



# Sustainable Inclusive Growth: Opportunities and Challenges

## **10<sup>th</sup> Young Economists' Convention**

Traders Hotel, Pasay City

17 June 2011

## **Secretary Cayetano W. Paderanga, Jr.**

National Economic and Development Authority



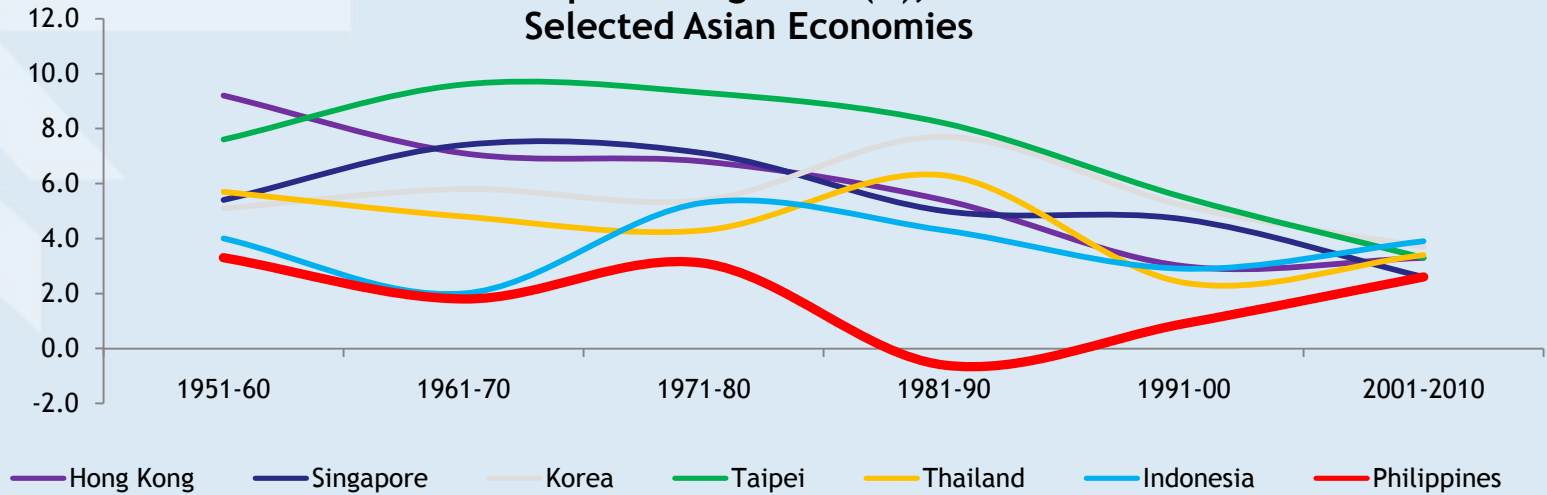
# Outline

- I. Economic Performance
- II. Development Outcome
- III. Vision of Inclusive Growth



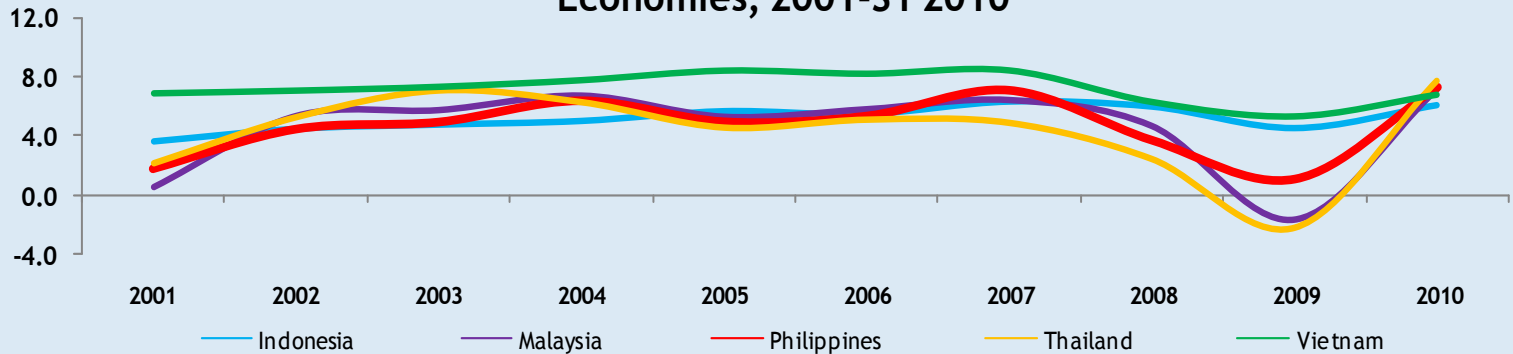
# Low and lagging growth....

## Real Per Capita GDP growth (%), 1951-2010 Selected Asian Economies



Source: ADO

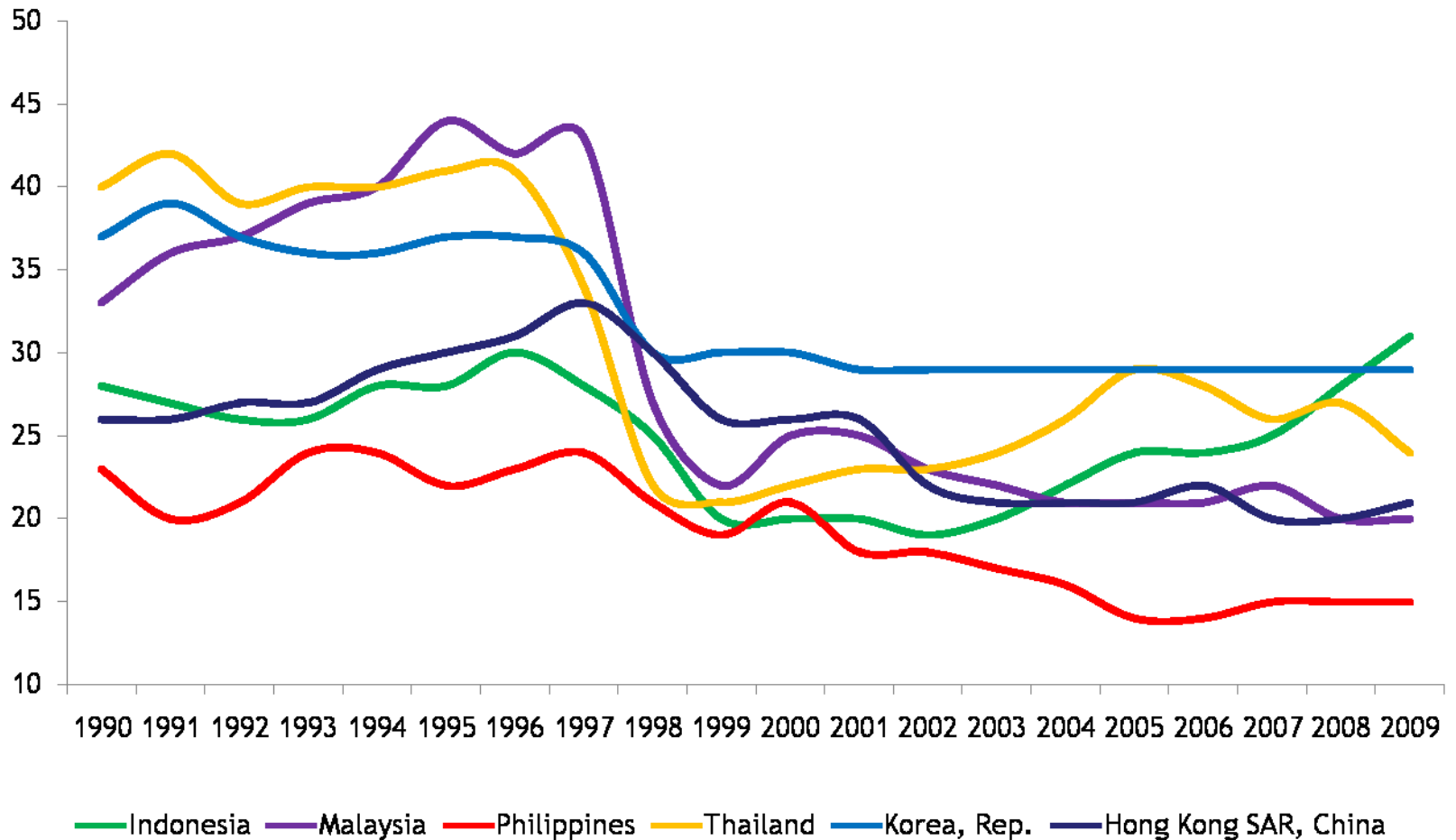
## Annual Comparative GDP Growth Rates of Selected Asian Economies, 2001-S1 2010



Source: country websites

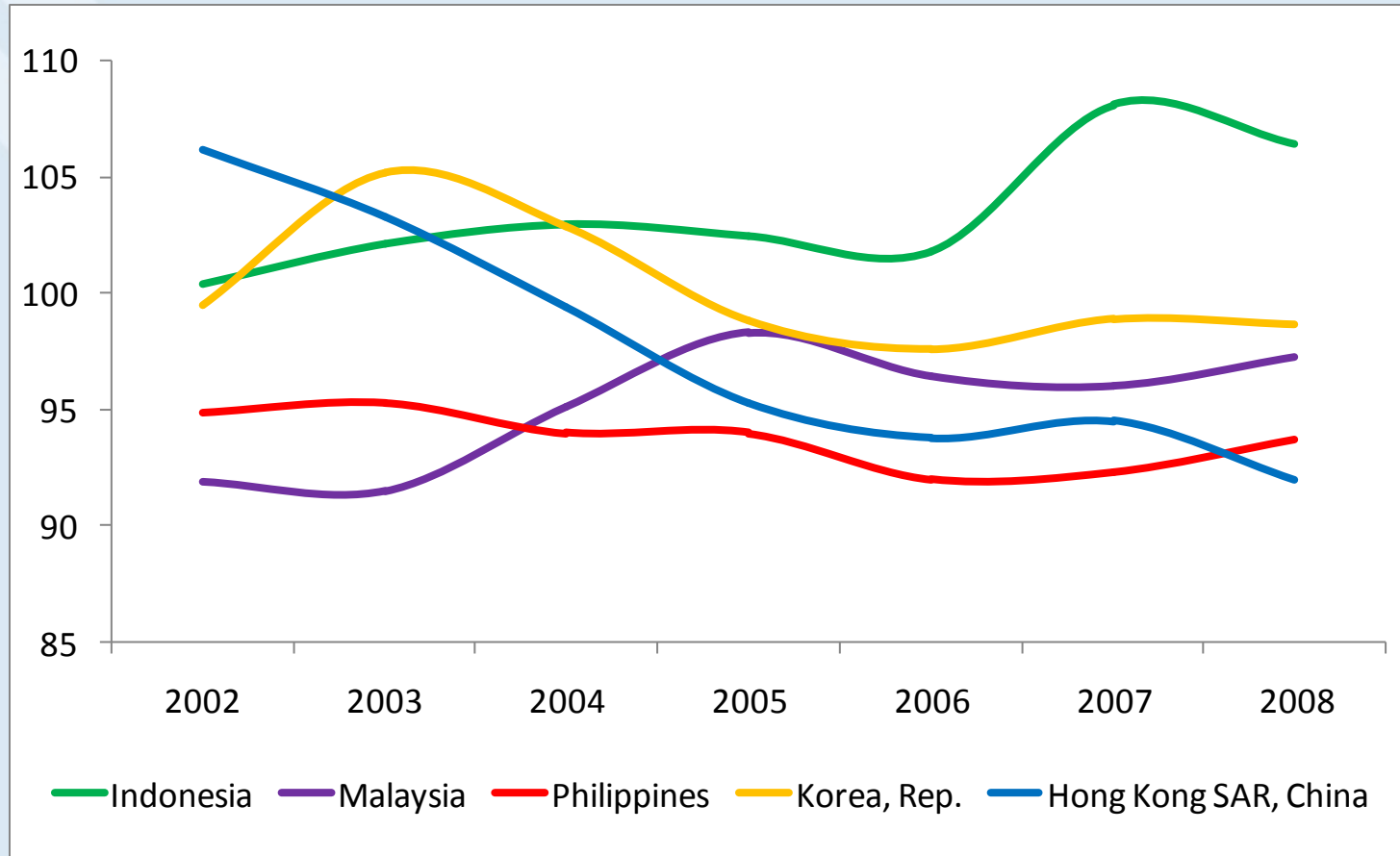
## Low levels of investment-to-GDP ratio....

### Investment-to-GDP Ratios: 1990-2009 (in percent)



# ...including human capital

## Primary completion rate: 2002-2008 (% of relevant age group)





## Strength of Bureaucracy in Selected Countries: 2010 (out of 183 countries)

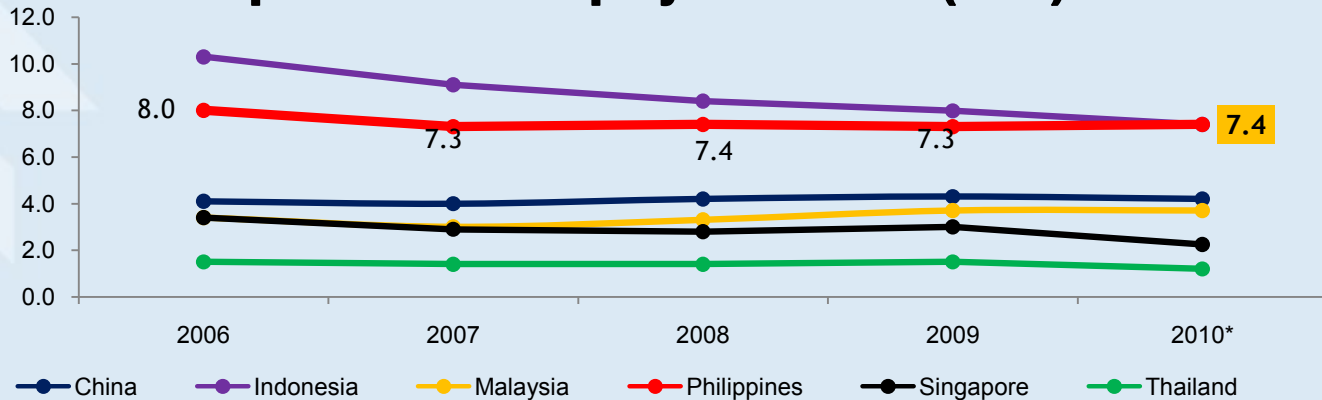
	Ease of Doing Business	Procedures to start a business (number)	Time required to start a business (days)
Hong Kong	2	3	6
Indonesia	121	9	47
Malaysia	21	9	17
Singapore	1	3	3
Taiwan, China	33	6	15
Thailand	19	7	32
Vietnam	78	9	44
<b>Philippines</b>	<b>148</b>	<b>15</b>	<b>38</b>

Sources: Doing Business Report, The World Bank



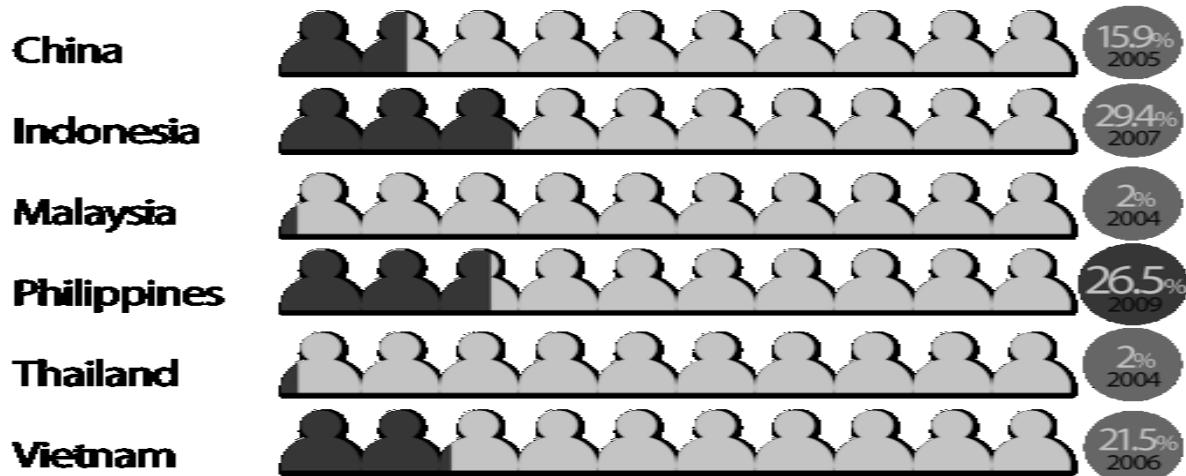
# Development Outcome: high poverty and unemployment

## Comparative Unemployment Rate (in %)



Source: Asian Development Outlook 2009; NSO-Labor Force Survey

## Percentage of Poor Population<sup>1/</sup>



Sources/Notes:

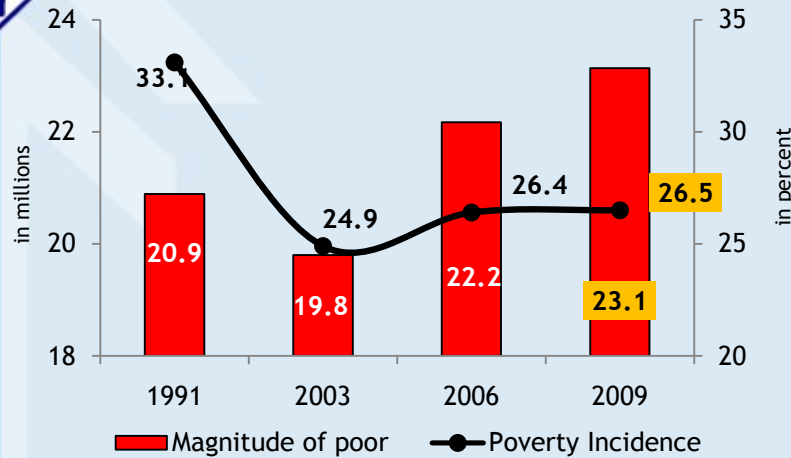
<sup>1/</sup>UNESCAP 2009 Statistical Yearbook; based on Below US\$1.25 per Day ([www.unescap.org/stat/data/syb2009/](http://www.unescap.org/stat/data/syb2009/))

\*Philippine official estimates, NSCB 2009

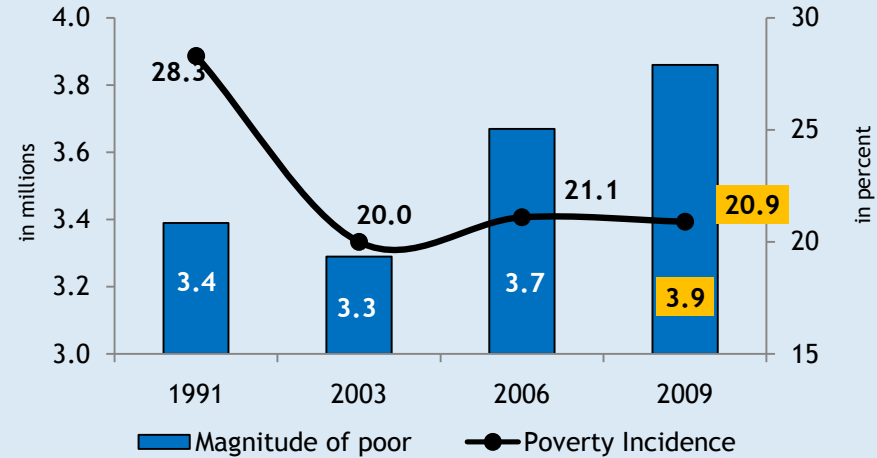


# Development Outcome: the rate of decline of poverty has been exceedingly slow

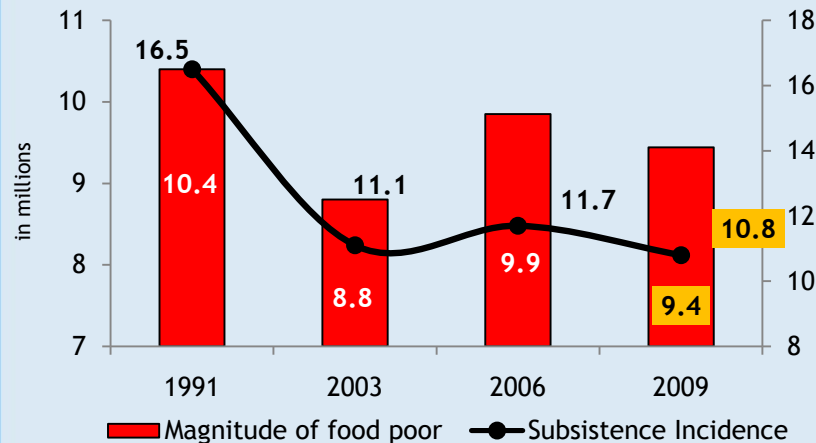
### Poverty Incidence Among Population



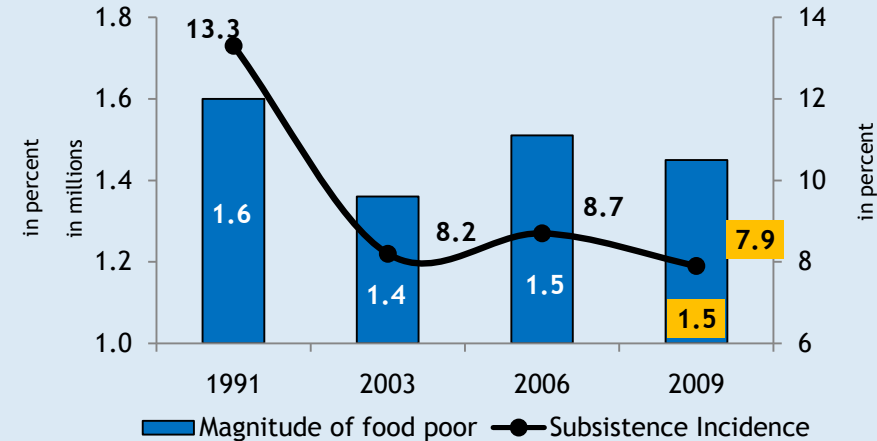
### Poverty Incidence Among Families



### Subsistence Incidence Among Population



### Subsistence Incidence Among Families



Based on the refinements in the official poverty estimation methodology approved by the NSCB Executive Board on February 1, 2011  
 Source: National Statistical Coordination Board



## Development Outcome: large disparities in family income across the country



REGION	Poverty Incidence among Families			Increase/ Decrease	
	2003	2006	2009	'03-'06	'06-'09
PHILIPPINES	20.0	21.1	20.9		
Region IV-B	29.8	34.3	27.6	4.5↑	(6.7)↓
Region VII	32.1	33.5	30.2	1.4↑	(3.2)↓
Region I	17.8	20.4	17.8	2.6↑	(2.6)↓
CAR	16.1	18.6	17.1	2.4↑	(1.5)↓
Region II	15.2	15.5	14.5	0.3↑	(1.1)↓
NCR	2.1	3.4	2.6	1.3↑	(0.8)↓
Region XI	25.4	26.2	25.6	0.9↑	(0.6)↓
Region V	38.0	36.1	36.0	(1.9)↓	(0.1)↓
Region III	9.4	12.0	12.0	2.6↑	0.1↑
Region X	32.4	32.7	32.8	0.2↑	0.2↑
Region IV-A	9.2	9.4	10.3	0.1↑	0.9↑
Region XII	27.2	27.1	28.1	(0.1)↓	1.0↑
ARMM	25.0	36.5	38.1	11.4↑	1.7↑
Region VI	23.5	22.1	23.8	(1.4)↓	1.7↑
Region VIII	30.2	31.1	33.2	1.0↑	2.1↑
Region IX	40.5	34.2	36.6	(6.3)↓	2.4↑
Caraga	37.6	36.9	39.8	(0.7)↓	3.0↑

Source: National Statistical Coordination Board



**Development Outcome: The same trend/pattern in poverty estimates were observed using both the old and refined methodologies.**

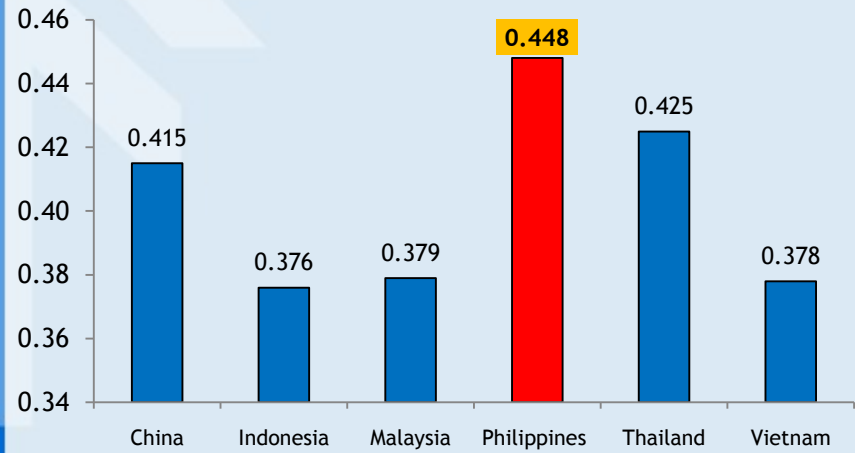
Indicators	Old Methodology			Refined Methodology		
	2003	2006	2009	2003	2006	2009
<b>AMONG FAMILIES</b>						
Poverty Incidence (%)	24.4	26.9	26.3	20.0	21.1	20.9
Subsistence Incidence (%)	10.2	11.0	10.3	8.2	8.7	7.9
Magnitude of poor (in million)	4.0	4.7	4.9	3.3	3.7	3.9
Magnitude of food poor (in million)	1.7	1.9	1.9	1.4	1.5	1.5
<b>AMONG POPULATION</b>						
Poverty Incidence (%)	30.0	32.9	32.6	24.9	26.4	26.5
Subsistence Incidence (%)	13.5	14.6	13.9	11.1	11.7	10.8
Magnitude of poor (in million)	23.8	27.6	28.5	19.8	22.2	23.1
Magnitude of food poor (in million)	10.8	12.2	12.2	8.8	9.9	9.4

Source: National Statistical Coordination Board

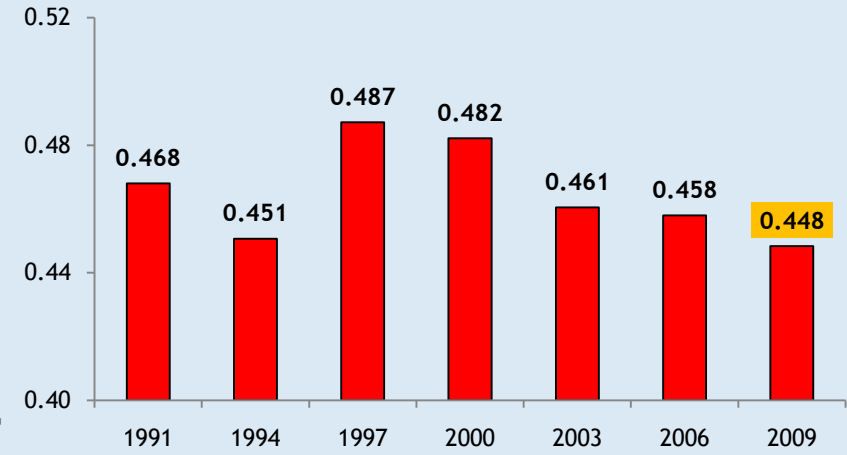


# Development Outcome: a proximate factor behind the weak response of poverty to growth is high inequality

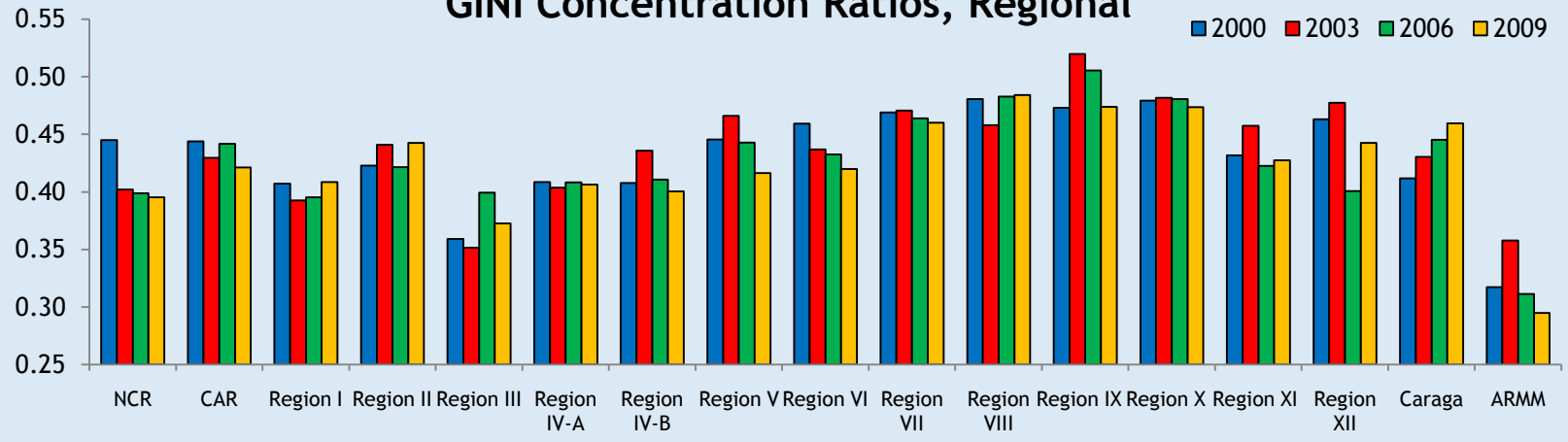
### GINI Coefficients of ASEAN Countries



### GINI Concentration Ratios, Philippines



### GINI Concentration Ratios, Regional



Source: Family Income and Expenditure Survey, National Statistics Office

Philippine growth has **failed** to be inclusive.

NOT ENOUGH JOBS

MAJORITY OF FILIPINOS REMAIN POOR





## *Our Vision*

# **Inclusive growth**



Higher economic growth of per year for at least six years



Growth that generates mass employment



Growth that reduces poverty, including achievement of Millennium Development Goals





# Vision of The PDP 2011-2016: Overview



Philippine Development Plan  
2011-2016



Anchored on: “Social Contract with the Filipino People” (NARD = President’s 16 - point Agenda)



Overarching theme: “Good governance and Anti-corruption”



Vision: “Achieve Inclusive Growth, Create Employment Opportunities And Reduce Poverty”



## Vision of the PDP 2011 – 2016 : Plan Targets for INCLUSIVE GROWTH

GDP Growth rate: 7-8% per year

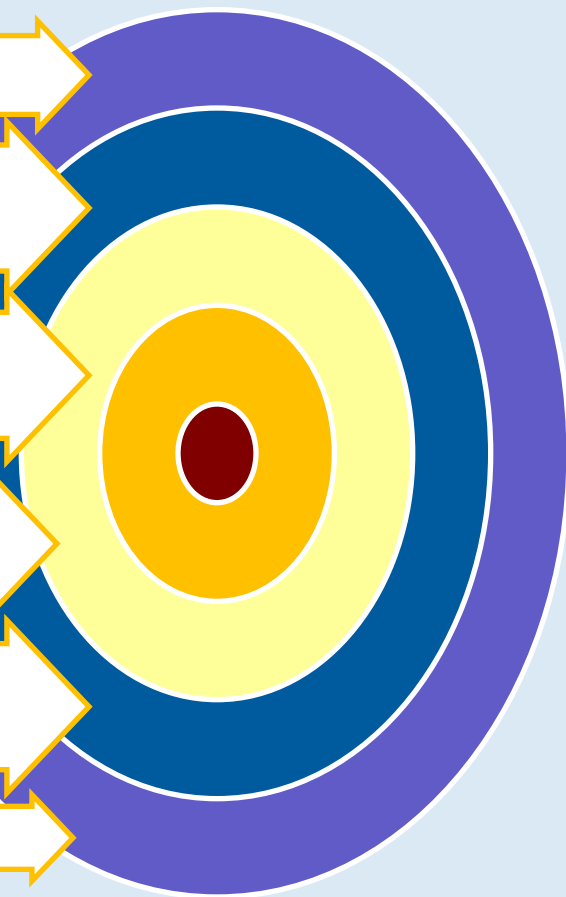
Investment/GDP: 22% by 2016, from 15.6% in 2010

Employment creation: annual average of 1 million jobs

Unemployment rate: 6.8-7.2%; annual average growth of the labor force: 2.75%

Poverty incidence: 16.6% in 2015, from 33.1% in 1991

Other MDG Goals





# Vision of the PDP 2011 – 2016: Achieving Inclusive Growth and Poverty Reduction

## OUTCOMES

REDUCED POVERTY

INCREASED EMPLOYMENT

Philippine Development Plan 2011-2016

## BROAD STRATEGIES

GOOD GOVERNANCE & ANTI-CORRUPTION

HIGH AND SUSTAINED ECONOMIC GROWTH

EQUAL ACCESS TO DEVELOPMENT OPPORTUNITIES

EFFECTIVE AND RESPONSIVE SOCIAL SAFETY NETS





## KEY & COMPLEMENTARY STRATEGIES

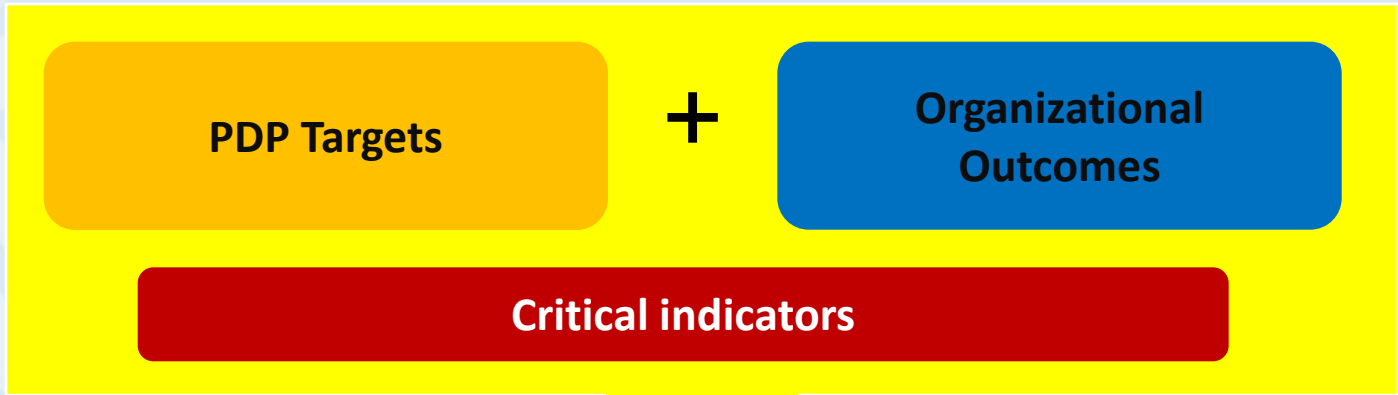
- Stable macroeconomic environment
- Ecological integrity
- Education, science and technology to attain higher productivity
- Peace process and national security

Massive investment in infrastructure

Transparent and responsive governance

Human development and improved social services

Employment generation





***Pilipinas Natin: Asenso para sa lahat***



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