

Achieving Inclusive Economic Growth

Recent Developments, Challenges and Priorities

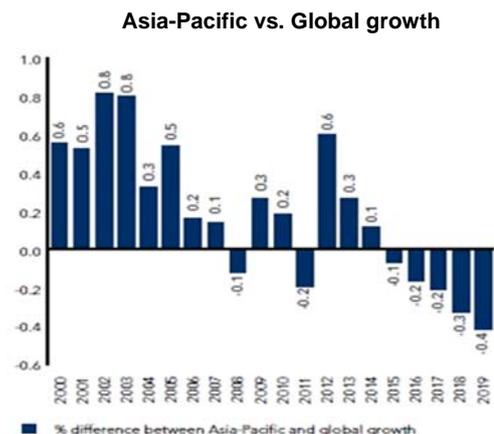
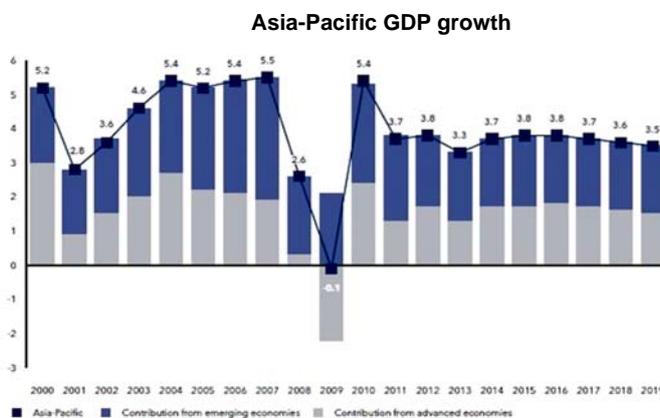
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2015 PECC Singapore Conference
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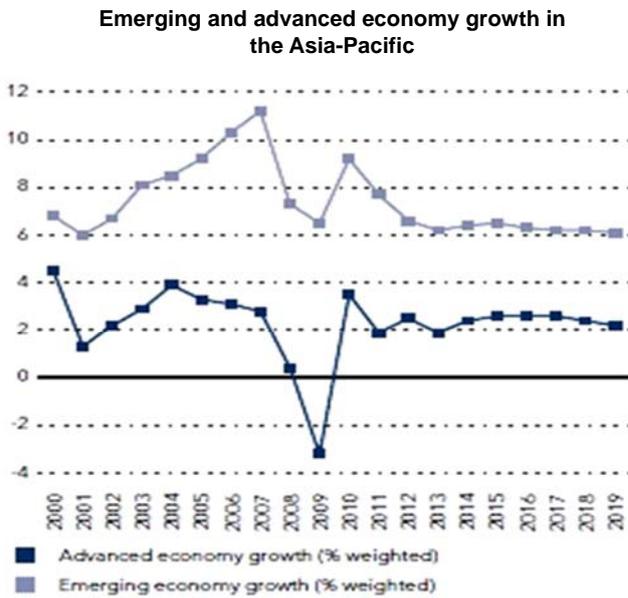
Challenges facing the region in the “new normal”

“New Normal” – characterized by slower growth, higher inequality, and slower job creation



Source: IMF WEO Database April 2014

Challenges facing the region in the “new normal”

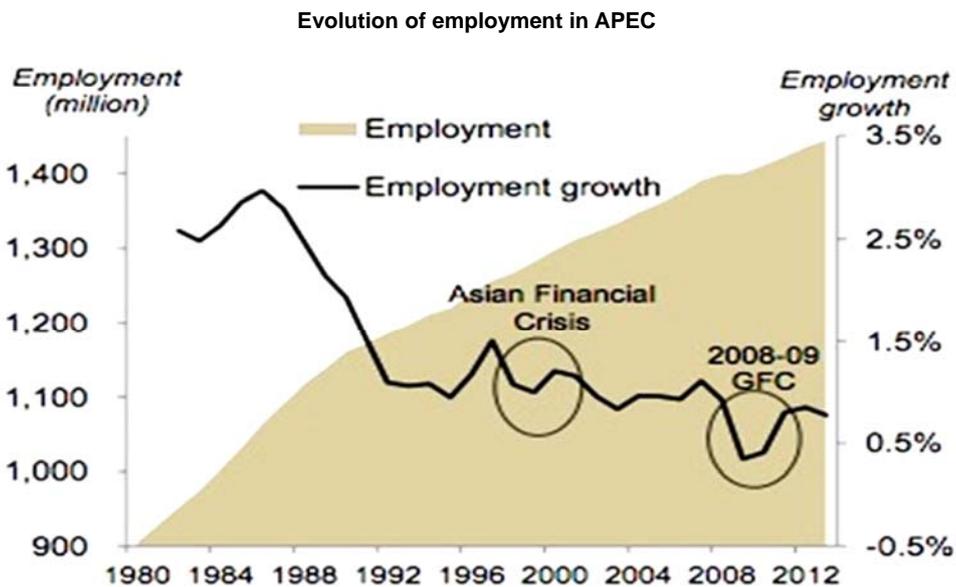


Growth slowdown among emerging and advanced economies expected in this decade.

- **Emerging economies** – 1.3 ppt lower than before
- **Advanced economies** – 0.2 ppt lower than before

Source: IMF WEO Database April 2014

Challenges facing the region in the “new normal”



Source: The Conference Board Total Economy Database and APEC PSU



APEC 2015 theme
“Building Inclusive Economies,
Building a Better World”

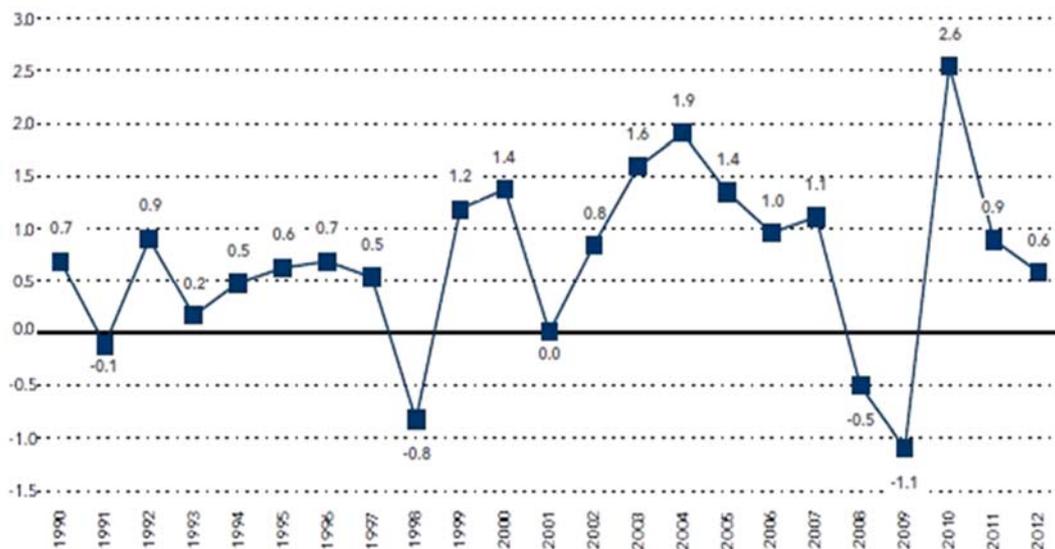


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New growth drivers are emerging...

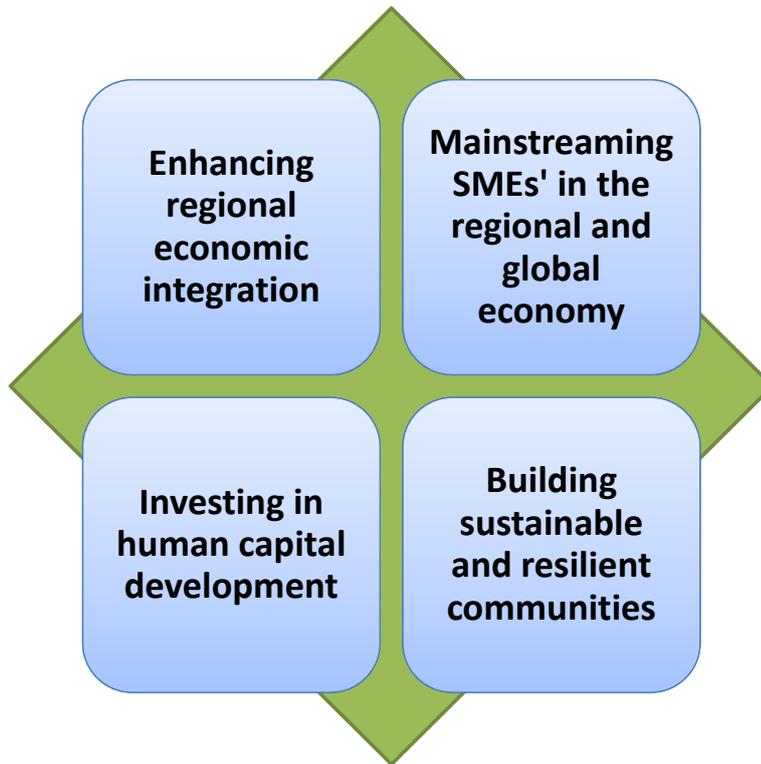
Contribution of Total Factor Productivity (TFP) to Asia-Pacific Growth
(weighted by GDP US\$)



Source: The Conference Board *Total Economy Database*, January 2014 and IMF WEO Database April 2014



Priorities of APEC in 2015



Priorities of APEC in 2015



Enhancing regional economic integration

Promote economic growth by building on previous strengths and exploring initiatives to enhance the supply chain and expand connectivity in the region.



Mainstreaming SMEs in the regional and global economy

Continue removing barriers to entry; promote greater access to finance, technology, and training; development of high value-added products; and improve business and management climates



Investing in human capital development

Identify and implement educational reforms, enhance workforce competencies, align education and training programs to respond to industry requirements, empower women and vulnerable groups.



Building sustainable and resilient communities

Continue investments in risk reduction and management, resilient infrastructure, and energy and food security.



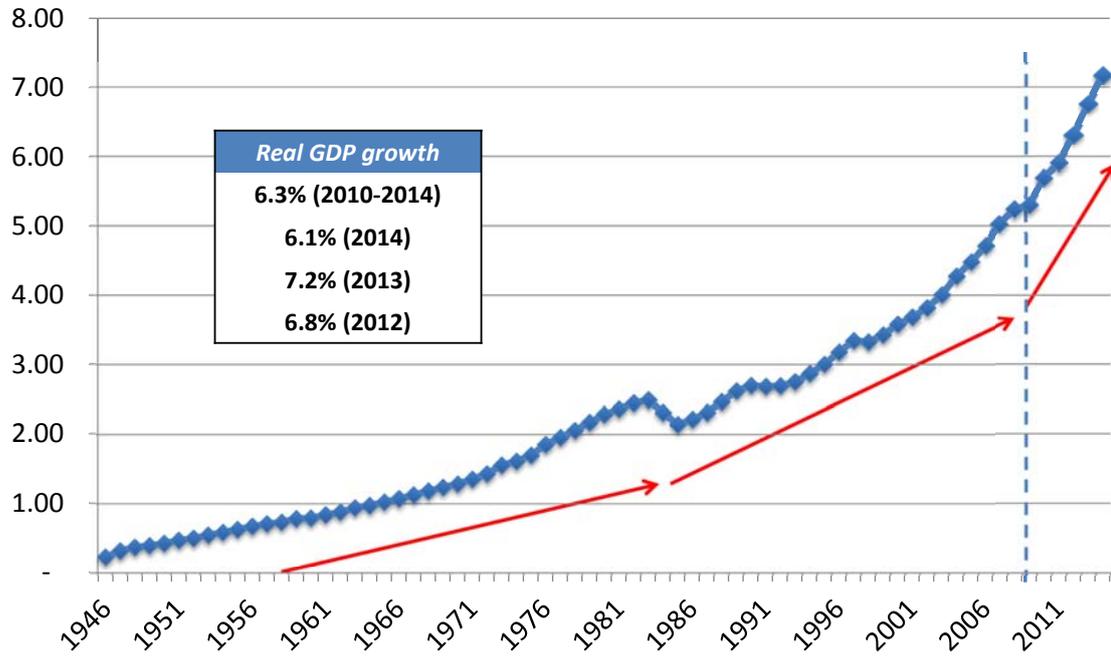
We need to address current and emerging structural reform issues...

- Rapidly changing demographics
- Regulatory and policy constraints to innovations
- Burgeoning skills mismatch in the labor market
- Impediments to growth of efficient and livable cities
- Increasing development divides across landscapes

The Philippine experience in inclusive growth

The Philippine economy is on a higher growth trajectory since the beginning of the current decade. Average growth in 2010-2014 is the highest 5-year average growth since the mid-1970s.

GDP in 2000 billion Php, 1960-2014

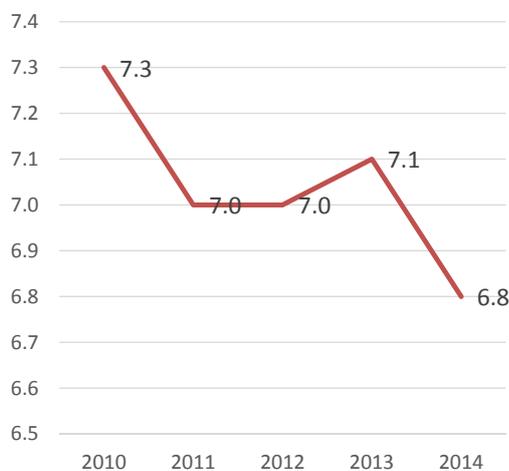


Source: PSA

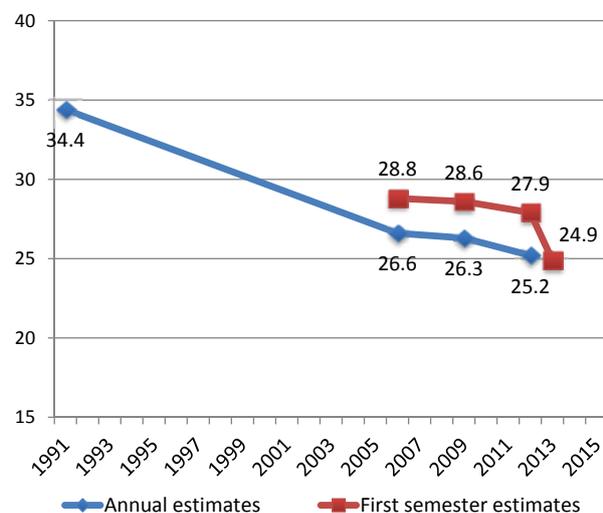
The Philippine experience in inclusive growth

Employment and poverty have become more responsive to growth, but still need to be improved.

Average annual unemployment rate (%)

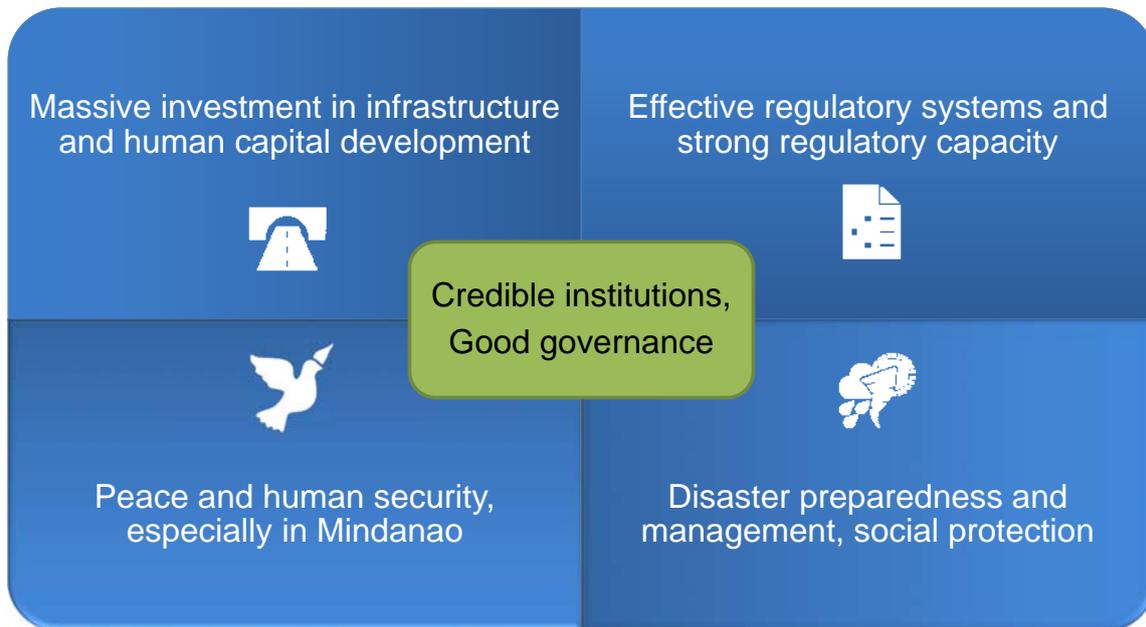


Poverty incidence among pop. (%)

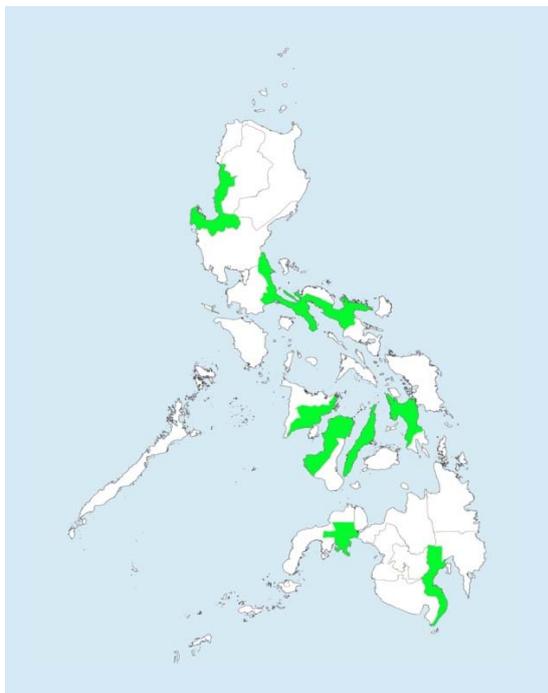


Source: Philippine Statistics Authority

Focus of Aquino administration is to address the key constraints to growth through the following strategies:



Addressing poverty in the Philippines requires consideration of specific constraints faced by the poor and implementing the necessary interventions.



Category I : provinces with highest number of the poor

Characteristics:

- Rapid growth opportunities exist but not for the poor
- In-migrants are attracted but they cannot participate in the growth process as well

Interventions:

- Create more growth opportunities
- Undertake skills training, employment facilitation
- Encourage flexible work arrangements

Addressing poverty in the Philippines requires consideration of specific constraints faced by the poor and implementing the necessary interventions.



Category II : provinces with highest proportion of the poor

Characteristics:

- Very remote, sparsely populated
- Limited growth opportunities
- Confronted by conflict and/or frequent disasters

Interventions:

- Promote economic mobility of labor through human capital and infrastructure development
- Link residents to the value chain
- Strengthen peace-building efforts

Addressing poverty in the Philippines requires consideration of specific constraints faced by the poor and implementing the necessary interventions.



Category III : provinces prone to multiple hazards

Characteristics:

- Exposed and prone to multiple hazards, such as landslides and flooding
- The marginally non-poor can slide into poverty relatively quickly owing to shocks or natural disasters.

Interventions:

- Capacitate officials and residents on disaster risk-reduction strategies
- Promote income diversification
- Expand social protection and insurance

The scope for international cooperation

- Advocacy for deeper structural reforms
 - International cooperation can facilitate the process of deepening structural reform
- Platform to promote inclusive growth in the “new normal”
 - Potential gains from competition and opening up of economies are massive if challenges are adequately addressed

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