23</sup> <https://www.deped.gov.ph/2021/09/23/deped-credits-parents-learners-for-exceeding-100-enrollment-turnout-for-sy-2021-2022>. Accessed on November 8, 2021.

<sup>24</sup> <https://www.officialgazette.gov.ph/downloads/2021/07jul/20210805-IATF-131-RRD.pdf> (Accessed November 8, 2021)

## D. Prospects and policy directions

14. **The International Monetary Fund (IMF)<sup>25</sup> revised its forecast for 2021 global growth to 5.9 percent (from 6.0% in July 2021), but maintained its outlook for 2022 at 4.9 percent.** For 2021, the slight downgrade was due to supply disruptions in advanced economies and worsening pandemic dynamics in developing countries. Nonetheless, advanced economies, led by the United States, are projected to achieve pre-pandemic output by this year, while emerging economies are expected to have a slower recovery. These reflect COVID-19 developments, vaccine gaps, and policy divergence. Downside risks remain amid pandemic uncertainty, supply-demand mismatches, price pressures, and financial vulnerabilities.
  
15. **For the Philippines, the economy is on track to achieving the high-end of the 4 to 5 percent growth target for 2021.** Given the latest GDP output, the economy needs to grow by at least 5.3 percent in Q4 to meet the high-end of the Development Budget Coordination Committee's (DBCC) approved growth target for the year. Meanwhile, the private sector forecasts has a median growth estimate of 4.4 percent in 2021 (see Table 2).

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<sup>25</sup> International Monetary Fund, World Economic Outlook, October 2021.

**Table 2: Consensus GDP Growth Forecasts<sup>26</sup>**

Institution	As of	2021	2022
Fitch Ratings	1-Nov	4.4	6.8
Bank of America Merrill Lynch	29-Oct	4.0	7.1
Barclays	29-Oct	3.8	7.0
Citigroup	29-Oct	4.9	6.8
JPMorgan Chase	29-Oct	4.8	6.7
Standard Chartered	29-Oct	4.6	6.6
Capital Economics	25-Oct	4.5	10.5
IMF	12-Oct	3.2	6.3
Nomura Securities	12-Oct	4.8	8.7
Institute of International Finance	8-Oct	3.0	6.3
ING Group	8-Oct	3.7	4.4
AMRO	7-Oct	4.3	6.7
World Bank	29-Sep	4.3	5.8
ADB	23-Sep	4.5	5.5
<i>Mean</i>		<b>4.2</b>	<b>6.8</b>
<i>Median</i>		<b>4.4</b>	<b>6.7</b>

16. ***The government will continue to further accelerate the vaccination program, reopen to alert level 1 in January 2022, and maximize the use of the 2021 budget.*** Based on NEDA estimates, the long-run total cost of the COVID-19 pandemic and quarantines for present and future generations of Filipinos may

<sup>26</sup> Various sources.

amount to PHP41.4 trillion. To mitigate these losses, the government will focus on (a) accelerating the vaccination program by expanding vaccination sites and leveraging new technologies, (b) safely reopening the economy and working towards moving to alert level 1 around January 2022, and (c) fully implementing and maximizing the recovery program, especially the 2021 budget.

17. **Accelerate vaccine distribution in areas outside the NCR.** As of November 7, a total of 64.2 million vaccine doses have been rolled out. Of this, 34.7 million doses were administered as the first dose and 29.5 million were administered as the complete dose. This means that 29.5 million Filipinos or 38 percent of the adult population have been fully vaccinated. Moreover, last November 4, the Philippines exceeded 1.1 million jobs in one day. In view of this, the government is now focusing vaccine distribution in other regions. Moreover, the pilot rollout of the vaccines for 12- to 17-year-olds beginning with those with comorbidities. These will help support the safe reopening of the economy and resumption of face-to-face classes.
18. **Strengthen the Prevent-Detect-Isolate-Treat-Reintegrate plus Vaccinate (PDITR+V) strategy especially with the shift to granular lockdown instead of community wide quarantines.** The implementation of granular lockdowns and alert level systems have already been expanded to other regions. From November 1-14, 44 provinces or highly-urbanized cities are under the Alert Level System which allows more establishments to operate at limited capacity. This will be complemented by efficient testing and contact tracing system, and continuous improvement of the health systems capacity. Our recovery hinges on the continued compliance to minimum health protocols to prevent the transmission of COVID-19 especially during the upcoming holiday season.
19. **Ensure timely passage of the FY 2022 budget to support economic recovery.** The proposed FY 2022 Budget amounting to around PHP5.0 trillion will sustain the government's COVID-19 response efforts through the procurement of COVID-19 testing kits, vaccine booster shots, continuous hiring of human resources for health, establishment of the Virology Institute of the Philippines, and continuous implementation of health programs in accordance with the



Universal Health Care Act. Funds for the Build, Build, Build Program are also included in the proposed FY 2022 budget.<sup>27</sup>

20. **Intensify and fast-track the preparation, review and implementation of devolution transition plans (DTP) in light of the Supreme Court's ruling on the Mandanas case.** Given that the execution of DTPs, there is a need to accelerate the preparation and review of the said plans, including capacity development and information campaign. Likewise, the proper use of the proposed Growth Equity Fund will assist the poorest local government units (LGU) in delivering the devolved services.
21. **Sustain momentum in public infrastructure spending given election ban in 2022.** Accelerate public investment spending to ensure completion of critical infrastructure projects prior to the election ban which will start on March 25, 2022 to May 8, 2022.<sup>28</sup> The release of the remaining allotments of the DPWH, particularly those for later release, need to be expedited to ensure full implementation of the current budget.
22. **Remain proactive in addressing supply-side price pressures to preserve the purchasing power of Filipinos.** From January to October 2021, overall inflation in the Philippines remained above the government's 2 to 4 percent target range for the year, largely driven by higher food and fuel prices. Temporary pork import measures, through the increased minimum access volume allocation and reduced tariff rates, will augment the supply of pork. Meanwhile, other domestic policies to support hog repopulation programs include vaccine trials for ASF, biosecurity and monitoring measures, and R&D and modernization initiatives, among others.

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<sup>27</sup> DBM. (2021). "DBM Assures Timely Submission of the FY 2022 NEP to Congress". Retrieved from: <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1910-dbm-assures-timely-submission-of-the-fy-2022-nep-to-congress>

<sup>28</sup> Commission on Elections (COMELEC) Resolution No. 10695, [https://comelec.gov.ph/php-tpls-attachments/2022NLE/Resolutions/com\\_res\\_10695.pdf](https://comelec.gov.ph/php-tpls-attachments/2022NLE/Resolutions/com_res_10695.pdf). Accessed on November 6, 2021.

23. **Government support to the public transportation sector will partly help mitigate the economic impact of rising fuel prices.** On October 25, 2021, the DBCC announced the release of PHP1.0 billion to the Land Transportation Franchising and Regulatory Board (LTFRB) to provide cash grants to around 178,000 bonafide PUV drivers for the remaining months of the year. This will be distributed using the system established under the *Pantawid Pasada Program* of the LTFRB.<sup>29</sup>
24. **Mobilize efforts in disaster risk and management with the onset of La Niña.** On October 15 2021, the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) has officially declared that the start of La Niña will persist until the first quarter of 2022.<sup>30</sup> Three to six tropical cyclones are expected to enter the country from November 2021 to April 2022.<sup>31</sup> Stronger coordination between the national and local government units in disaster response may be necessary to minimize loss of jobs and income.
25. **The resumption of limited face-to-face classes will mitigate the long-term impact of the pandemic on human capital development.** Starting November 15, DepEd will resume limited face-to-face classes in low-risk areas as identified by the Department of Health and with the concurrence of their LGUs. The rollout of vaccination for the younger segments of the population opens the door to the resumption of face-to-face schooling beginning in January 2022.
26. **On the external front, the government will continue to implement measures that will facilitate trade and take advantage of improving global demand.** Pursuing reforms in logistics, shipping, and warehousing are important in the face of global issues related to shipping costs and container shortage. Aside from this, advocacy and information campaigns on the Regional Comprehensive Economic Partnership may be pursued.

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<sup>29</sup> <https://neda.gov.ph/dbcc-joint-statement-on-the-grant-of-fuel-subsidies-for-affected-puv-drivers/>

<sup>30</sup> Onset of La Niña 2021 Press Statement by PAGASA dated October 15, 2021, <https://bagong.pagasa.dost.gov.ph/climate/el-nino-la-nina/advisories>. Accessed on November 6, 2021.

<sup>31</sup> <https://pubfiles.pagasa.dost.gov.ph/climps/climateforum/climateoutlook.pdf>

27. **The passage of key economic reforms remain a big part of the country's recovery.** The three priority economic reform bills are intended to support economic recovery and resiliency. The amendments to the Retail Trade Liberalization Act are expected to be enacted soon while the amendments to the Foreign Investments Act and Public Service Act are in advance stages of legislation. In addition to attracting more foreign direct investments (FDI), these reforms are intended to bring in strategic FDI, or those that introduce advance technology and improvements in the current state of our technology infrastructure.