

# Achieving Inclusive Economic Growth

*Recent Developments, Challenges and Priorities*

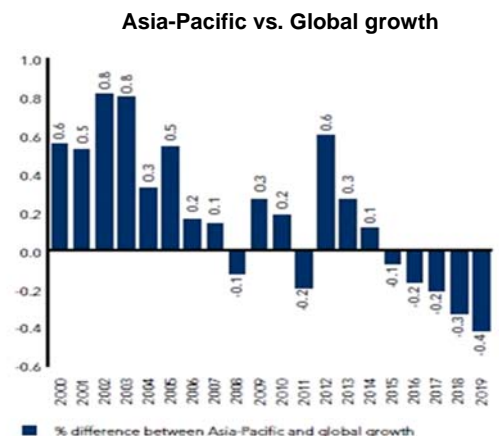
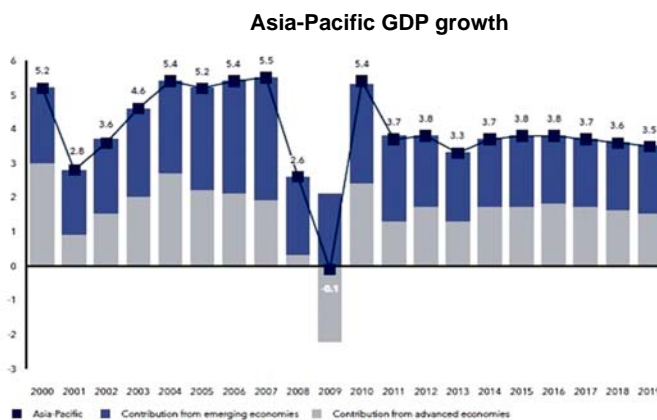
**EMMANUEL F. ESGUERRA**

Undersecretary and Deputy Director-General  
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2015 PECC Singapore Conference  
 26-27 February 2015

## 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”

Emerging and advanced economy growth in the Asia-Pacific



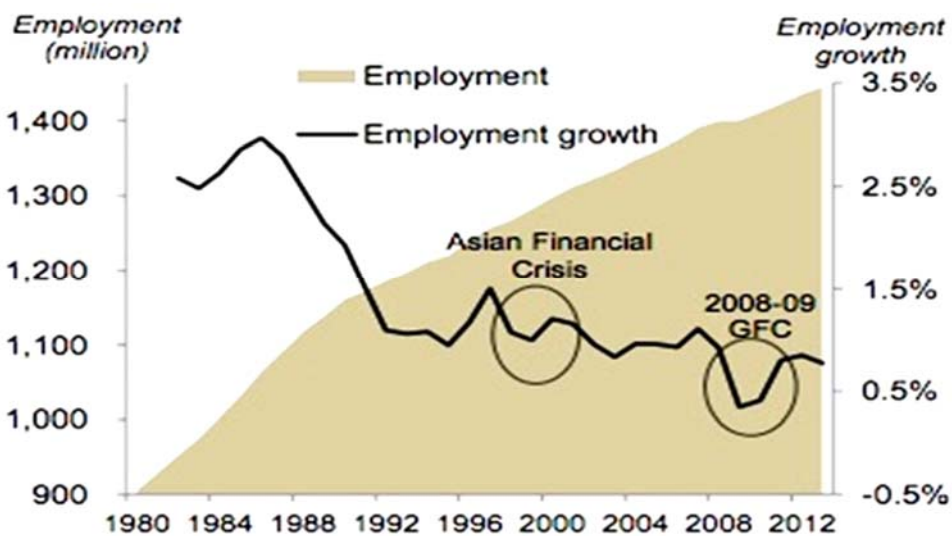
**Growth slowdown among emerging and advanced economies expected in this decade.**

- **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”

Evolution of employment in APEC



Source: The Conference Board Total Economy Database and APEC PSU



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

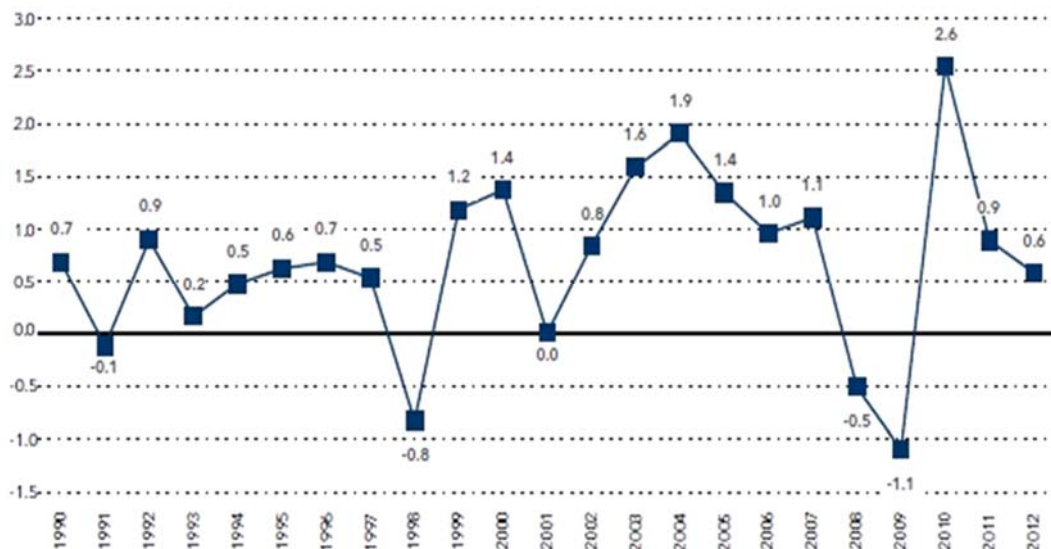


**APEC**  
PHILIPPINES  
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New growth drivers are emerging...

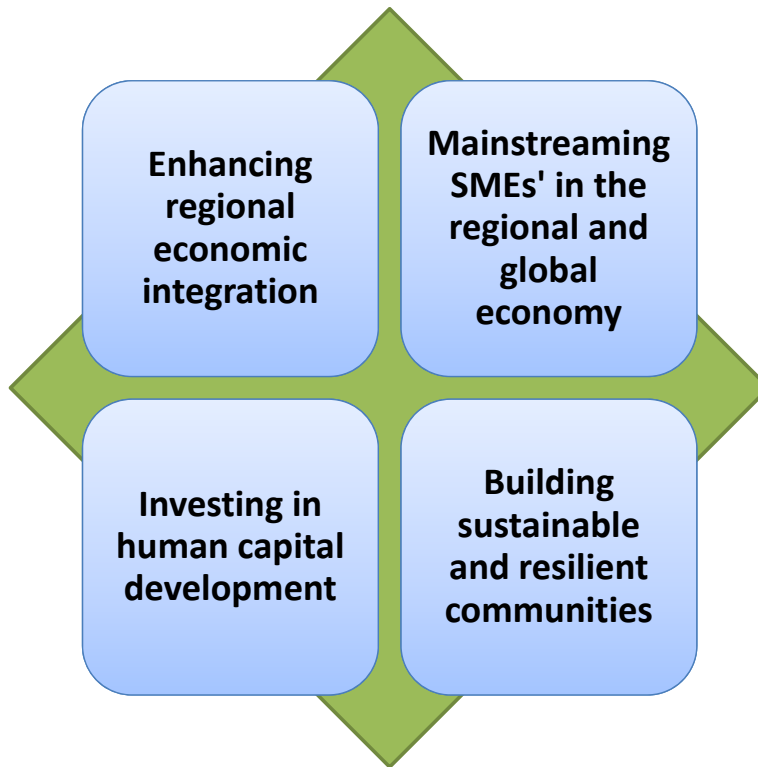
Contribution of Total Factor Productivity (TFP) to Asia-Pacific Growth  
(weighted by GDP US\$)



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.



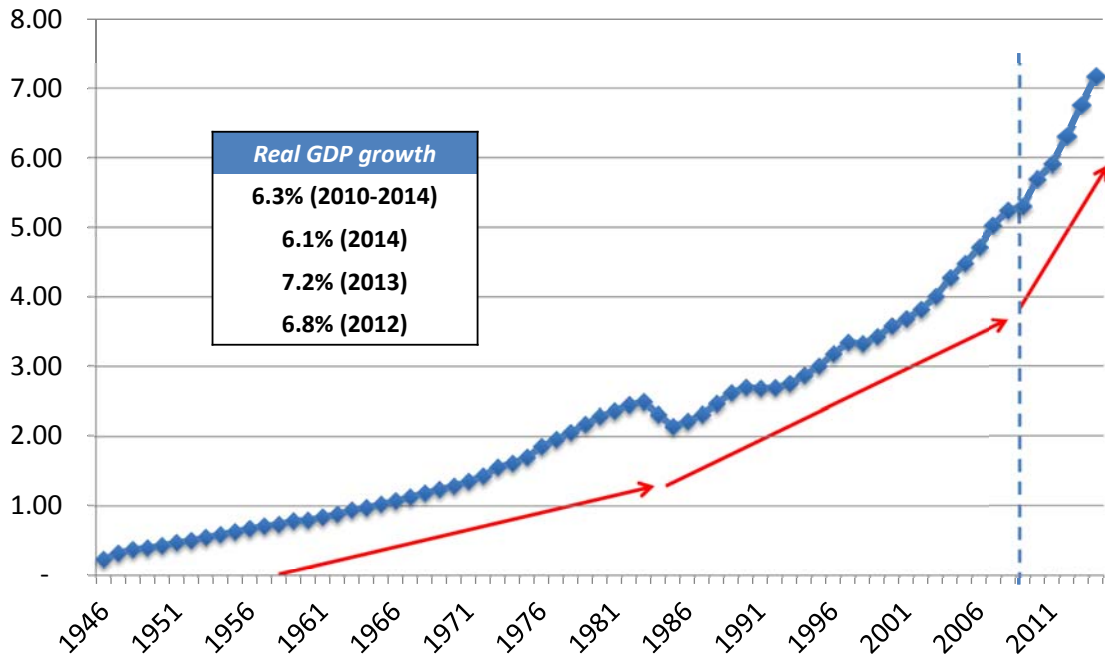
We need to address current and emerging structural reform issues...

- 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

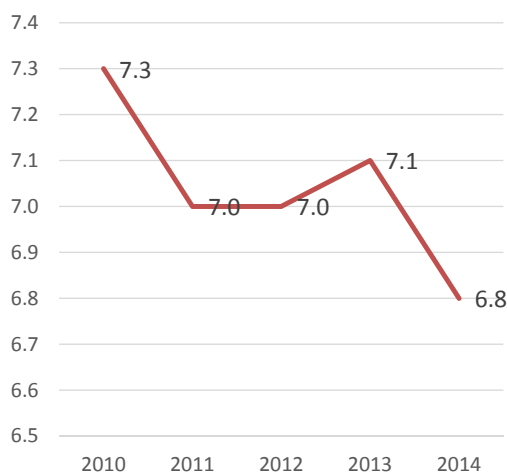


Source: PSA

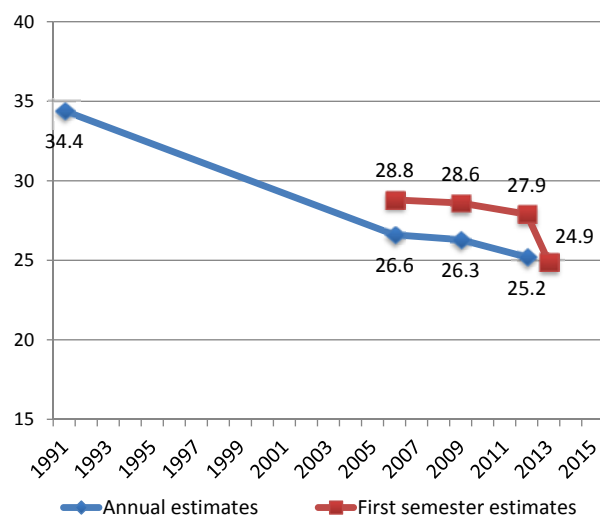
# The Philippine experience in inclusive growth

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

Average annual unemployment rate (%)



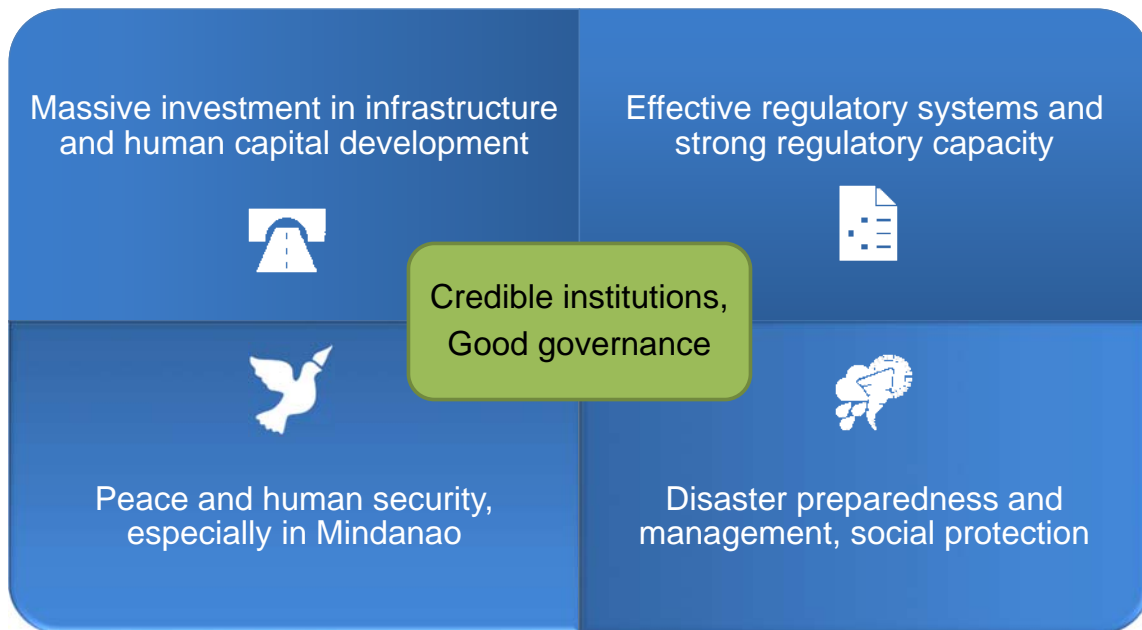
Poverty incidence among pop. (%)



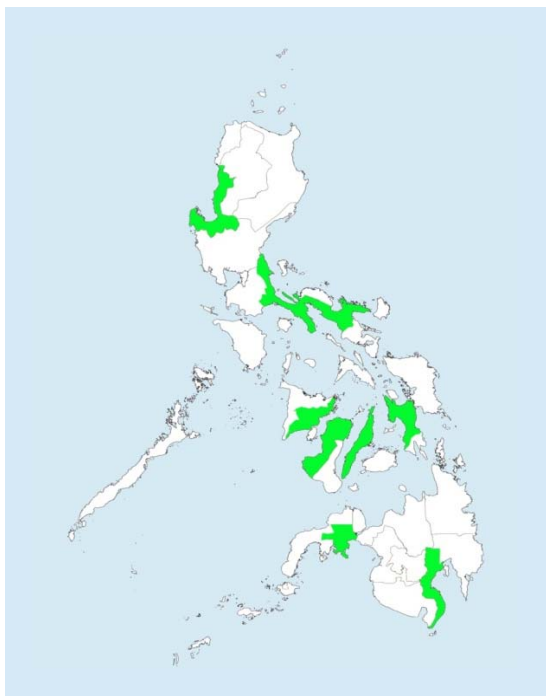
Source: Philippine Statistics Authority



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:

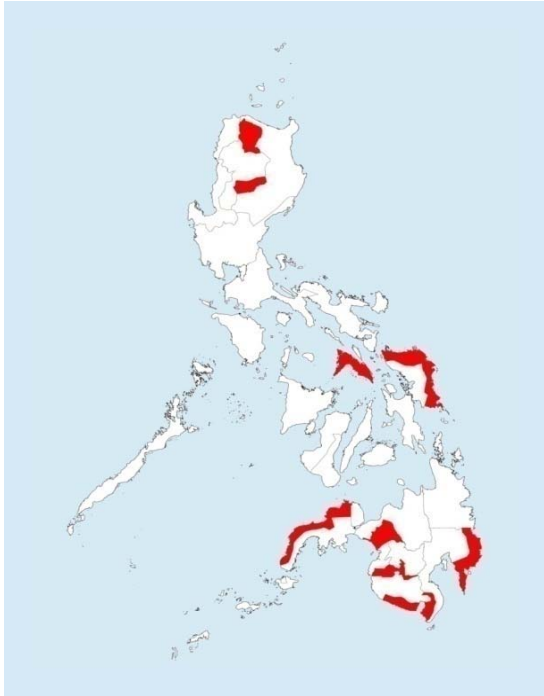
- Rapid growth opportunities exist but not for the poor
- In-migrants are attracted but they cannot participate in the growth process as well

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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