Country Statement

Key Challenges to Inclusive and Sustainable Economic and Social Development

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First of all, I would like to commend the ESCAP for highlighting inclusive and sustainable economic and social development for this 71st Session — topics which the Philippines has also positioned forward as the host of this year’s APEC meetings. I bring to this forum the Philippine experience in inclusive development — our accomplishments and learnings, as well as the many challenges we still face for which we think regional cooperation is critically needed.

With the current administration rooted on a platform of good governance, we are proud to report that the Philippines is now traversing a higher growth path. Our average growth rate these past five years, recorded at 6.27% percent per year, is the highest five-year average in nearly four decades. We have achieved this against a backdrop of sound macroeconomic fundamentals, characterized by a low and stable inflation rate, a robust financial sector, prudent fiscal ratios, and a healthy external position.

The challenge now is how to sustain such growth and make it more inclusive while observing the rights of every individual.
First, we acknowledge that sustaining this growth requires access to broader markets on the one hand, and innovations and investments in capacity on the other. All of these strategies involve behind-the-border reforms and regional cooperation. Even the domestic reform agenda can be guided by a framework on regional cooperation, such as commitments to open trade and improve the mobility of capital, goods, services, and people. To this end, tourism, trade and investment, and connectivity in maritime, air, land, and ICT must be further developed. Maritime connectivity is particularly important in allowing greater mobility of goods across the Asia-Pacific. To achieve this, it is imperative that there be firm regional commitment to freedom of navigation and the rule of law.

There should also be a greater cooperation framework on the protection of migrants. We should recognize that while migrants contribute to the economic development of both sending and receiving countries, the phenomenon of temporary or permanent migration could also give rise to negative social consequences. At the very least, countries should promote greater adherence, accession, or ratification of international legal instruments establishing minimum standards, including the UN Convention on the Protection of the Rights of Migrant Workers and Members of their Families and the UN Convention Against Transnational Organized Crime and its accompanying protocols.

Sustaining the growth momentum also requires building economic resiliency. The Philippines is among the most disaster-prone countries by virtue of its location, straddling two huge bodies of water and sitting on the Pacific Rim of Fire. Just about a year and a half ago, we were hammered by the strongest recorded cyclone to ever make landfall. While the economic impact has been slight, the social consequences were devastating — lives lost, children orphaned, and community institutions destroyed. Moving forward, we deeply recognize the need to have a better way of dealing with natural hazards, for which disaster preparedness would be the best. We will need high resolution geohazard maps, risk assessment, advance warning signals, and so on. Some countries are already equipped with these, and we need to have a framework within which such information and technologies could be shared. Resettlement may be required both before and after a disaster strikes. But this entails huge financial resources and could compromise fiscal sustainability unless other means of financing resettlement are introduced.
Making growth inclusive remains our biggest challenge. And although we have reduced the unemployment rate to 6.8 percent in 2014 from 7.3 percent in 2010, poverty incidence has not declined substantially. Using our nationally defined poverty line, poverty headcount went down from 27.9 percent during the first semester of 2012 to 25.8 percent in 2014. To be sure, we know that sustained rapid growth will eventually benefit the poor. For many countries in the region, there is the looming threat of the Middle Income Trap. Hence, we would like to request ESCAP for guidance to help Middle Income Countries from falling into or escaping from the Middle Income Trap.

Finally, for growth to be truly inclusive, the poor must have the capability to participate in the growth process. We are trying to accelerate the poor’s participation by deliberately addressing the constraints they face. We have systematically categorized these constraints according to the province of residence of the individual. Accordingly, we have included spatial and sectoral dimension to government programs, activities and projects to address these constraints. We have organized summits in each of the priority provinces bringing together the central and local governments, private sector and people’s organization. The objective is to identify the factors that constrain the private sector from engaging more with the poor either as sources of raw materials or labor. Government is then able to focus its interventions to address these constraints, thereby, reducing the transaction costs, so to speak, in dealing with the poor. We have just rolled out this program in the first quarter of this year and we will be happy to present its results in next year’s ESCAP meeting.

Distinguished delegates:

The task before us is far from over. We realize that many of our MDGs have not yet been achieved, and, even then, we are also committed to the post-2015 Sustainable Development Goals. We know that we share the same motivation with the other economies. Hence, we look forward to working with ESCAP and cooperating with other economies to improve the quality of life of our constituencies both now and in the future.

Thank you.