

ANSSR: Economy Priorities and Progress Assessment Measures

Philippines

The Philippines views Structural Reform through the lens of Inclusive Growth. APEC's Strategy for Structural Reform (ANSSR) specifically highlights three (3) inclusive growth priorities which the Philippines gives great priority to: promoting labour market opportunities (including training and education); promoting sustained SME development and enhanced opportunities for women and vulnerable populations, and promoting effective and fiscally sustainable social safety net programs. These three ANSSR priorities figure prominently in the Philippine Development Plan (PDP) for 2011-2016, which has a very specific focus on inclusive growth, or "growth that is rapid enough to matter, given the economy's large population, geographical differences, and social complexity."

Growth is and always will be the development imperative. With growth comes greater affluence that translates to better jobs, better incomes and better lives. More than these material positives, growth also fosters greater opportunity, social mobility, tolerance of diversity, and even commitment to fairness and dedication to democracy. However, for growth to advance these positives and bring about social and political progress, it has to be broadly based. This means that progress requires the affirmative experience of a sufficiently broad cross-section of the economy's population to shape the economy direction. In other words, growth has to be inclusive.

Inclusive growth that creates jobs, draws the vast majority into the economic and social mainstream, and continuously reduces mass poverty. Low growth, weak job generation, and persistently high inequality are the immediate reasons for the failure of inclusive growth in the economy. But the PDP itself points to deeper "structural underpinnings," and cites inadequate infrastructure and weak public and private investment in physical and human capital infrastructure, gaps/lapses in governance, and inadequate employment creation as some of the major structural problems that have led to non-inclusive growth. The Philippines had perverse experience of rising poverty (30%-33% from 2003-2006) at a time GDP reportedly grew the fastest in decades. Moreover, the gap between rich and poor is most pronounced in the Philippines compared with other ASEAN economies. This huge disparity in incomes could be the source of internal strife, lack of legitimacy, weakening of social cohesion.

The driving force behind inclusive growth is the sharing of benefits more widely across all segments of society. To this end, structural adjustments need to be implemented and APEC should support policies that increase opportunities for workers to benefit from regional economic integration. The key is to pursue not just rapid economic growth, not just regional economic integration for its own sake, but broad-based economic development that draws on the active participation of and directly benefits all regions, all industries, and all sectors of the Philippine economy and society.

ANSSR Priorities

Promoting labour market opportunities, training, and education	
Priority:	Employment facilitation is the main priority. Reform seeks to support a policy environment that will increase labour demand and improve labour supply using pro-employment labour market policies that foster flexibility, efficiency and harmony.
Progress assessed based on:	<ul style="list-style-type: none"> • Establishment of an Integrated Human Resources Data Warehouse. Re-engineer the existing PhilJobnet, the on-line government portal for jobs and skills matching being used by employers and jobseekers nationwide, with labour supply information from the Bureau of Local Employment (BLE), the Philippine Overseas Employment Administration (POEA), the Technical Education and Skills Development Authority (TESDA), the Professional Regulation Commission (PRC), the Maritime Training Councils (MTC), and the National Maritime Polytechnic (NMP). It will be enhanced by the <i>National Skills Registry System</i>, the repository of information on skills certification and accreditation, licensure, and local and overseas employment data. • Setting up of Industry Training Boards. TESDA to maintain industry training boards for 22 priority industries identified in the DOLE JobsFit 2020 and the Seven Winners of the Joint Foreign Chambers of Commerce and Industry in the Philippines (JFCC) to forge strong public-private partnership among government, the academe, and the industries in the development of training regulations and curricula, including industry-based on-the-job trainings to ensure that the quantity and quality of tech-voc graduates meet the requirements of the industries. • JobsFit 2020. Update and disseminate information on new and emerging industries and preferred skills that must be generated in the next 10 years. Currently identified Key Employment Generators (KEG)s for the next ten years include agribusiness, cyber services, health and wellness, hotel, restaurant and tourism, mining, construction, banking and finance, manufacturing, ownership dwellings and real estate, and transport and logistics.

Promoting sustained SME development and enhanced opportunities for women and vulnerable populations	
Priority:	<p>The Philippine MSME sector is a critical driver for the economy's economic growth. The sector serves not only as potential supplier and subcontractor to large enterprises and exporters but is also a part of the support system for logistics services.</p> <p>The MSME sector accounted for 99.6% of total establishments in the economy, and contributed 61.2% of the economy's total employment and 35.7% of total value-added. However, the growth of the MSME sector has not been vigorous enough to propel the economy.</p>
Progress assessed based on:	<p>PH progress shall be based on the following:</p> <ul style="list-style-type: none"> • provision of firm-level support to potential, new and existing micro, small and medium enterprise; • improved access to financing; • developed livelihood programs for sustainable micro-enterprise; • increased entrepreneurship among Overseas Filipinos.

Promoting effective and fiscally sustainable social safety net programs	
Priority:	Priority is to provide conditional cash grants to extremely poor households, alleviate their immediate need (short term poverty alleviation) and to improve their health, nutrition and education particularly of children aged 0-14.
Progress assessed based on:	<ul style="list-style-type: none"> • Successful targeting system. The poorest households in the municipalities selected through the <i>National Household Targeting System for Poverty Reduction</i> Successful targeting system. The poorest households in the municipalities selected through the <i>National Household Targeting System for Poverty Reduction</i> (NHTS-PR) implemented by the DSWD using the Proxy Means Test. This test determines the socio-economic category of the families by looking at certain proxy variables such as ownership of assets, type of housing, education of the household head, livelihood of the family and access to water and sanitation facilities. • Provision of cash grants to beneficiaries. P6,000 a year or P500 per month per household for health and nutrition expenses; and P3000 for one school year or 10 months or P300/month per child for educational expenses. A maximum of three children per household is allowed. • High compliance rates. Children's attendance in school at 90% (currently 88%). Enrolment rates for children from the ages of 6-14 approaching 100% (currently 96%). • Results approach success rates of other economies. The International Poverty Centre observed in 2007 that CCTs were able to reduce inequality by 15% in Chile and by 21% in both Brazil and Mexico. The successes in poor Asian economies (Bangladesh, Indonesia, Cambodia and Pakistan) have also been considerable. In 2008, ADB noted that CCTs were particularly effective in increasing child enrolment rates in Bangladesh.