

Comments on **Senate Bill 1938**, entitled “*AN ACT INSTITUTIONALIZING THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY AS THE INDEPENDENT ECONOMIC AND PLANNING AGENCY OF THE PHILIPPINE GOVERNMENT, DEFINING ITS FUNCTIONS AND AMENDING EXECUTIVE ORDER NO. 230 SERIES OF 1987, AS AMENDED, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES*”

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The National Economic and Development Authority (NEDA) were created through Executive Order No. 230 s. 1987. As such, the existence of NEDA is subject to the prerogative of the president.

This paper assesses the need for the institutionalization of the NEDA via Senate Bill 1938. This paper will look at selected sections of the bill and how it will affect the NEDA as well as its attached agencies.

### **SB 1938 in a nutshell**

The proposal aims to institutionalize the existence of the NEDA. It also defines the functions of the NEDA, the composition of the NEDA board and the plans and programs that the NEDA is supposed to prepare, coordinate and monitor.

### **Comments**

#### *1. Institutionalization and Independence of the NEDA*

As stated before, the NEDA was created through an Executive Order of the President of the Philippines. Therefore, in theory, the NEDA can cease to exist on the basis of another Executive Order. Doing so will deny the government of an economic advisory body. Institutionalizing the existence of NEDA by a law lessens the risk of NEDA being dissolved, as the law can now only be amended by Congress subject to the President’s approval. This institutionalization recognizes the vital function of the NEDA as the socioeconomic planning agency of the government.

The bill provides an opportunity for NEDA to establish and define its powers and functions and key roles as a national socioeconomic planning department. Under EO 230, the role of NEDA is simply stated as "formulating, coordinating fully integrated socioeconomic policies, plans and programs". The proposed SB 1938, clearly indicates the specific powers and functions of the “new” NEDA (Section 4 of SB 1938). The bill also expanded the NEDA interagency committees to include other key committees that have been created over time. Thus, from only 6 interagency committees under EO 230, there are 11 interagency committees under the proposed bill.

The law, by institutionalizing NEDA, increases its independence by ensuring its existence against the prerogative of the president. In addition, the institutionalization of the composition of the NEDA Board

also increases its independence, as the President can no longer modify the composition of the NEDA board. In practice, the President will still appoint the Secretaries who will sit in the NEDA Board, but the same Secretaries cannot be removed from the NEDA Board by the President without removing them from their post as well.

## *2. Improvement of the Talent Pool of NEDA through better employee benefits*

The law recognizes the difficulty that NEDA is facing in recruiting and holding on to top-level economic talent through Section 11, which allows NEDA to formulate a program for reorganizing and staffing. It also allows the NEDA to hopefully offer a sufficiently competitive package for its employees, addressing the lack of capacity and the difficulty of recruiting competent research staff. However, the proposed remuneration in Section 11 states that “The salaries and other remuneration of officials and permanent employees of NEDA shall at least be one salary grade higher than the standard provided under Republic Act No. 6758.” This would be inconsistent with the Salary Standardization Law. Instead, other benefits could be provided to NEDA, its attached agencies and other government agencies. In particular, **enrolment in private health insurance programs organizations can be provided to all government workers to supplement the limited benefits from Philhealth.** At present, the Philhealth package for employees does not include outpatient benefits. Moreover, coverage for inpatient cases are low in private hospitals and this means that employees need to pay for the balance. **A provision allowing government to pay for premia for private health insurance can be included in the proposed bill. Alternatively, a separate bill with this provision can be proposed covering all government workers.**

## *3. Repository of Data and Information*

The PIDS supports Section 28 of SB 1938, which states that “The NEDA shall establish a repository of data and information, publications, research and analyses, and other information concerning the Philippine economy...” This activity is actually part of the purposes and objectives of PIDS (Section 2, Item e of PD 1201: “To establish a repository for economic research information and other related activities”). A knowledge database—the Socioeconomic Research Portal for the Philippines (SERP-P; <https://serp-p.pids.gov.ph>)—was developed by PIDS in year 2000. At present, the SERP-P, which PIDS continues to manage, contains close to 6,000 socioeconomic materials produced by PIDS and its member-institutions, which include the NEDA central office and seven of its regional offices. In addition, the PIDS has been maintaining an online database containing time-series data on key social and economic indicators at different levels of disaggregation. Furthermore, PIDS uses GIS technology to present spatial disparities for many of these key economic and social indicators. The SERP-P, ESD and GIS-based socioeconomic profile can be parts of the broader knowledge system or network that the NEDA is planning to set up.

## *4. Powers and Responsibilities*

Looking at Section 4, it appears that NEDA will now be tasked with overseeing, reviewing, evaluating, monitoring and assessing government projects. This is a very significant addition to the previous tasks that the NEDA handles, which is mainly advisory. As such, there is a question of the type of projects that the NEDA is supposed to monitor and assess. NEDA will need an infusion of personnel and resources in order to coordinate, oversee, review, evaluate, monitor and assess projects. In addition, there is also a question on whether it is proper for NEDA, being an advisory, planning, and now monitoring body, to assess

government projects it had a hand in developing. It may be better to have the projects be assessed by an independent body.

With regard to the points raised above, it should be noted that the function of an independent review body is already being performed by the Philippine Institute for Development Studies (PIDS), an attached agency of the NEDA, whose mandate is to conduct long-term policy-oriented research to serve as inputs to national development planning and policymaking. Given PIDS's extensive and solid experience in policy research, including process assessment and impact evaluation, Section 4 Item 6 is a potential area of collaboration between NEDA and PIDS. The two offices can work together in conceptualizing and conducting process evaluation and impact assessment of government policies and programs. In this regard, the PIDS would like to suggest rephrasing Item 6 of Section 4 as follows: "In coordination with PIDS, review, monitor and assess the impact of policies..."

#### *5. Attached Agencies*

Section 19 of SB 1938 on Attached Agencies is consistent with Presidential Decree (PD) 1201, the founding charter of PIDS (see Section 1, paragraph 1), as well as with the Administrative Code of 1987, which indicates that PIDS and other agencies currently attached to NEDA "shall continue to be so attached for purposes of supervision". Section 19 of the proposed bill likewise emphasized that the agencies attached to the NEDA shall continue to be attached "for purposes of policy and program coordination".

However, Section 20 of SB 1938 mentioned that "the NEDA shall review the mandate, objectives and functions of the attached agencies in order to recommend disposition or revisions in its respective charters, whenever appropriate and deemed advisable." This provision appears to be inconsistent with Section 19 which underscored the sole purpose of policy and program coordination.

Section 20 might also run counter against the idea of why the PIDS was created. The PIDS was created as an independent think-tank of the government distinct from the NEDA, which is an advisory and a planning body. The founding charter of PIDS (PD 1201) specifies the need to "establish a national research institution that will perform policy-oriented research on all aspects of the Philippine economy and assist the government in formulating plans and policies for national development". The PIDS would like to underscore the importance of preserving its charter and maintaining its independence in the management and conduct of policy research to continuously provide sound, credible, and objective policy inputs and recommendations to government. As such, the PIDS is concerned about the possible consequences of Section 20 to its independence. The PIDS would like to request for the preservation of its charter and its independence as a policy think tank, and for these to be made explicit in the proposed bill.