



The Government's Perspective: Economic Programs and Projects Towards Inclusive Growth

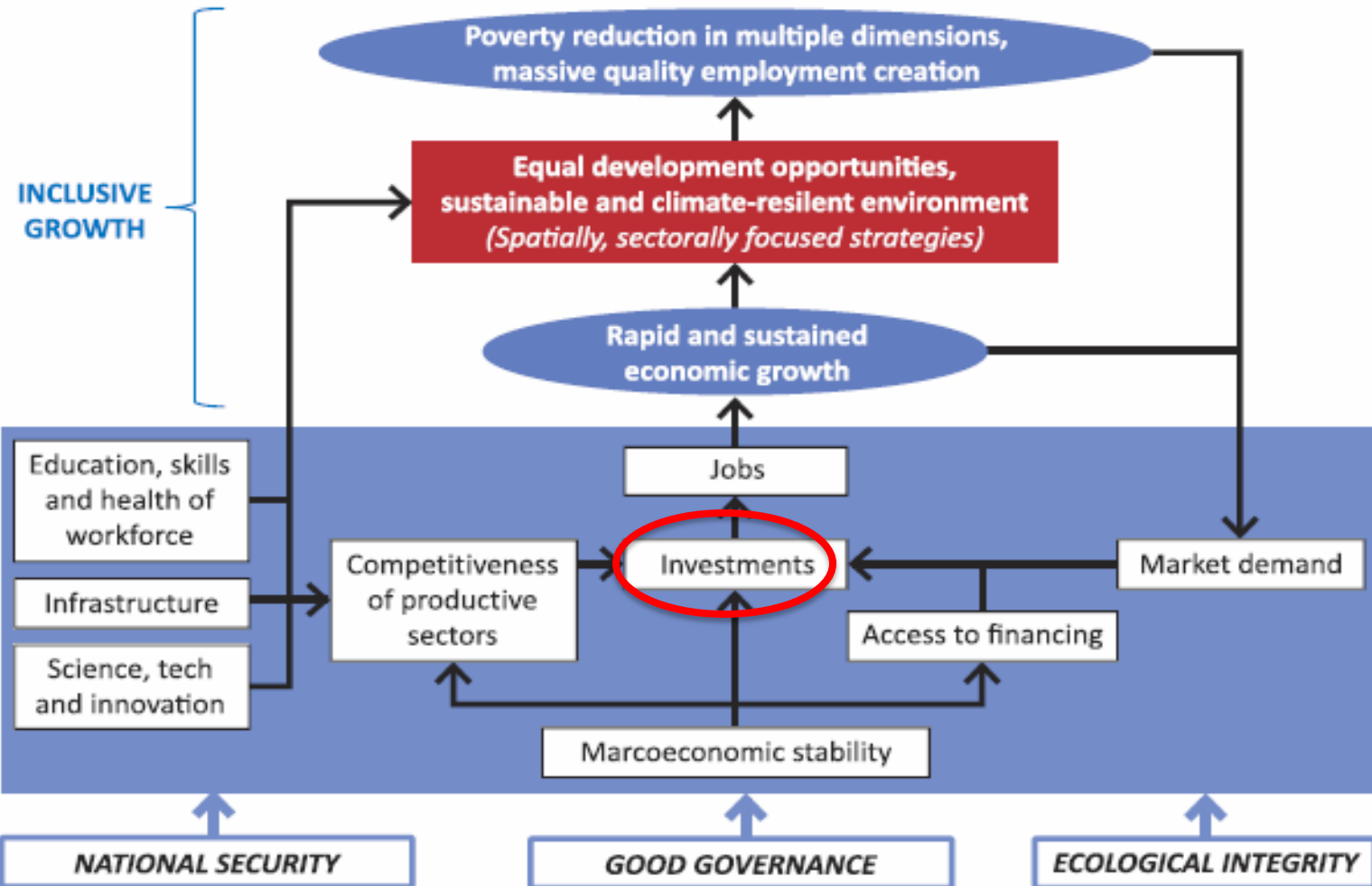
ARSENIO M. BALISACAN
Secretary of Socioeconomic Planning

*SEIPI's 13th CEOs Forum and 118th General Membership Meeting
28 October 2014*

Outline

- I. Inclusive Growth Framework
- II. Recent Economic Performance
- III. Issues/Challenges and Plan of Actions
- IV. Updated PDP Targets

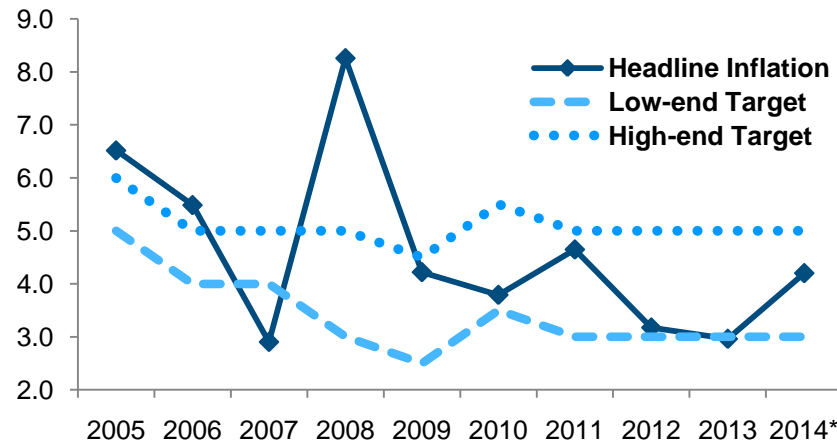
I. INCLUSIVE GROWTH FRAMEWORK



II. RECENT ECONOMIC PERFORMANCE

Supportive macroeconomic environment...

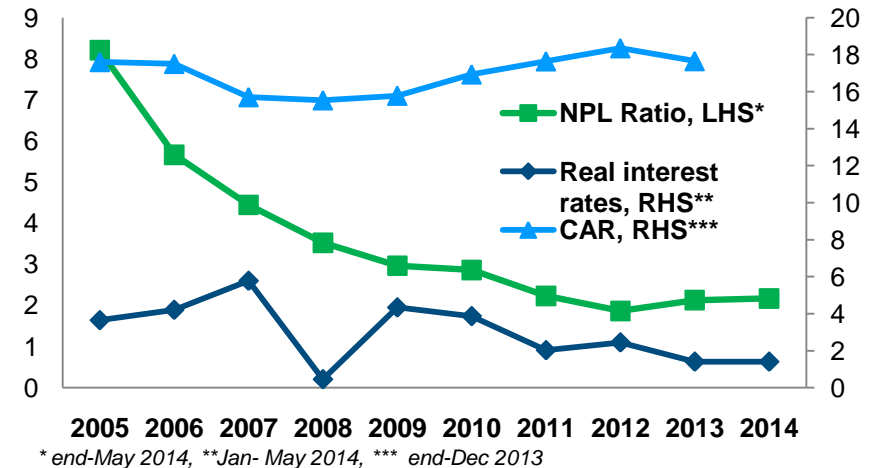
Low and Stable Inflation



Note: Actual inflation figures are based on the 2006 CPI series.

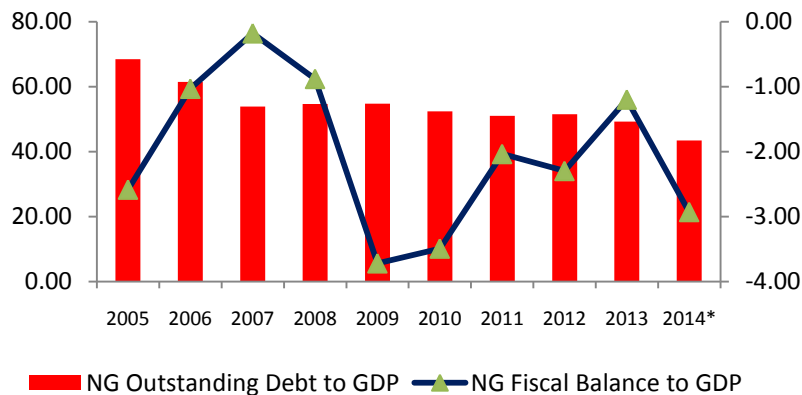
*Jan - Jun 2014

Favorable Interest Rate and Sound Banking System



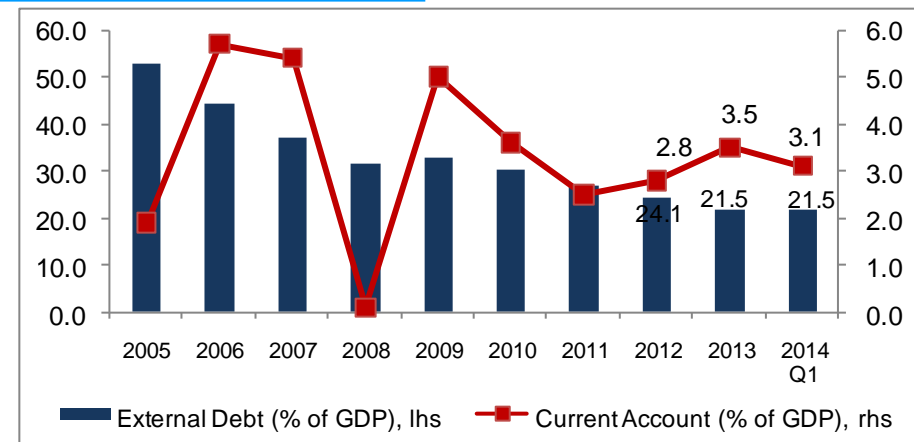
* end-May 2014, ** Jan- May 2014, *** end-Dec 2013

Sustainable Fiscal and External position



Note: NG debt to GDP is as of end May

NG Fiscal Balance to GDP is as of March

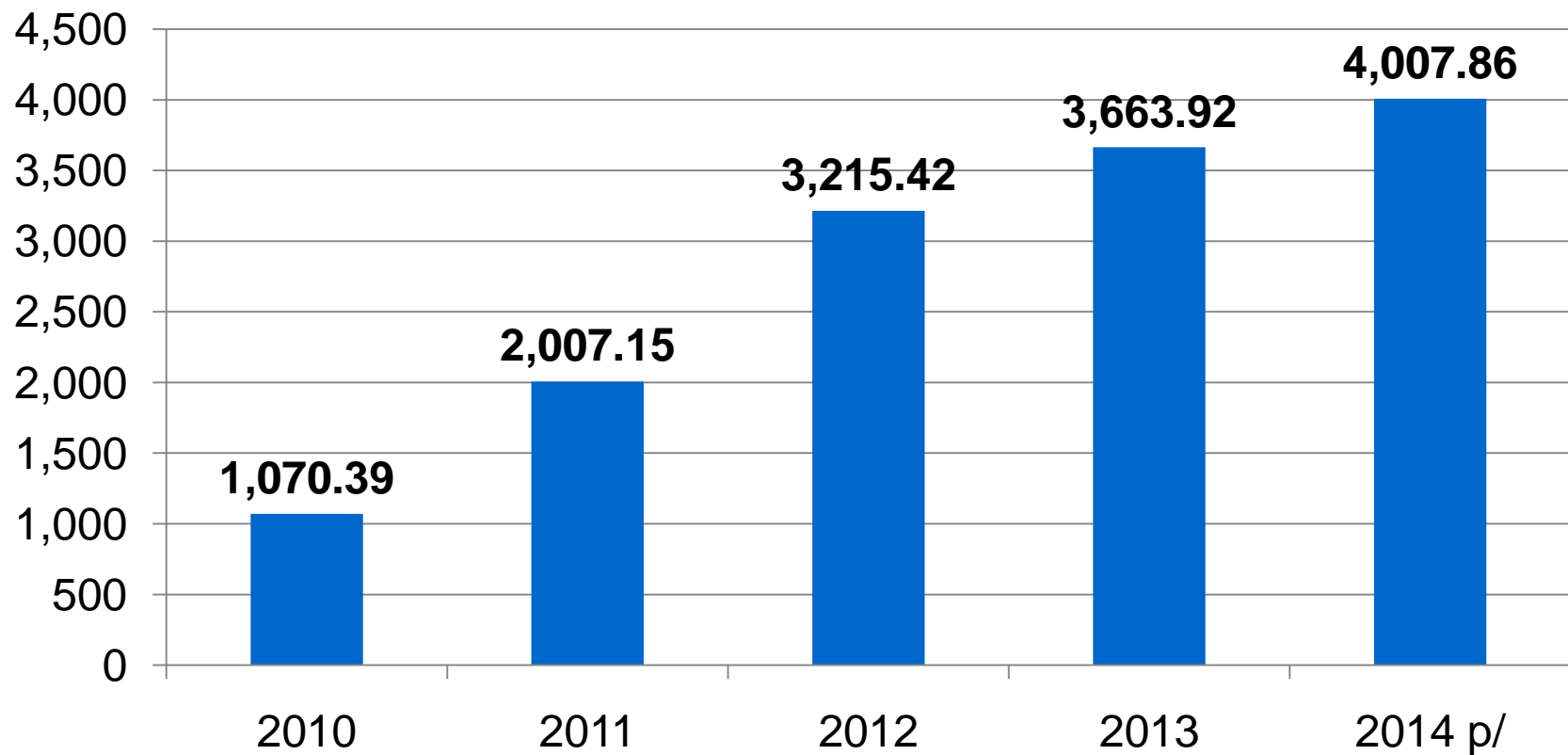


II. RECENT ECONOMIC PERFORMANCE

Investor confidence remains high...

Net Foreign Direct Investments (in US\$ million)

2010-2013, Jan-July 2014



Note: p/ data from January to July 2014

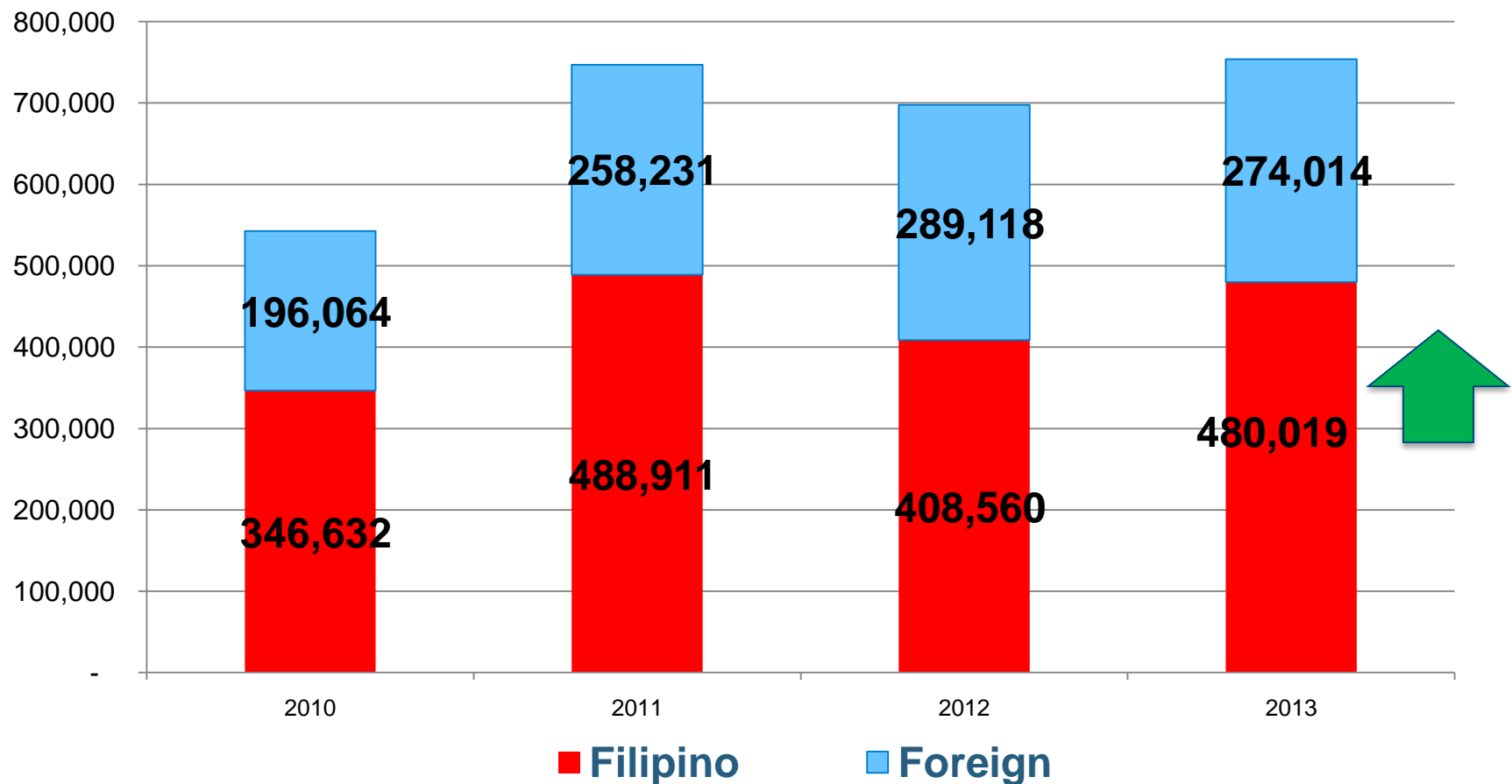
Source: Bangko Sentral ng Pilipinas

II. RECENT ECONOMIC PERFORMANCE

Investor confidence remains high...

Total Approved Investments (in Php million)

2010-2013

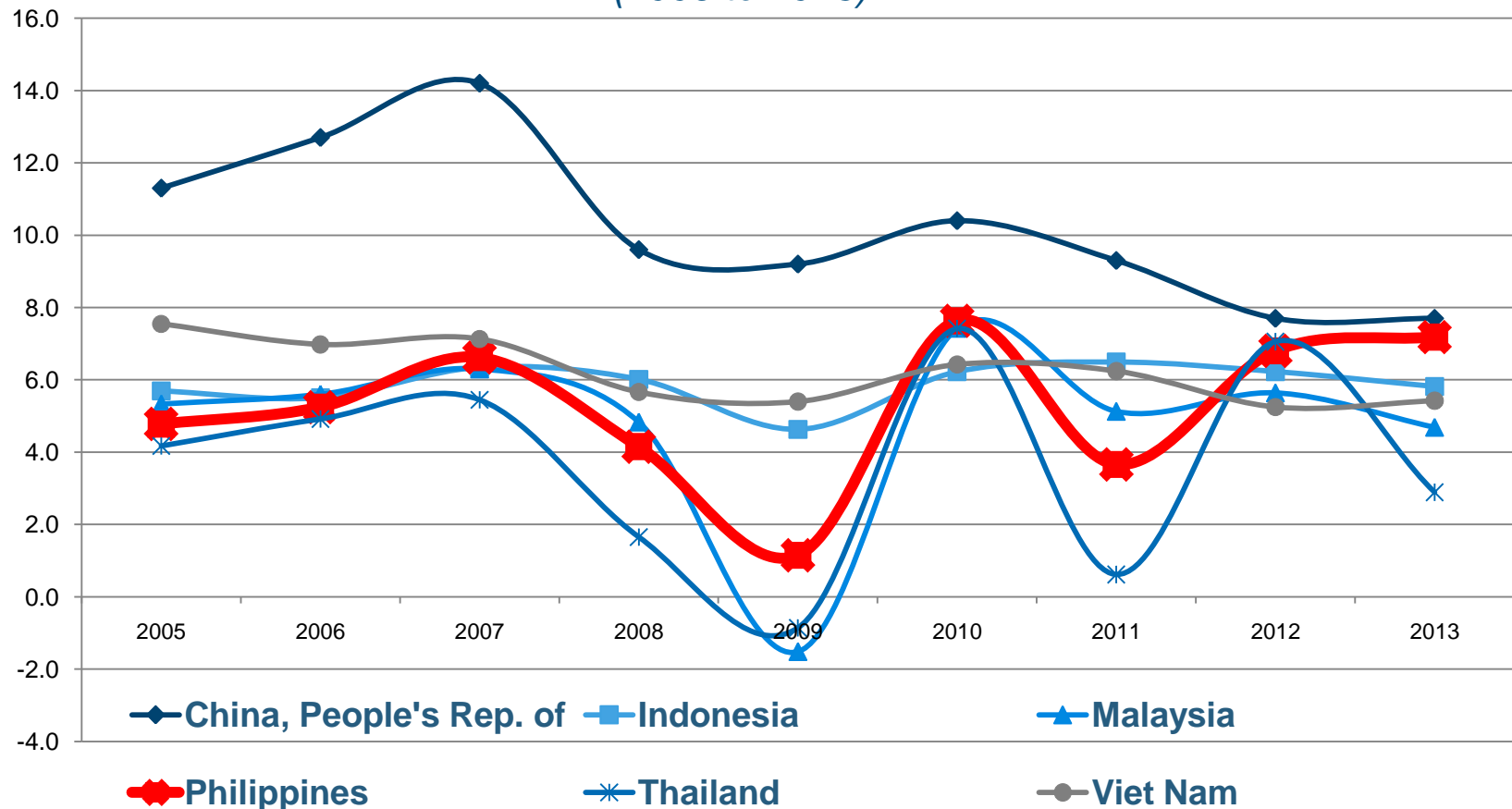


II. RECENT ECONOMIC PERFORMANCE

Philippine growth was among the best in Asian economies...

Real GDP growth of Selected Asian countries

(2005 to 2013)



II. RECENT ECONOMIC PERFORMANCE

Gains in the labor market are also evident...

Employment Indicators

(2012, 2013 and Jan-Jul 2014)

Indicator	FY 2012	FY 2013	July-13	Jul-14
Employment Level ('000)	37,600	38,118	37,390	38,451
Employment Rate (%)	93	92.9	92.7	93.3
Employment Generated ('000)	408	518	a/	1,061
Unemployment Level ('000)	2,826	2,905	2,961	2,778
Unemployment Rate (%)	7.0	7.1	7.3	6.7
Underemployment Level ('000)	7,514	7,371	7,169	7,050
Underemployment Rate (%)	20.0	19.3	19.2	18.3



Source: Philippine Statistics Authority





Note: a/ Estimates for April-July 2014 & April-July 2013 excludes Leyte; employment generation for April-July 2013 cannot be computed as PSA did not provide for April-July 2012 (less Leyte) data

II. RECENT ECONOMIC PERFORMANCE

Poverty incidence also declined...

Philippine Poverty Statistics

(2009, 2012 and H1 2012-13)

Indicator	FY 2009	FY 2012	H1 2012	H1 2013	Increase/ Decrease
Subsistence Incidence (%)					
Families	20.5	19.7	10	7.7	-2.3 
Population	26.3	25.2	13.4	10.7	-2.7 
Poverty Incidence (%)					
Families	7.9	7.5	22.3	19.1	-3.2 
Population	10.9	10.4	27.9	24.9	-3.0 

Source: Philippine Statistics Authority

III. ISSUES/CHALLENGES AND PLAN OF ACTION

ISSUES/CHALLENGES	PLAN OF ACTIONS/ACTIONS TAKEN
INFRASTRUCTURE	
<ul style="list-style-type: none">• Risk of instability in power supply• Port logistics bottlenecks	<ul style="list-style-type: none">• Public-private sector programs to augment existing power supply and/or manage demand.• Measures to avert the effects of logistical bottlenecks, including declaring the Batangas and Subic ports as extensions of the Port of Manila.

III. ISSUES/CHALLENGES AND PLAN OF ACTION

ISSUES/CHALLENGES	PLAN OF ACTIONS/ACTIONS TAKEN
SCIENCE, TECHNOLOGY AND INNOVATION	
<ul style="list-style-type: none">Limited technological capacity of SMEs to produce local supply of raw materials needed by industry	<ul style="list-style-type: none">Encourage innovation by building local technological capability and investing in R&D activities
TALENT POOL AND AVAILABLE SKILLS	
<ul style="list-style-type: none">Low stock of science-related professionalsSkills mismatch	<ul style="list-style-type: none">Expand graduate scholarship programs for science-related professionsEnhance competencies of labor matched with industry needs (e.g., industry-academe linkage)

III. ISSUES/CHALLENGES AND PLAN OF ACTION

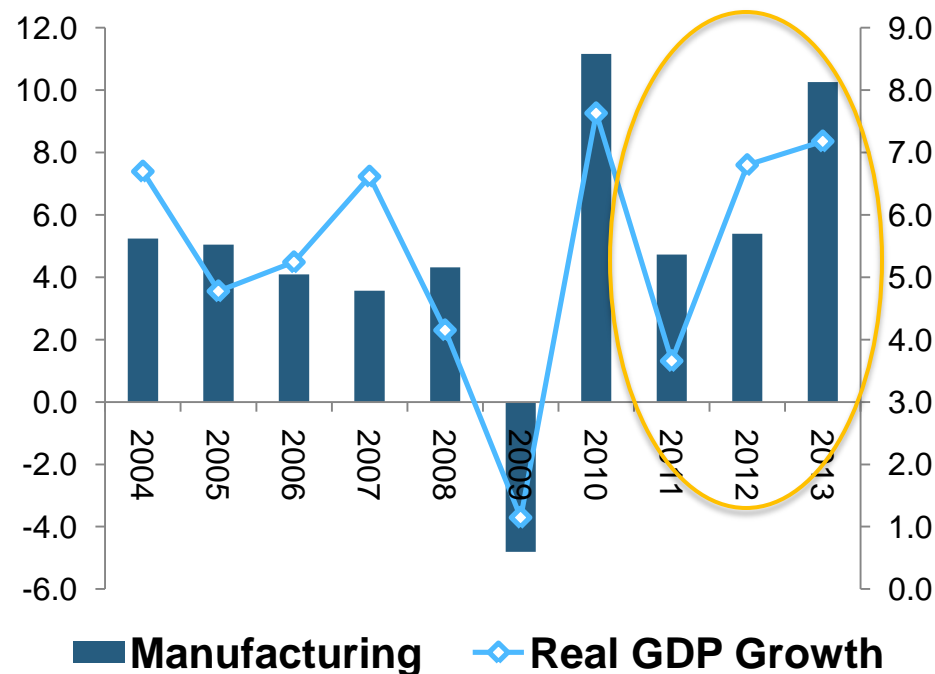
ISSUES/CHALLENGES	PLAN OF ACTIONS/ACTIONS TAKEN
COST OF DOING BUSINESS	
<ul style="list-style-type: none">• Cumbersome trade transaction processes as well as hurdles at the local government levels• Restrictions in potential investment areas	<ul style="list-style-type: none">• Implement strategies identified by NCC to reduce cost of doing business• Support legislative reforms that aim to liberalize certain investment areas, except those provided under the Constitution.

IV. UPDATED PDP TARGETS

Indicators	Baseline (2012)	Annual Plan Targets		
		2014	2015	2016
Gross Domestic Product (%)	6.8	6.5 -7.5	7.0-8.0	7.5-8.5
Agriculture	2.8	(0.9)-0.1	2.0-3.0	2.5-3.5
Industry	6.8	9.8-11.0	8.6-9.7	9.3-10.3
Services	7.6	6.0-6.9	6.8-7.8	7.2-8.1
Unemployment rate (%)	7.0	6.8	6.7	6.6
Underemployment rate (% of employed)	20.0	19.0	18.0	17.0
Poverty Incidence (% of population)	25.2	24.0	22.5	19.0
Multidimensional Poverty	28.2 (2008)	21.0	19.0	17.0



Source: Philippine Development Plan 2011-2016 Midterm Update, NEDA

Clear signs of further acceleration...



Average Growth Rate

(2004-09 and 2010-13)

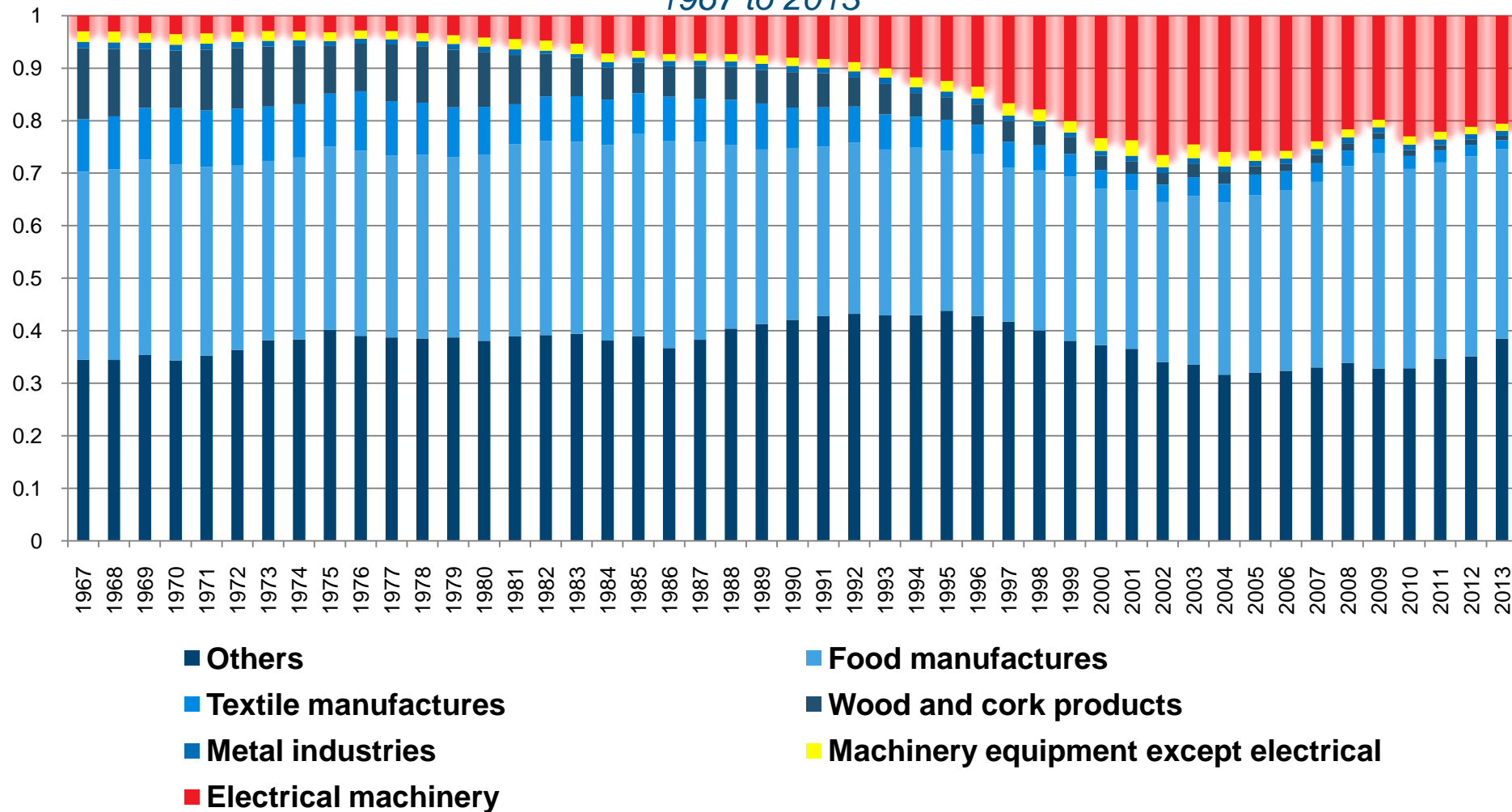
	2004-2009	2010-2013
Real GDP	4.8%	6.3%
Manufacturing	2.9%	7.9% 
Electrical machinery*	-0.91%	9.4% 

* Includes electrical machinery and apparatus; office, accounting and computing machinery; and Radio, television and communication equipment and apparatus

...and electronics has a significant role to play...

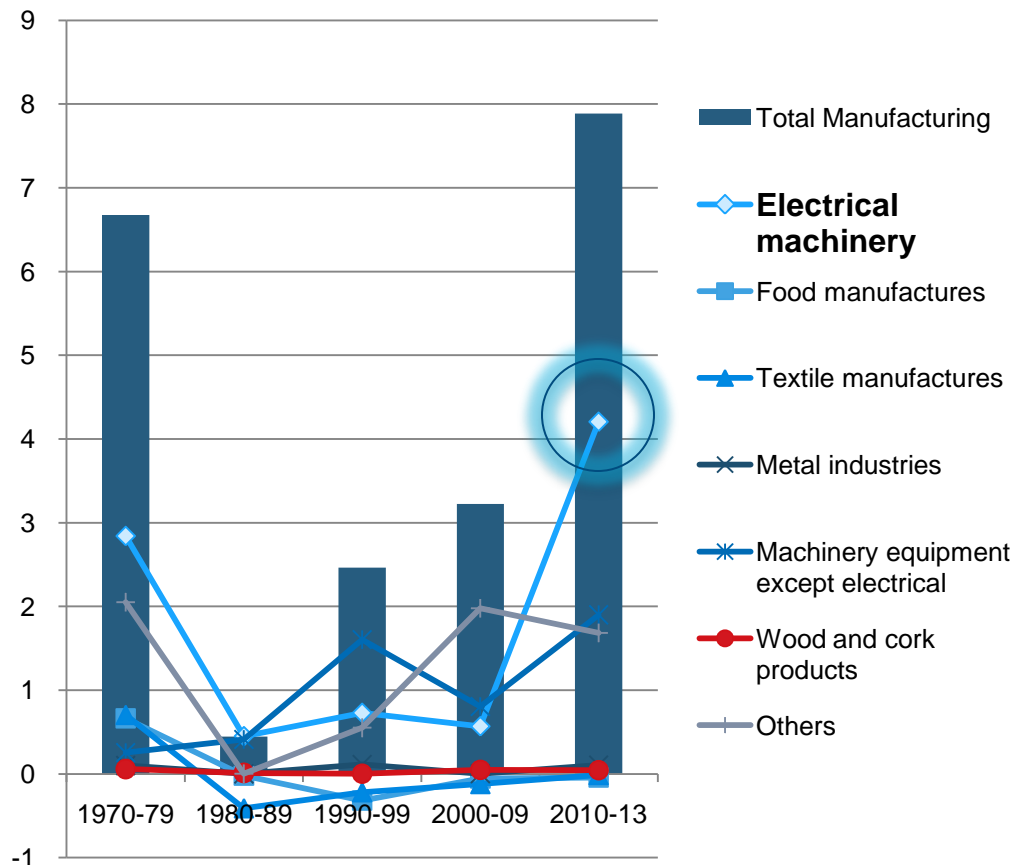
Share of Electronics to Total Manufacturing GVA (%)

1967 to 2013



Contribution to MFG GVA growth by sector (%)

1970 to 2013



*Manufacture of semi-conductor
devices and other electronic
components*

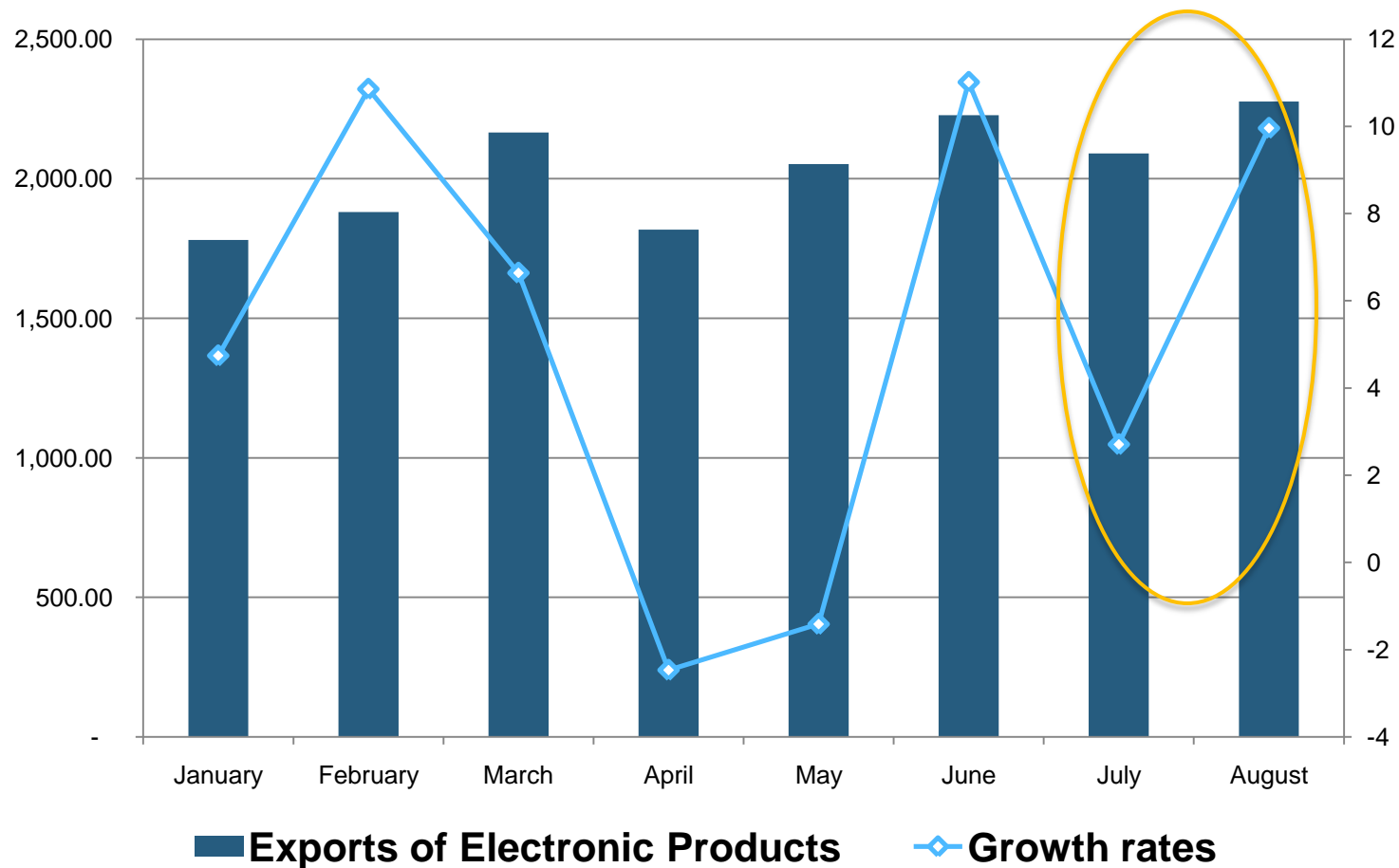
Multiplier, Backward and Forward Linkage

Output Multiplier	Backward Linkage		Forward Linkage	
	Index	Rank	Index	Rank
3.777	1.786	1	3.192	8

Source: 2006 Input-Output Table of the Philippines,
Philippine Statistics Authority

Exports of Electronic Products (in US\$ million)

January to August 2014





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