

# PHILIPPINES COUNTRY REPORT



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NAVARRA CENTER  
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DEVELOPMENT



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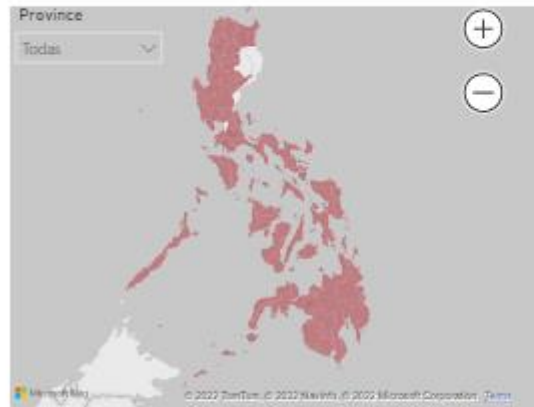
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# 1. COUNTRY OVERVIEW



**TERRITORIAL ORGANIZATION**  
The Philippines consists of around **7,640 islands** of which around **2,000 are inhabited**. These are divided into 81 provinces and 38 chartered cities. These are grouped into 17 regions distributed in three large island groups: Luzon, Visayas and Mindanao.

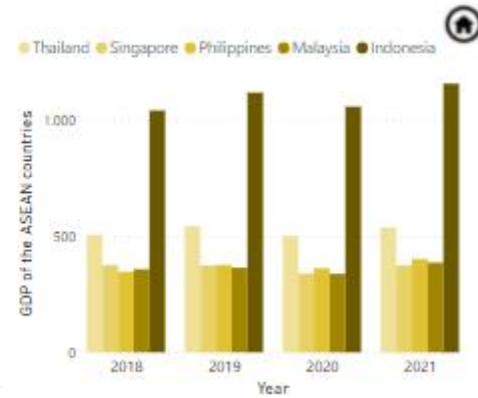
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**PRESIDENT**  
Rodrigo Duterte (2016 - 2022)



**POLITICAL SYSTEM**  
Presidential Republic



**ECONOMY**  
"Philippines has contributed an **important** amount to the Association of Southeast Asian Nations (ASEAN) economy **over time**"



**MAIN PROBLEMS**

**POVERTY, INEQUALITY AND VIOLENCE**

Source: [International Monetary Fund](#)  
Source: [Index Mundi](#)

# 1. COUNTRY OVERVIEW



## MAJOR MILESTONES

**1521 - 1571**

Colonization period.

**1941 - 1945**

World War II and Japanese occupation

**1946**

Official independence

**1965**

Ferdinand Marcos becomes first president

**1967**

The Association of Southeast Asian Nation (ASEAN) was organized

**1972 - 1986**

Martial law and dictatorship

**1987**

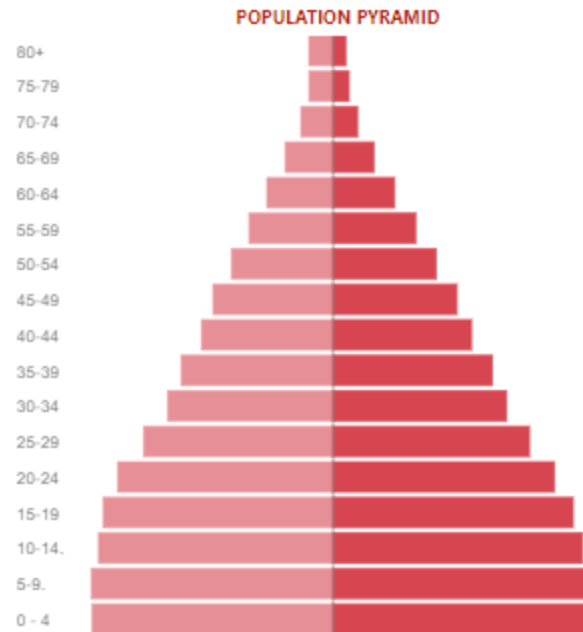
Current constitution

**2020**

In March, the pandemic and restrictions caused by COVID-19 are announced.

## 2. DEMOGRAPHY

To select more than one year use the combination ctrl + click.



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**TOTAL POPULATION**  
111,046,910 people.

**Population density:**  
370.16 person/km<sup>2</sup>

### Key facts:

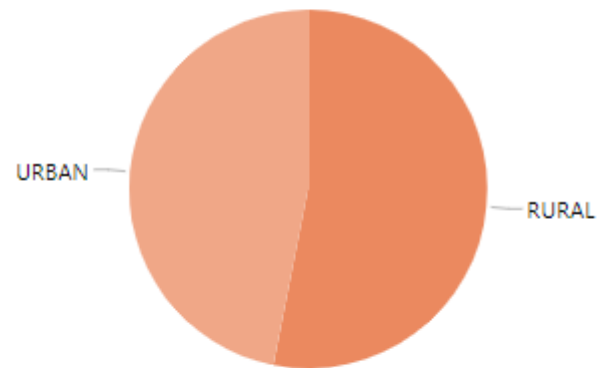
**Young population: 29.53%**  
**Working age population: 64.75%**  
**Elderly population: 5.72%**

Source: [Population Pyramid](#)

## 2. DEMOGRAPHY



### URBAN / RURAL



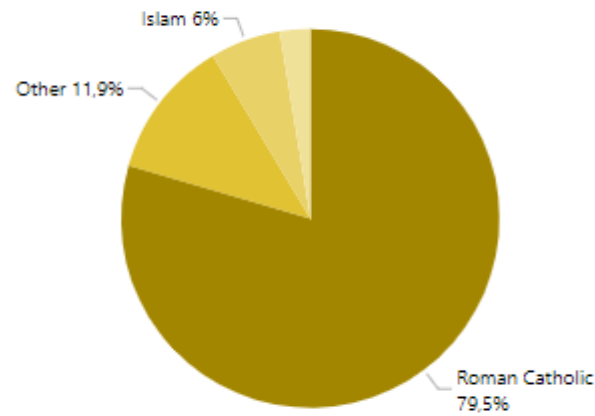
**Proportions** have remained **stable since 1990**, after at least three decades of urbanization.

## 2. DEMOGRAPHY

To select more than one year use the combination ctrl + click.



### RELIGIOUS AFFILIATION



**80.3 million people** (almost 80% of the population) reported **Roman Catholic** as their religion.

**Muslims** are mostly in the island of **Mindanao**.

## 2. DEMOGRAPHY



### POVERTY

#### POPULATION (IN)...

- Multidimensional poverty (M.P): 5.8%
- Severe multidimensional poverty: 1.3%
- Below national poverty line: 21.6%
- Below \$1.90 a day: 7.8%

CONTRIBUTION OF DEPRIVATION REGARDING  
OVERALL M.P:  
Health: 20.3% Education: 31% Standard of living:  
48.7%

On **November 2018**, the Philippine Statistics Authority (PSA) released **its own MPI**.

According to its **initial methodology**, **17.3%** of the Filipinos were multidimensionally poor in 2017.

PSA's methodology considers four dimensions:

- Education
- Health and Nutrition
- Housing, Water and Sanitation
- Employment



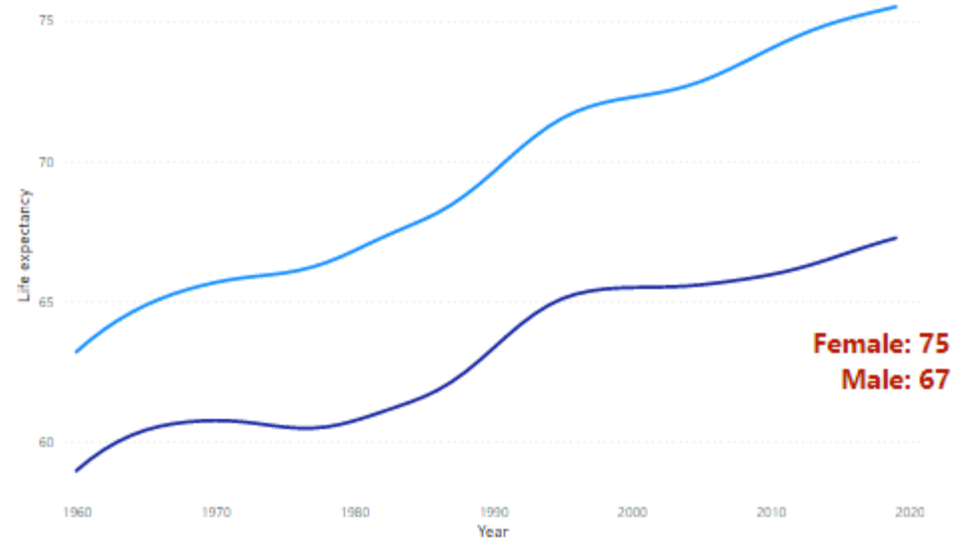
## 2. DEMOGRAPHY

Year  
Todas

To select more than one year use the combination ctrl + click.



### LIFE EXPECTANCY



**Female: 75**  
**Male: 67**

## 2. DEMOGRAPHY

Year

Todas

To select more than one year use the combination ctrl + click.



### INFANT MORTALITY RATE (per 1,000 live births)



The graph shows that, over the course of the last decades, the **Philippines has managed to reduce infant mortality**. This has to do with the rapid development of the country, specially seen as since the late **1980s there is a sharp decline**, which coincides with a period of rapid growth of the economy.

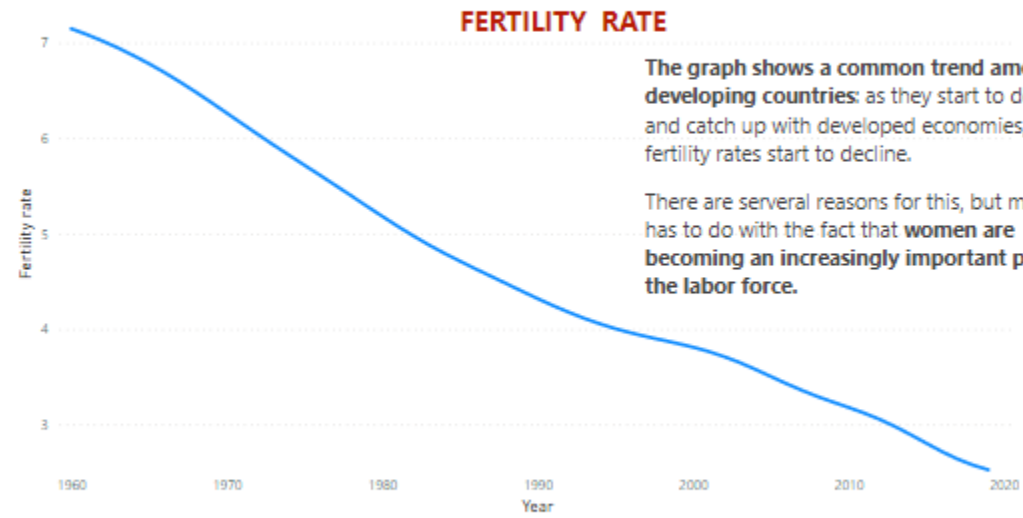
**It is not possible to say which causes which: does economic growth cause a decline in mortality rate** (and, thus, a healthier population), or does a healthier population cause economic growth?

The truth is that both variables are correlated.

## 2. DEMOGRAPHY

Year  
Total

To select more than one year use the combination ctrl + click.



The graph shows a common trend among developing countries: as they start to develop, and catch up with developed economies, their fertility rates start to decline.

There are several reasons for this, but mainly, it has to do with the fact that **women are becoming an increasingly important part of the labor force.**

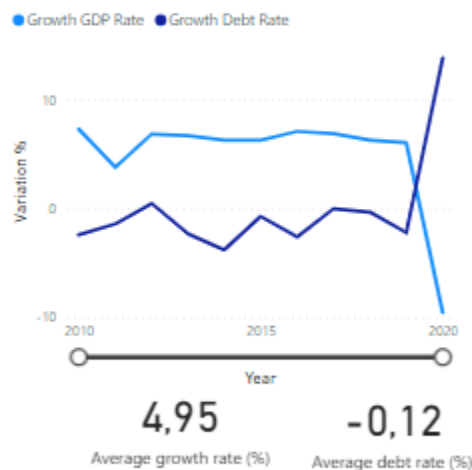
### 3. MACROECONOMICS

Year  
Todas

To select more than one year use the combination ctrl + click.



#### GROWTH AND DEBT RATE



#### GROSS DOMESTIC PRODUCT



Philippines had been enjoying a steady growth path over the last 10 years prior to the pandemic.

The average growth rate in the years before 2020 was 6.4 %. Moreover, the graph shows that the country had managed to achieve a healthy rate of growth, given that its progress was not drowned by debt.

Thus, the Philippine economy is among the fastest growing economies in the region.

Among the factors that have caused this rapid growth are:

- **High level of infrastructure expenditure**— the government is embarking itself in a massive infrastructure building project. As of the time of writing, [the government has plans](#) to invest over 8 trillion PHP in infrastructure.
- **Foreign direct investment**— The Philippines now ranks 99 in the World Bank's Doing Business, which is something that has attracted investors from all over the world.
- **A growing, more educated population**— Philipinos are more educated than some of its neighboring countries, and the fact that they are fluent in english.
- This has helped increase the amount of remittances, for example, that the country receives.

Now, **the country is striving to reemerge from the crisis**. According to Reuters, the government had to revise down its expectations, and the realized growth rates of the economy have not been able to reach their targets. For example, instead of the expected **12% for quarter 2 in 2021, the economy grew at 7.9%**.

Though the target of 5% annual is still within reach, it might be hard to achieve.

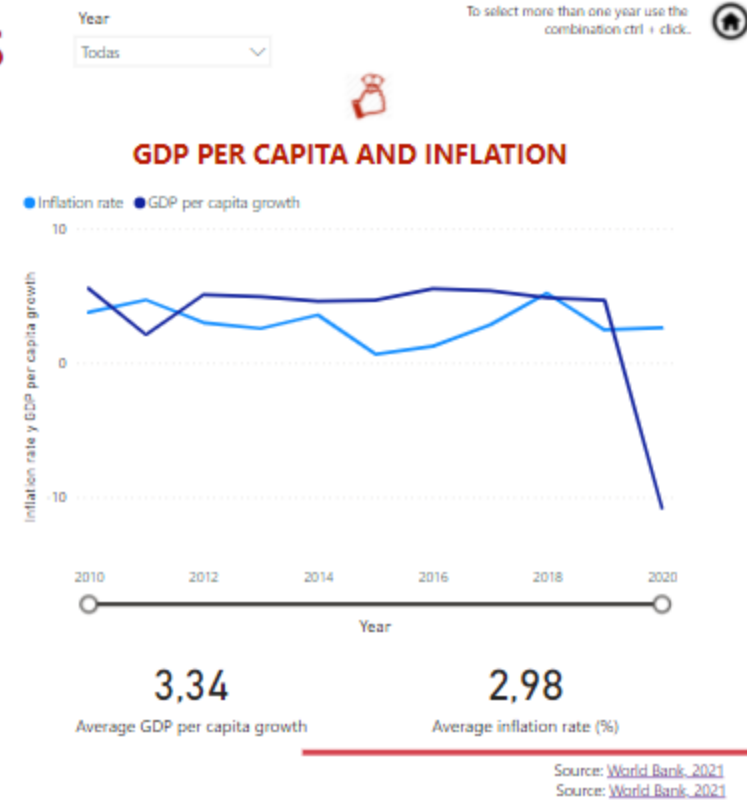
### 3. MACROECONOMICS

The long and steady growth of the Philippine economy had a translation in per capita terms. **The Philippines have seen their wages increase in real terms at an average rate of 3% per annum.** In fact, over the last 20 years, the Philippines has gone from being a lower-middle income country, to an upper-middle income country.

**To set an example, over the course of the 21st century, Philippine GDP per capita has more than doubled.** Now, the country has been severely hit by the crisis provoked by the pandemic, but the government and international organizations are optimistic about the recovery.

In terms of inflation, the country has struggled to keep it **under control**, though the effects are not as bad. Most recent statistics by the [Philippine Statistics Authority](#) show that the government was able to reach its inflation target, and that it was accurate in its prediction.

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### 3. MACROECONOMICS

#### GDP BY SECTOR (% OF GDP)

Year	Services	Industry	Agriculture
2010	↓ 53.91	↑ 32.34	↑ 13.75
2011	↓ 54.57	↑ 31.34	↑ 14.10
2012	↓ 55.50	↑ 31.40	↑ 13.10
2013	→ 56.75	→ 30.78	↑ 12.47
2014	→ 56.68	↑ 31.05	→ 12.27
2015	→ 58.52	→ 30.48	→ 11.00
2016	↑ 59.51	→ 30.29	↓ 10.21
2017	↑ 59.69	→ 30.13	↓ 10.18
2018	↑ 59.79	→ 30.56	↓ 9.65
2019	↑ 60.85	→ 30.33	↓ 8.82
2020	↑ 61.42	↓ 28.40	↓ 10.18

In terms of the regional decomposition of GDP, most economic activity takes place in the region of Luzon, where the capital, Manila, is.

The largest sector in the Philippine economy is the services sector, by far. It is also the one that grows the most. Within this sector, data from the [Philippine Statistics Authority](#) shows that the fastest growing component is the “Wholesale and retail trade; repair of motor vehicles and motorcycles”, which is not surprising, given there are over 59 brands of motor vehicles based in the Philippines.

Another fast growing component of the service sector is education. Education has had a remarkable growth in the Philippines since 2000, with an average growth rate of 7% per annum.

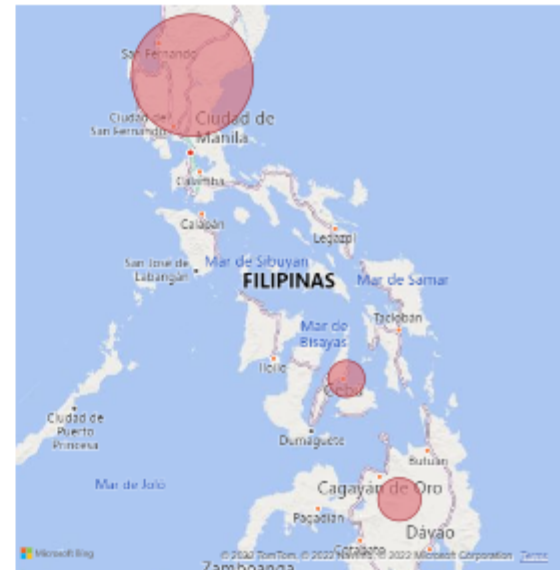
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Year

To select more than one year use the combination ctrl + click.



#### % OF GDP BY REGION



Source: [World Bank, 2021](#)  
 Source: [Philippine Statistics Authority, 2020](#)

### 3. MACROECONOMICS

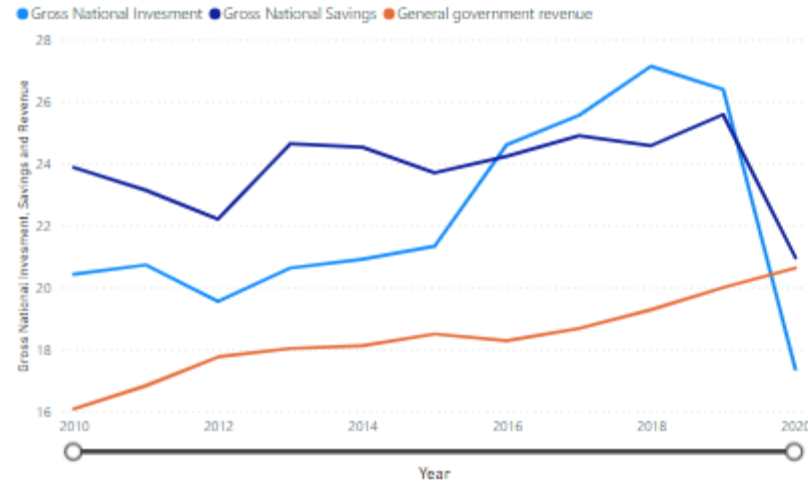
Year

Todas

To select more than one year use the combination ctrl + click



#### GROSS NATIONAL INVESTMENT, SAVINGS, AND BUDGET REVENUE AS % OF GDP



#### DEBT AND CREDIT RISK

Sustained increase throughout the years. Rose from **18.2% in 2012 to 27.2% in 2019**. Predicted to continue growing up to **33.1% in 2024**. Below average in Southeast Asia which was **31.3% in 2019**.


Third highest in the region after **Singapore and Myanmar**. **Gradually increasing since 2012 from 20.9% up to 25.2% in 2019**. It is expected to continue rising up to **31.2% in 2024**, averages **19.4%**. Slight increase in that period. Average in Southeast Asia.

**Fitch recently confirmed the Philippines' BBB rating** but upgraded its prospect from stable to positive, meaning it is closer from an A grade. The ratings company praised its "sound macroeconomic policy", whilst it expected it to continue with its progress in fiscal reform, including its intention of implementing higher taxes on alcohol, tobacco and vapors.

**Standard and Poor's and Moody's also maintained their rating.** Rating institutions appreciate the Philippines' positive fiscal policies.

### 3. MACROECONOMICS

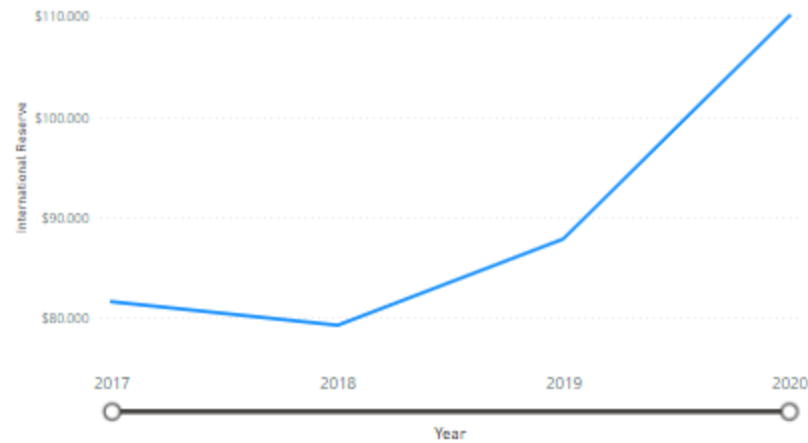
Year  
Todas

To select more than one year use the combination ctrl + click 

#### DEBT AND CREDIT RISK



NET INTERNATIONAL MONETARY RESERVES  
(Million of USD)



This graph shows an **important aspect of the Philippine economy**. Its international reserves have been kept constant, at a monthly basis, over the last 9 years with the exception of the last 2 years, which have seen an increase in reserves.

Keeping the reserves of the central bank constant means that **the central bank's monetary policy** has been functioning properly, and that markets have not seen an opportunity to attack the Philippine currency, nor that the government has overspent its budget, forcing the central bank to print currency notes to cover debt.



### 3. MACROECONOMICS

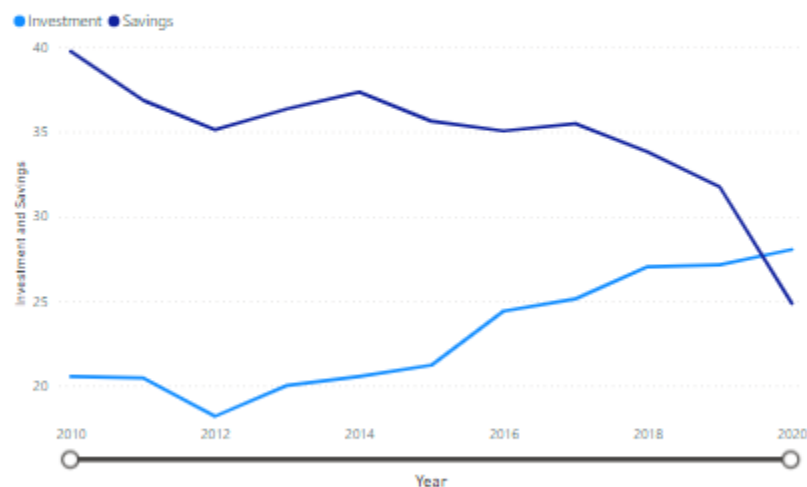
Year

Todas

To select more than one year use the combination ctrl + click



INVESTMENT AND SAVINGS  
AS % OF GDP



The graph shows two interesting facts about the Philippine economy. The first is that over the last decade, the rate of investment has been steadily increasing.

This goes in line with the description given above about the rapid rate of growth the Philippines had over the last years.

The second is that given the high rate of savings, the Philippine economy had no real need to import capital, given it could use the accumulated local capital to finance its investment. Nevertheless, given the consequences of the global pandemic, the rate of savings has gone down. This means that, as of now, the Philippines will have the need to access international financial markets to keep up with its rate of investment.

## 4. TRADE



The Philippines has been a **member of the World Trade Organization (WTO)** since the 1st of January of 1995. It plays a crucial role as a trade player as its location allows trade by air and sea.

### Agreements:

- **Europe:** The Philippines is part of the **European Free Trade agreement (EFTA)** with the European Union (EU) and the European Free Trade association (EFTA) which also include Switzerland, Norway, Lichtenstein, and Iceland.
- **North America:** The Philippines has signed a bilateral **Trade and Investment Framework Agreement (TIFA)** with the United States.
- **Asia (most):** The Philippines has a **Free Trade Agreement (FTA)** with various countries in the Asia/ Australian region including Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Myanmar, New Zealand, Singapore, Thailand, and Viet Nam.
- **South America:** The Philippines established trade agreements with Latin America by initializing the trade processes with Chile. Most of the trade agreements are according to the **Joint Economic Cooperation (JEC)**.

## 4. TRADE

Year

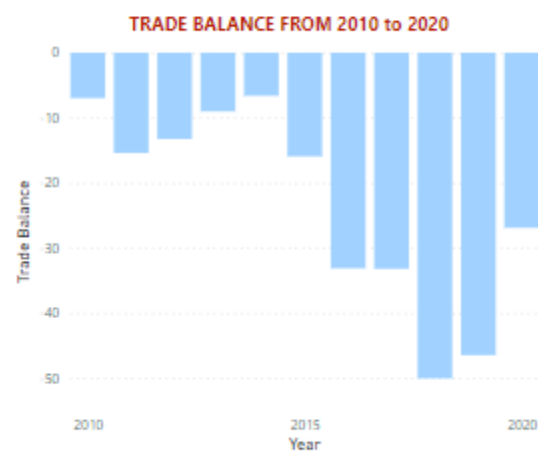
Todas

To select more than one year use the combination ctrl + click



While the **current account** indicates whether a country is a net lender to the rest of the world (positive current account) or a net borrower of the rest of the world (negative current account), the ratio of the **current account balance to the GDP** provides an indication of the country's level of international competitiveness.

The current account to GDP in the Philippines increased to a positive number in 2020 which means that country's level of international competitiveness increased. Moreover, the **trade balance**, which is the imported goods subtracted from the exported goods, has been negative since the early 2010's.



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Source: [Statista, 2021](#)  
Source: [Trading Economics, 2021](#)

## 4. TRADE

Country  
Todas

EXPORTS

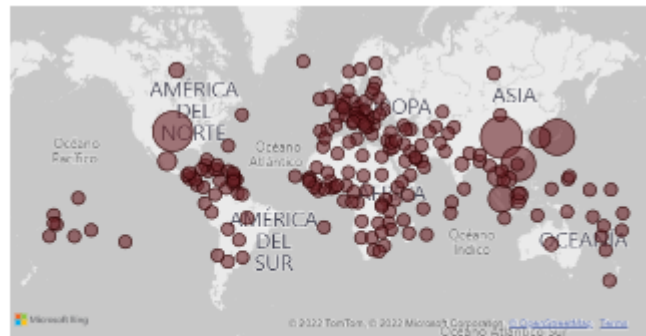
Continent  
Todas

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Overall, **China** represents Philippine's largest export connection. By region, the Philippines exports most to **China** in Asia, to **Germany** in Europe, to **South Africa** in Africa, to the **United States** in North America, and to **Brazil** in South America.

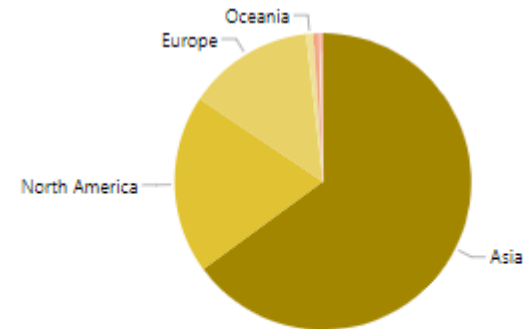
Philippine's main exports are **integrated circuits**, **office machine parts**, and **insulated wire**. These goods represent 26.4%, 13.4%, and 3% of the exports, respectively.

MAIN DESTINATION  
BY COUNTRY  
(2020)



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MAIN DESTINATION  
BY CONTINENT  
(2020)



Source: [Philippines \(PHL\), Exports, Imports, and Trade Partners](#) | OEC - The Observatory of Economic Complexity

## 4. TRADE

Country  
Todas

IMPORTS

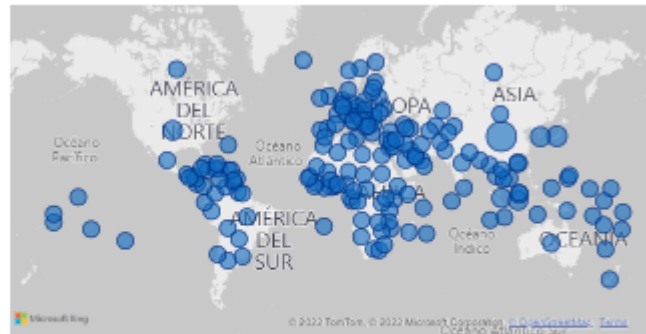
Continent  
Todas

To select more than one year use the combination ctrl + click

Overall **China** represents Philippine's largest import connection. By region, Philippine's imports most from **China** in Asia, from **Germany** in Europe, from **South Africa** in Africa, from the **United States** in North Africa, and from **Brazil** in South America.

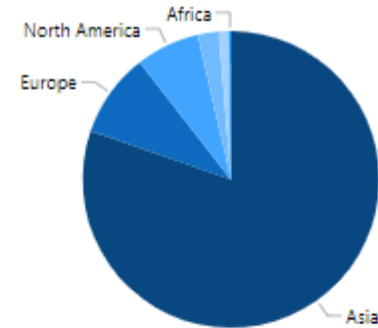
Philippine's main imports are **integrated circuits**, **broadcasting equipment**, and **office machine parts**. These goods represent 10%, 2.4%, and 2% of the imports, respectively.

MAIN IMPORT  
BY COUNTRY  
(2020)



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MAIN IMPORT  
BY CONTINENT  
(2020)

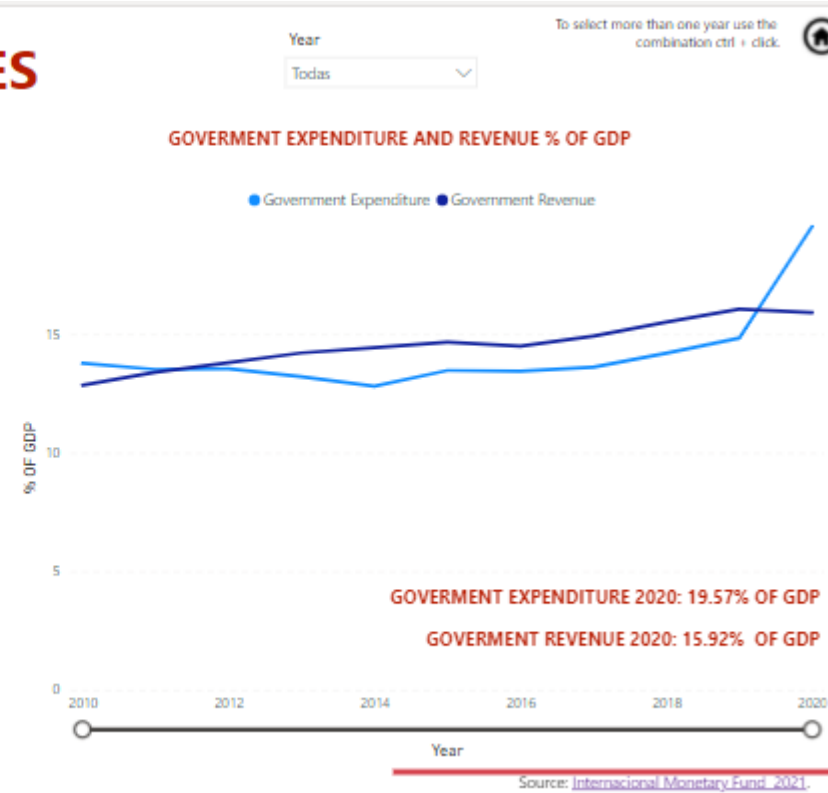


Source: [Philippines \(PHL\), Exports, Imports, and Trade Partners | OEC](#) - The Observatory of Economic Complexity

## 5. PUBLIC FINANCES

The IMF projects that the debt-to-GDP ratio will decline to 37.5% in 2024, that it will be most vulnerable to a growth shock, and also to real interest rate and primary balance shocks.

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## 5. PUBLIC FINANCES



### CURRENCY RATE RISK PROTECTION PROGRAM

In October 2018, the Bangko Sentral ng Pilipinas relaunched the **Currency Rate Risk Protection Program (CRPP) Facility**, previously implemented in the 1997 Asian Financial Crisis.

The CRPP is a "non-deliverable forward (NDF) contract between the BSP and a universal/commercial bank (UKB) **in response to the request of bank clients who are seeking to hedge their borrowings denominated in foreign currency to protect them from exchange rate volatility**".

Under the CRPP, when signing a contract both parties agree that "only the net difference between the contracted forward rate and the prevailing spot rate shall be settled in pesos".

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#### Regulatory reliefs include:

- **Exposures** "shall not be subject to NDF position limits".
- **Reduced market risk** capital charges shall be applied for net open positions for NDFs".
- **Banks "will not need additional derivatives authority** since transactions under the CRPP are considered generally authorized derivatives activities".

SOURCE: [BANGKO SENTRAL NG PILIPINAS, 2019](#)

## 5. PUBLIC FINANCES



### GOVERNMENT BUDGET

The government budget approved for 2021 was designed to keep combating the effects of the pandemic and aid the recovery.

**The budget was made with 3 spending priorities: Reset, Rebound and Recover In total, the main departments of the budget were.**

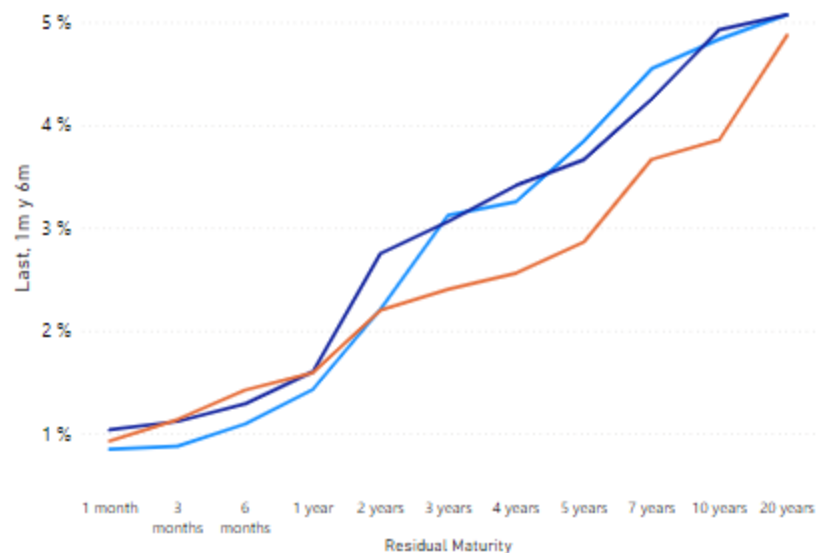
1. **Education**→ PhP751.7 B
2. **Department of public works and highways** → PhP695.7 B3.
3. **Department of the Interior and Local Government**→ PhP249.3 B

4. **Department of Health**→ PhP210.2 B
5. **Department of National Defense**→ PhP205.8 B
6. **Department of Social Welfare and Development**→ PhP176.9 B
7. **Department of Transportation**→ PhP87.9 B
8. **Department of Agriculture**→ PhP71.0 B
9. **The Judiciary**→ PhP45.3 B
10. **Department of Labor and Employment** → PhP37.1 B



## 6. FINANCIAL MARKETS

To select more than one year use the combination ctrl + click



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### PHILIPPINES YIELD CURVE

The graph shows the yield curve for the Philippines. The yield curve is a measure of the amount of interest that must be paid for different maturities. The higher the yield for any given maturity, the lower the price of the corresponding bond.

This means that, given the laws of demand and supply, there is less demand for any given bond. As the graph shows, the curve has been moving to the left and up, which means that there is less demand for Philippine bonds. This could be a sign that the market's valuation of Philippine bonds is decreasing, which could be because the Philippines is perceived to be riskier.

Source: [world government bonds](#)

## 6. FINANCIAL MARKETS



### CAPITAL MARKETS AND INVESTMENT

The **Philippine Stock Exchange (PSE)** had less than 270 entities by 2017. It is weaker than its regional neighbors in size, product offerings, and trading activity.

The Philippines does not have sovereign wealth funds.

### Good quality banking system

1. The **Central Bank, Bangko Sentral ng Pilipinas (BSP)**, is a trusted and reliable public institution.
2. **Capital adequacy ratios** above the 10% required by BSP.
3. Enough **liquidity**, ratio of liquid assets to deposits at 48%.

**Non-performing loan ratio** of 1.7%, 20 lowest in the world.

### BANKING AND MONEY SYSTEM

Dec. 2019

552 banks

46 commercial banks

51 thrift banks

455 rural banks

Total resources: ₱18.7 trillion, 370 USD bn

Commercial banks account for 92% of total banks' resources.

## 7. COMPETITIVENESS AND DOING BUSINESS



### GLOBAL COMPETITIVENESS INDEX

The Philippines is **below** the Southeast Asian average score in the Global Competitiveness Index. Their **worst** performance occurs in the sectors of **institutions, infrastructure**, and most importantly **health**. In the aforementioned sectors they rank 87th, 96th, and 102nd, respectively. This might be a result of the **poor governance** of the country which also struggles with **violence** and **poverty**.

Its best performance occurs in fields of **market size, labour market**, and **financial system**. In the former, the Philippines ranks 31st, 39th, and 43rd, respectively. The **geographical location** of the Philippines is **optimal** for trade as it locates the Philippines close to major trade economies such as China.

**GLOBAL POSITION: 64/141**  
**SCORE: 62/100**

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GCI	Score over 100 points.	Rank over 141
Business Dynamism	66	44
Finance system	68	43
Health	66	102
ICT adoption	50	88
Infrastructure	58	96
Innovation Capability	38	72
Institutions	50	87
Labour market	65	39
Macroeconomic Stability	90	55
Product Market	58	52
Score GCI	62	64
Size of the market	71	31
Skills	64	67

Source: [World Economic Forum, 2021](#)

## 7. COMPETITIVENESS AND DOING BUSINESS

### Within the country

Rankings of Cities and Municipalities are based on the sum of their scores on 4 Pillars:

**Economic Dynamism,**  
**Government Efficiency,**  
**Infrastructure,**  
and **Resiliency.Provincial**

Rankings are based on population and income weighted average of the Overall scores of cities and municipalities under a province.

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Province	Top 10 Provinces Score	Province	Top Most Improved Provinces
Rizal	52	Bukacanh	1
Davao Del Norte	50	Albay	2
Camiguin	48	Agusan Del Sur	3
Laguna	47	Ilocos Norte	4
Cavite	46	Tarlac	5
Pampanga	43	Nueva Ecija	6
Albay	42	Misamis Oriental	7
Batangas	42	Pangansinan	8
Bulacan	42	Zambiana Del Norte	9
Benguet	41	Iloilo	10

Source: [Rankings - Cities and Municipalities Competitive Index \(dti.gov.ph\)](#)  
[Rankings Data - Cities and Municipalities Competitive Index \(dti.gov.ph\)](#)

## 7. COMPETITIVENESS AND DOING BUSINESS



### DOING BUSINESS INDEX

The Philippines is just below the Southeast Asian **average score (64.7/100)**.

This is mainly due to its relatively poor performance on the starting a business and enforcing contracts categories, where it ranks **171 and 153 out of 190 countries** worldwide, respectively.

Meanwhile, the country's best scores are on getting electricity and resolving insolvency, where it ranks **32nd and 65th out of 190** countries across the world, respectively.

Philippine Chamber of Commerce and Industry is the country's chamber of commerce.

**GLOBAL POSITION: 95/190**  
**SCORE: 62.8/100**

Index	Score over 100 points	Rank
Getting Electricity	87,40	32
Resolution of insolvency	55,10	65
Protection of minority investors	60,00	72
Construction permit management	70,00	85
Doing Business	62,80	95
Tax payment	72,60	95
Trading across borders	68,40	113
Property registration	57,60	120
Getting credit	40,00	132
Enforcing Contracts	46,00	153
Opening a business	71,30	171

## 8. EDUCATION

Between 1990 and 2019, the Philippines' Human Development Index (HDI) has increased from 0.593 to 0.718, **an increase of more than 20 per cent on an indicator that measures a long and healthy life, access to knowledge and a decent standard of living.** However, the country is still below the average for East Asia and the Pacific.

According to the HDI, **expected years of schooling have continued to increase** to 13.1 and average years of schooling is 9.4, a figure where the Philippines has been stagnant since 2017.

According to the World Bank, **the adult literacy rate in the Philippines reaches 96.29 points in 2019**, down two points from 2015. For youth (15-24), the rate reaches 98.39, but there is also a slight decrease of one point from the previous measurement. In any case, these data indicate that the **literacy problem has been virtually eradicated** in the Philippines among the youth population.

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### HUMAN DEVELOPMENT INDEX

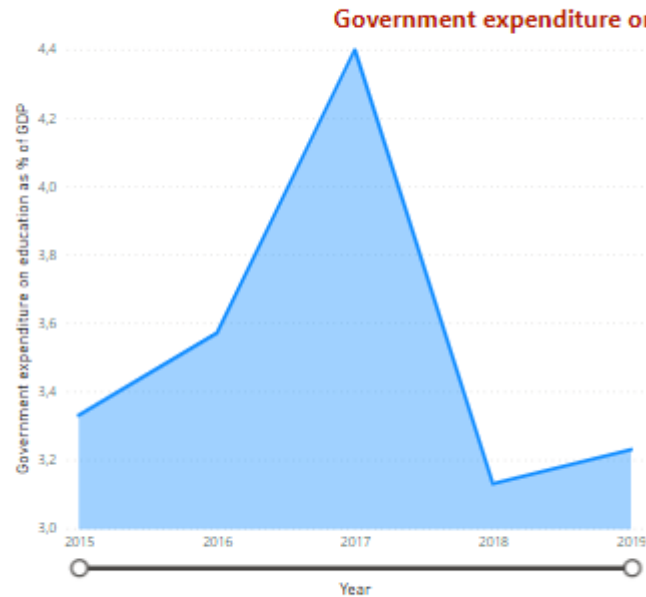
EDUCATION INDEX SCORE 0.718/ 1

RANKING 107



Source: [WORLD BANK](#)  
Source: [HUMAN DEVELOPMENT INDEX 2019](#)

## 8. EDUCATION



The World Bank index also highlights that, by the age of 18, children can expect to have completed **12.8 years of education in Philippines.**

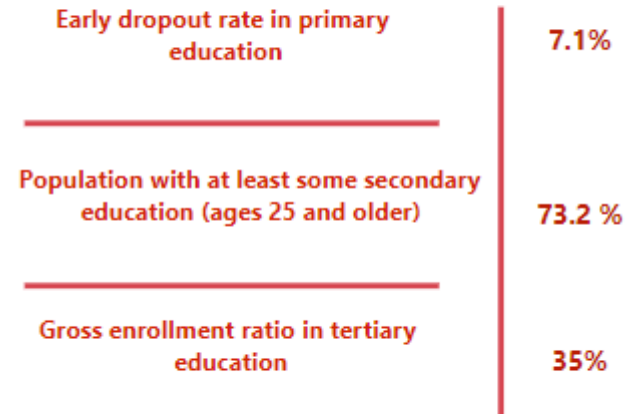
But when years of schooling are adjusted for quality of learning, these are equivalent to just 8.4 years. **So there is a learning gap of 4.4 years.**

## 8. EDUCATION

The **early school dropout rate in Primary Education in the Philippines has fallen** to 7.1%, half of what it was in 2014.

But the most serious problem in education today in the Philippines is that **thousands of schools remain closed since March 2020 due to the COVID-19 pandemic.**

**Thus, almost all of the 27 million students in public schools continued with online learning by December 2021.**





## 8. EDUCATION

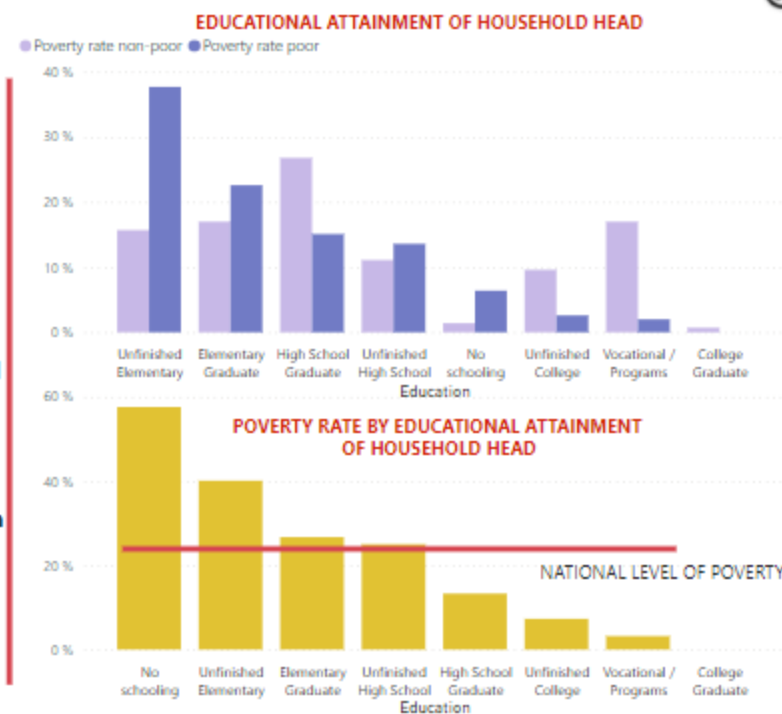
### WHY EDUCATION MATTERS

Secondary education is the key threshold. **Households headed by people who have not graduated from secondary school have a higher risk of poverty than the average.**

In Philippines, approximately 60% of households headed by uneducated people and 40% of those headed by people who have not completed primary education are poor.

On the other hand, **households headed by people with full tertiary education have a minimal risk of falling into poverty.**

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SOURCE: WORLD BANK: MAKING GROWTH WORK FOR THE POOR, 2018

## 9. HEALTH



### KEY HEALTH DATA

Indicator (2018)	Philippines	Southeast Asia & Pacific
Health expenditure as % of GDP	4,40	6,68
Health expenditure per capita US\$	136,54	720,91
Private health care spending as % of total health care spending	66,59	33,34
Under child mortality per 1000 inhabitants	27,30	14,30

### HOSPITAL PREPARATION

Indicator	Philippines	Southeast Asia
Hospital beds per 1000 inhabitants (2018)	0,99	4,51
Physicians per 1000 inhabitants (2010)	0,60	1,68
Intensive Care Units beds per 1000 inhabitants	2,20	0,00

The Philippines, whose **healthcare system is neither universal nor free**, is below the East Asia and Pacific average on all indicators analysed. Of particular concern is the **low number of hospital beds and ICU beds**, which are vital to address the problems arising from COVID-19.

## 9. HEALTH



### COVID-19



The Philippines confirmed its **first case of COVID-19 on 30 January 2020** in a Chinese woman. It was also the first country outside China to record a death due to the disease. Community quarantines have been in place since mid-March and President Rodrigo Duterte declared a state of calamity and also assumed extraordinary powers to deal with the pandemic.

**The peak of infection was reached in September 2021**, when there were more than 27,000 infections per day. At that time, the Philippines was also declared by Bloomberg the **worst country to live during the pandemic**. Since then, cases have progressively decreased.

**Vaccination**, mainly with **Pfizer**, began in January 2021 and has so far resulted in **almost 40% of the population being fully immunised**. In early December, the country demonstrated its high vaccination capacity when it injected 7.6 million people with the dose in three days alone.

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#### DAILY UPDATE

COVID	CASES / PEOPLE
Confirmed cases	3,569,665
Deaths	54,054
Fully vaccinated people	59,120,367
Vaccines administered	127,163,606

COVID	% OF PEOPLE
% Fully vaccinated people	54,50 %

Source: [REUTERS](#)  
Source: [Johns Hopkins \(google news\)](#), 2021  
Source: [Datasmacro](#)

# 10. STATE OF DEMOCRACY

To select more than one year use the combination ctrl + click. 

DEMOCRACY INDEX 2019

SCORE: 6.64/10

RANKING 54/167

DEMOCRACY INDEX 2020

SCORE: 6.71/10

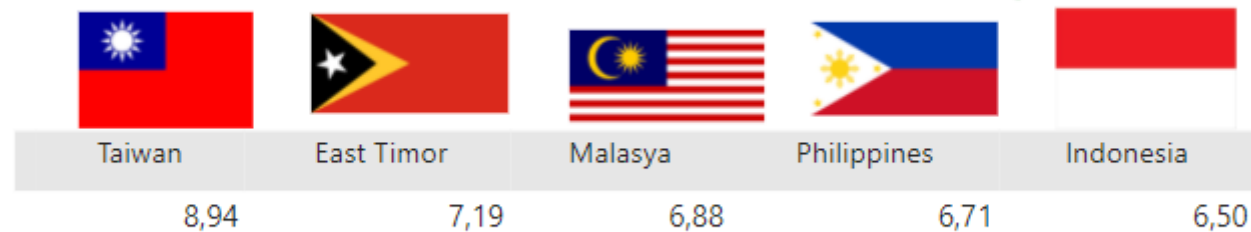
RANKING 55/167



The Philippines is a **"flawed democracy"** according to The Economist Intelligence Unit's Democracy Index. As such, it has **free and fair elections** and civil rights are respected, although there are **problems regarding freedom of the press** and freedom of political opposition.

The country remains **among the top ten democracies in Asia and Australasia**, and it occupies the ninth place. Despite the constraints of the pandemic and a slow decline in its ranking, the Philippines has improved its democracy rating this year thanks to **improved political participation**, perhaps due to the approaching 2022 elections. The country has also been included in the Summit of Democracies hosted by President Joe Biden in December 2021.

Topic	Score	Change
Civil liberties	6.47	↓
Electoral process and pluralism	9.17	→
Functioning of the government	5.00	↓
Political culture	4.38	→
Political participation	7.78	↑



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Source: [The Economist Intelligence Unit, 2021.](#)



## 10. STATE OF DEMOCRACY

According to **Freedom House**, justice in the Philippines is clearly favourable to the country's political and economic elites.

There are concerns about **impunity for crimes** against activists and journalists and President Duterte's war on drugs which, since 2016, has resulted in thousands of extrajudicial killings. The COVID-19 pandemic has also allowed the government to seize **extraordinary powers** and put limits on freedom of expression.

**Freedom in the world (2021): 56/100  
(free)**

**Political rights: 25/40**

**Civil liberties: 31/60**

**Freedom in Internet: 65/100 (free)**

**Obstacles to Access: 17/25**

**Limits to content: 26/35**

**Violation of users rights: 22/40**

**Freedom of expression on the internet** was at risk during the first months of the pandemic because the government used the Anti-Terrorism Act to detain individuals without warrants, including people reported for **online crimes**. In addition, in June 2020 the House of Representatives ordered the **closure of the television and satellite services of ABS-CBN**, one of the country's largest broadcasters, despite the need for citizens to be especially informed during the pandemic.



## 10. STATE OF DEMOCRACY

### WORLD PRESS FREEDOM INDEX 2021

SCORE: 45.64/100

RANKING 138/180

**Rodrigo Duterte** had already issued a serious warning to journalists when he came to power in the Philippines, saying that "being a journalist does not exempt you from being killed because **freedom of expression cannot help you if you have done something wrong**". During 2020, four Filipino journalists were killed, probably by hitmen working for local police, according to Reporters Without Borders.

The Philippine government has also taken legal action against the **news website Rappler** and its director, Maria Ressa, who has received ten arrest warrants in recent months. In fact, Ressa was awarded the **Nobel Peace Prize** earlier this year for her fight to safeguard freedom of expression in the Philippines.

In total, more than fifteen journalists have been killed in the Philippines since Duterte became president.

## 10. STATE OF DEMOCRACY

To select more than one year use the combination ctrl + click.



### GLOBAL PEACE INDEX 2021

SCORE: 2.417/5

RANKING 127/163

REGIONAL RANKING 17/44 

Although this indicator has improved for the Philippines, violence remains a serious problem in the country. **The 28% of respondents** say they have suffered some kind of **serious harm as a result of violent crime** or know someone who has suffered similar harm in the last two years.

To select more than one year use the combination ctrl + click.



## 11. CORRUPTION

### CORRUPTION PERCEPTION INDEX

SCORE: 34 /100

RANKING: 115/180

The Philippines has been **stuck in the same position since 2012** so much so that, according to Transparency International, its efforts to fight corruption appear to be very little. In fact, it is one of the countries most affected by corruption.

Contributing to this situation are, among other things, the **numerous abuses of authority by the police**, who during the pandemic have **locked up people who did not comply with health measures in dog jails**.



Taiwan

65



Malaysia

51



East Timor

40



Indonesia

37



Philippines

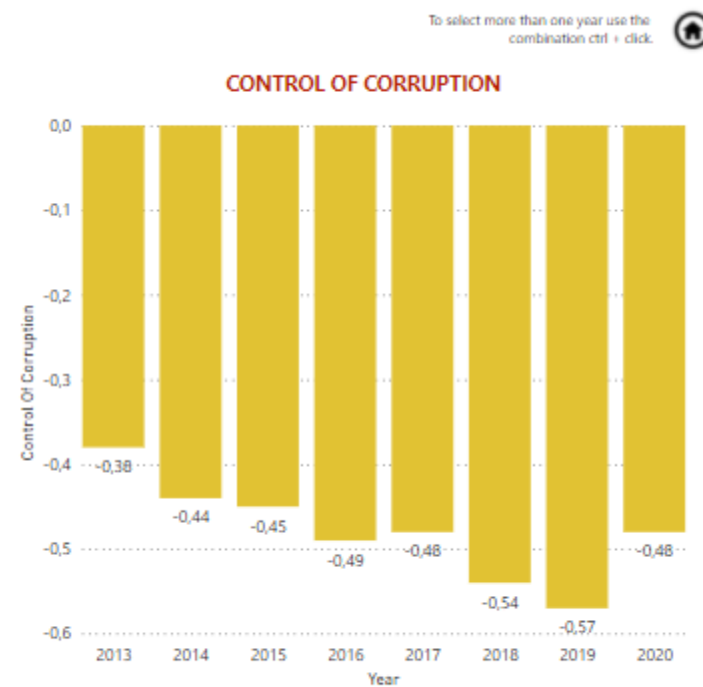
34



## 11. CORRUPTION

The World Bank's Control of Corruption Index measures **perceptions of the extent to which public power favours private profit**, as well as state decisions in favour of political and economic elites. The results of this indicator range from -2.5 points (no control of corruption) to 2.5 (control).

Between 1996 and 2020, the Philippines averaged -0.56 points and in the last year scored -0.48, which is a **slight improvement compared to the data of recent years**.



# 11. CORRUPTION

## BRIBERY COMPARED

PHILIPPINES

21%

were asked to pay a bribe.

GLOBALLY

29%

14%

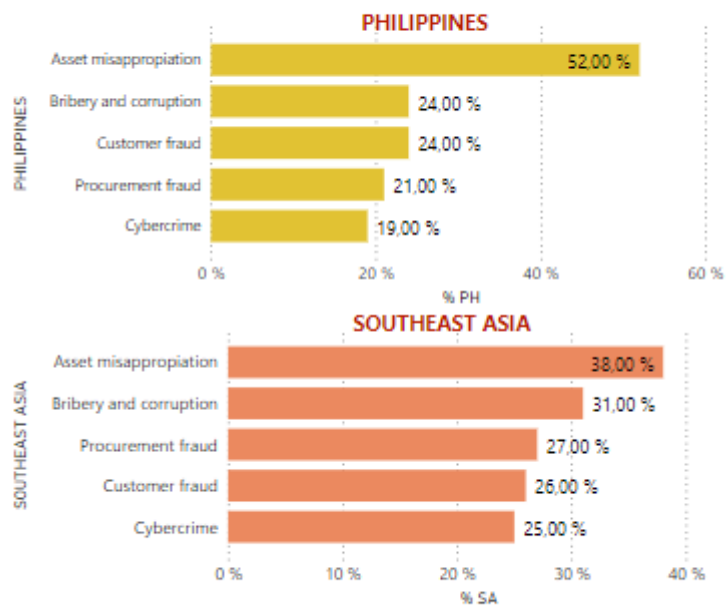
lost an opportunity to a competitor who they believed paid a bribe.

30%

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## TOP FIVE TYPES OF FRAUD, CORRUPTION AND ECONOMIC CRIME

To select more than one year use the combination ctrl + click.



Source: PWC'S GLOBAL ECONOMIC CRIME AND FRAUD SURVEY-THE PHILIPPINE REPORT, 2020

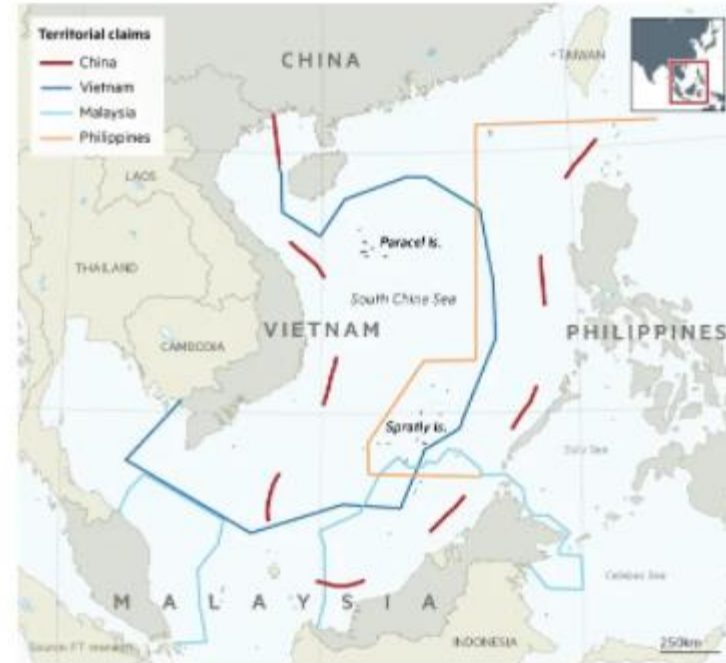
## 12. GEOPOLITICS

For the past several years, Philippine international politics has been embroiled in the South China Sea dispute.

**The dispute dates back to 1947, the date when China publishes a map with the 9 red lines demarcating its position.** After that, there was an escalation of tension from October 2011 until July 2016, date on which the conflict was appeased again.

The dispute is based on China's claim to control a large area of the sea to its south. The other countries, however, also have claims of their own.

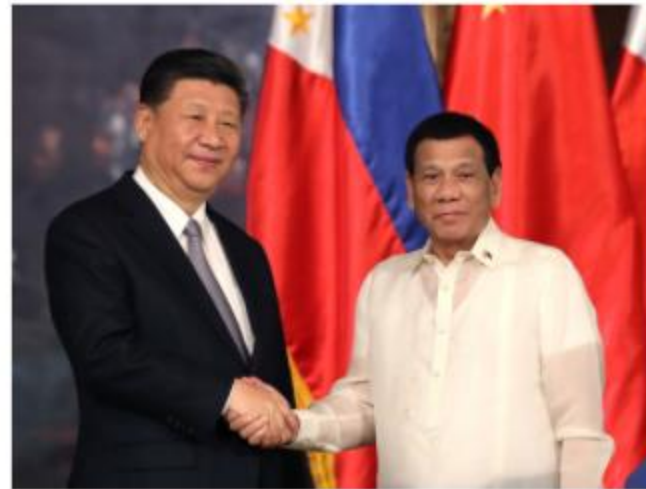
**Because of its interests in the area, and in order to slow China's advance, U.S. policy** has opted to go against China. Along these same lines, a military cooperation agreement was signed in 2014 between the United States and the Philippines.



## 12. GEOPOLITICS

Duterte's position on the issue has been volatile. **Initially, Duterte opted for the option of moving away from Washington and toward Beijing.**

Now, however, with his term coming to an end, **Duterte is beginning to take important steps in the opposite direction: away from Beijing and closer to Washington.**



## 12. GEOPOLITICS



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**The reasons for the change of direction in Duterte's policy are not clear.** On the one hand, it is true that Duterte was hoping to get more out of his relationship with China.

According to analysts in Foreign Policy, Duterte was hoping to be able to strike some deal for resource exploitation, which is in line with his goal of "Build! Build! Build!" Since he was unable to carry out that plan, and saw that China was unwilling to share resources, Duterte decided to re-align with the United States.

**Part of the U.S. policy of rapprochement with the Philippines has been collaboration in the fight against COVID, for example.** Washington sent vaccines that were better received than those coming from Beijing.

As for the future, there is much uncertainty. **According to a recent analysis, only 1 of the top 7 candidates for the Philippine presidency has pro-China leanings,** but the favorable momentum of relations with the United States may mean that there may not be much of a choice.

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## 13. PROSTITUTION

- **Poverty** is one of the main risk factors for **human trafficking**. In the Philippines, about 1 out of every 5 individuals lives in poverty.
- Negative shocks to the economy such as natural disasters or pandemics can lead to individuals even children being pushed towards prostitution.
- In recent years, **UNICEF** has decribed the Philippines as “the global epicenter of the live-stream sexual abuse trade”. Moreover, the **ASEAN Post** believes that the Philippines is the largest known source of online sexual exploitation of children.
- Experts as well as the Filippino government’s Commission on Human Rights believe that child prostitution is dramatically increasing this year in the Philippines, as many parents have lost their jobs due to the pandemic and hence force their children to work the sex trade, often through online connections.

## 13. PROSTITUTION



- . In the Philippines, even though it is widely practiced, prostitution is illegal.
- . The government meets the common **minium standards to tackle the problem of prostitution**. Nevertheless, the government did **not investigate and prosecute officials allegedly involved in trafficking** crimes, consistently criminally prosecute fraudulent recruiters and other labour traffickers, or increase the support for specialized protection and assistance services for child victims of cyber-facilitated sex trafficking.
- . A main problem, which might also be one of many reasons leading to the aforementioned, is the **lack of prostitution data**. The poor and inconsistent collection of data, share and analysis across agencies, and the complexity of internet-facilitated crimes makes it very difficult to accurately capture the extent of the crime and therefore fight the crime.

## 14. BALANCE DUTERTE



### Rodrigo Duterte Presidency

Rodrigo Duterte became president of the Philippines in 2016 after serving as mayor of Davao for 22 years. He ran as the candidate of the centre-left Philippine Democratic Party-People's Power and won the election with more than 6 million votes of difference with the second candidate most voted.

The war on drugs has undoubtedly marked Duterte's presidency. These years have been characterised by a relentless fight against drug trafficking and crime and have resulted in thousands of deaths in the country at the hands of the army and the police, authorised by the president to kill those who refuse to be arrested. This campaign has been strongly criticised by most of the international community with the exception of former US President Donald Trump, with whom Duterte has maintained a good relationship.

Duterte has also been characteristically unfiltered and even compared himself to Hitler: "Hitler massacred three million Jews. Now there are three million addicts here. I'd like to massacre them all". His fight against drugs has therefore been based not only on massacring the traffickers, but also on attacking the consumers.

Duterte has also faced ISIS-like jihadists mainly in the South of Philippines over the years, whom he has fought with the help of other separatist guerrillas.





## 14. BALANCE DUTERTE

### WAR ON DRUGS IN NUMBERS

**OVER  
6000**

Are the people the Philippine authorities believe have died during the war on drugs. Philippine officials have consistently argued that these deaths occurred as a result of officials acting in legitimate self-defence.

**1.18  
Million**

Persons who voluntarily surrendered until March 2017 because they were on police lists of traffickers or consumers, according to the Philippine National Police (PNP).

**OVER  
27,000**

Are the people that institutions like Amnesty International, Human Rights Watch or the Office of the United Nations High Commissioner for Human Rights (OHCHR) believe have died during the war on drugs.

**54**

Number of rehabilitation centres in the Philippines in 2018. In total, 5447 individuals were admitted.

**3**

Policemen have been convicted of murder since the war on drugs began.

**79%**

This is the approval rate that Duterte had in 2019, according to the Social Weather Survey.

## 14. BALANCE DUTERTE



### Rodrigo Duterte Presidency

Duterte's presidency has also been characterised by **attacks on press freedom with closed media, journalists in prison or censorship in the digital space**, among other things. In February 2019, the journalist Maria Ressa, one of the most critical of Duterte, who has investigated the war on drugs, was arrested in the Philippines. All this has led to her being awarded the Nobel Peace Prize this year.

Neither the war on drugs nor the attacks on the media have reduced Rodrigo Duterte's **popularity** in the Philippines, which **reached 91% in the context of the pandemic**. However, **he has declined to run again for president in next year's elections**, which could be contested by his daughter, Sara Duterte.

## 15. NCID WORK



The Navarra Center for International Development has signed a **Memorandum of Understanding with The Philippines Army** to develop a strategic partnership on research in the country.

The agreement aims to strengthen collaboration between both institutions which will work together to undergo **research on promoting personnel effectiveness and formation, as well as social assistance programs.**

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OFFICIAL VISITS IN MANILA AND MADRID

The NCID Director Luis Ravina and Junior Researcher Iván Kim visited in September 2018 **The Philippines Army at its headquarters in Manila**, where initial talks were settled to undergo research on formation for their personnel.

After that, **Col. Joel Paloma** led a **delegation** of the Army Governance and Strategy Management Office (AGSMO), who visited in June 2019 the University of Navarra in Madrid, where talks advanced on the program.



## 15. NCID WORK - NETWORK



The Navarra Center for International Development has a longstanding relation with **Jess Estanislao**, The Philippines' foremost authority on good governance.

He is the Founder of the **Institute for Solidarity Asia (ISA)**, an institution which works to improve **governance** and has guided the NCID in its travels in The Philippines. He is also Founding President of the **University of Asia and the Pacific (UA&P)**.

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### NCID MEMBERS



The NCID has relations with several stakeholders and researchers in The Philippines.

**Bernardo Villegas** is part of the NCID's Steering Committee. He is a leading economist who has been adviser to five recent Presidents of The Philippines.

**Dr. Abigail de Leon** was an NCID visiting researcher in the academic year 2016-2017. She has worked as a UA&P professor and now is the Manager of the Training and Development Unit at the Institute for Solidarity in Asia.

## 15. NCID WORK - NETWORK



The Navarra Center for International Development has during its years developed a **strong relations with researchers who work on the Philippines**. Here are two of them that have visited the NCID and participated in our events.

### JULIEN LABONNE



The Associate Professor of Economics and Public Policy at the University of Oxford presented his paper [Making policies matter: Voter responses to campaign promises at the 8th NCID Research Workshop](#) in 2019, which is now published in our Working Paper series.

Labonne's research focuses on vote buying, political dynasties and family networks in the Philippines.

### DEAN YANG



The Professor in the Department of Economics and the Ford School of Public Policy at the University of Michigan presented his paper [Abundance from Abroad: Migrant Earnings and Economic Development in the Philippines at a Weekly Seminar](#) in 2018.

Yang is a philippine researcher with interests in migration.



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