



REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

# Crafting the First Medium-term FILIPINO Development Plan 2017-222

**Rosemarie G. Edillon, PhD**  
Deputy Director-General for Policy and Planning  
National Economic and Development Authority



# **Presentation Outline**

**I. Introduction and overview**

**II. The Life We Want**

**III. Realizing the Vision**

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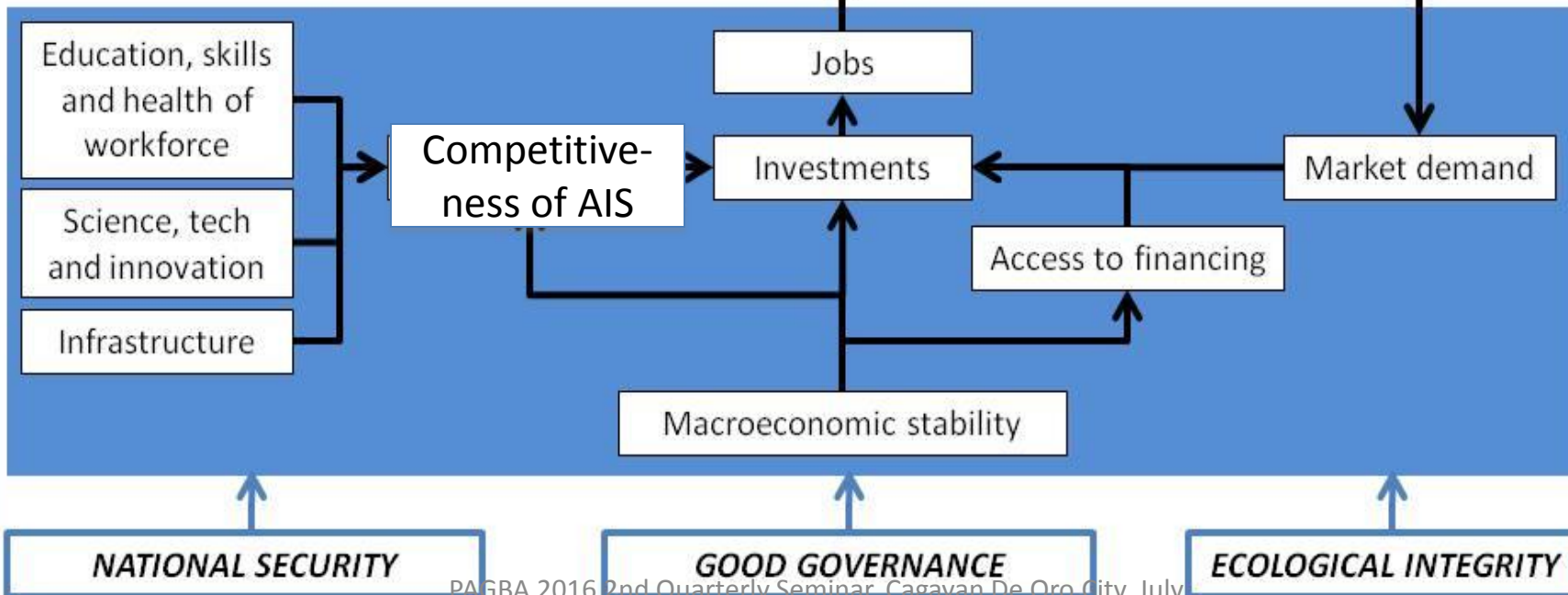
**INCLUSIVE GROWTH**

Poverty reduction  
massive quality

Equal development  
sustainable and climate resilient  
(Spatially, sectorally)

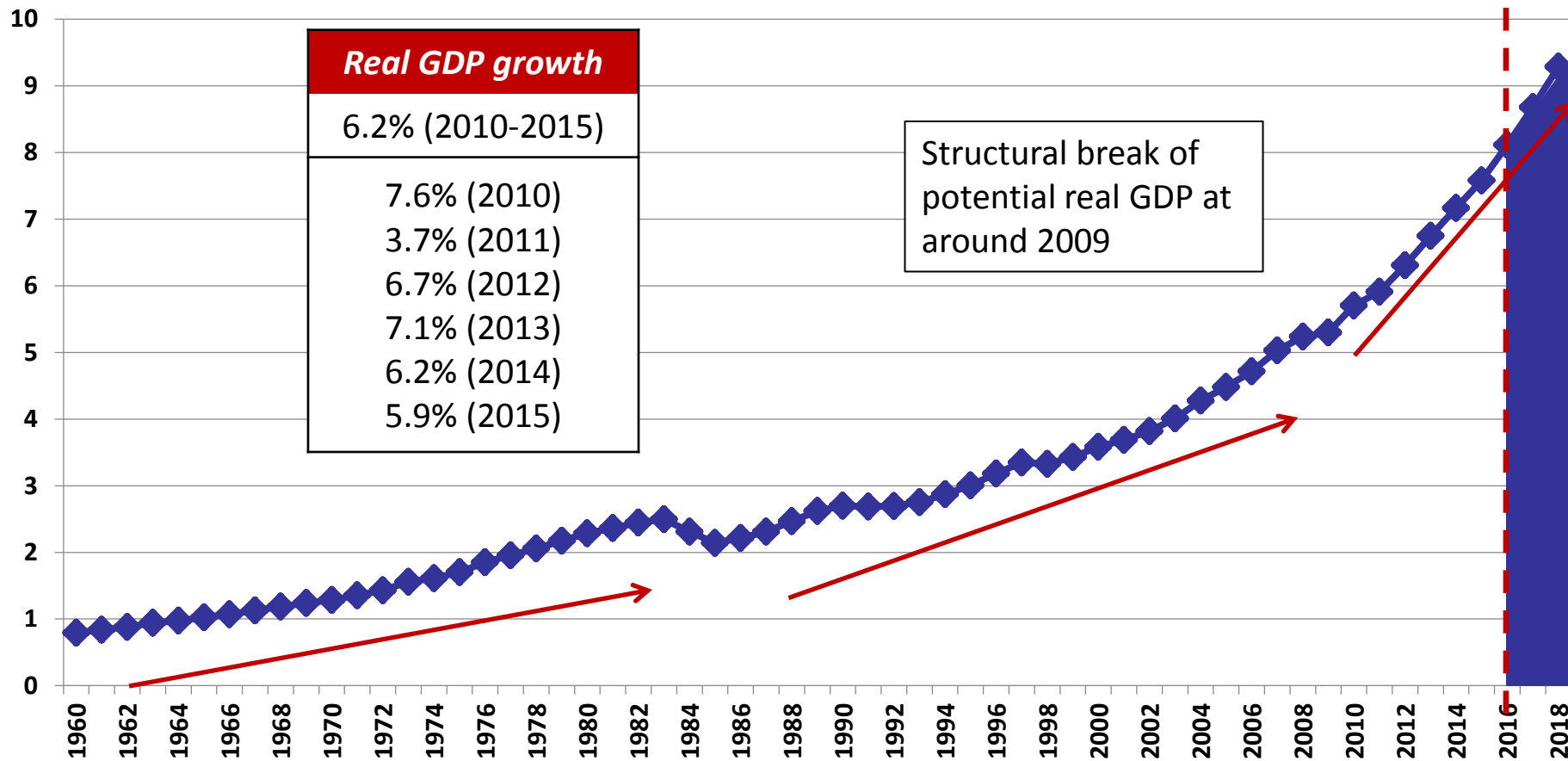
Rapid economic growth

Indicators	Baseline (2012)	2014	2015	2016
Gross Domestic Product (%)	6.8	6.5 -7.5	7.0-8.0	7.0-8.0
Unemployment rate (in %)	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



The Philippines has been on a higher growth trajectory since the beginning of the current decade...

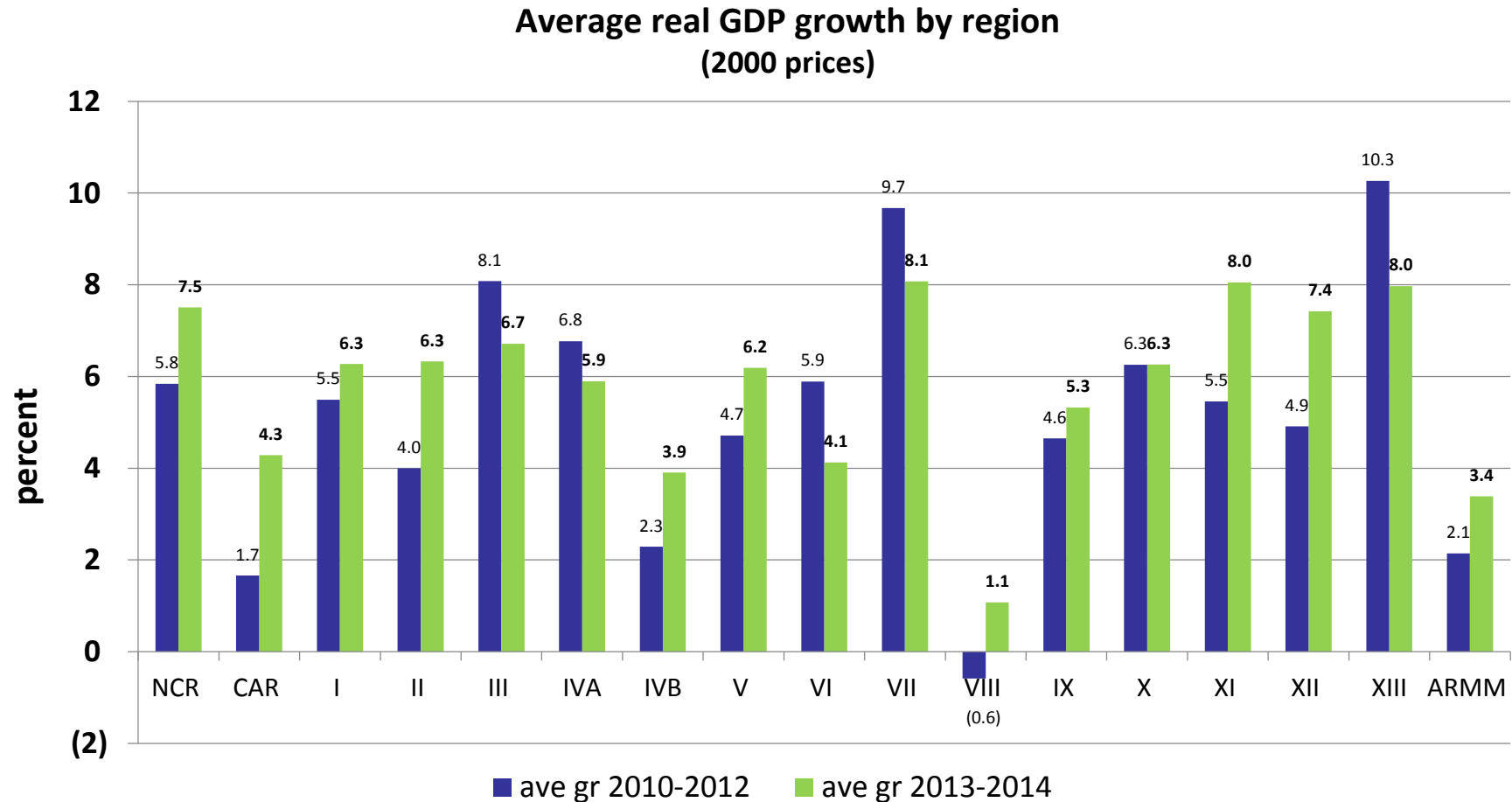
**GDP in 2000 prices, trillion Php, 1960-2018**



Source: PSA

PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016,

... with most of the regional economies posting faster growth...

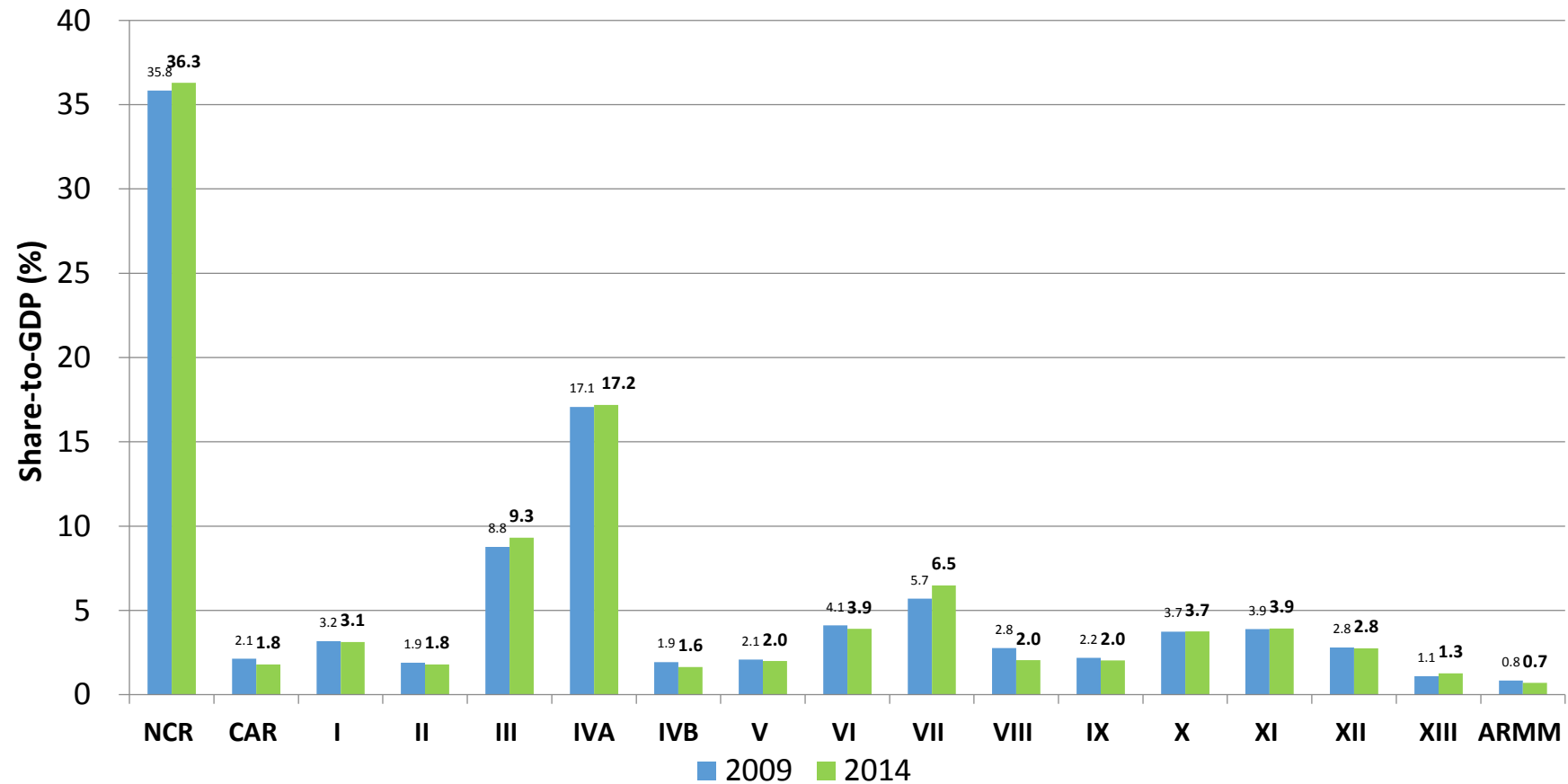


Source: PSA

PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July  
6-9, 2016,

...while some regions enjoyed a larger share of the economy.

Regional share in GDP

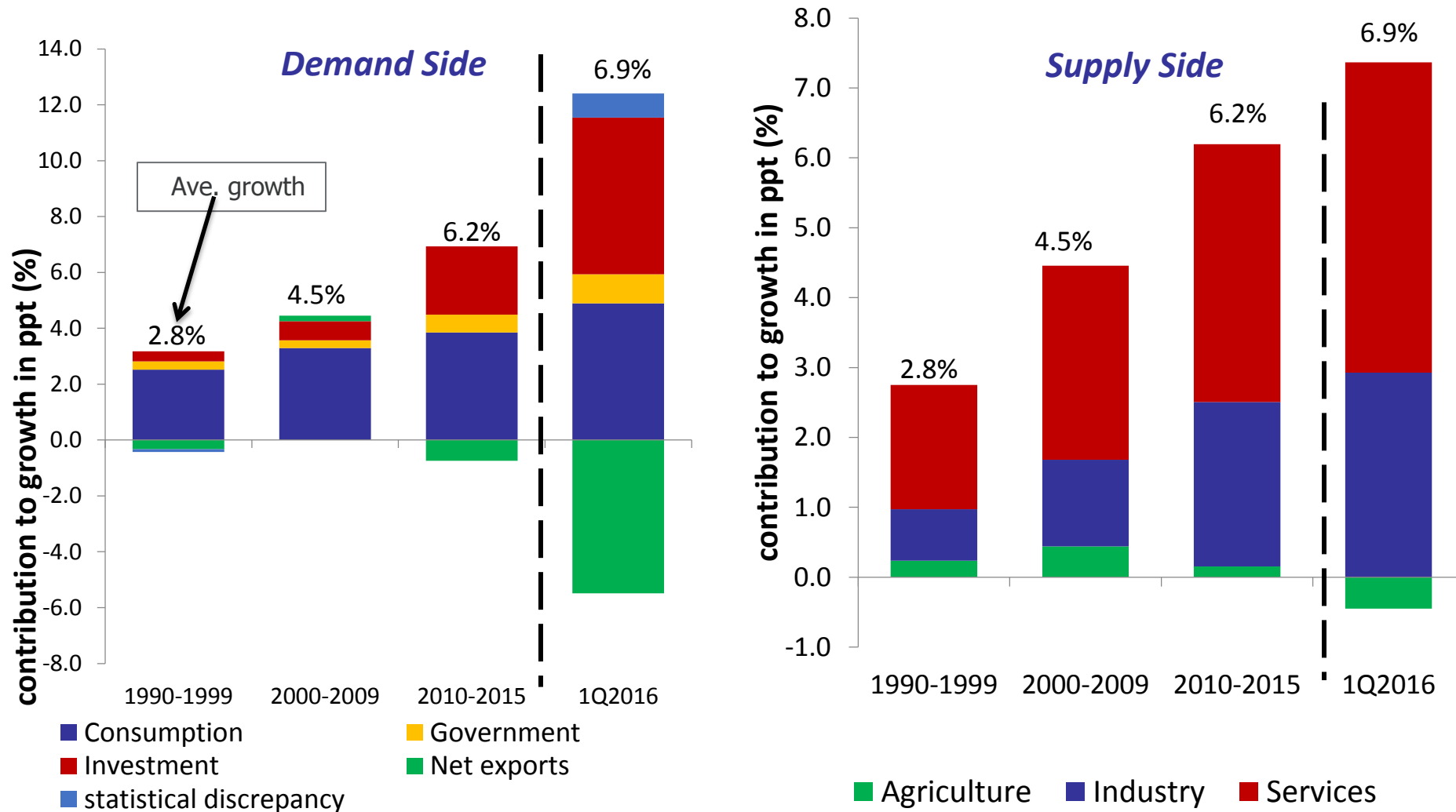


Source: PSA

PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016,

# Structural transformation is taking place

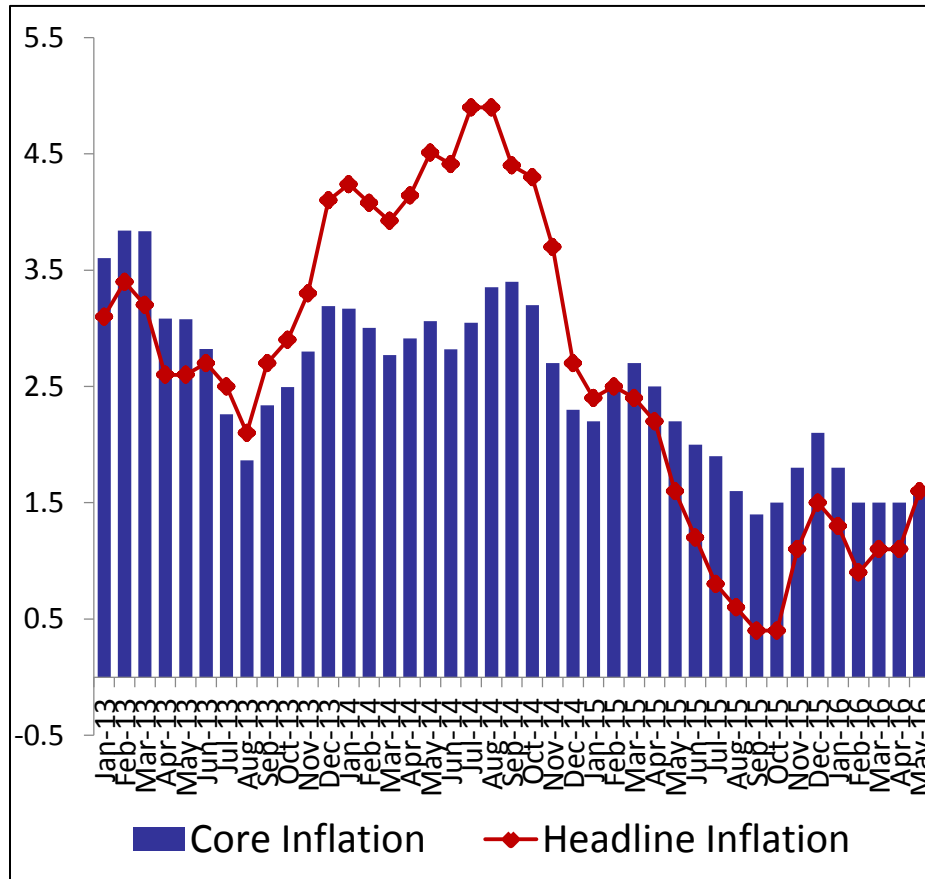
Investment & industry are increasingly becoming major drivers of GDP growth...



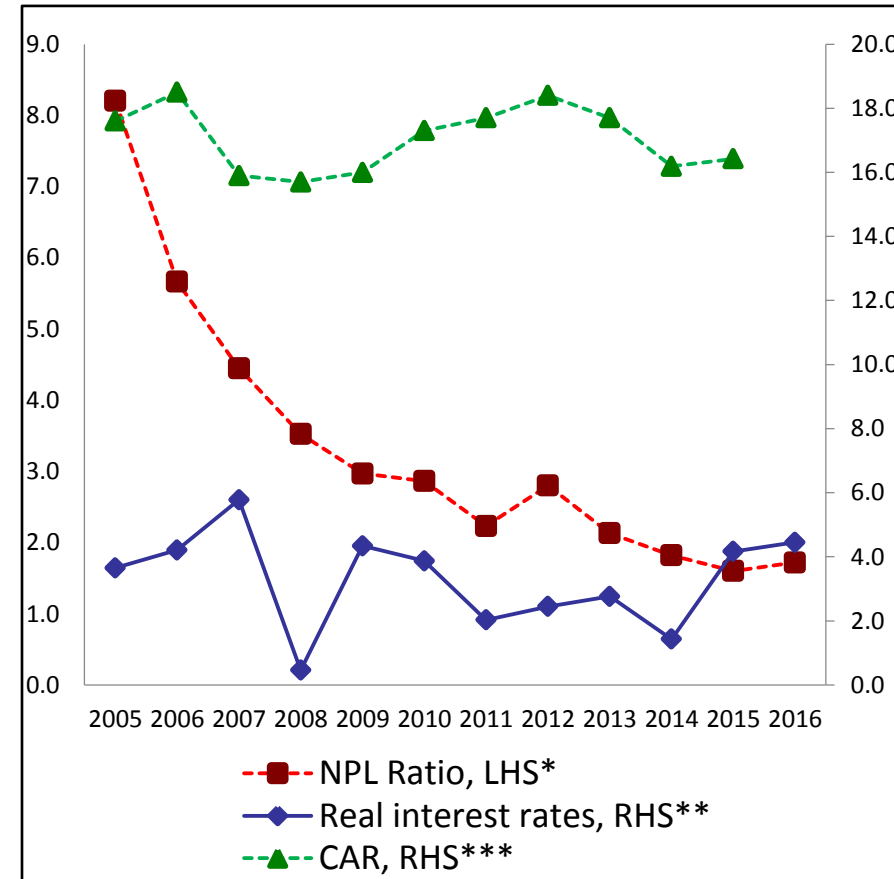
Supporting this remarkable performance are sound macroeconomic fundamentals.

## Monetary and financial conditions fully support growth

Headline and Core Inflation, Jan 2013- May 2016



Real Interest Rate and Non-performing Loans (NPLs), 2005- 2016



PAGBA 2016 2nd Quarterly Seminar, \* as of Mar '16 \*\* as of Mar '16 \*\*\* as of Q3 2015

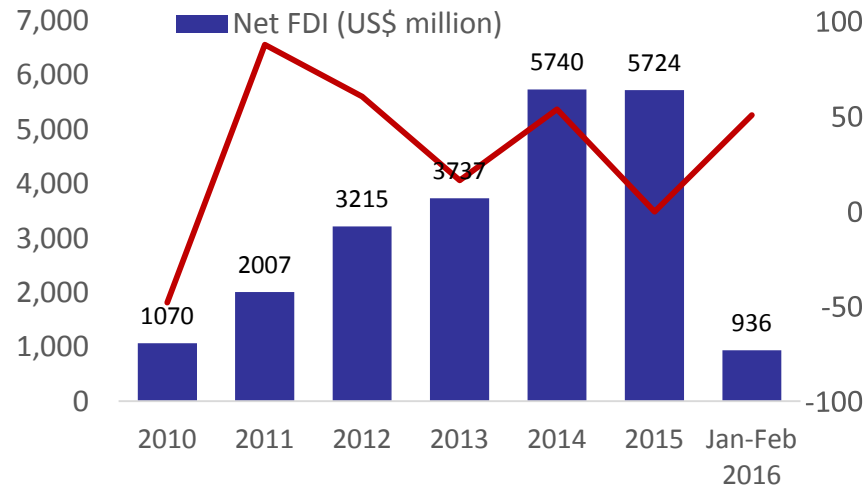
6-9, 2016, Note: RHS – Right-hand scale ; LHS –Left-hand scale



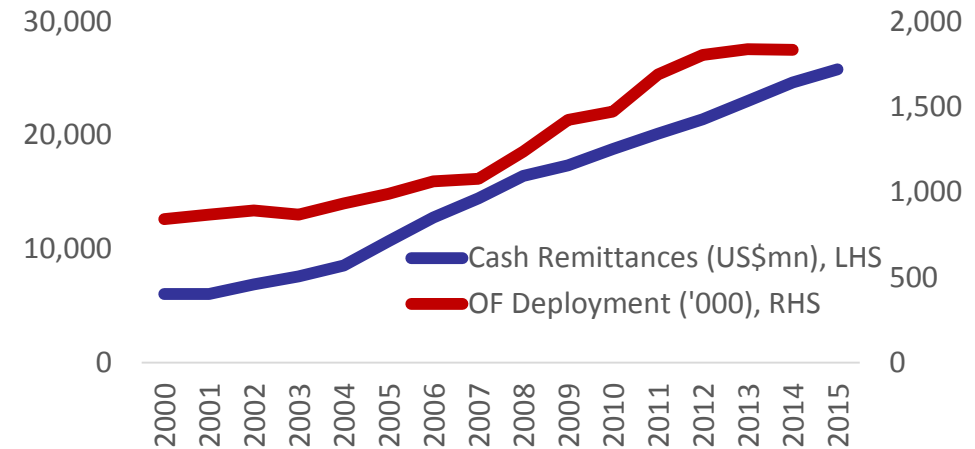
Supporting this remarkable performance are sound macroeconomic fundamentals.

## Robust External Position

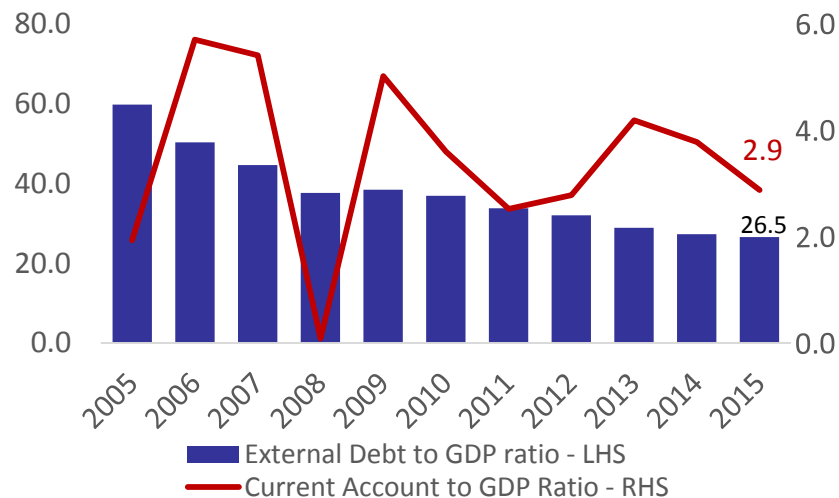
### Increasing Net FDI



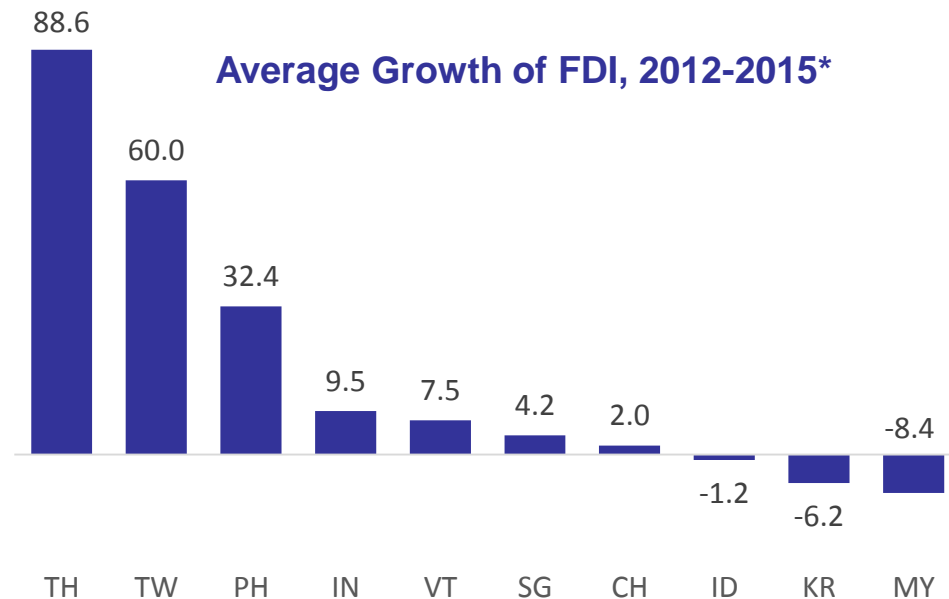
### Continuous Remittances Amidst Slowdown in Deployment



### Positive Current Acct. & Declining External Debt



### Average Growth of FDI, 2012-2015\*

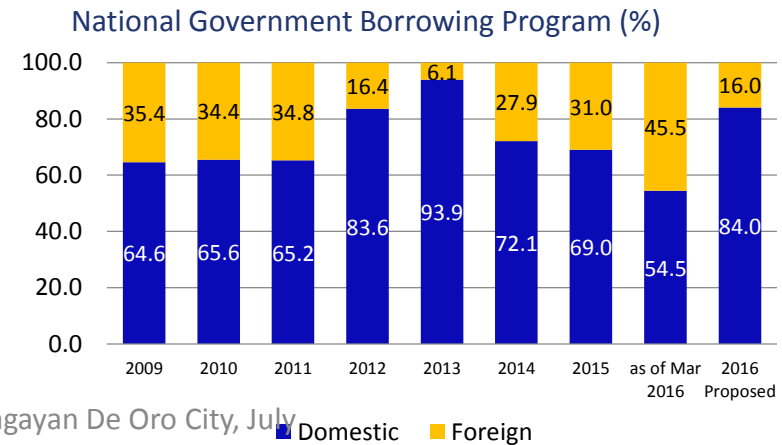
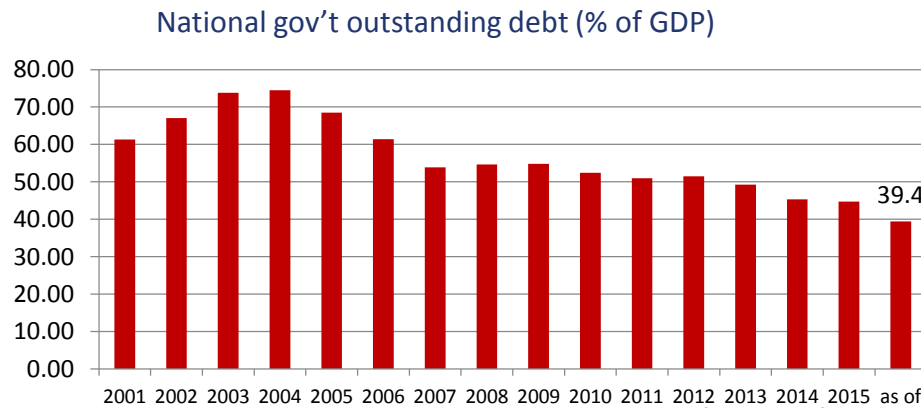
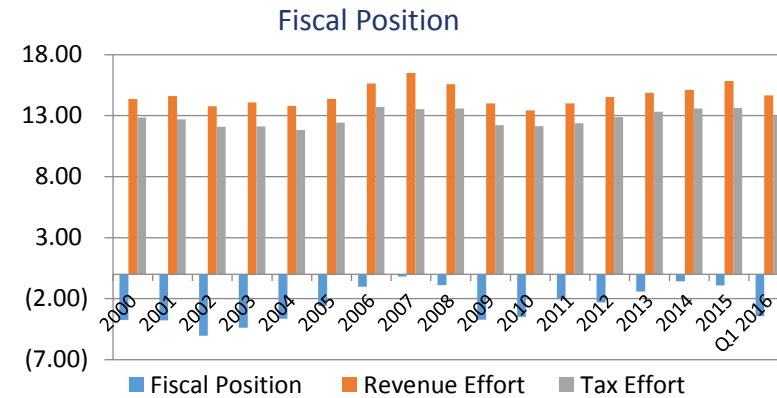
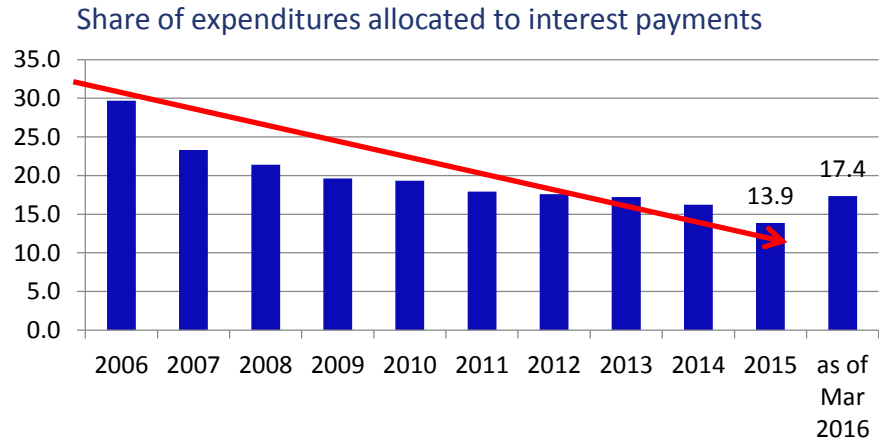


Source: Bangko Sentral ng Pilipinas

\*Data for China and Vietnam cover years 2012-2014

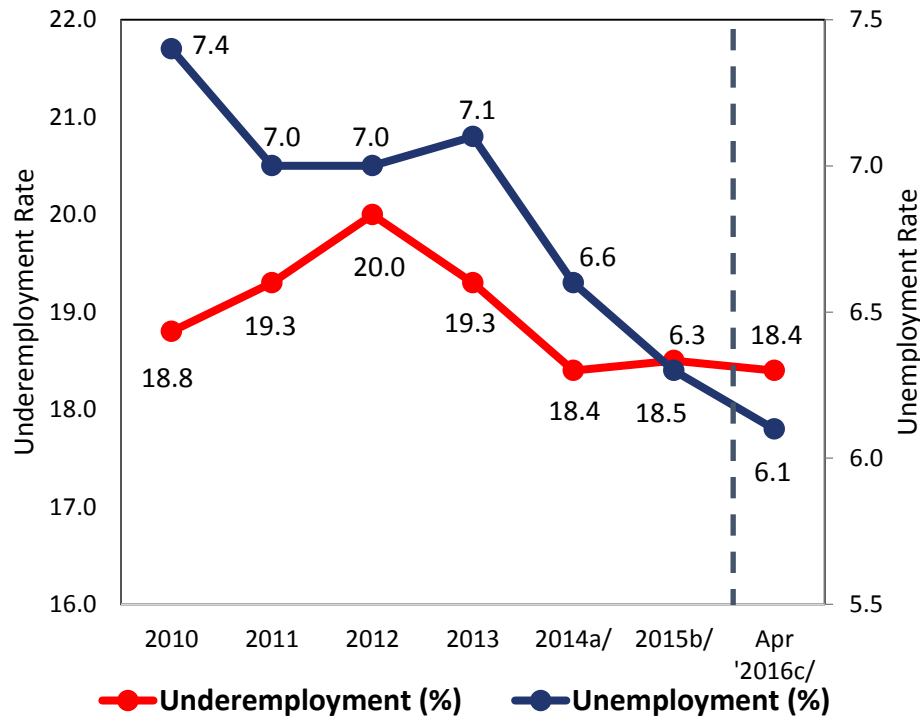
# Our stronger fiscal position has been recognized, garnering an investment-grade sovereign credit rating for the first time in our history.

- Fiscal side:**
- Modest fiscal deficit; Declining Public debt & interest payments; Increasing reliance on domestic financing
  - **Result: resilient fiscal position**

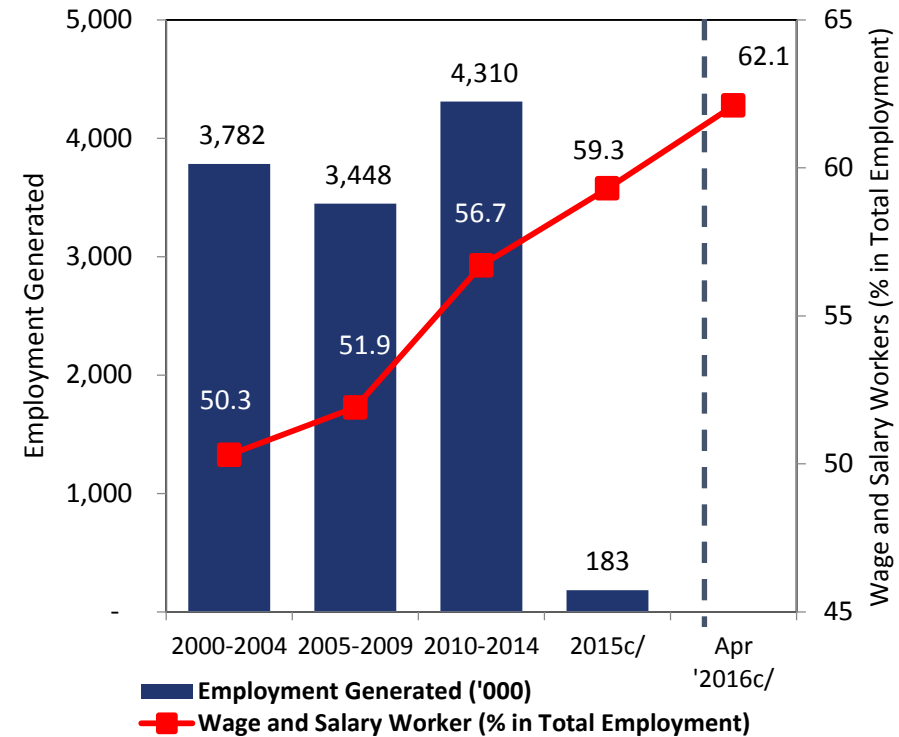


# Our vibrant economy is producing more and better jobs...

**Unemployment and Underemployment rates (%)**



**Employment Generated 2000- 2015 ('000)**



Notes:

a/ The FY 2014 LFS estimate is the average of April, July and Oct rounds excluding Leyte data

b/ The FY 2015 LFS estimates is the average of the Jan to Oct 2015 rounds excluding Leyte data. FY 2015 employment generation estimate is the average of April, July and Oct excluding Leyte data

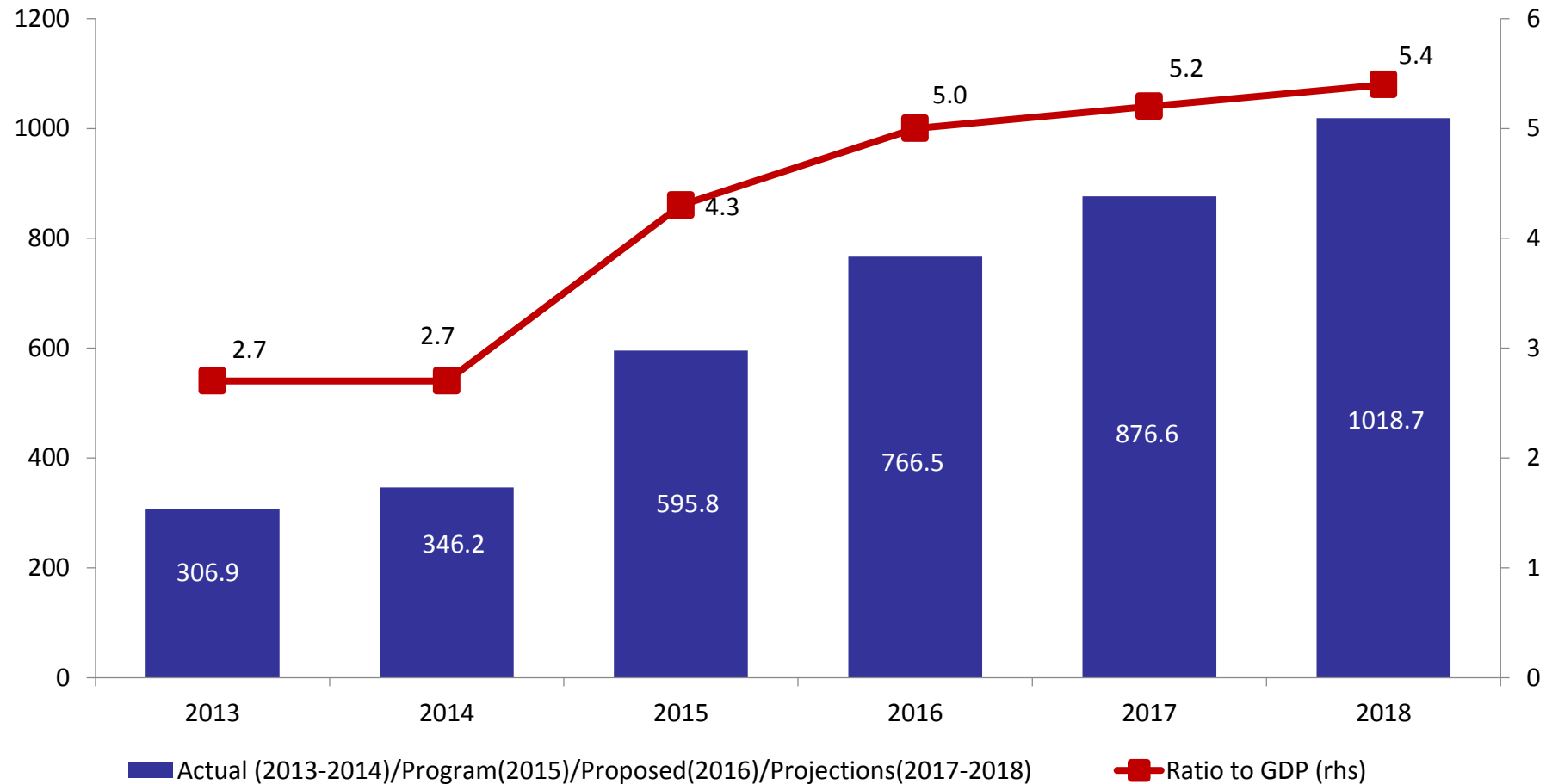
c/ Not comparable with previous rounds of LFS; break in the data series due to change in the Master Sample Design. Starting April 2016, the LFS used the 2013 MS Design, the 2010 Census of Population and Housing(CPH)-based population projections and the 2012 Philippine Standard Occupation Classification (PSOC).

. \*1997-2005: Adoption of population projection benchmark is based on the results of the 1995 Census

\*\*2006-2015: Adoption of population projection benchmark based on the results of the 2007 Census

## Growth-enhanced fiscal space has allowed major investments in infrastructure with spending on infrastructure more than tripling...

Public infrastructure spending, Bn PhP and % of GDP



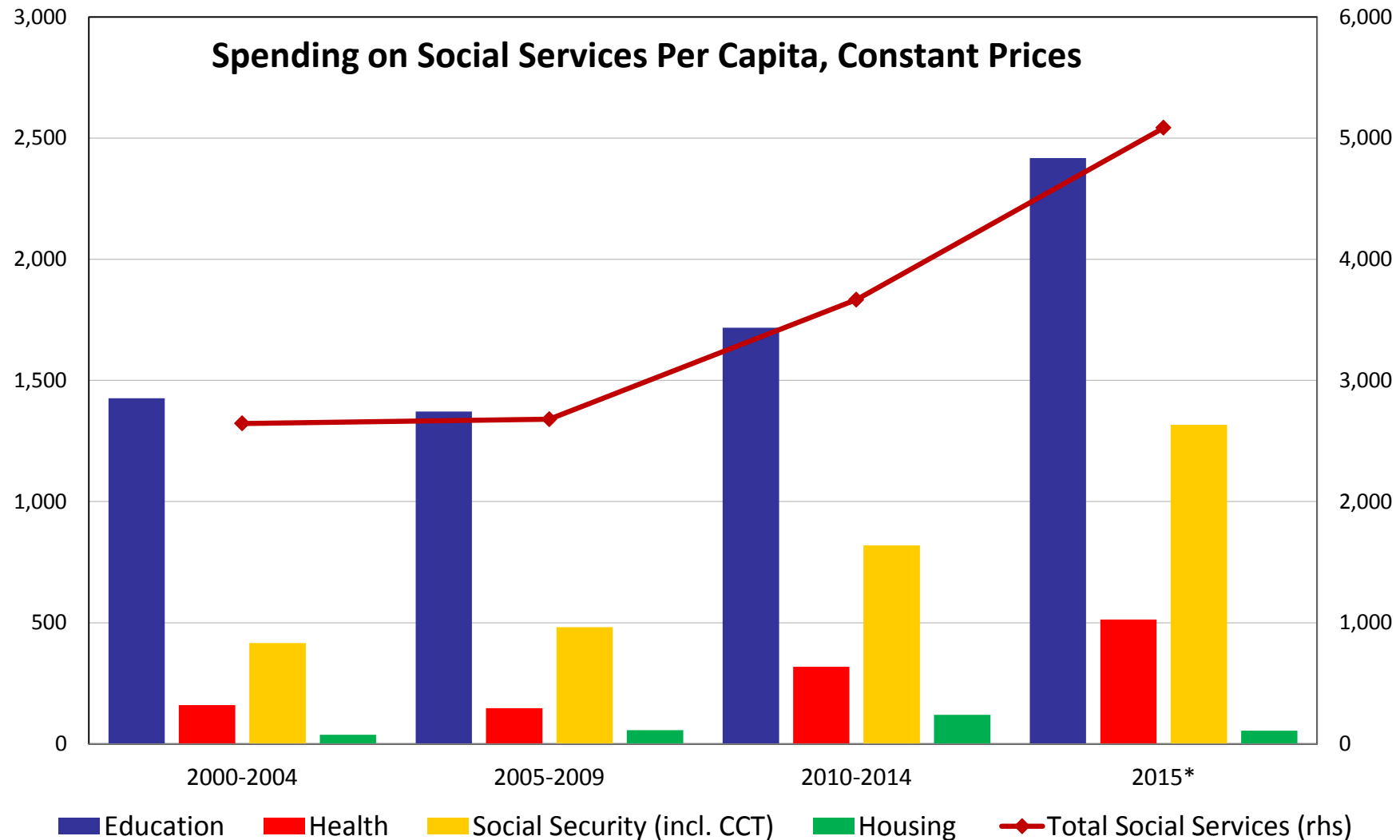
Source: Department of Budget and Management  
PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016,

...complemented by private investments in public infrastructure

*Status of PPP Projects (as of 10 May 2016)*

<b>Projects by Status</b>	<b>No. of Projects</b>	<b>Amount (PHP bn)</b>
<b>Projects Under Implementation</b>		
Contract Awarded	12	196.53
Other projects under Implementation	2	106.73
<b>PPP Pipeline</b>		
Projects under Procurement	15	579.76
For Approval of Relevant Government Bodies	5	101.94
For Evaluation of Concerned Agencies	1	536.03
Projects with Ongoing Studies	4	48.76
Projects Under Conceptualization/Development	14	NA
<b>Total</b>	<b>53</b>	<b>1,569.75</b>

## Increased fiscal resources have also allowed greater public investments in social services...

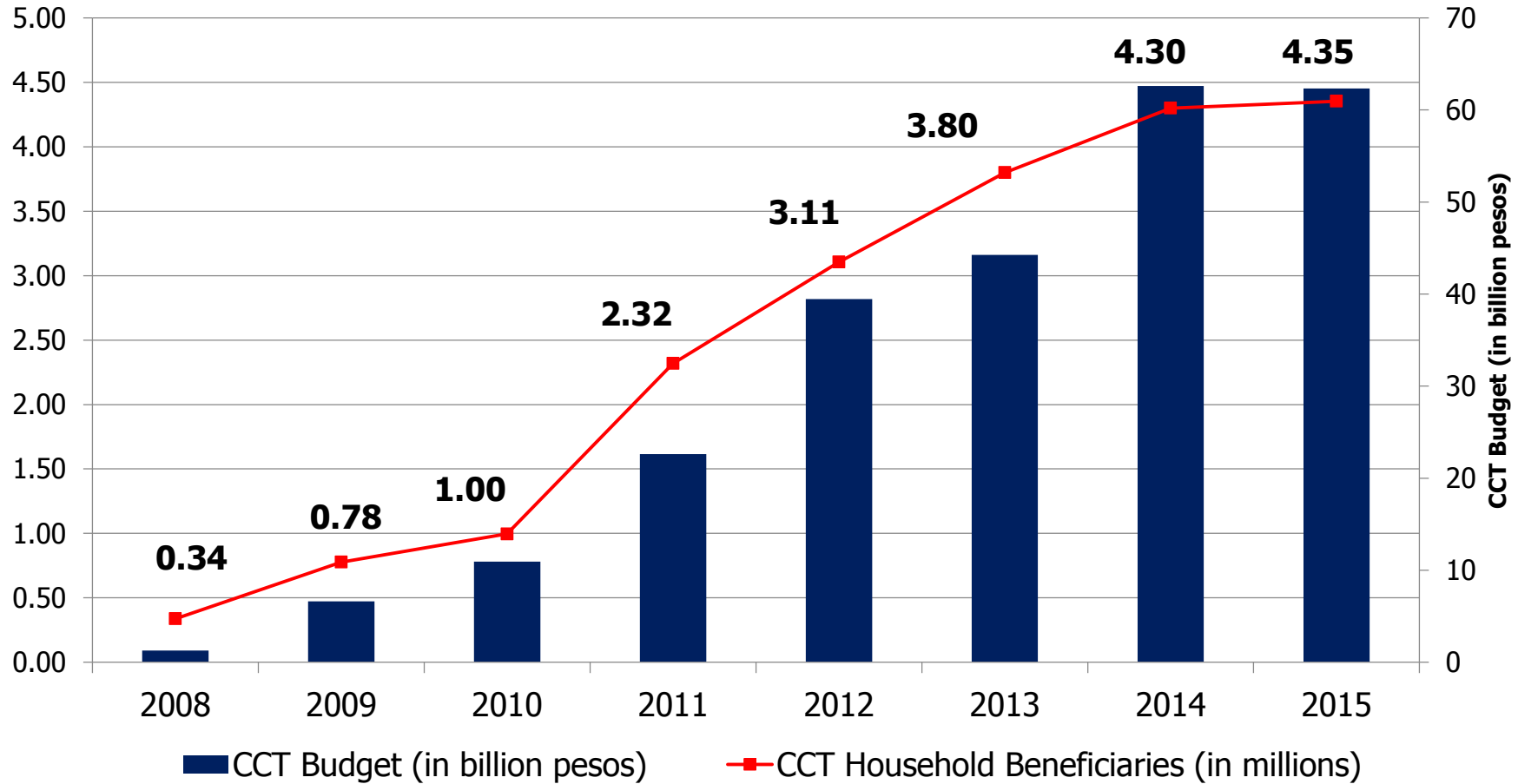


\*GAA 2015

Source: DBM, PSA-NSCB

PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016,

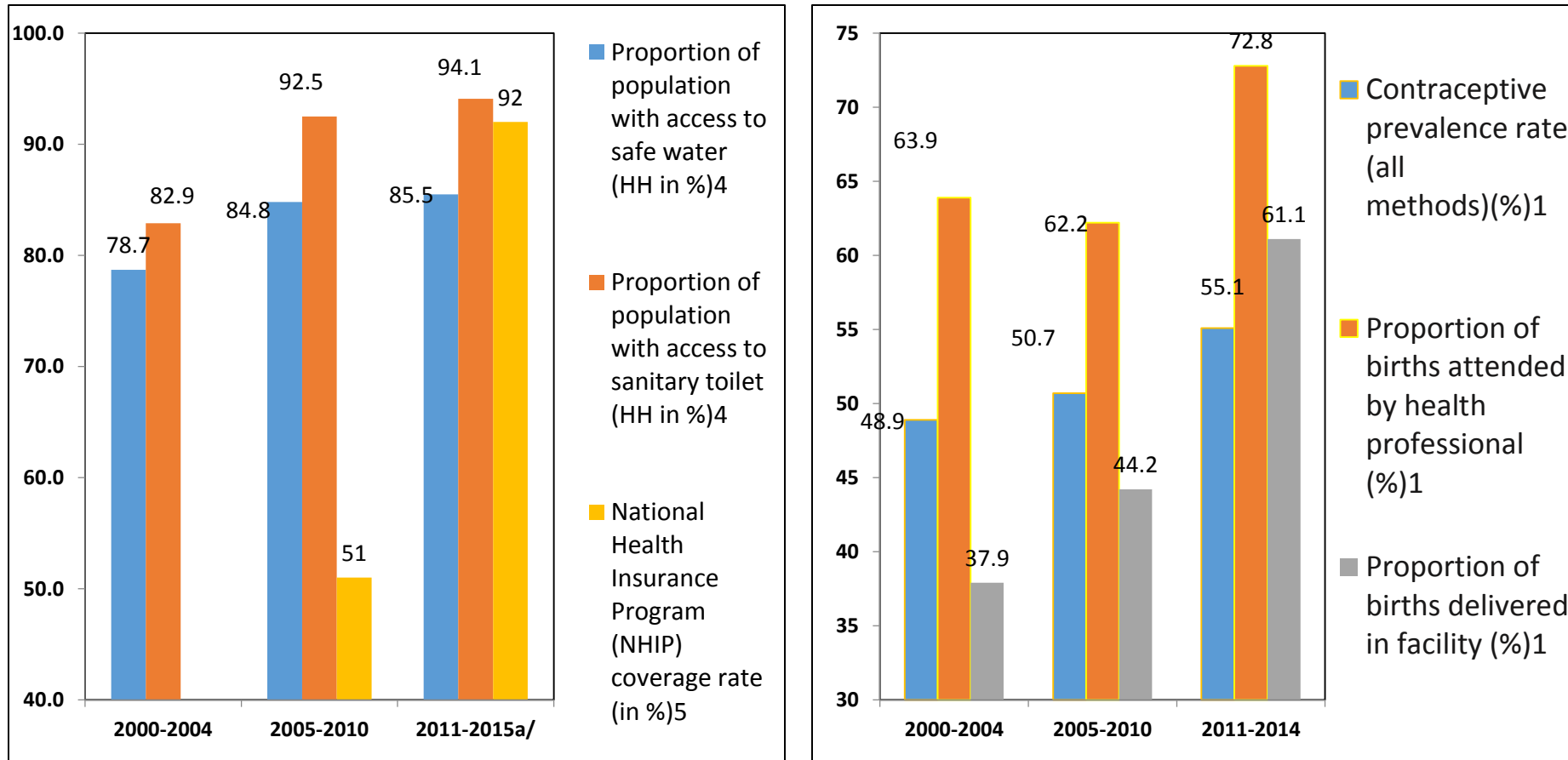
## With the country's CCT program (4Ps) being rapidly scaled up...



Source: DSWD, BESF, DBM, NEDA-SDS

# Human capital: health outcomes are improving...

*Selected Health Indicators: various years, 2000-2015*



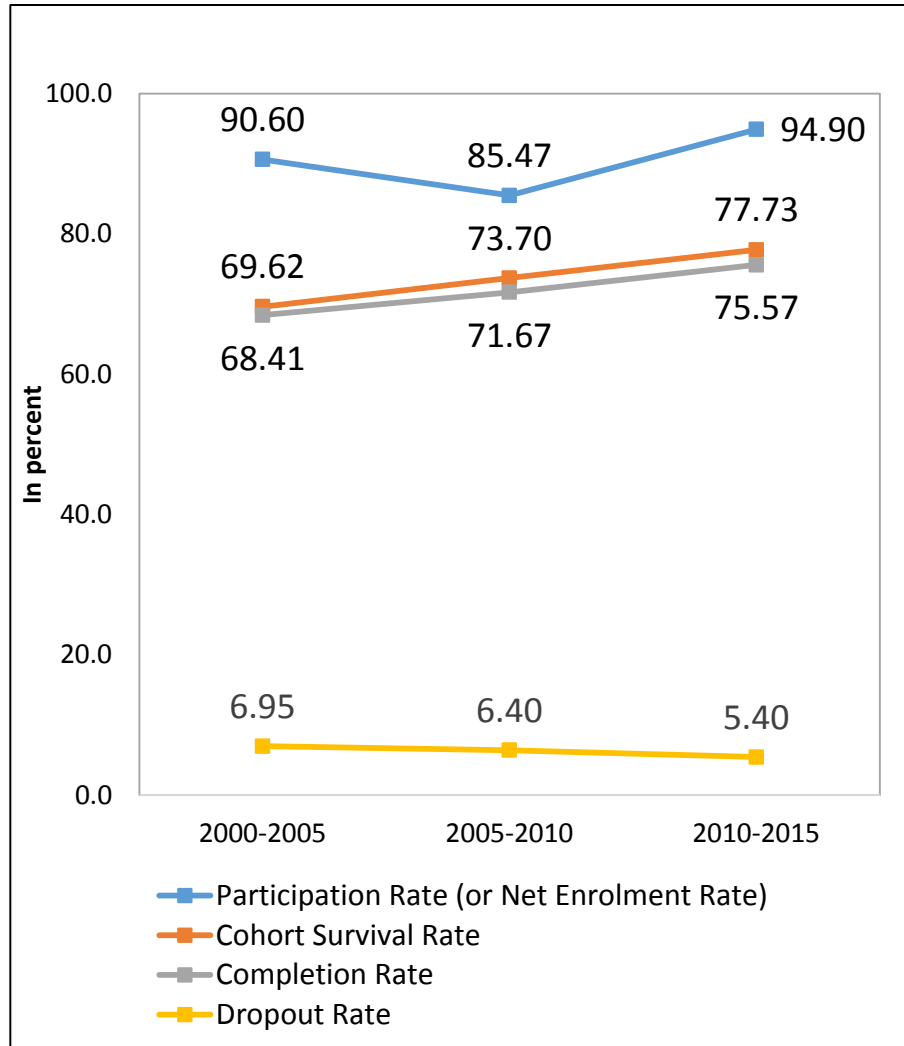
Source: 1/ For 2003, 2008, and 2013 data is from National Demographic and Health Survey (NDHS) and for 2001, 2006 and 2011, data is from the Family Health Survey (FHS). Please note that NDHS and FHS for the year identified covers period of 5 years prior to survey release | 2/National Nutrition Survey | 3/DOH | 4/APIS | 5/ PhilHealth | 6/Global TB Report WHO

Note: a/ NHIP coverage rate ranges from 2011-2015, while the rest of the indicators range from 2011-2014.

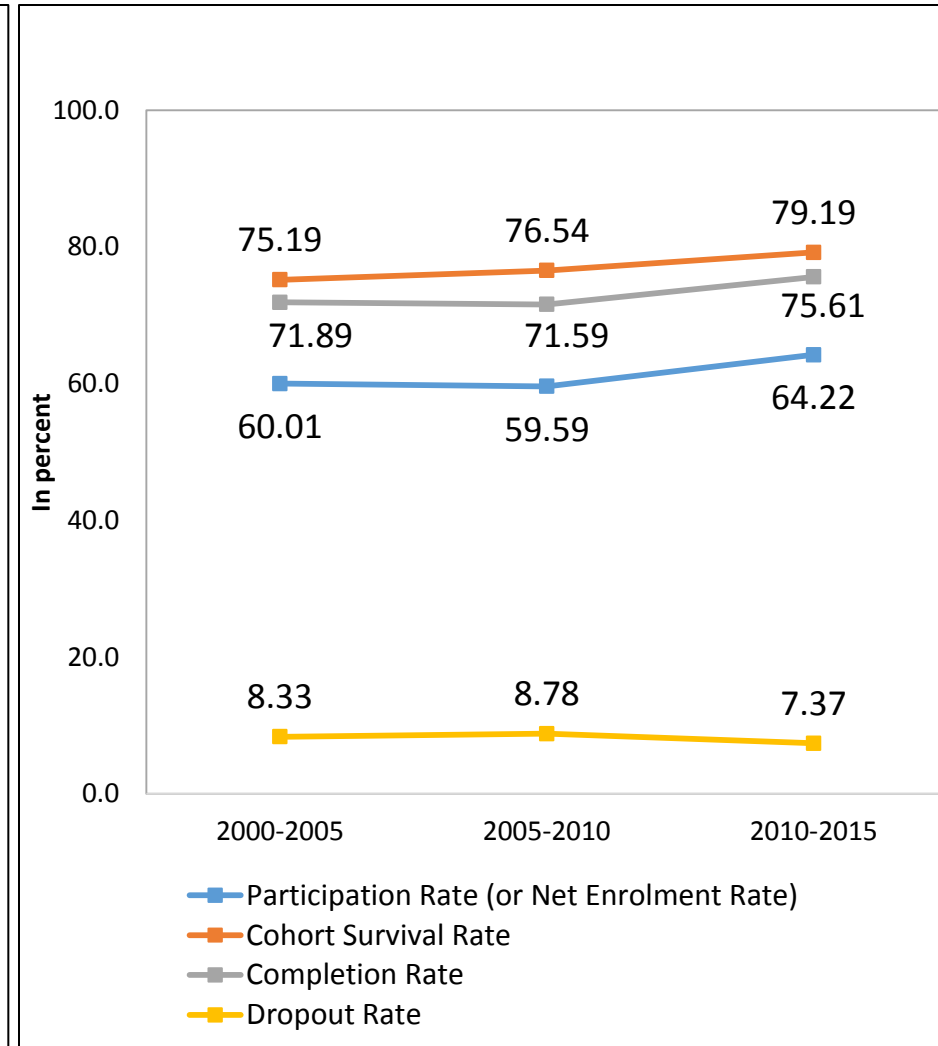


# Human capital: as well as education outcomes...

**Primary Education: various years, 2000-2015**



**Secondary Education: various years, 2000-2015**

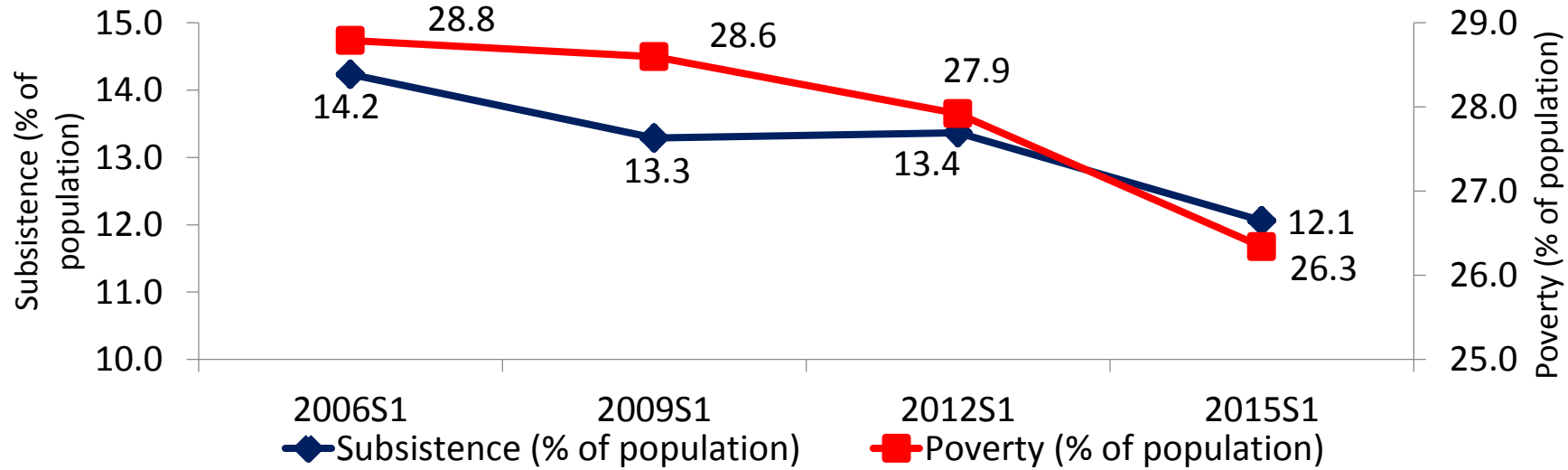


Source: Department of Education

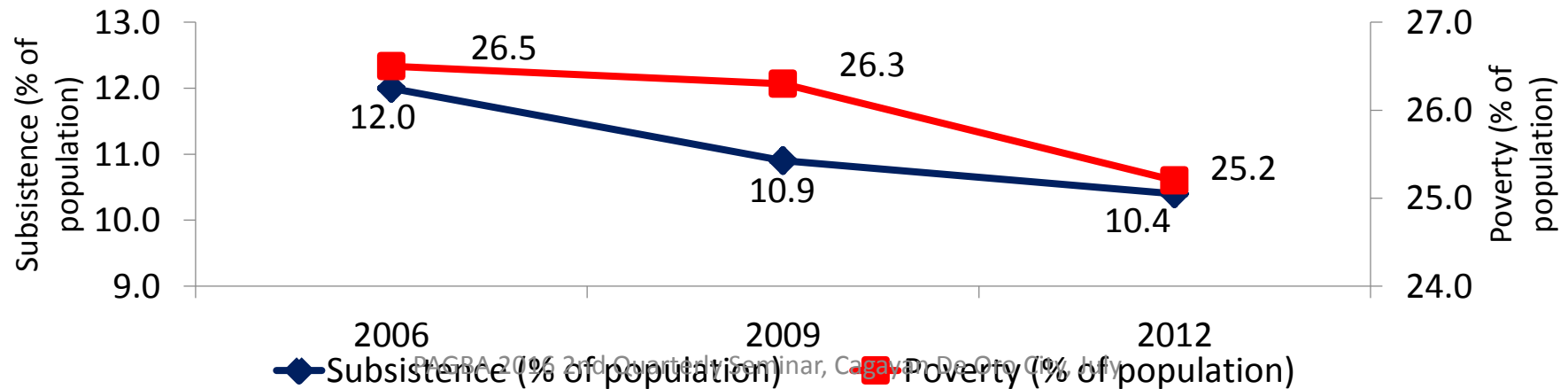
Note: a/ Latest data for Dropout Rate is 2014.

We are finally seeing greater inroads against poverty.

**Poverty Statistics, First Semester (%)**



**Poverty Statistics, Full Year (%)**



Source: Family Income and Expenditure Survey (FIES), Philippine Statistics Authority (PSA)

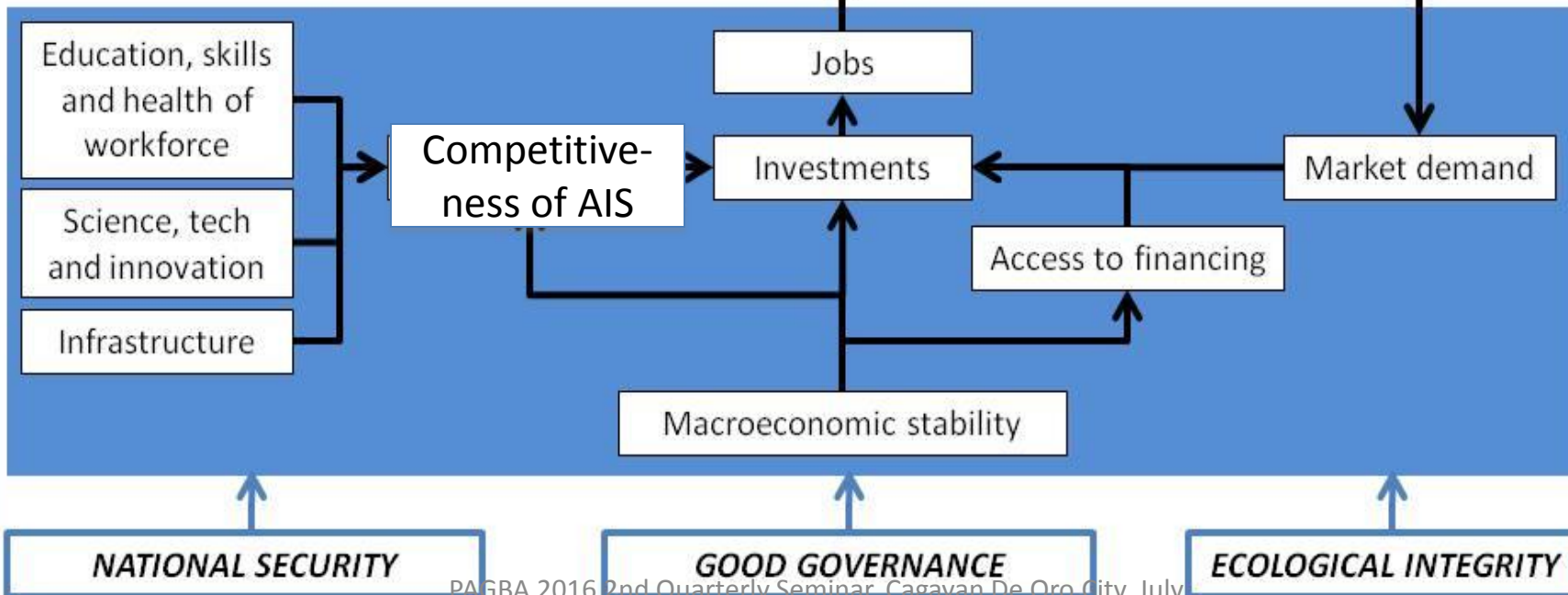
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Poverty reduction  
massive quality

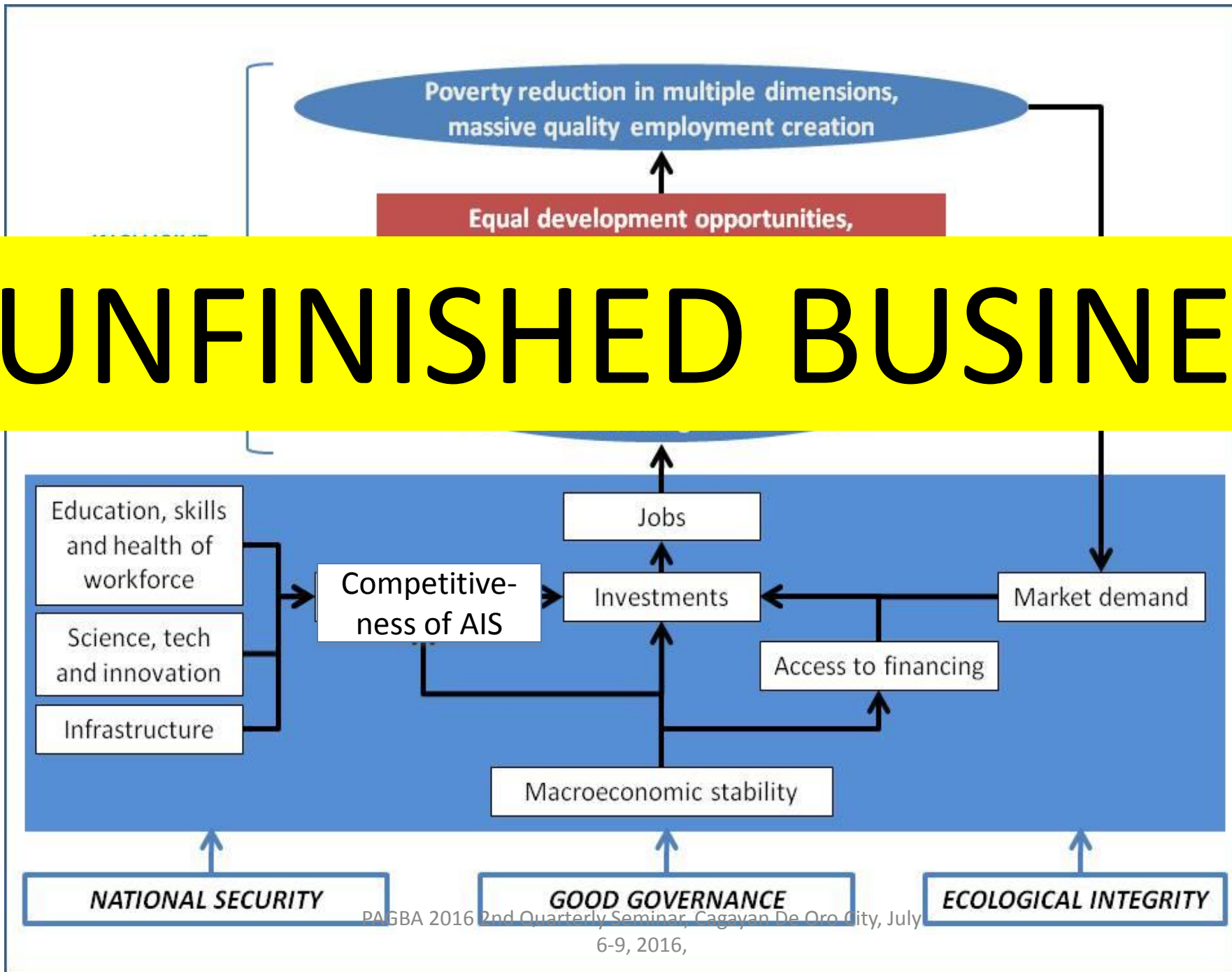
Equal development  
sustainable and climate resilient  
(Spatially, sectorally)

Rapid economic growth

Indicators	Baseline (2012)	2014	2015	2016
Gross Domestic Product (%)	6.7	6.1	5.8	
Unemployment rate (in %)	7.0	6.6*	6.3*	
Underemployment rate (% of employed)	20.0	18.4*	18.5*	
Poverty Incidence (\$1) (% of population)	27.9		26.3	



# UNFINISHED BUSINESS





- **A long-term (25 years) vision for the Philippines.**
- **A basis for unity among Filipinos.**
- **It is a vision, NOT a plan.**
- **An anchor for development planning across administrations.**
- **A guide for engaging with international development partners.**

# The Long-term Vision (LTV) process

## 1. Advisory Committee

- composed of representatives from the government, private sector, the academe, and civil society guided the overall implementation of the visioning exercise

## 2. Public consultations

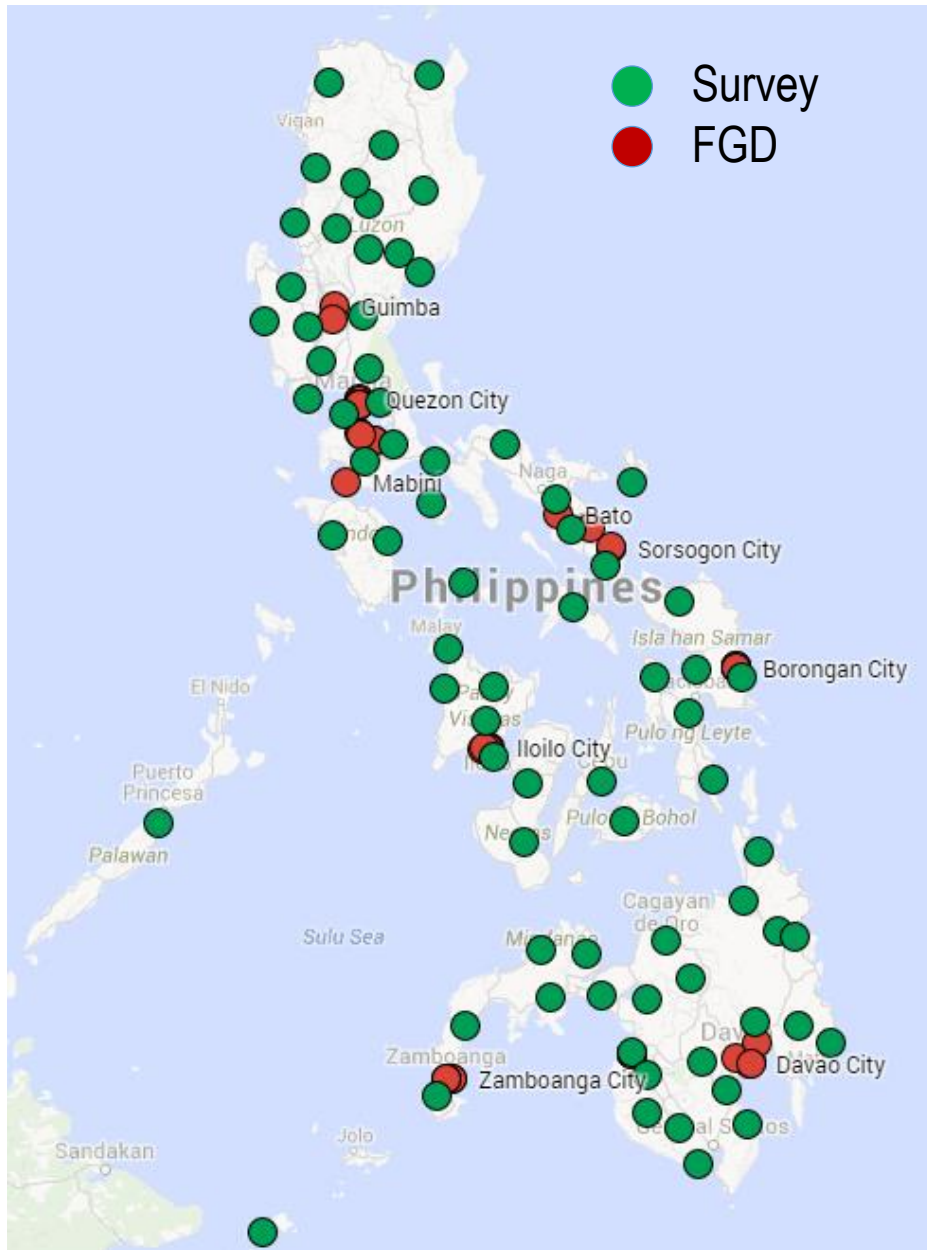
- 42 FGDs with marginalized groups (C. David)
- National Survey (n=10,000; PSRC)

## 3. Technical studies

- Thematic study team organized (led by Dr. R. Clarete)

## 4. Communication & advocacy

- Online social media engagement
- Public forums





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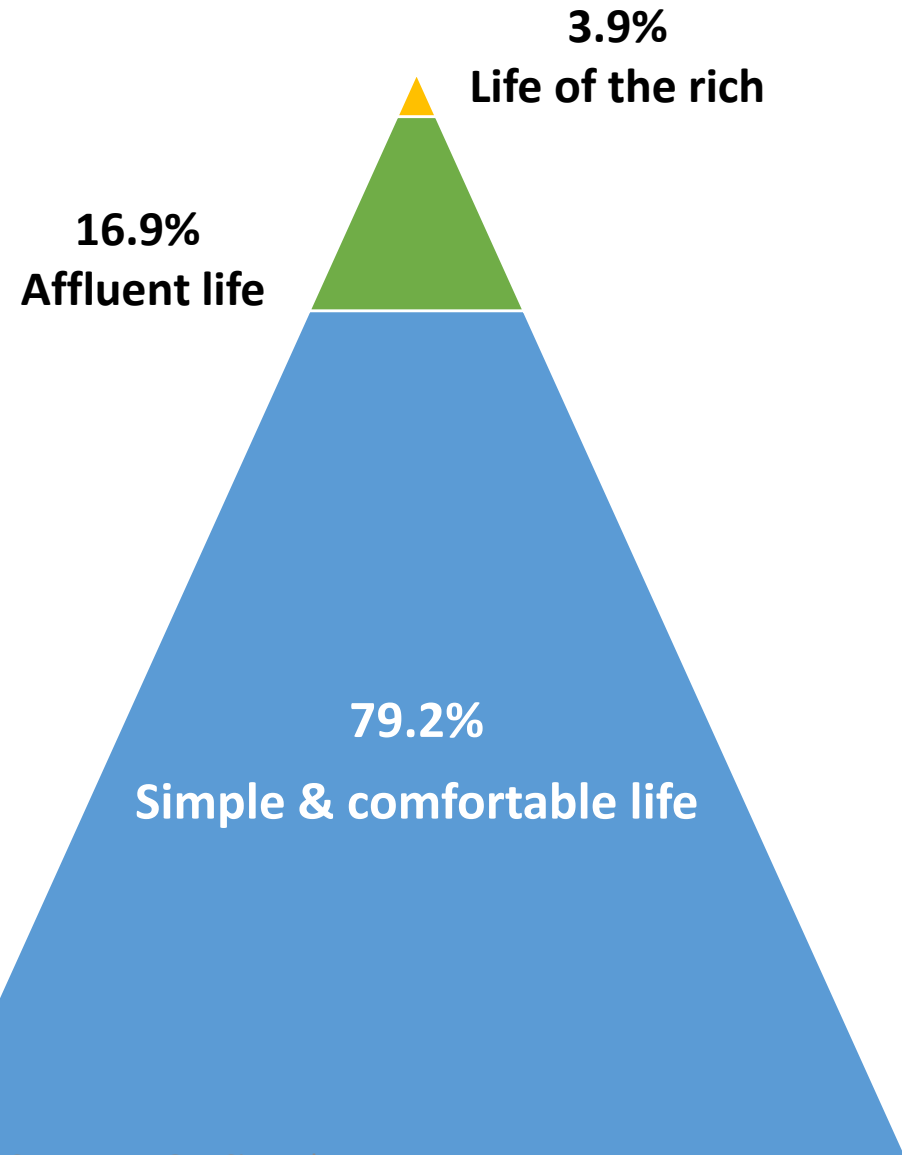
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

# AMBISYON <sup>NATIN</sup> 2040

*The Life We Want*



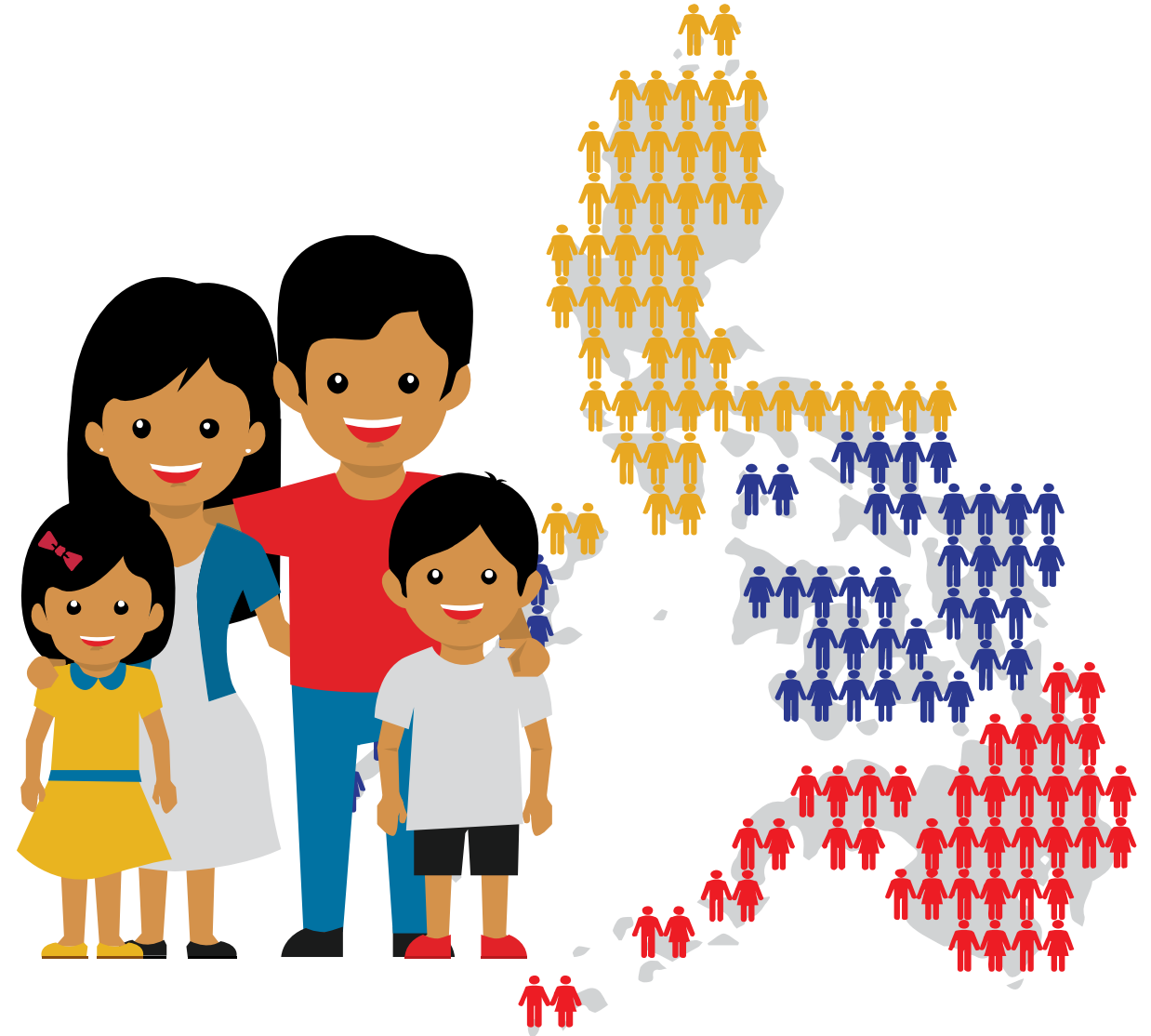
An overwhelming majority of Filipinos  
aspire for a simple and comfortable  
life...





# Matatag, maginhawa at panatag na buhay para sa lahat

- Widely-shared common vision for self and for the country
- Motivation for aspirations is family
- A comfortable life with the family, free of hardship and worry
- Families create vibrant and resilient communities



# What is a simple & comfortable life?

**62%**  
Own one car



**61%**  
Have enough money  
for day-to-day needs



**61%**  
Own a medium-sized  
home



**73%**  
Earning enough



**73%**  
All children are  
college-educated



**30%**  
Relax with family and  
friends



**30%**  
Business  
owner



**21%**  
Able to take occasional  
trips around the country

# What is a simple & comfortable life?

**P 120,000**

Gross Monthly Income



**10,000**

All children are college-educated



**25,000**

Income Tax



**4,000**

Relax with family and friends



**6,000**

Able to take occasional trips around the country

**5,000**

Own one car



**40,000**

Have enough money for day-to-day needs



**30,000**

Own a medium-sized home



## EDUCATION: Most preferred field of study (among those who have not finished college)



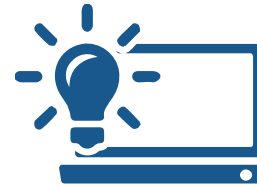
**16.5%**

Education science and  
teacher training



**12.7%**

Business administration  
and related fields



**11.6%**

IT related



**10.5%**

Tourism and  
hospitality



**10%**

Engineering and  
technology



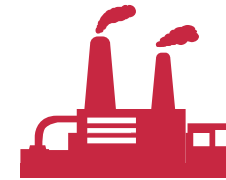
**10%**

Law and  
jurisprudence



**6.9%**

Medical  
and allied



**6.7%**

Trade, craft and  
industrial



**4.8%**

Maritime

# OCCUPATION: Many want to be entrepreneurs but want stable and regular source of income and insurance

## Desired Occupation



47%

Employer in own family-operated farm or business



22%

Self-employed without any paid employee



20%

Work for private establishment



20%

Work for government or government corporation



18%

Work with pay in own family-operated farm or business



13%

Work for private household

## Secure income from a decent job



Good salary (enough wages, paid regularly), having a business with good revenue



Benefits and incentives (insurance, retirement)



Job stability or security

# DWELLING: Most respondents choose to live in houses with large lots, yet majority prefer to live in cities

**73%**

selected the small house with a big lot



**14%**

chose the big house with a small lot



## Preferred community to live in



**29%**

prefer to live in a small city in the province

**30%**

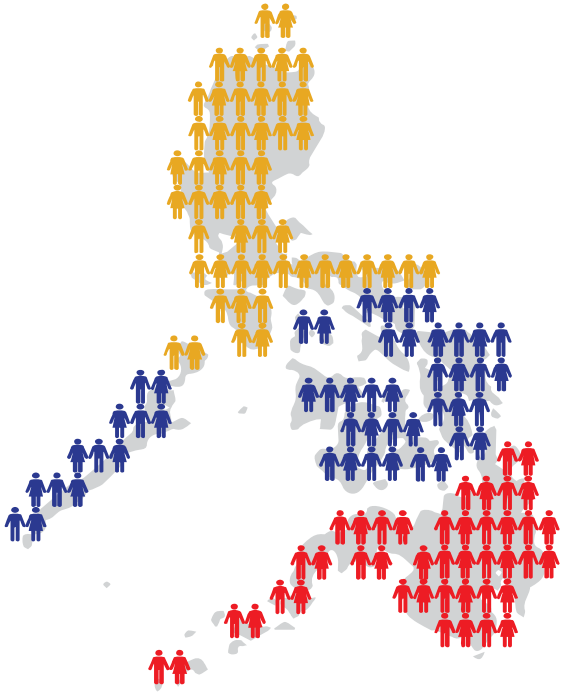
prefer to live in a big city like Manila



**30%**

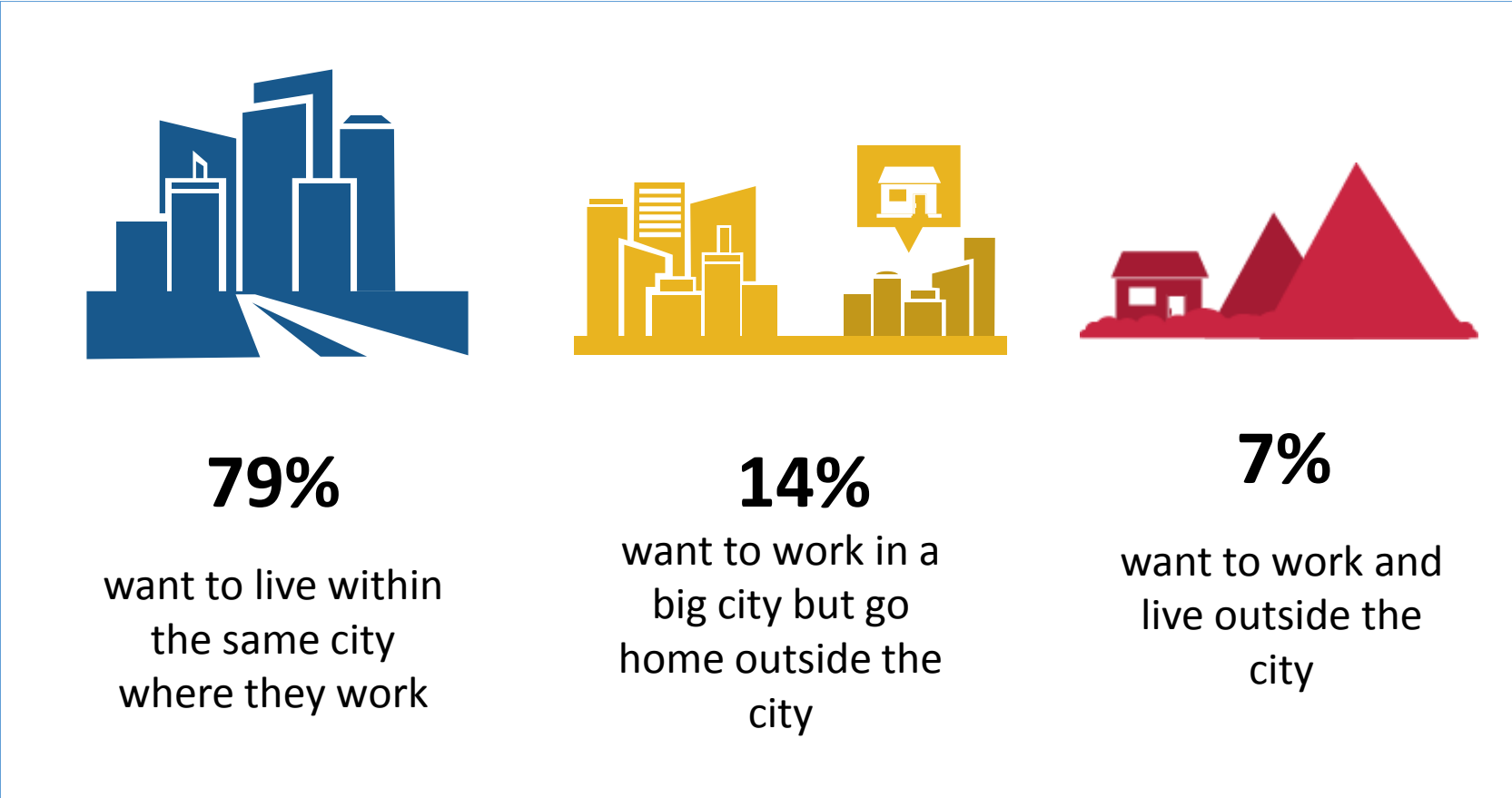
prefer to live in the town center in the province

# Location preferences for work and home indicate that Filipinos generally want to work where family is within reach.



**88%**

Want to work in the Philippines



# FINANCES: Majority want enough money for daily needs



- Enough for day-to-day needs (61%)
- With savings for unexpected expenses (28%), particularly related to sudden illness, natural hazards and man-made calamities
- Savings will also be used to buy car, build house, support retirement



## Filipinos want to be mobile.

- Mobility in day-to-day living and for leisure is important to Filipinos
- Ordinary people's measure of their own success is the degree to which they are able to afford travel for themselves and their families
- Traveling within the country and to other countries is the most-frequently cited leisure activity.
- Car ownership is part of many families' vision of their future



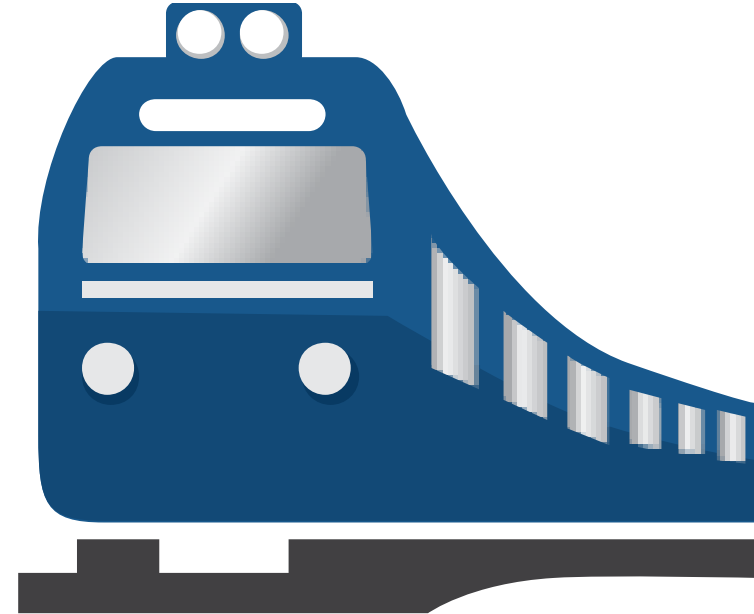
# Majority of Filipinos prefer to use own car to go to places.

*Question: In the year 2040, would you prefer to have your own car to go to places you need to go to or use a good public transportation system?*



**77%**

Own car/vehicle



**23%**

Good public transportation



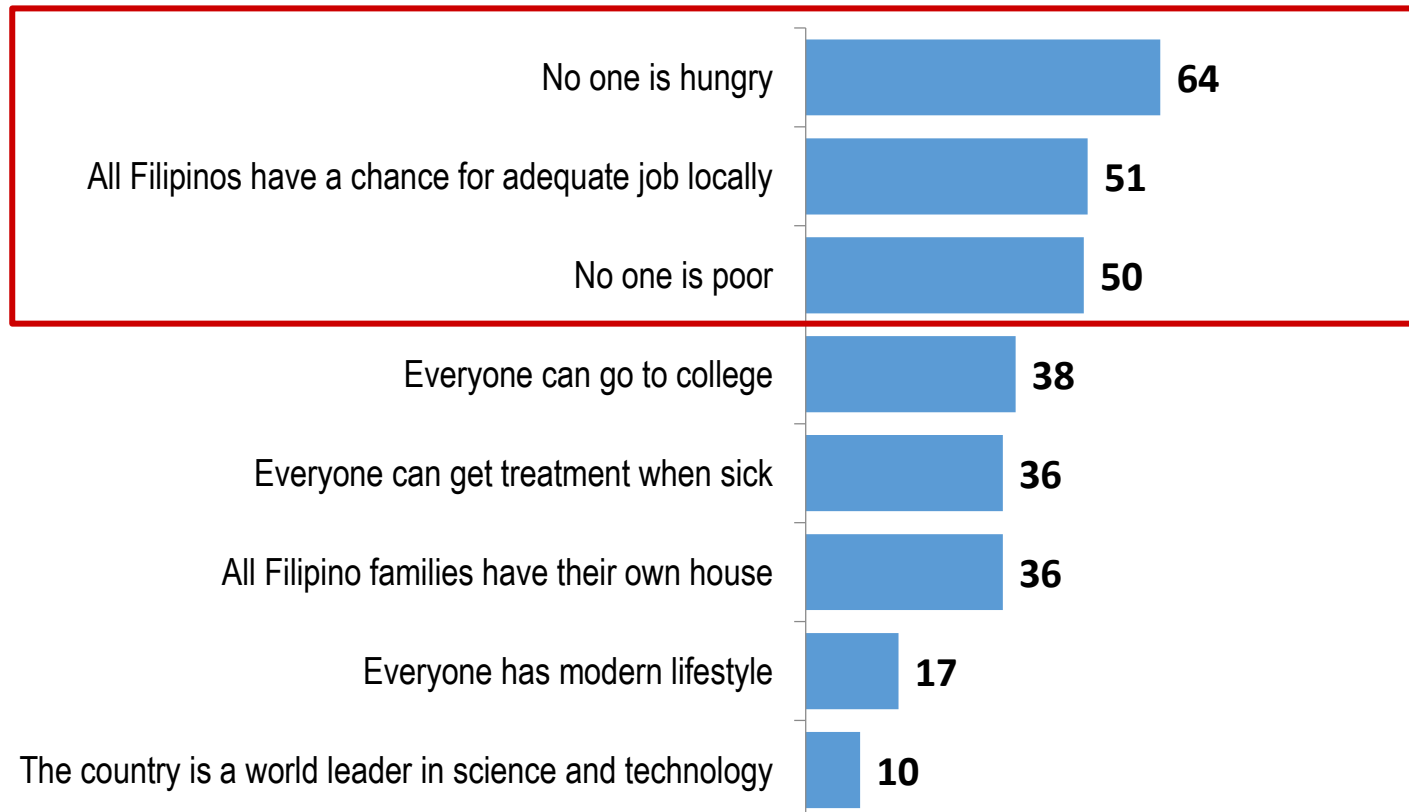
PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016.

## Vision of Filipinos for Self

***“In 2040, we will all enjoy a stable and comfortable lifestyle, secure in the knowledge that we have enough for our daily needs and unexpected expenses, that we can plan and prepare for our own and our children’s future. Our family lives together in a place of our own, and we have the freedom to go where we desire, protected and enabled by a clean, efficient, and fair government.”***

## *Vision for the country:*

# Hunger, local employment and poverty are the main economic issues that should be addressed



*I have here statements that people say are important for our economy. Which of the following is the most important condition the country should attain in the year 2040 (RANK 1)? Which is the second most important (RANK 2)? Which is the third most important (RANK 3)?*

PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July

Base: Total Interviews unwttd/wtd (10000/10000)

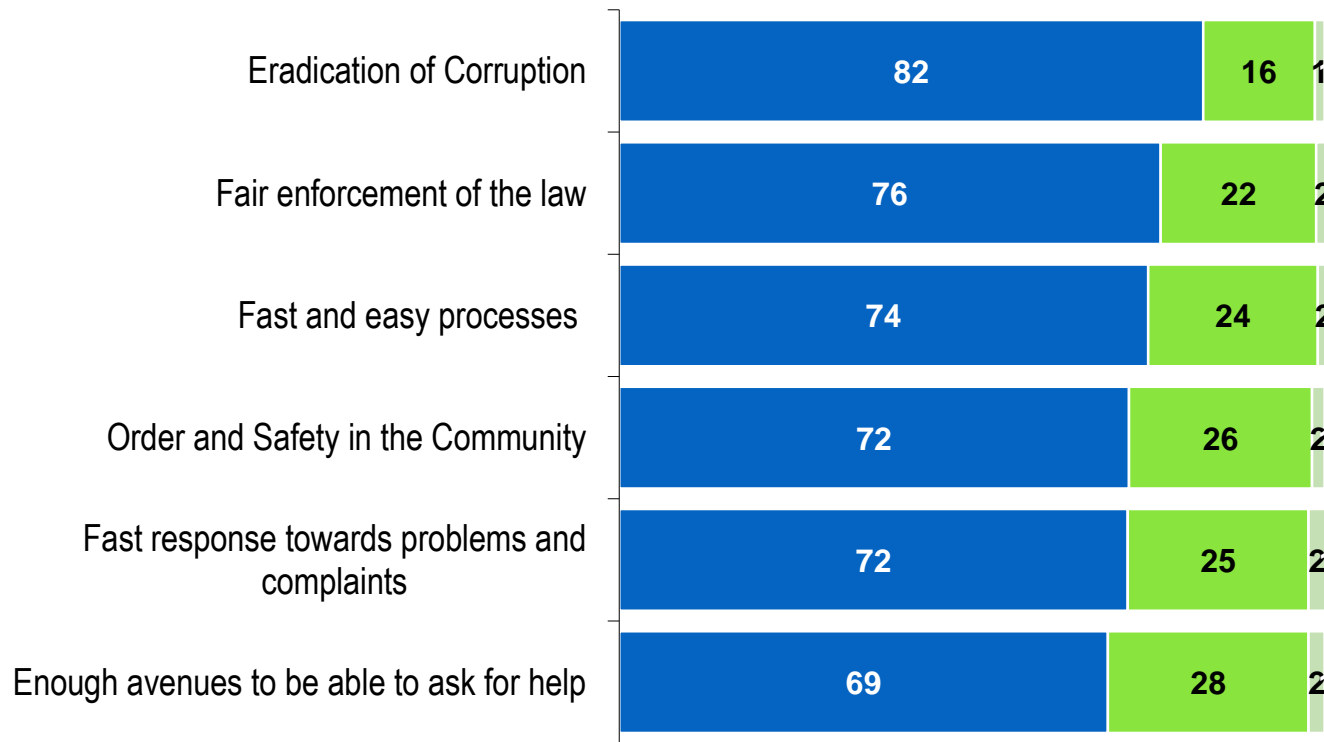
6-9, 2016,



# Clean, efficient, and service-oriented Government



# Eradication of corruption is the most important aspect of government service that should be addressed



IMPORTANT	NOT IMPORTANT	NET IMPORTANCE
98	2	96
98	2	96
98	2	96
97	3	94
97	3	94
97	3	94

# Vision of Filipinos for Country

***“The Philippines shall be a country where all citizens are free from hunger and poverty, have equal opportunities, enabled by fair and just society that is governed with order and unity. A nation where families live together, thriving in vibrant, culturally diverse, and resilient communities.”***





# AMBISYON Natin 2040

*Realizing the Vision*



# The Life We Want

## Matatag

- Living together with family
- Time with family and friends (work/life balance)

## Maginhawa

- Freedom from hunger and poverty
- Guaranteed mobility
- Secure home ownership
- Travel and vacation opportunities

## Panatag

- Resources adequate for day-to-day needs and unexpected expenses
- Security of place
- Passive income during retirement



# Matatag, Maginhawa at Panatag na Buhay

**P 120,000**

Gross Monthly Income



**10,000**

All children are college-educated



**25,000**

Income Tax



**4,000**

Relax with family and friends



**6,000**

Able to take occasional trips around the country

**5,000**

Own one car



**40,000**

Have enough money for day-to-day needs



**30,000**

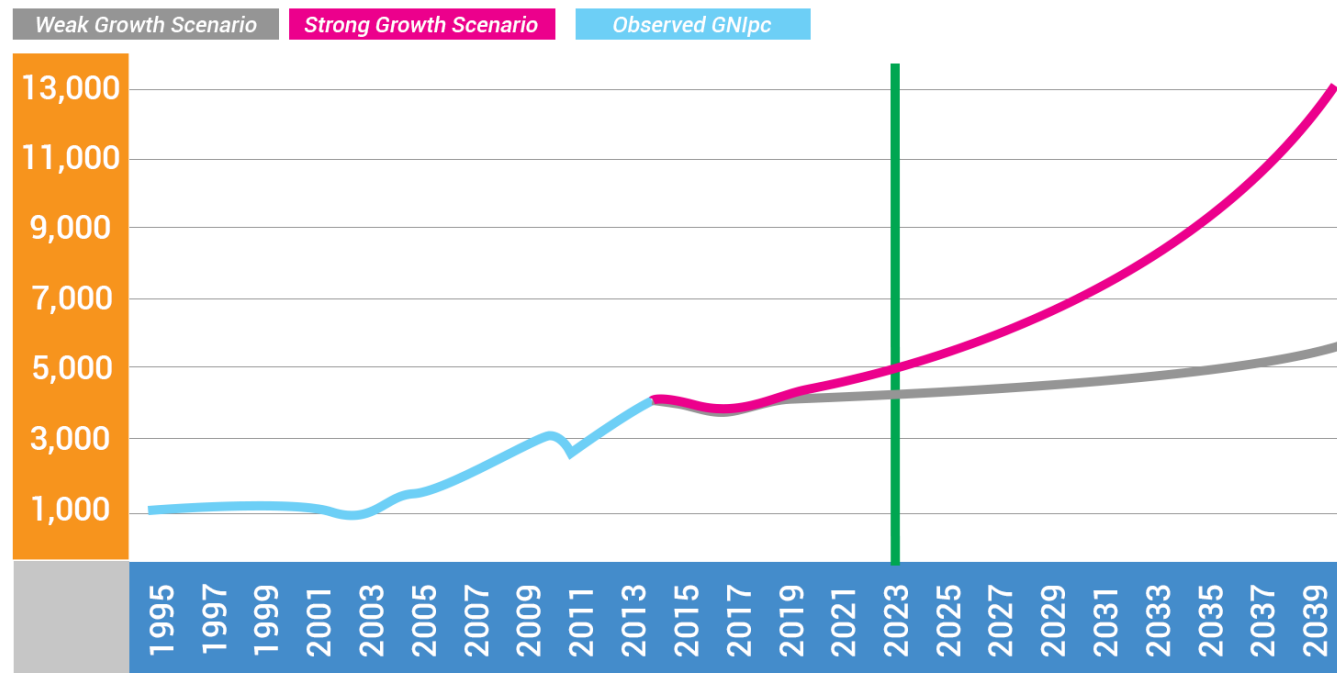
Own a medium-sized home



# With the right policies, PHL can be nearly a high-income country by 2040

## Observed and Simulated Growth Scenarios of Per Capita Gross National Income, 1995-2040

(in US\$ calculated using the World Bank Atlas Method)



Source of observed data: World Development Indicators



# What does \$11,000 per capita income mean?

## MALAYSIA



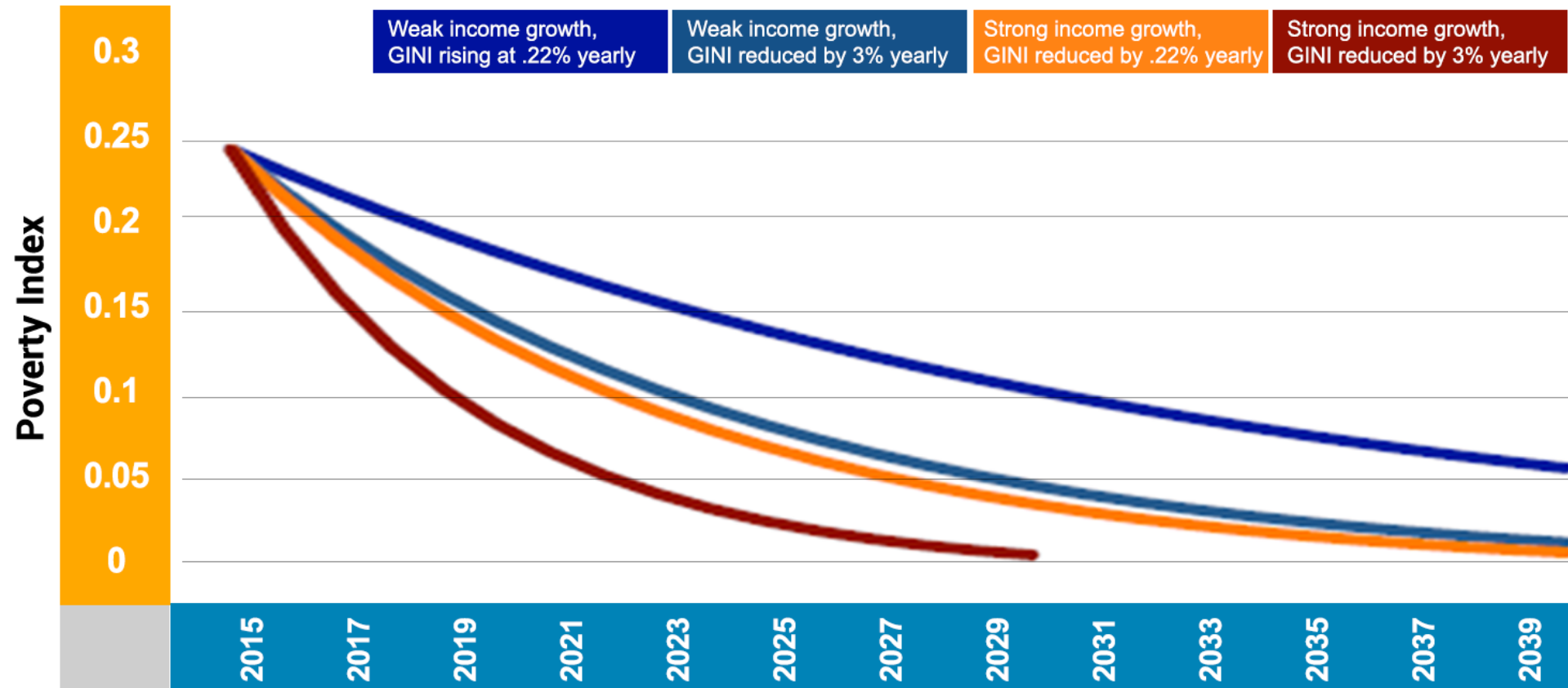
**\$11,120**  
per capita income



**0.6%**  
Poverty rate

# Poverty can be eradicated by 2040, if not sooner.

## Scenarios of Eradicating Poverty, Philippines 2015-2040 (In Percent)



# The challenge of sustaining the vision



**Requires support and commitment from the next 4 Administrations**



**Not all achievable immediately/ simultaneously**



**Need to sustain the momentum**



**Strategic flexibility under changing conditions**

## Goals: Matatag, Maginhawa, Panatag na buhay

In 2040, the Philippines will be

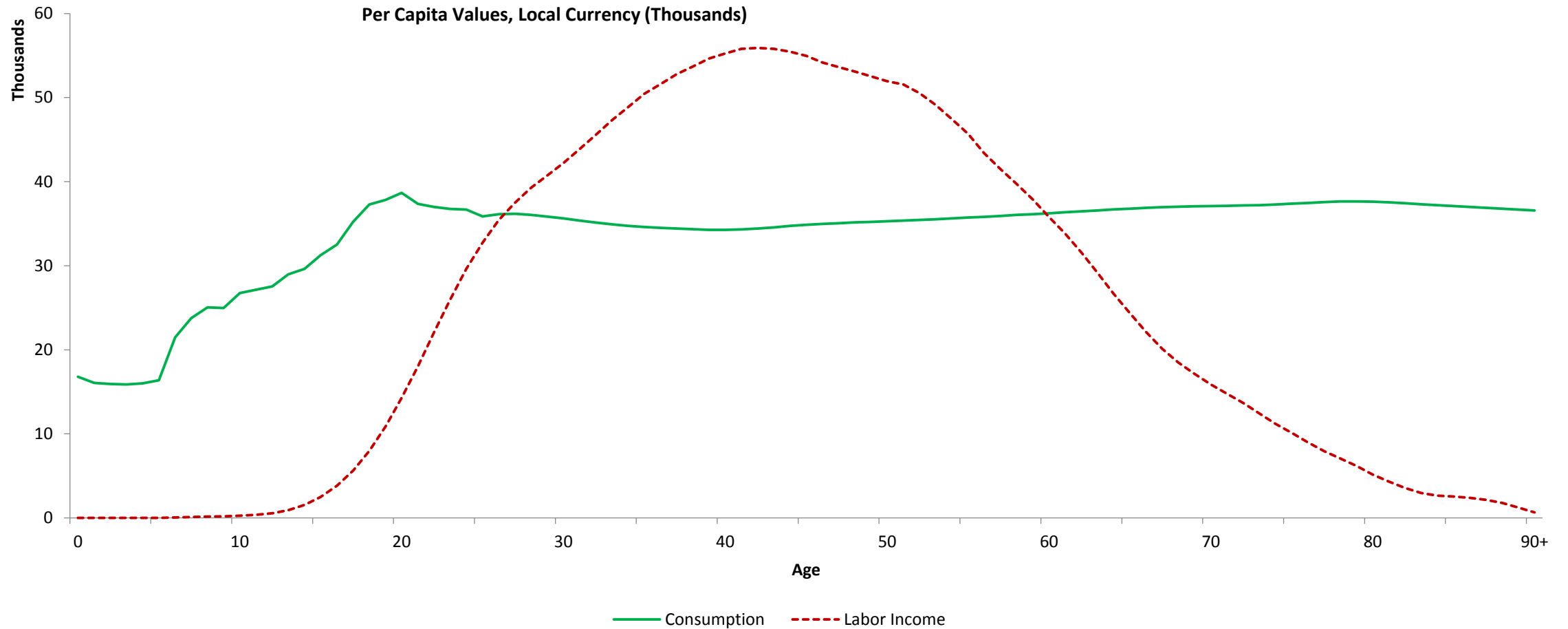
- A prosperous, predominantly middle-class society; income will have tripled from its base in 2015 and no one is poor;
- A healthy society with life expectancy at birth of at least 80 years;
- A smart and innovative society, and
- A high trust society.



# How do we achieve the vision?

- We need to create a responsive, adaptive, resilient, and inclusive economy driven by productivity growth to create more and better quality jobs
- Productivity growth and resiliency can happen with:
  1. Competitive enterprises generating high quality jobs
  2. Agile and nimble high-quality workforce
  3. Comprehensive and enabling social policy including social protection
  4. Efficiently managed natural resource and environment
  5. Citizen-centered, responsive, and accountable government

# Consumption and Labor Income vs Age, Philippines



[PAGBA 2016 2nd Quarterly Seminar, Cagayan De Oro City, July 6-9, 2016,](#)

# 1. Competitive enterprises generating high quality jobs



- Sufficient high-quality **infrastructure**, which will make the cost of moving people, goods and services competitive.
- Sound **urban development** that takes advantage of scale and agglomeration economies to make our cities more competitive and livable.
- Adequate and inclusive **financing** for small and medium enterprises and households.



# Priority Sectors



## Housing and Urban Development

- Construction
- Construction-related manufacturing
- Housing development-related manufacturing
- Utilities (EGW)



## Connectivity

- Roads and bridges
- Port
- Airport
- Transport (cars)
- Communication

# Priority Sectors



## Education Services

- Formal education
- Re-tooling services



## Tourism-related services



## Financial services

- Consumer financing
  - Enterprise financing
  - Insurance
- Savings mobilization



## Health services



## Countryside development



## Agricultural development

## 2. Agile and nimble high-quality workforce









- An **education** system that equips citizens with knowledge necessary to occupy high-productivity employment, while remaining adaptable to changing needs of the economy.
- An economy that is highly capable of generating and using technology and **innovation**.
- A work force that is **resilient** to income and employment shocks.



# 21st-Century Skills

## Foundational Literacies

How students apply core skills to everyday tasks

-  1. Literacy
-  2. Numeracy
-  3. Scientific literacy
-  4. ICT literacy
-  5. Financial literacy
-  6. Cultural and civic literacy

## Competencies

How students approach complex challenges

-  7. Critical thinking/ problem-solving
-  8. Creativity
-  9. Communication
-  10. Collaboration

## Character Qualities

How students approach their changing environment

-  11. Curiosity
-  12. Initiative
-  13. Persistence/ grit
-  14. Adaptability
-  15. Leadership
-  16. Social and cultural awareness

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### 3. Comprehensive and enabling social policy including social protection



- Easy access to quality health care
- Comprehensive social policy to empower individuals to achieve aspirations
- Robust resiliency-building strategies





# Comprehensive and Enabling Social Policy

~~3,000C~~

~~5,000~~

~~Own one car~~



~~20,000~~

~~40,000~~

~~Have enough money for day-to-day needs~~



~~12,000~~

~~30,000~~

~~Own a medium-sized home~~



**P 57,000**

Gross Monthly Income



**5,000C**

All children are college-educated



~~13,000~~

~~25,000~~

~~Income Tax~~

~~1,000~~

~~4,000~~

~~Relax with family and friends~~



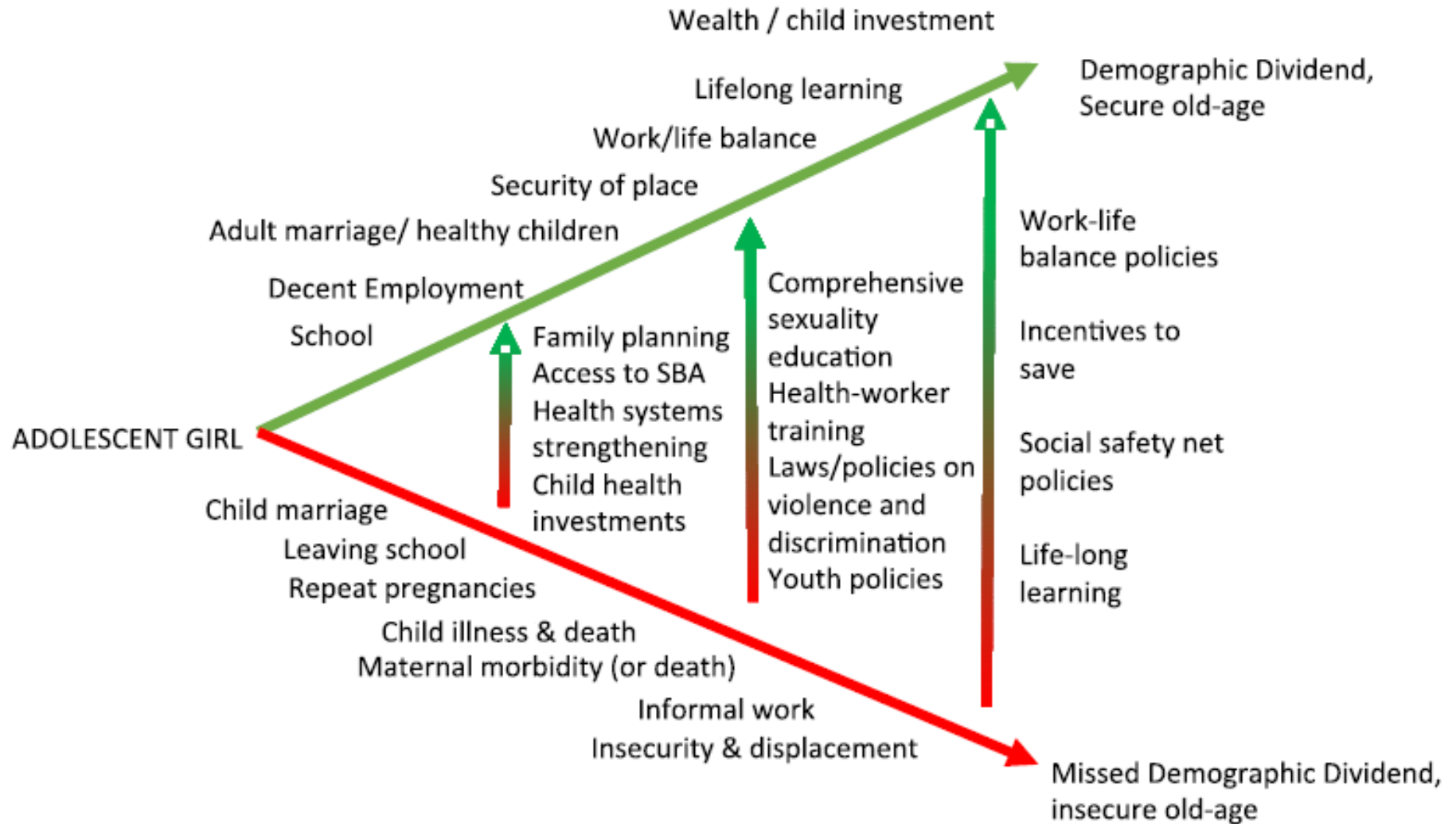
~~3,000~~

~~6,000~~

~~Able to take occasional trips around the country~~



# Comprehensive and Enabling Social Policy



## 4. Efficiently managed natural resources and environment

- A competitive and sustainable energy mix
- Natural resources sustainably and responsibly used for development
- Resilient communities protected from risks arising from natural hazards and climate change.

## 5. Citizen-centered, responsive, and accountable government

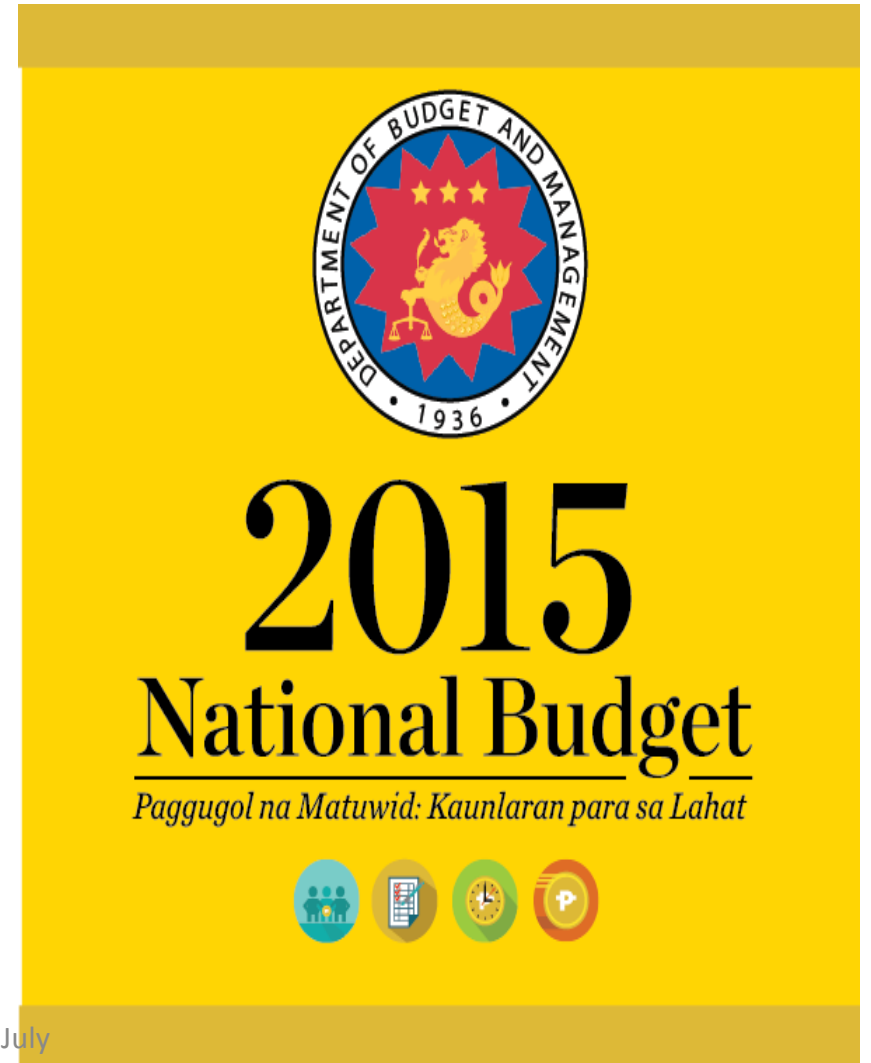
- ✓ **Fiscal Policy**
- ✓ **Monetary Policy**
- ✓ **Regulatory Policy**



# What will it take?

## Fiscal Policy

- Sound macroeconomic fundamentals
- Strategic fiscal spending program including tax and nontax investment incentive program
  - to address capacity constraints,
  - increase competitiveness,
  - encourage innovation,
  - reduce inequality,
  - build up resiliency



# What will it take?



## Monetary and Financial Policy

- Low and stable inflation rate
- Monetary policy that is supportive of growth
- Financial inclusion

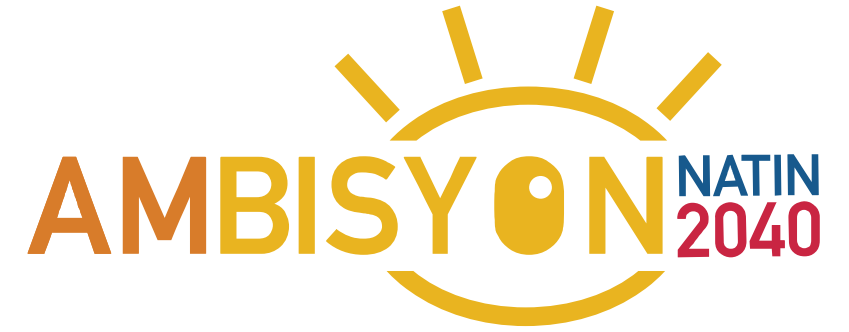
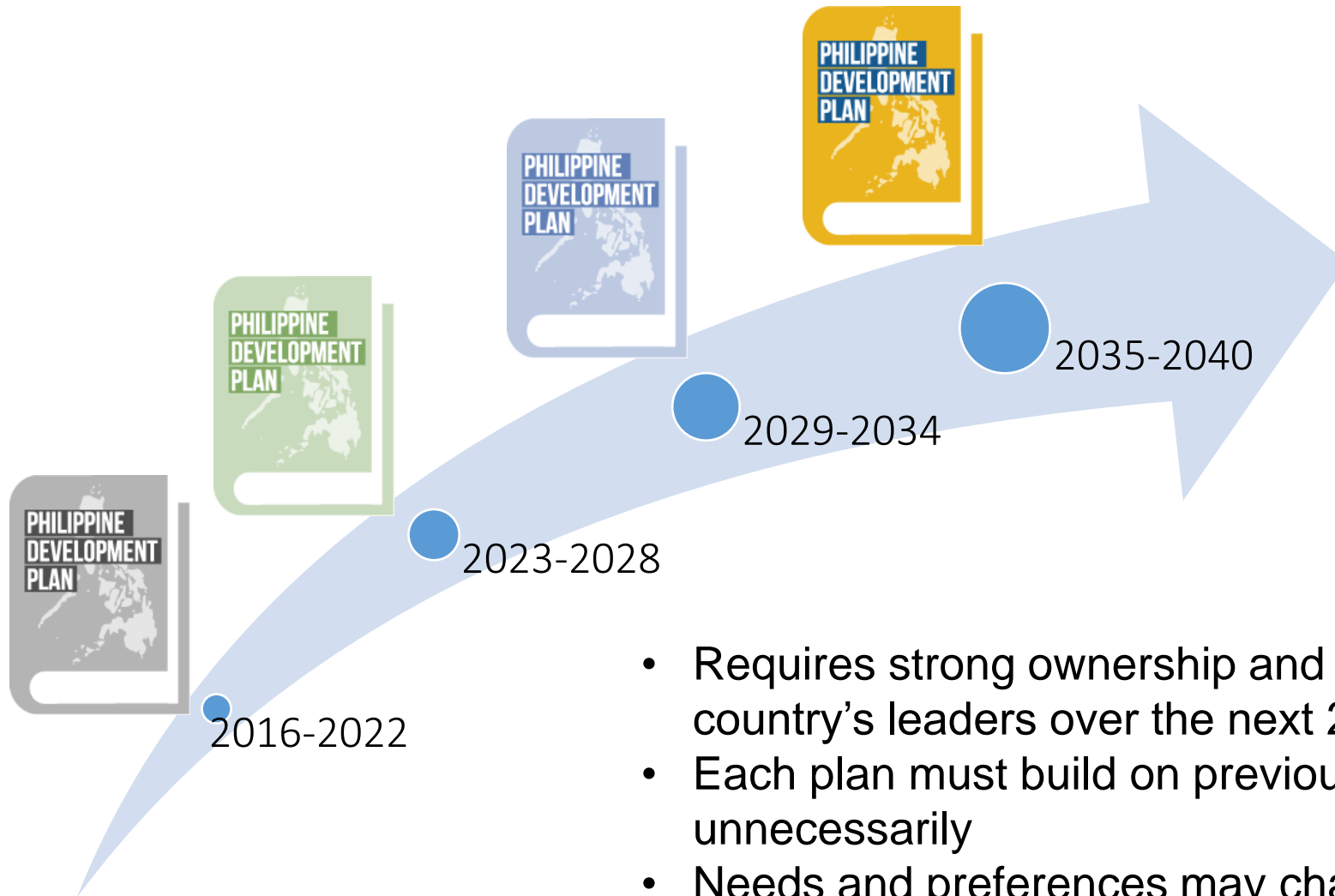
# What will it take?



## Regulatory Policy

- Promote competition (ease of entry, level playing field)
- Reduce externalities
- Reduce the cost of doing business
- Ensure consumer protection
- Ensure justice, security and peace

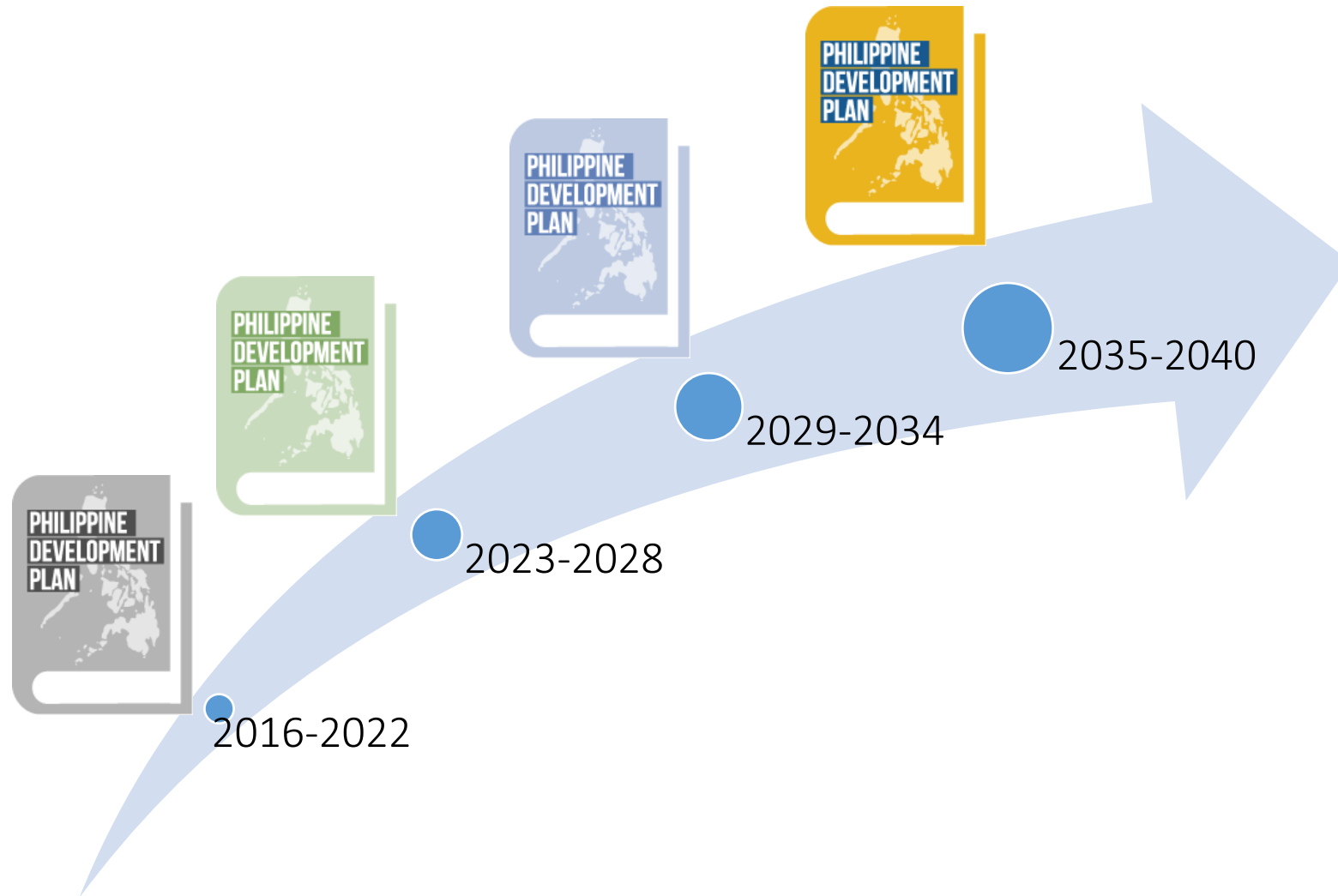
# From vision to action



- Requires strong ownership and buy-in by stakeholders and the country's leaders over the next 25 years
- Each plan must build on previous plan, not change it unnecessarily
- Needs and preferences may change over time
- Unexpected developments may arise (e.g. climate, science & technology)



## From vision to action



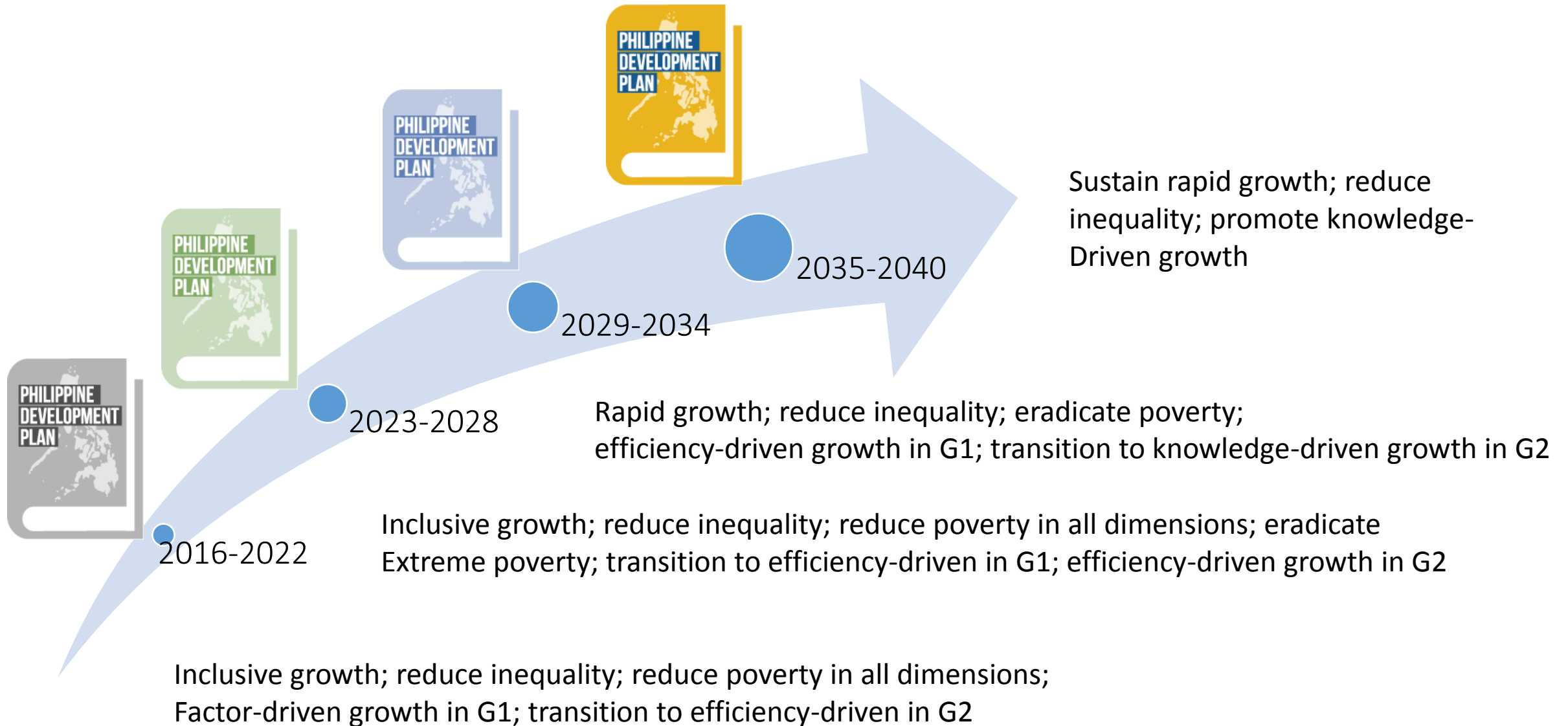
A prosperous, predominantly middle-class society; income will have tripled from its base in 2015 and no one is poor;

A healthy society with life expectancy at birth of at least 80 years;

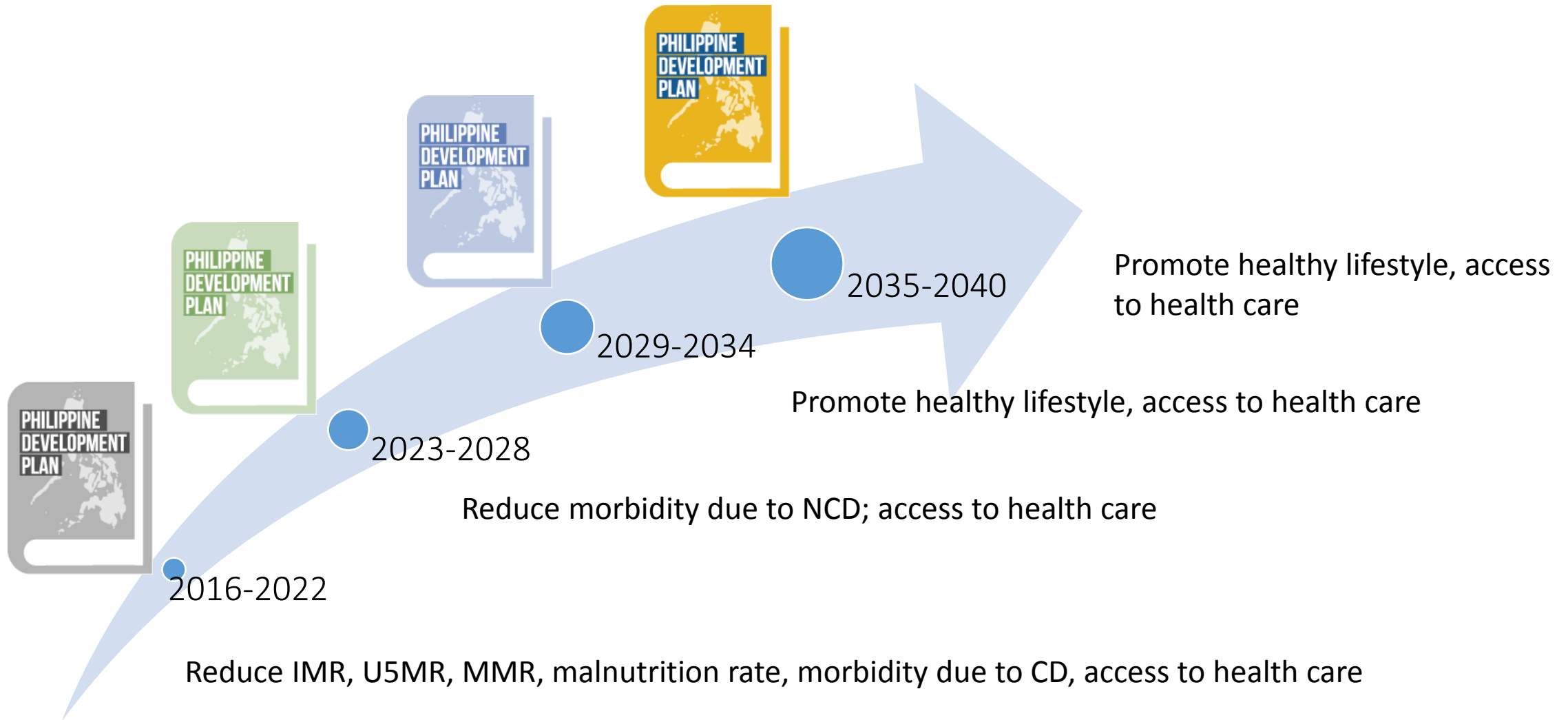
A smart and innovative society, and

A high trust society.

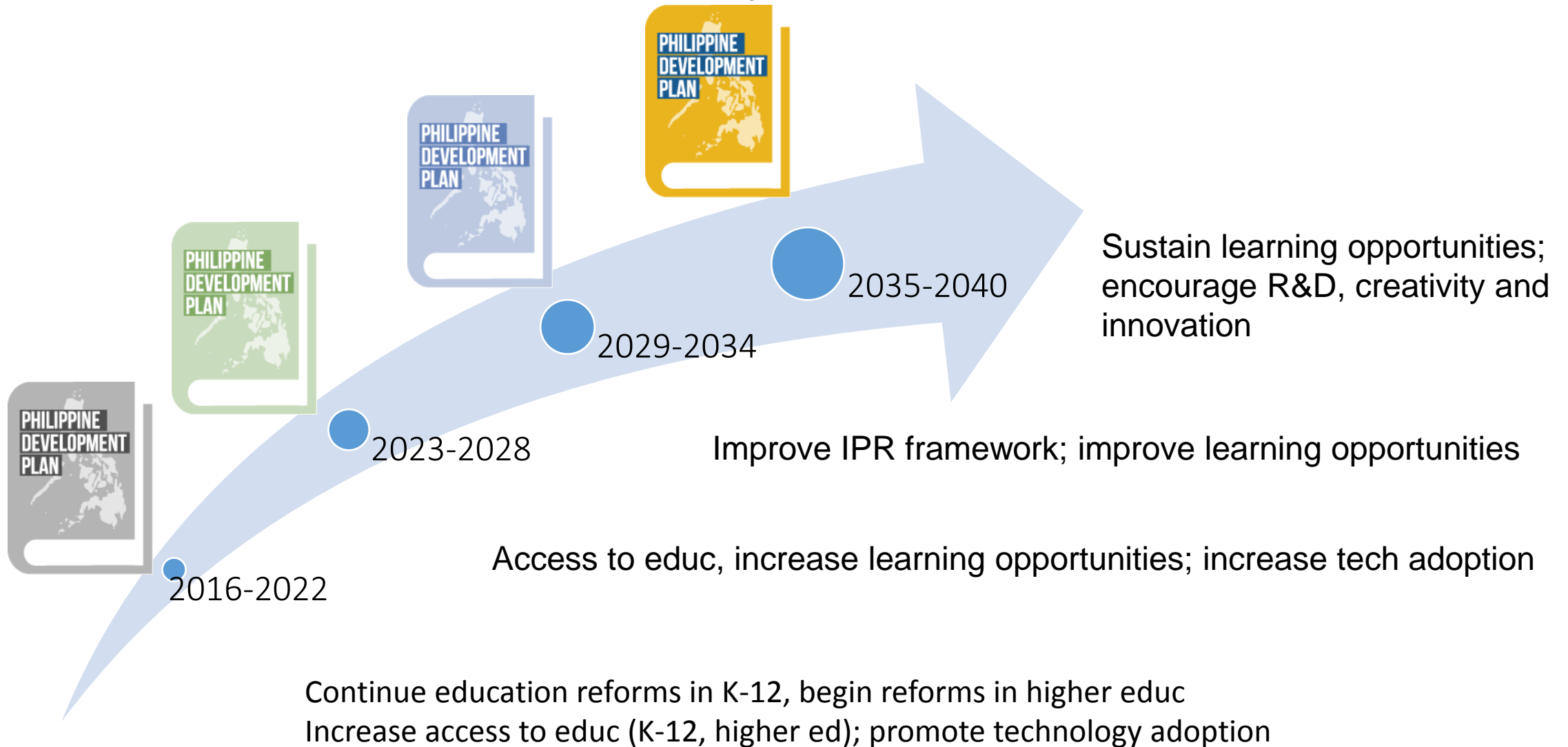
A prosperous, predominantly middle-class society; income will have tripled from its base in 2015 and no one is poor;



A healthy society with life expectancy at birth of at least 80 years;



# A smart and innovative society



# A high trust society



# A people-centered vision leads to people-centered policies





**WHAT CAN YOU DO TO  
SUPPORT THIS VISION AND  
TURN IT INTO A REALITY  
FOR FILIPINOS?**

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6-9, 2016,