PHILIPPINE DEVELOPMENT PLAN 2011-2016

In pursuit of inclusive growth

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Philippine Development Forum
Sofitel Philippine Plaza, Pasay City
26 February 2011
Outline of presentation

- Philippine economic performance
- Constraints to inclusive growth
- Key programs and strategies in the Philippine Development Plan 2011-2016
Low, lagging and uneven growth

Real Per Capita GDP growth (%), 1951-2009
Selected Asian Economies

Sources: Asian Development Bank (2010); National Statistical Coordination Board (NSCB)
High poverty and inequality

<table>
<thead>
<tr>
<th>Country</th>
<th>% of Poor Population (^1/)</th>
<th>Gini Coefficient (^2/)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>15.9 (2005)</td>
<td>0.415 (2005)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>29.4 (2007)</td>
<td>0.376 (2007)</td>
</tr>
<tr>
<td><strong>Philippines</strong></td>
<td><strong>22.6 (2006)</strong></td>
<td><strong>0.440 (2006)</strong></td>
</tr>
</tbody>
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**Sources/Notes**


\(^2/\) 2010 ADB Key Indicators
Philippine growth has failed to be inclusive.
Why is inclusive growth elusive?
Why is inclusive growth elusive?

Inadequate investment

Gross Domestic Investment (% of GDP)

Note: Philippine’s 2010 H1 – from Q1-Q3

Sources: ADB-Asian Development Outlook; International Finance Statistics; NSCB

Factors leading to low investment

- Inadequate infrastructure support
- Gaps and lapses in governance

Source: WB – World Development Indicators; ADB Key Indicators;
Why is inclusive growth elusive?

Output growth does not lead to employment creation

- Labor market fragmentation
- Limited information about job and skill availability
- Concentration of economic activities to large-scale, capital intensive and highly organized sector

Sources: Asian Development Outlook 2009 (March 2009); Labor Force Surveys, National Statistics Office
(*Starting April 2005, the LFS adopts the new unemployment definition)
Why is inclusive growth elusive?

Inadequate level of human development

- Declining quality of education
- Inadequate services for health security
- Inadequate protection from shocks on human capital
Why is inclusive growth elusive?

Low gains from trade

Exports/GDP (in percent)

Remittance to GDP vs. Tradable/Nontradable

Source: WB – World Development Indicators; ADB Key Indicators
Social Contract with the Filipino People

“A country with an organized and widely shared rapid expansion of our economy through a government dedicated to honing and mobilizing our people’s skills and energies as well as the responsible harnessing of our natural resources.”
Three broad strategies to achieve inclusive growth...

**Outcomes**
- Reduce Poverty
- Increase Employment

**Broad Strategies**
- High and Sustained Economic Growth
- Equal Access to Development Opportunities
- Effective and Responsive Social Safety Nets

**PDP 2011-2016**
Broad strategies to achieve inclusive growth

High and sustained economic growth

- Attain a high and sustained economic growth that provides productive employment opportunities
Broad strategies to achieve inclusive growth

Equal access to development opportunities

• Better education, primary healthcare and nutrition, and other basic social services
• Equal access to infrastructure, credit, land, technology, and other productive inputs
• Improve governance and strengthen institutions to promote competition
Effective and responsive social safety nets

- Protect and enable those who do not have the capability to participate in the economic growth process
Social Contract’s 16-Point Agenda

Philippine Development Plan & Medium-Term Philippine Investment Program
Key programs and strategies in the Philippine Development Plan 2011-2016
Philippine Development Plan 2011-2016

1. Introduction
2. Macroeconomic Policy
3. Competitive Industry and Services Sectors
4. Competitive and Sustainable Agriculture and Fisheries Sector
5. Accelerating Infrastructure Development
Philippine Development Plan 2011-2016

6. Towards a Dynamic and Resilient Financial System
7. Good Governance and the Rule of Law
8. Social Development
9. Peace and Security
10. Conservation, Protection and Rehabilitation of the Environment and Natural Resources Towards Sustainable Development
Key programs and strategies

Boosting industry competitiveness to generate more employment

- Vital infrastructure and expand logistics chains (Chapter 5 – Infrastructure Development)
- Mutually agreed-upon work arrangements (Chapter 2 – Industry and Services)
Key programs and strategies

**Boosting industry competitiveness to generate more employment**

- Focus on comparative advantage in more labor-intensive activities (Chapter 2 – Industry and Services)
- Active trade policy that allows exporters to obtain comparative advantage factors including technological know-how (Chapter 2 – Industry and Services)
Key programs and strategies

Improve access to financing

- Clear credit policy framework and corresponding credit delivery strategy (Chapter 6 – Financial sector)
- Public financing programs for MSMEs, cooperatives, etc. (Chapters 3 & 4 – Competitive and Sustainable Agri-Industry-Services sectors)
Key programs and strategies

**Improve access to financing**

- Credit-access for poor – integrated in a business service package (market matching technical assistance and community organizing) (Chapter 6 – Financial sector)
- Regional savings generation through microinsurance, credit surety program, agent banking, use of non-bank financial institutions (Chapter 6 – Financial sector)
Key programs and strategies

Massive investment in physical infrastructure

- Integrated and multimodal national transport and logistics system (Chapter 5 – Infrastructure development)
Key programs and strategies

Massive investment in physical infrastructure

- Public infrastructure financed through better fiscal and efficient budgeting and expenditure management (Chapters 2 - Macro policy and Chapter 6 - Governance)
- Public Private Partnership (Chapter 5 – Infrastructure Development)
Key programs and strategies

Transparent and responsive governance

- Anti-corruption - Whistleblower Protection Law, Amendment of the COA charter, CHRP charter (Chapter 7 – Governance)
Key programs and strategies

Transparent and responsive governance

- Citizen’s access to information and participation in governance (Freedom of Information Bill, NACPA, transparent process in the selection of appointees) (Chapter 7 – Governance)
- Enhance role of LGUs (Chapter 7 – Governance)
Develop human resource through improved social services

- Adequate and responsive formal education structure and program (kindergarten+12-year basic education program)
- Convergence of 4Ps, KALAHI-CIDSS and SEA-K
- National Health Insurance Coverage Program
- Communication, education and advocacy campaign for population development and RP/FP Programs
Complementary Strategies

- Stable macroeconomic environment – low inflation and sustainable fiscal position (Chapter 2)
- Measures to mitigate potential negative impact of environmental factors (Chapter 10)
End of armed conflict

- Facilitate peace process and improve national security especially in afflicted areas (Chapter 9)
Sentro ang tao sa ating plano