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**The Philippines – Improving institutions,
offering a vital and sustainable labor force
to the region**

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The Philippines – Improving institutions, offering a vital and sustainable labor force to the region

Jose O. Tiu Sonco II¹

Abstract

Saddled with internal problems and external shocks the past three decades (1980 to 2010), the Philippines is back on its feet and getting ready to be fully integrated into Asia's regional economy with better institutional and governance quality, focused public sector investments in infrastructure and human capital development, and armed with sustainable and dynamic labor force. It has achieved positive changes – significant progress – in governance and economic performance in recent years. It appears to be on track in addressing the critical development constraints to growth and poverty reduction through its inclusive growth agenda.

Noted for its English-speaking, young and mobile human capital, the Philippines has been a services- and consumption-driven economy with significant contributions from remittances of overseas Filipino workers and the information technology-business process management (IT-BPM). However, its economy-wide productivity growth lagged and foreign investments stagnated for about three decades – between 1980 and 2009.

Human capital is seen as among the strongest assets of the Philippines. Bringing in foreign –and domestic – capital investments are necessary in transforming human capital into productive labor, thereby creating an enduring economic growth structure and poverty reduction. Private investments are critical in addressing key challenges and opportunities on i) persistent problem of unemployment and underemployment, ii) reviving the manufacturing sub-sector, and iii) improving technological innovation and production capability.

Sustaining and scaling-up institutional reforms are necessary in getting out of the “middle income trap” and ultimately achieving prosperity. This is not going to be easy; and, yes, leadership and good governance are key factors towards this end.

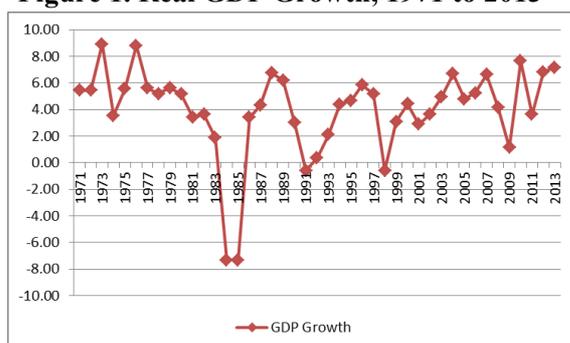
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1 Development puzzle explained

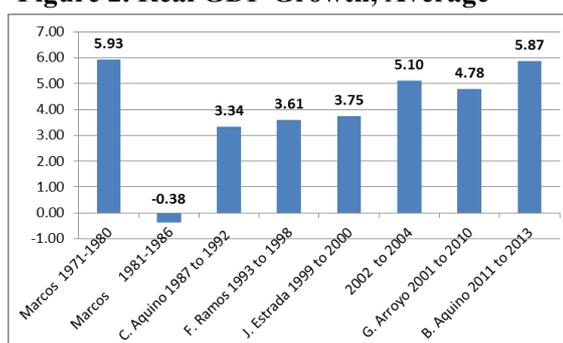
The Philippines is an archipelagic country with more than 7,100 islands and strategically located in the Asia-Pacific region. It had a promising future in the 1950s and 1960s. However, the country's development performance became a puzzle to economists. It "lagged behind" its Asian neighbors in economic growth and poverty reduction.² After the Second World War, it was trailing behind the so-called "economic miracles" of Asia – Hong Kong, China; Republic of Korea; Singapore; and Taipei, China – but missed the opportunity to transform itself. It dwindled from one of the highest per capita incomes in East Asia to near bottom in the region; and was overtaken by Thailand in 1983 in per capita gross domestic product (GDP).³ It suffered from lost decades in economic growth between 1981 and 1999 with average growth rates of 2.0% and 2.8%, respectively; and relatively low growth between 2000 and 2009 with 4.5%. Negative GDP growth were recorded in 1983-84, 1991, and 1998; and a low of 1.2% in 2009, the lowest after three observed recessions⁴ (see Figures 1 and 2). Currently, it belongs to the lower middle income level category of the World Bank.

Figure 1. Real GDP Growth, 1971 to 2013



Source: Philippine Statistics Authority (PSA).

Figure 2. Real GDP Growth, Average



Source of basic data: PSA.

Dismal performance was later explained by political instability, poor institutional and bureaucratic quality, and external shocks coupled with natural disasters (volcanic eruption in 1991 and earthquake in 1992) and energy crisis in 1990s. Major political events and internal disturbances were traced to the authoritarian regime of Ferdinand Marcos (1970s to mid-1980s) with the assassination of Benigno Aquino Jr. in 1983 (led the country into 'deep' recession), series of coup d'état under Corazon Aquino (late 1980s to early 1990s), energy crisis during the term of President Fidel Ramos (start of term in 1992), and removal from office of Joseph Ejercito Estrada in 2001. The

² See Usui 2011; Canlas, Khan, and Zhuang 2009; de Dios 2009; Paderanga 2007, 2004; Balisacan 2007; Balisacan and Hill 2003.

³ See Canlas, Cham and Zhuang (pp. 13-31) in Canlas, Khan and Zhuang (2009) for a comprehensive account of the Philippines' historical development performance – growth and poverty reduction – vis-à-vis selected countries in Asia.

⁴ Paderanga (2004) noted one deep recession which started with the assassination of Aquino Jr. in 1983 and the subsequent downfall of Marcos in 1985; and two relatively minor recessions. First was in 1990 with a major coup attempt against the Aquino government, and second in 1997 due to the Asian financial crisis.

presidency of Gloria Macapagal-Arroyo (2001-2004; 2004-2010)⁵ was marred by issues and allegations of political illegitimacy, electoral fraud and systemic corruption, which are perceived to have further eroded the country's bureaucratic quality and investors' confidence.

Recent assessments indicate positive changes – significant progress – in governance and economic performance. The country is now in a better fiscal position, has employed an expenditure management framework and accountability mechanisms; and enjoys improved international credit ratings and investors' confidence.⁶ Will the institutional and policy reforms, economic performance, be sustained to benefit all sectors and go beyond the term of President Benigno Aquino III ending in 2016? Can the Philippines get out of the “middle income trap”?

2 Geography and Demographical Characteristics

The Philippines has a total area of 300,000 square kilometers and comprises 7,107 islands with a land area of 298,170 km square kilometers. It is a tropical country having rainy and dry seasons. Due to its geographical location, it is estimated to have an average of 20 tropical cyclones each year with about 8-9 of these make a landfall.⁷ There are three major island groups: Luzon, Visayas and Mindanao representing 43%, 17% and 40% of the country's land area. About 96,710 square kilometers are agricultural lands where 49,360 (51%) and 42,250 (44%) are arable and permanent crop lands, respectively. See Box 1 for a background of Philippine Public Administration and Local Government System. The Philippine map⁸ shows the administrative regions and provinces with Manila in National Capital Region (NCR) as capital.

The 2010 Philippines census recorded a population of 92.3 million⁹ with a ten-year growth rate of 1.9% from 2000 to 2010. In 2010, the population density was 308 persons per square kilometer and 48.6% are living in urban areas. The projected population in 2013 was 97.35 million 2013. The population is predominantly Christians with more than 80% Catholics. The country's official languages are Filipino and English. There are about 170 local languages and dialects across regions.

The country has been noted for having English-speaking, young and mobile human capital. Table 1 indicates the official population projection for the country by age group on a five year interval from 2015 to 2040. Figure 3 shows the distribution of projected population by age group. It indicates a strong and potential source of sustainable labor, with the bulk of the population belonging to age group between 15 and 64 years old¹⁰,

⁵ Currently, former President Macapagal-Arroyo is under hospital arrest and being tried by the Office of the Ombudsman for allegations of plunder and graft and corruption charges.

⁶ The recently concluded World Economic Forum in Manila from 21-23 May 2014 indicated prospects for the Philippine economy in the envisaged regional economic integration.

⁷ Typhoons could result in displacement and fatalities due to strong winds, flooding, landslides, and storm surges. Philippines Atmospheric <http://www.pagasa.dost.gov.ph/>.

⁸ Drawn from http://www.lib.utexas.edu/maps/middle_east_and_asia/philippines_admin_93.jpg. MAP is not updated in terms of the number of provinces as political and administrative units.

⁹ National Statistics Office 2010 Census.

¹⁰ This age group represents 63% (65 million) of the projected population in 2015; it is expected to

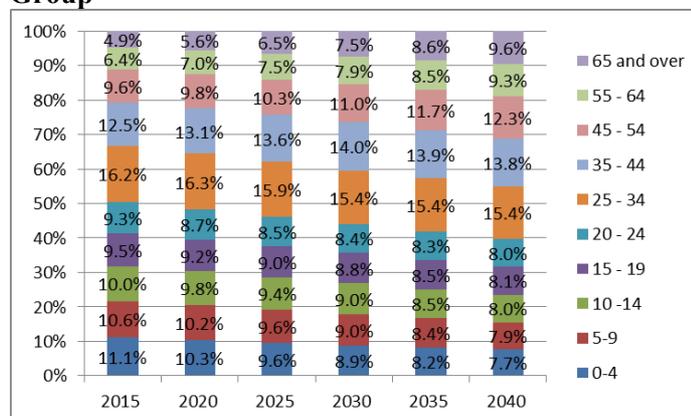
that can be tapped in the production of “diversified basket” of goods and services in an integrated Asian regional economy.

Table 1. Philippines: Population Projection (in Thousand)

Year	Projected Population ('000)
2015	102,968
2020	111,783
2025	120,226
2030	128,110
2035	135,302
2040	141,671

Source: National Statistics Office.

Figure 3. Projected Population Distribution by Age Group



Source of basic data: National Statistics Office.

3 Development Agenda, Economic and Governance Performance

The election of President Benigno Aquino III in May 2010 has restored trust and confidence in government.¹¹ He enjoyed a compelling majority electoral vote and sealed political legitimacy unlike his immediate predecessor. He anchored his platform of government with a social contract with the Filipino people to pursue the “right and straight path” to governance and pursuit for inclusive growth and development. This has been spelled out in the Philippine Development Plan 2011-2016, which prioritizes addressing the country’s critical development constraints to growth and poverty reduction.¹²

The inclusive growth development agenda¹³ aims to achieve high and sustained economic growth, generate mass employment as well as quality jobs, and reduce poverty.¹⁴ The government has programmed increased investments in infrastructure;

increase to 67% (95 million) of the total population by 2040.

¹¹ 88% of adult Filipinos have *much trust* and 4% have *little trust* in Benigno "Noynoy" Aquino III, for a *very good* net trust rating of +83. Based on Social Weather Station survey conducted in June 2010 accessible at <http://www.sws.org.ph/pr20100712.htm>.

¹² See National Economic and Development Authority. Philippine Development Plan (PDP) 2011-2016.

¹³ Growth diagnostics in 2007 pointed out that the critical constraints to growth in the Philippines are (i) tight fiscal situation; (ii) inadequate infrastructure, particularly in electricity and transport; (iii) weak investor confidence due to governance concerns, in particular, corruption and political instability; and (iv) inability to address market failures leading to a small and narrow industrial base. While the critical constraints to poverty reduction are (i) lack and slow growth of productive employment opportunities; (ii) inequitable access to development opportunities, especially education, health, infrastructure, and productive assets; and (iii) inadequate social protection and social safety nets (Asian Development Bank. 2007. Philippines: Critical Development Constraints).

¹⁴ In 2012, poverty incidence among the population was recorded at 25.2% and 19.7% among families; and the human development index was 0.654 placing 114th among 187 countries. According to OPHI Country Briefing 2014, Philippines’ recent multi-dimensional poverty index (MPI) is 0.064 with percentage of MPI poor at 13.4% and average intensity across the poor at 47.4%; percentage of poor at

human development and social safety net programs for the poor “to catch those who are unable to participate in the economic activities”¹⁵ including health and education, training for more skilled labor; and improving the environment for the private sector – domestic and foreign – to do business in the country.

Box 1. Philippine Public Administration and Local Government System

The 1987 Constitution provides the enabling framework for re-democratization in the Philippines. It is a unitary state and has a presidential form of government with three co-equal branches of governments – executive, legislature and judiciary. The executive branch is headed by an elected president, who serves a six-year term of office and cannot run for re-election. There are 20 executive departments (ministries) headed by department secretaries (ministers) who are appointed by the president, and three independent constitutional commissions – Commission on Election, Civil Service Commission and Commission on Audit.

The legislature is bi-cameral in nature – upper house (Senate) and lower house (House of Representatives). The upper house comprises 24 nationally elected senators who serve six years for each term and who may run for re-election once. The lower house is composed of 289 congressmen representing legislative districts (234) and sectoral party-list organizations (55). Congressional district representatives serve a three-year term and may be elected to office for three consecutive terms. The judiciary comprises the Supreme Court and the lower courts.

There are 17 administrative regions. A Local Government Code (decentralization law) provides for decentralization and local autonomy devolving certain functions and authorities – including regulatory powers, revenue assignments and expenditure responsibilities – from the central government to local governments. Currently, there are 81 provinces, 144 cities, 1490 municipalities and 42,028 barangay (villages). Governors and mayors are elected to serve as local chief executives (LCEs) for provinces and cities/municipalities, respectively. Each local government has its own local council with local legislative functions. LCEs and local council members serve a three-year term and may be re-elected for the same position for three consecutive terms.



Based on the Philippine Development Plan 2011-2016 mid-term update, strategies and targets have been re-aligned to ensure and “speed up creation of high quality jobs,

26.3% and income inequality (Gini index) of 0.430.

¹⁵ Principle behind social protection programs such as the *Pantawid Pamilyang Pilipino Program (4Ps)* or conditional cash transfers and the Community Driven Development Program towards “inclusive growth” as key approaches of the Philippine Development Plan 2011-2016.

reduce poverty and achieve inclusive growth”. Aside from continued strengthening of the services sector, the government has also put emphasis on information technology-business process management (IT-BPM), tourism, construction, manufacturing and logistics as key drivers for growth and employment opportunities.¹⁶

Within the context of recent natural and man-made calamities, building resilient regions, local governments and communities are given due importance.¹⁷ The government has recognized the need to design and target cluster programs to support: i) regions with opportunities for growth with high incidence of poverty; ii) poorest areas with low growth potential; and iii) geo-hazard and vulnerable areas to disasters.¹⁸ The government’s has set GDP growth targets at 6.5 to 7.5 percent in 2014, 7 to 8 percent in 2015, and 7.5 to 8.5 percent in 2016.

3.1 Economic Performance in 2013

The country’s real GDP grew by 7.2% in 2013 indicating a robust performance compared to 4.0% average from 2007 to 2009, and 6.0% average from 2010 to 2012.¹⁹ In terms of value added to growth by sector, services sector contributed 4 percentage points, industry 3 percentage point, and agriculture²⁰ by a mere 0.1 percentage point (Navarro and Llanto 2014). Table 2 indicates the 2013 real GDP composition by sector and growth rate.

Services Sector. Services sector has the biggest share to total real GDP at 56.8%, which grew 7.2% from 2012.²¹ Its composition include trade and repair services (e.g., motor vehicles, personal and household goods) at 16.5%; real estate, renting and business activity (19%); other services (19%); transportation, storage and community (13%), and financial intermediation (13%).²² Business process outsourcing (BPO) has been a key contributor to the sector as well.²³ Robust growth was observed in financial integration (12.4%); real estate, renting and business activity (8.4%); trade and repairs (6.5%); and other services with 5.4% (decline from 7.1% in 2012).

Industry Sector. The industry sector contributed 32.8% to total real GDP with highest share from manufacturing (69%) followed by construction (17%), and electricity, gas and water supply (10%). The industry sector posted a high growth of 9.5%. The manufacturing and construction grew by 10.5% and 11.1% (a decline from 15.7 the

¹⁶ See The Philippine Development Plan Medium Term Update at <http://www.neda.gov.ph/>.

¹⁷ Super-typhoon Haiyan (local name: Yolanda) in November 2013 devastated lives, business and livelihood, properties and infrastructures in central Philippines and resulted in more than 6,000 fatalities, 28,689 injured and 1,061 missing persons. It affected about 3.4 million families or 16 million persons and had a total cost of damages estimated at 40 billion pesos (April 2014).

¹⁸ Regions and provinces are clustered to allow appropriate design of programs and projects.

¹⁹ Based on Asian Development Bank Statistics Database 2013.

²⁰ This covers output from agriculture, hunting and forestry, and fishing (AHFF).

²¹ Growth rate and sector share to GDP are based on 2000 constant prices. Sectoral composition and share are indicated in current prices.

²² Computation using current prices to determine the composition and share to each sector.

²³ Export traded services include voice services (call centers which comprise over 50% of total) and higher value services like software development, finance, animation, engineering, medical transcription and architectural services (Usui 2011, p. 16).

previous year), respectively, in 2013 making them as vital factors of the sector's contribution to growth.

Agriculture sector. Agriculture, Hunting and Forestry, and Fisheries (AHFF) grew by a mere 1.1% and contributed 10.4 percent to total real GDP, largely coming from agriculture (80.7%) and fishing (18.5%).

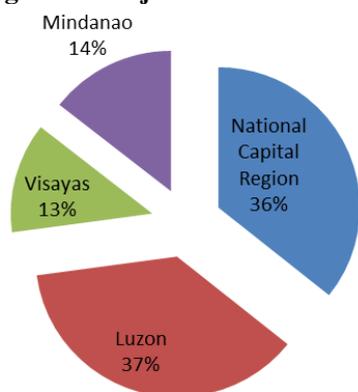
Table 2. GDP Composition and Growth Rate, 2013 (2000 Constant Prices)

INDUSTRY /INDUSTRY GROUP	2012 (in million Php)	Share to total GDP (%)	Growth Rate (%)	2013 (in million Php)	Share to total GDP (%)	Growth Rate (%)
Gross Domestic Product	6,312,174		6.8	6,765,459		7.2
Agriculture, Hunting and Forestry and Fishing (AHFF)	698,967	11.1%	2.8	706,619	10.4%	1.1
Industry Sector	2,031,443	32.1%	6.8	2,219,434	32.8%	9.5
Service Sector	3,581,764	56.7%	7.6	3,839,405	56.8%	7.1
Net Primary Income	1,195,423			1,303,574		
Gross National Income	7,507,597		6.5	8,069,033		7.5

Source: Philippine Statistics Authority.

Islands Contribution to GDP. Figure 4 shows the contributions of major island groups to the country's GDP. National Capital Region (NCR) and the rest of Luzon contribute 73% of GDP, while Visayas and Mindanao share 13% and 14%, respectively.²⁴

Figure 4. Major Islands Contributions to GDP, % Share, 2012



Source: Based on Philippine Statistics Authority.

Overall, on the demand side, broad-based domestic demand drove growth with private consumption contributing more than half of the GDP increase. Consumer spending benefited from growth in employment (mainly services and construction) and remittances from overseas Filipinos. Fixed capital formation increased by 11.7 – about one-third from construction. Government has likewise increased its spending on infrastructure, social services and relief efforts to disaster affected areas. On the supply side, the expansion of production was largely driven by services, manufacturing and construction. Services contributed 57% grounded on strong growth in retail, finance,

²⁴ See also Table 3 in Annex 1 for the contributions of major island groups to GDP, 2009-2012.

real state, and business services, e.g., Business Process Outsourcing. Industry contributed more than 40% of the growth as a result of double digit expansion in manufacturing and construction (ADB. Philippines Asian Development Outlook 2014).

3.2 Some Trends and Patterns

In 2013, the Philippines recorded a per capita GDP of Php 118,600 (US\$ 2,794) and per capita GNI of Php 142,061 (US\$ 3,347) with growth rates of 7.5% and 7.9%, respectively.²⁵ Table 3 and Figure 5 show the trend of per capita income from 1995 to 2013 in pesos terms. Per capita GDP and per capita GNI increased by about 35% and 31% from 2009 to 2013, respectively.

Table 3. Philippines: GDP Per Capita (At Current Market Prices, Pesos)

	1995-1999 Ave.	2000-2004 Ave.	2005-2009	2010	2011	2012	2013
Per capita GDP	35,259	53,240	78,541	97,228	103,055	110,315	118,600
Per capita GNI	38,306	63,959	100,087	117,194	123,143	131,656	142,061

Source: Asian Development Bank. Statistics Database 2013.

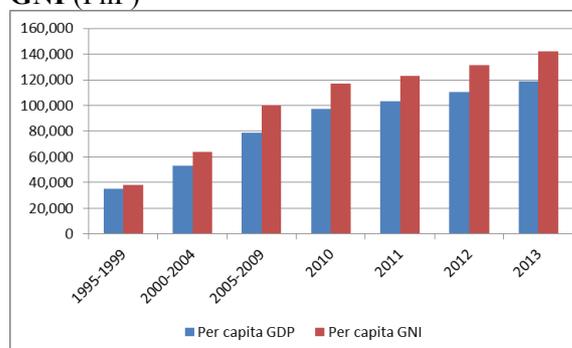
Historical data show that the services sector has been the major contributor to the country's GDP, representing 57.1% followed by industry sector (31.1%), and agriculture (11.8%) in 2012. The services sector's share has steadily increased from 1995 to 2012, while agriculture has decreased for the same period (see Table 4 and Figure 6).

Table 4. Structure of Output to GDP by Sector, 1995-2012 (in percent)

Sector Contribution (% of GDP, Current prices)	1995-1999	2000-2004	2005-2009	2010	2011	2012
Agriculture	18.2	13.3	12.8	12.3	12.7	11.8
Industry	32.7	34.4	33.0	32.6	31.3	31.1
Services	49.0	52.4	54.2	55.1	55.9	57.1

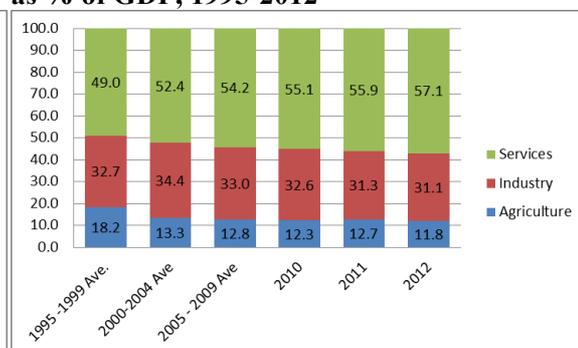
Source: Asian Development Bank. Statistics Database 2013.

Figure 5. Per Capita GDP and Per Capita GNI (Php)



Source: Asian Development Bank. Statistics

Figure 6. Structure of Output by Sector as % of GDP, 1995-2012



Source: Based on Asian Development Bank.

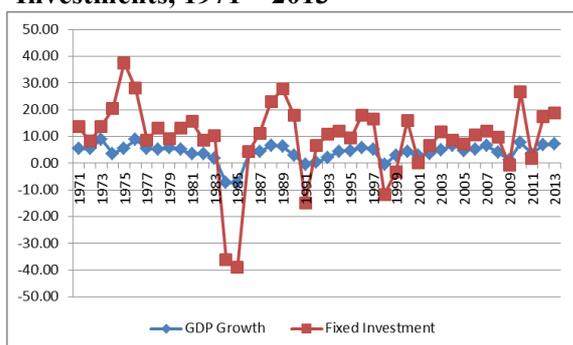
²⁵ Computed at 42.45 pesos to a dollar (US\$), annual average for 2013.

Database 2013.

Statistics Database 2013.

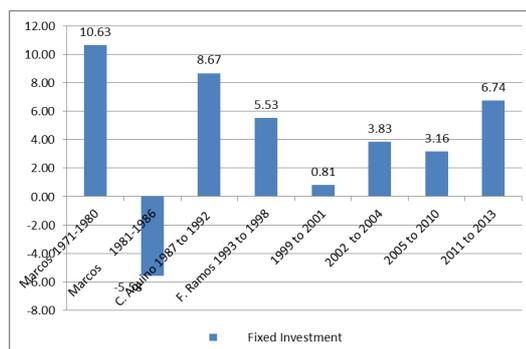
The economy-wide productivity growth lagged and foreign investments stagnated for about three decades – between 1980 and 2009 (Usui 2011). De Dios (2009) has shown political stability and corruption as most critical constraints to foreign investments (See de Dios in Canlas, Khan and Zhuang 2009). Figures 7 and 8 show the growth of GDP and fixed investments since 1971, which indicate a degree of positive relationship and sensitivity to major political events and external shocks in 1983, 1991, 1997, and 2009 as mentioned earlier in the paper.

Figure 7. Real GDP Growth vs Fixed Investments, 1971 – 2013



Source: PSA.

Figure 8. Fixed Investments, averages



Source of basic data: PSA.

Governance and Competitiveness Indices. Governance and institutional quality as well as competitiveness have improved in recent years. Figure 9 shows Philippines percentile ranking vis-à-vis selected ASEAN member states in 2007 and 2012 in World Governance Index – voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption.²⁶ The current ranking of the Philippines reveals positive improvements in political stability and absence of violence, government effectiveness, and most notably regulatory quality and control of corruption from 2007 to 2012.

Figure 9. World Governance Indicators, 2007 and 2012: Philippines and Select ASEAN Countries

Figure 9.1. Voice and Accountability

Figure 9.2. Political Stability and Absence of Violence/ Terrorism

²⁶ Interactive Data accessible at <http://info.worldbank.org/governance/wgi/index.aspx#reports>.



Figure 9.3. Government Effectiveness



Figure 9.4. Regulatory Quality



Figure 9.5. Rule of Law

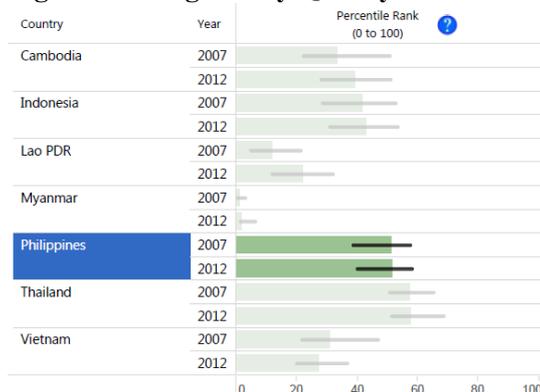


Figure 9.6. Control of Corruption

Source: World Governance Indicators accessible at <http://info.worldbank.org/governance/wgi/index.aspx#reports>.

Philippines' Transparency International corruption perception index ranking improved from 129th in 2011 to 105th in 2012, and 94th in 2013. In contrast, Thailand's ranking moved from 80th to 102th, while Indonesia slid from 100th to 114th in 2011 and 2013.

In terms of Global Competitiveness Index, the Philippines ranked 59th among 148 economies in 2013; a remarkable improvement from 75th among 142 economies in 2011 (Table 5). Meanwhile, its ease of doing business has been ranked 108th out of 189 economies from 136th out of 183 in 2012 (Table 6).²⁷

²⁷ National Competitiveness Council-Philippines is tasked to promote the country's competitiveness and business development. For updates visit www.competitive.org.ph.

Table 5. Global Competitiveness Index: Philippines and ASEAN

Country	2013 ^{1b}	Change 2012-2013	2012 ^{1c}	2011 ^{1d}	Change 2011-2012
1. Brunei Darussalam	26	+2	28	28	0
2. Cambodia	88	-3	85	97	+12
3. Indonesia	38	+12	50	46	-4
4. Laos PDR ^{1a}	81	-	-	-	-
5. Malaysia	24	+1	25	21	-4
6. Myanmar ^{1a}	139	-	-	-	-
7. Philippines	59	+6	65	75	+10
8. Singapore	2	0	2	2	0
9. Thailand	37	+1	38	39	+1
10. Vietnam	70	+5	75	65	+10

Notes: a/ new economies added for 2013, b/ out of 148, c/ out of 144, d/ out of 142.

Source: Based on World Economic Forum.

Table 6. Doing Business: Philippines and ASEAN

Country	2014 ^{1b}	2013 ^{1c}	Change	2012 ^{1d}	Change
1. Brunei Darussalam	59	79	+20	83	+4
2. Cambodia	137	133	-4	141	+8
3. Indonesia	120	128	+8	130	+2
4. Lao PDR	159	163	+4	166	+3
5. Malaysia	6	12	+6	14	+2
6. Myanmar ^{1a}	182	-	-	-	-
7. Philippines	108	138	+30	136	-2
8. Singapore	1	1	0	1	0
9. Thailand	18	18	0	17	-1
10. Vietnam	99	79	+20	83	+4

Notes: a/ new economy added, b/ out of 189, c/ out of 185, d/ out of 183.

Source: Based on International Finance Corporation-World Bank

Investment Ratings. Investment credit rating agencies Fitch Ratings, Standard and Poor's, Moody's, Japan Credit Rating Agency, and most recently Japan's Rating and Investment Information, Inc. (R&I) have upgraded the Philippines to investment grade status and indicated stable outlook.

4 Promising Philippine Labor

Human capital is seen as among the strongest assets of the Philippines. Its current labor force is 39.4 million out of 61.8 million household population aged 15 years and up, which indicates a 63.8% labor force participation rate. With an employment level of 36.4 million, unemployment and underemployment remain as major challenges for development. Unemployment rate is recorded at 7.5%, a slight increase from 7.1% in 2013. Underemployment rate is 19.5%, a drop from 20.7 in 2013. Table 7 indicates the country's unemployment rate by major island groups. In spite of high economic growth in recent years, there has been no notable improvement in employment figures.²⁸ Thus, investments for creating more jobs and high quality jobs, training and skills improvement are wanting.²⁹

Table 7. Unemployment Rate, Philippines and by Major Island Group, 2008 to 2012 (in %)

Major Island Group	2008	2009	2010	2011	2012
Philippines	7.38 %	7.50 %	7.30%	7.00 %	6.99 %
NCR	12.97 %	12.80%	11.50%	11.30%	10.65%
Luzon	6.44 %	6.47%	6.56%	6.36%	6.40%
Visayas	6.16%	6.63%	6.73%	6.20%	6.30%
Mindanao	4.83%	4.84%	5.12%	4.60%	4.90%

Note: Mindanao does not include Autonomous Region in Muslim Mindanao (ARMM).

Source of basic data: National Statistics Coordination Board.

Structure of labor force by sector. Recent data show the distribution of labor by sector as follows: services sector (53%), agriculture (32%), and industry (15%). There has been a pattern of shifting employment share towards the services sector: agriculture (5%

²⁸ See Annex Table 4 for the unemployment and underemployment figures from 2010 to 2012.

²⁹ To further strengthen human capital, the government has embarked on a major policy change in basic education which follows the K-12 framework; and emphasis on public investments in Technical Vocational Education and Training (TVET) to match labor and skills requirements of the market.

decrease from 2001), industry (1% decrease from 2001), and services sector (6% increase from 2001) (See Table 8). Aggregate labor productivity growth³⁰ measures indicate that the country's productivity grew slightly through labor shift from agriculture to services, while the industry sector did not contribute to economy wide growth (Usui 2011). Looking at the sectors share to GDP output and growth, the agriculture sector has very low productivity relative to the number of its labor force.³¹

Table 8. Employment Structure By Sector, 2001-2012 (in thousand)

Year	AGRICULTURE		INDUSTRY		SERVICES		Total/a
	No.	%	No.	%	No.	%	
2001-2004 Ave.	11,143	37%	4,812	16%	14,413	47%	30,367
2005-2008 Ave.	11,781	36%	5,048	15%	16,321	49%	33,149
2009	12,043	34%	5,093	15%	17,925	51%	35,061
2010	11,956	33%	5,399	15%	18,682	52%	36,037
2011	12,266	33%	5,530	15%	19,395	52%	37,191
2012	12,086	32%	5,772	15%	19,749	53%	37,607

Note: Averages by author.

a/ Total number of labor force does not include those not classified in the 3 sectors.

Source of basic data: Bureau of Labor and Employment Statistics.

Young and dynamic labor force. The 2012 Philippine labor force indicates that 48.6% belong to the age group of 24 and 44 years old, followed by 45 to 54 with 16.9%, and 20 to 24 with 13.2%.³² Table 9 and Figure 10 show the detailed distribution of the labor force by age group from 2008 to 2012.

Table 9. Labor Force Distribution by Age Group – 2008-2012 (in Thousand)

Age Group	2008	2009	2010	2011	2012
15 - 19 Years	3,320	3,392	3,286	3,442	3,412
20 - 24 Years	4,649	4,777	4,989	5,233	5,321
25 - 34 Years	9,800	10,073	10,373	10,607	10,750
35 - 44 Years	8,258	8,416	8,565	8,759	8,883
45 - 54 Years	6,127	6,364	6,589	6,753	6,838
55 - 64 Years	3,215	3,401	3,566	3,687	3,698
65 Years and Over	1,435	1,470	1,525	1,525	1,524
Age Not Reported	1	*	*	1	1

Source: National Statistics Office. Labor Force Survey.

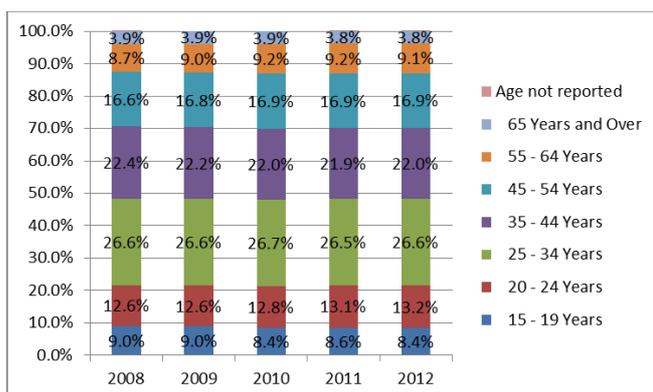
Figure 10. Distribution of Labor Force by Age Group, 2008 to 2012

Figure 11. Labor Force by Level of Education, 2008 to 2012 Average

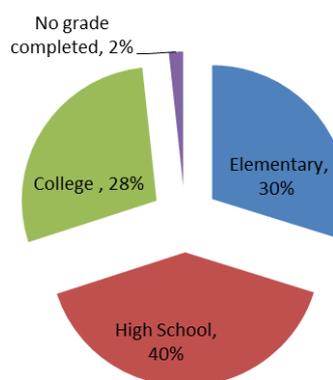
³⁰ Captures ability to improve standard of living over time by decomposing i) dynamic structure reallocation effect, ii) within sector productivity growth, and iii) structural reallocation effect.

³¹ There has been low agricultural productivity growth reflecting low farm and household incomes resulting in poverty (Balisacan 2007). A key challenge is improving productivity through public sector investments in rural areas as well as creating jobs for the poor and vulnerable groups in this sector.

³² Figures from 2007 to 2012 appear to be consistent in terms of age grouping structure.



Source: National Statistics Office.



Source: Philippine Statistics Authority.

By education level, 26% (10.1 million) have attended college, of which 62% (6.3 million) have college degrees and 38% (3.8 million) are undergraduates in 2012; while workers who attended high school comprise 42% (16.3 million) of the entire labor force, while 30% have not reached secondary level of education. Figure 7 shows the average distribution of labor force by level of education from 2008 to 2012.

Wage rates. As in the case of middle income economies, wage rates in the Philippines are not expected to increase significantly in the short to medium term. In 2012, the average daily basic pay of wage and salary was Php 333.80 (US\$8). The average pay for those working in private establishment was Php299.11 (US\$7), while Php 557.91 (US\$ 13) for those working in government and government corporations (Philippines Statistics Authority). The minimum daily wage in the National Capital Region (NCR) ranges from Php429 to 466 (US\$ 10 to 11), and Php 205 to 349.5 (US\$5 to 8) in areas outside NCR. Table 10 shows current minimum daily wage rates in the Philippines. Also, see Annex Table 2 for the detailed wage rates by region.

Table 10. Philippines: Summary Daily Wage Rates, By Major Island Groups (2014)

Group of Islands	Non-Agriculture	Agriculture	
		Plantation	Non-plantation
National capital region	Php429 to 466 (US\$ 9.98 to 10.84)	Php429 (US\$9.98)	Php429 (US\$9.98)
Luzon	Php205 to 349 (\$4.77 to 8.12)	Php215 – 334 (\$5.00 to 7.77)	Php213 to 304 (\$4.95 to 7.07)
Visayas	Php236 to 340 (\$5.49 to 8.91)	Php236 to 322 (\$5.49 to 7.49)	Php236 to 322 (\$5.49 to 7.49)
Mindanao	Php250 to 306 (\$5.81 to 7.12)	Php250 to 294 (\$5.81 to 6.84)	Php235 to 294 (\$5.47 to 6.84)

Source: Based on National Wages and Productivity Commission.

A survey conducted by the National Statistics Coordination Board (NSCB) in 2012 showed an average monthly wage of Php13,888.00 (or US\$293) in selected occupations. Table 11 provides a comparative data on daily minimum wages in selected ASEAN member countries.

Table 11. Daily minimum wage in Select ASEAN Countries: June 2014 (in US\$)

Country	Daily Minimum Wage
---------	--------------------

Country	Daily Minimum Wage
1. Philippines	
National Capital Region	9.62-10.45
Outside NCR	4.77 – 8.91
2. Cambodia	3.19
3. Indonesia	3.27 – 6.66
4. Laos (2010)	1.60
5. Malaysia	8.15 – 9.16
6. Myanmar	1.66 – 2.00
7. Singapore (2010)	20.58
8. Thailand	9.06
9. Vietnam	2.89 – 4.10

Source: National Wages and Productivity Commission (DOLE).

Balance of Payments and Trade Balances. Overall, the Philippines has recorded positive current account balances since 2003. The trade balances on goods have been on the negative side, i.e., more imports than exports (see Table 12 and Figure 12). Except in 1999 and 2000, imports exceeded the value of its exports during the observation period. However, the country benefits largely from current transfers as well as other goods, services³³ and income, and capital account; thereby resulting in positive overall balances (See Table 13 for the various BOP accounts from 1995 to 2012).

Table 12. External Trade and Balances, 1995 to 2012 (in million US\$)

Trade	1995 -1999 Ave.	2000-2004 Ave	2005 - 2009 Ave	2010	2011	2012
Export	25550.2	36269.7	45328.9	51498.0	48305.0	51995.0
Import	33173.6	39703.3	53571.9	58468.0	64097.0	65386.0
Trade balance	-7623.4	-3433.6	-8242.9	-6970.0	-15792.0	-13391.0

Source: Asian Development Bank. Statistics Database 2013.

Figure 12. Trade and Balances, 1995 to 2012 (in million US\$)

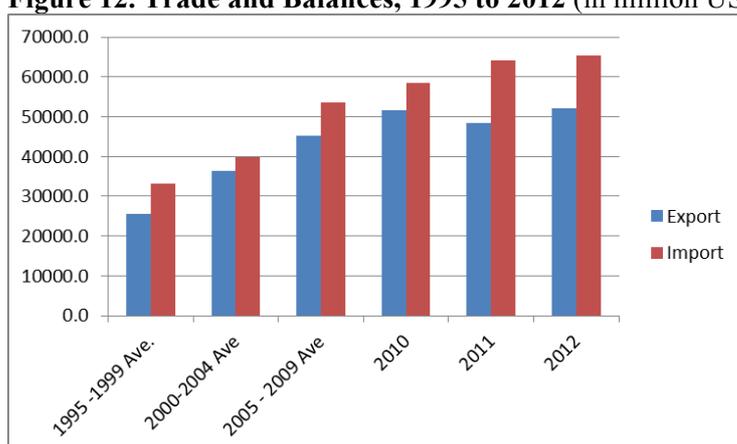


Table 13. Balance of Payments, 1995 to 2012 (in million US\$)

	1995 -1999 Ave	2000-2004 Ave	2005-2009 Ave	2010	2011	2012

³³ Internationally traded services included financial intermediation, telecommunications, information technology, tourism, recreation and professional services.

	1995 -1999 Ave	2000-2004 Ave	2005- 2009 Ave	2010	2011	2012
Current Account	-2,586	-470	5,484	8,922	6,970	7,126
Balance on goods/a	-7,484	-5,860	-8,925	-10,966	-16,973	-15,205
Other goods, services, and income	3,144	-2,156	355	3,240	5,563	3,159
Current Transfers/b	1,754	7,546	14,053	16,648	18,380	19,172
Capital account (data from 1999)/b	163	60	72	98	130	136
Financial account/c (data from 1999)	4,022	826	428	7,290	-5,610	-6,131
Net errors and omissions	-1,355	-428	-1,734	-2,002	-1,310	-4,157
Change in NFA—commercial banks	-16	-111	-1,534	5,059	-5,114	-3,896
Monetization of gold	150					
Overall balance	1,265	-13	4,249	14,308	11,400	9,236

Source: Asian Development Bank. Statistics Database 2013.

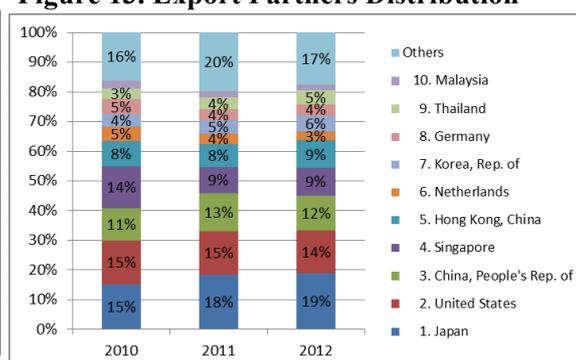
Direction of Trade. The Philippines has long established its external trade. Its major trading partners are Japan, the United States (US), People’s Republic of China (PRC), Singapore, Netherlands, Republic of Korea (ROK), Germany, Thailand and Malaysia. From 2010 to 2012, Japan topped the total export share of individual countries with an average of 18%. The US averaged about 15% of total exports, followed by PRC (12%), Singapore (11%), Hong Kong, China (8%), and ROK (5%). Other³⁴ countries comprised 18% of total exports, which may be seen as a significant contributor for trade exports. Interestingly, PRC and Hong Kong recorded a combined average share of 20%. Table 14 and Figure 13 indicate the share and distribution of receiving countries of Philippine exports.

Table 14. Export Partner Countries

Exports (million US\$)	2010	2011	2012
1. Japan	7,828	8,866	9,881
2. United States	7,568	7,107	7,406
3. China, People's Rep. of	5,702	6,102	6,159
4. Singapore	7,331	4,278	4,864
5. Hong Kong, China	4,334	3,699	4,776
6. Netherlands	2,429	1,745	1,551
7. Korea, Rep. of	2,228	2,196	2,862
8. Germany	2,657	1,729	1,957
9. Thailand	1,784	1,904	2,446
10. Malaysia	1,397	1,099	1,018
Others	8,386	9,463	9,083
Total	51,643	48,189	52,003

Source: ADB. Statistics Database 2013.

Figure 13. Export Partners Distribution



For the same period, the US (11%), Japan (11%) and China (10%) comprised an average of 32% of the country’s total imports. See Table 15 and Figure 14 for the top source countries for Philippine imports. Perhaps it might also be noteworthy to determine the “other” countries, which constitute a significant share of the country’s total exports averaging 30% from 2010 to 2012.

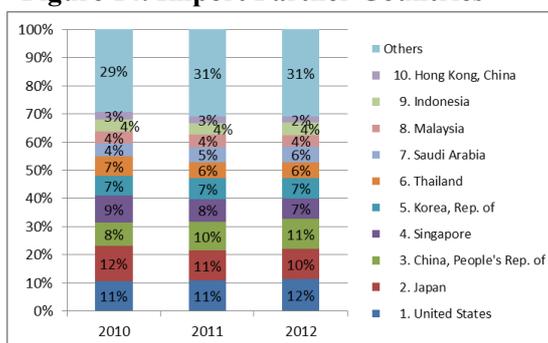
³⁴ This may further be identified and demystified to allow projection for potential trade benefits.

Table 15. Import Partner Countries

Imports (million US\$)	2010	2011	2012
1. United States	5,865	6,505	7,121
2. Japan	6,747	6,510	6,446
3. China, People's Rep. of	4,609	6,059	6,663
4. Singapore	5,184	4,893	4,403
5. Korea, Rep. of	3,828	4,392	4,504
6. Thailand	3,866	3,462	3,447
7. Saudi Arabia	2,407	3,223	3,432
8. Malaysia	2,438	2,635	2,494
9. Indonesia	2,235	2,372	2,732
10. Hong Kong, China	1,468	1,511	1,465
Others	16,076	18,585	19,008
Total	54,723	60,149	61,715

Source: ADB. Statistics database 2013.

Figure 14. Import Partner Countries



Foreign investments are key to improve production. Higher production, diversification and technological innovation on goods for trade are necessary to sustain growth. Attracting foreign investments is key in transforming human capital into productive labor, thereby i) addressing the persistent problems of unemployment and underemployment, and the ii) reviving of the manufacturing sub-sector that are critical for an enduring economic growth structure and poverty reduction.³⁵

Tapping available labor into productive assets and addressing unemployment and under-employment with quality jobs. In 2011, some 10 million of the entire labor force suffered from limited job opportunities. About 3 million persons were unemployed; of these 1.2 million had tertiary/college education, 1.3 million with secondary/high school education, .4 million primary/elementary education, and .1 million with no grade completed. Some 7 million were underemployed or employed but still looking for additional work; notably, 1.4 million and 2.9 million have college and high school education, respectively (Figure 15). The numbers in 2011 are almost the same in 2008 except of higher unemployed individuals with tertiary education (from 1.1 million) and higher underemployment workers with high school education (from 2.8 million) (See Figure 16). Data in 2008 further indicate that about 2.8 million and 7.3 million persons were unemployed and underemployed, respectively.

Figure 15. Labor Force by Educational Attainment, 2011 (million person)

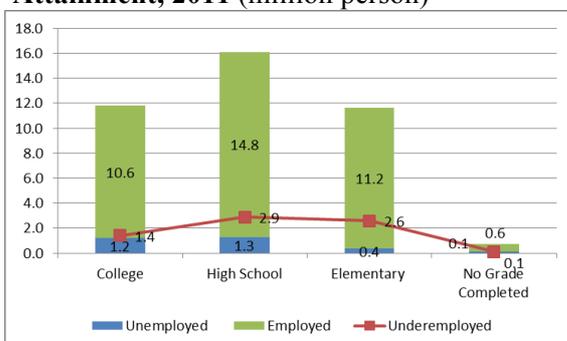
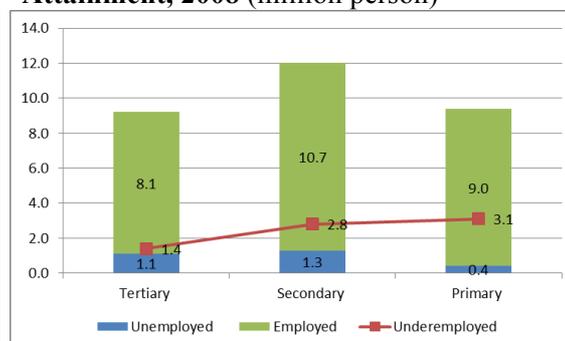


Figure 16. Labor Force by Educational Attainment, 2008 (million person)



³⁵ Currently, there are about 300 operating economic zones in the country. For more information, see www.peza.gov.ph.

Source: Own computation based on Labstat Updates (Bureau of Labor and Employment Statistics 2012).

Source: Based on Usui 2011 data (p. 18).

Reviving manufacturing. The Philippines was an “early leader with a relatively advanced manufacturing and well-developed human capital” in East Asia in the 1950s and 1960s (Usui 2011, p. 1). The industry sector, particularly the manufacturing sub-sector should further be revived and strengthened to employ a ‘huge-pool of semi-skilled and unskilled labor’ (Navarro and Llanto 2014, p.11). Investments in manufacturing subsector will not only create employment (as well as address underemployment) but equally important boost Philippines’ exports on goods, with its established trade directions. This will further enhance its current account and balance of payments; given that deficit in goods has been balanced by trade in other goods, services, and current transfers and capital account.

5 Concluding Remarks

On the whole, what we are seeing in the Philippines are institutional reforms that transform the country’s overall economic performance, governance quality, political stability, and investment climate. It appears to be on track in addressing the critical development constraints to growth and poverty reduction through an inclusive growth agenda. Whether this will be sustained over a long period is a key question in an attempt to get out of the “middle income trap”.

Human capital – a sustainable and vital labor force – is one of the country’s most valuable assets for an integrated regional economy in Asia, particularly in services and industry sectors, as evidenced by its current demographic configuration and in coming decades (see Figures 3 and 10). Moreover, it offers a wide ranging milieu of opportunities for private investments – domestic and foreign.

The services sector including internationally traded services remains the key driver to growth. Equally important, the manufacturing sub-sector would give the needed boost to increasing productivity. The primary sector, agriculture, despite its negligible contribution to growth in recent years, should never be abandoned because it is where the poor and vulnerable sectors are currently located.

Despite some concerns, the Philippines may stay on course – and build upon the gains – in the years to come. With the positive outlook from all sides – government, development agencies and private sector, the forthcoming change in political leadership in 2016 will likely continue the “transformation” achieved by the Aquino administration thus far. The reforms being pursued now are hoped to deepen and be embedded in the Philippine economic and political structures and institutions. His successor must endeavor to sustain growth through a right mix of inclusive economic and social development policies.

However, much remains to be done by the government, the private sector and the citizens. After all, as economic planning director-general Arsenio Balisacan puts it, economic growth alone is not enough; good governance is key towards inclusive

growth.

Again, we ask: can the Philippines get out of the “middle income trap”? Yes, if it is able to bring in more capital investments – domestic and foreign – and create more jobs, thereby improving innovations and production capability in a “diversified basket of goods,” for trade exports and domestic consumption.

Annex

Table 1A. Basic Statistics (March 2014)

Indicator	Latest	Year-Ago	Previous
1. <u>Gross National Income Growth Rate</u> (At Constant 2000 Prices)	7.8 4th Qtr 2013	6.4 4th Qtr 2012	8.1 3rd Qtr 2013
2. <u>Gross Domestic Product Growth Rate</u> (At Constant 2000 Prices)	6.5 4th Qtr 2013	7.1 4th Qtr 2012	6.9 3rd Qtr 2013
3. <u>Exports</u> ^{1/}	USD 5,227 million Mar 2014	USD 4,697 million Mar 2013	USD 4,654 million Feb 2014
4. <u>Imports</u> ^{1/}	USD 4,721 million Feb 2014	USD 4,707 million Feb 2013	USD 5,955 million Jan 2014
5. Trade Balance	USD (66) million Feb 2014	USD (967) million Feb 2013	USD (1,576) million Jan 2014
6. <u>Balance of Payments</u> ^{2/}	USD 419 million Dec 2013	USD 640 million Dec 2012	USD 837 million Nov 2013
7. <u>Broad Money Liabilities</u>	P 6,880,776 million Dec 2013	P 4,480,836 million Dec 2012	P 6,679,226 million Nov 2013
8. Interest Rate ^{4/}	2.0 % Jan 2014	3.1% Jan 2013	1.4% Dec 2013
9. <u>National Government Revenues</u>	P 120,286 million Feb 2014	P 112,348 million Feb 2013	P 138,368 million Jan 2014
10. National government outstanding debt	P 5,592 billion Feb 2014	P 3,448 billion Feb 2013	P 5,594 billion Jan 2014
11. <u>Peso per US \$</u> ^{5/}	P 44.80 Mar 2014	P 40.71 Mar 2013	P 44.89 Feb 2014
12. <u>Stocks Composite Index</u> ^{6/}	6,425.0 Feb 2014	6,721.5 Feb 2013	6,041.2 Jan 2014
13. <u>Consumer Price Index</u> 2006=100	138.3 Apr 2014	132.8 Apr 2013	137.7 Mar 2014
14. <u>Headline Inflation Rate</u> 2006=100	4.1 Apr 2014	4.1 Apr 2013	3.9 Mar 2014
15. <u>Core Inflation Rate</u> 2006=100	2.9 Apr 2014	3.0 Apr 2013	2.8 Mar 2014
16. <u>Visitor Arrivals</u>	461,383 Jan 2014	442,088 Jan 2013	452,650 Dec 2013
17. <u>Underemployment Rate</u> ^{7/}	19.5% Jan 2014	20.9 % Jan 2013	17.9% Oct 2013
18. <u>Unemployment Rate</u> ^{7/}	7.5% Jan 2014	7.1 % Jan 2013	6.5% Oct 2013

1/ Freight on Board value; 2/ overall position; 3/ M1; 4/ interbank loans; 5/ weighted average interbank rates; 6/ End-of-month figure; 7/ based on the New Definition; p – preliminary; r - revised

... - not available

Source: National Statistics Coordination Board. See more at: <http://www.nscb.gov.ph/stats/statwatch.asp#sthash.3tGLdx8w.dpuf>

Table 1B. Basic Statistics (March 2014)

Indicator	Latest	Previous
19. <u>Population</u>	92.34 million As of 01 May 2010	76.51 million As of 01 May 2000
20. <u>Projected Population</u> ^{1/}	97.35 million 2013	
21. <u>Population Density</u>	308 persons per sq. km. As of 01 May 2010	255 persons per sq. km. As of 01 May 2000
22. <u>Population Growth Rate (exponential)</u>	1.90% 2000-2010	2.34% 1990-2000
23. <u>Projected Life Expectancies at Birth</u> ^{2/}	67.6 yrs. 2010-2015	66.1 yrs. 2005-2010
Males	73.1 yrs. 2010-2015	71.6 yrs. 2005-2010
Females	2010-2015	2005-2010
24. <u>Infant Mortality Rate</u> ^{3/}	22 per 1,000 live births 2011	24.9 per 1,000 live births 2008
25. <u>Simple Literacy Rate</u>	95.6% 2008	93.4% 2003
26. <u>Net Participation Rate</u> ^{4/} or <u>Net Enrolment Rate</u>	89.89% SY 2010- 2011	87.89% SY 2009 - 2010
Elementary	61.26 %	59.86%
Secondary	SY 2010- 2011	SY 2009 - 2010
27. <u>Average Annual Family Income</u> ^{5/}	P 206,000 2009	P 173,000 2006
28. <u>Average Annual Family Expenditures</u> ^{5/}	P 176,000 2009	P 147,000 2006
29. <u>Annual Per Capita Poverty Threshold</u>	P 18,935 2012	P 16,871 2009
30. <u>Poverty Incidence</u>	19.1% of total families 1st Sem 2013 24.9% of population 1st Sem 2013	22.3% of total families 1st Sem 2012 27.9% of population 1st Sem 2012
31. <u>Annual Per Capita Food Threshold</u>	P 9,626 1st Sem 2013	P 9,385 1st Sem 2012
32. <u>Subsistence Incidence</u>	7.5% of total families 2012 10.4% of population 2012	7.9% of total families 2009 10.9% of population 2009

1/ medium assumption, 2000 Census-Based Population Projections

2/ based on 2000 Census-Based Population Projections

3/ 2011 data are based on Family Health Survey; 2006 data are based on the Family Planning Survey.

Technical Working Group on Maternal and Child Mortality, NSCB

4/ Net participation rate is defined as the proportion of the number of enrollees 6-11 years old for Elementary and 12-15 years old for Secondary.

5/ at current prices.

p/ preliminary

r/ revised

Source: National Statistics Coordination Board. See more at: <http://www.nscb.gov.ph/stats/statwatch.asp#sthash.3tGLdx8w.dpuf>

Table 2. Current Regional Daily Wage Rates (April 2014)

REGION		NON-AGRICULTURE (in Php)	AGRICULTURE (in Php)		DATE OF EFFECTIVITY
			Plantation	Non-Plantation	
NCR	NCR/a	P 429.00 - 466.00	P 429.00	P 429.00	WO 04/October 2013
Luzon	CAR b/	263.00 - 280.00	247.00 - 268.00	247.00 - 268.00	WO 16/February 3, 2014
	I c/	213.00 - 253.00	233	213	WO 16/February 5, 2014
	II d/	247.00 - 255.00	235.00 - 243.00	235.00 - 243.00	WO 16/January 5, 2014
	III e/	285.00 - 336.00	270.00 - 306.00	258.00 - 290.00	WO 17/October 11, 2012
	IV-A f/	255.00 - 349.50	255.00 - 324.50	249.00 - 304.50	WO 15/May 15, 2012
	IV-B g/	205.00 - 275.00	215.00 - 225.00	215.00 - 225.00	WO 06/February 1, 2013
Visayas	V h/	236.00 - 260.00	236	236	WO 16/ January 10, 2014
	VI i/	245.00 - 287.00	255	245	WO 21/ November 29, 2013
	VII j/	295.00 - 340.00	275.00 - 322.00	275.00 - 322.00	WO 18/ March 21, 2014
	VIII k/	260	235.00-241.00	220.5	WO 17/October 16, 2012
Mindanao	IX l/	280	255	235	WO 18/ June 10, 2013
	X m/	291.00 - 306.00	279.00 - 294.00	279.00 - 294.00	WO 17/June 20, 2013
	XI n/	301	291	291	WO 17/Jan. 1, 2012
	XII o/	270	252	249	WO 17/April 18, 2012
	XIII p/	268	258	238	WO 12/May 21, 2013
	ARMM q/	250	250	250	WO 15/ Feb. 1, 2014

Source: National Wages and Productivity Commission.

Note: Links to URLs by region are available on purpose.

a/ Provides P10 increase in basic pay upon effectivity and integration of the P15 COLA under W.O. No. NCR-17 into the basic pay on January 1, 2014.

b/ Granted P1, P8.00 & 6.00 increase in basic pay and P2, P6, P12 & P17 COLA integration.

c/ Granted P8.00-P20.00 wage increase depending on asset size.

d/ Granted P9.00-17.00 increase in basic pay for retail/service establishments employing less than 10 workers.

e/ Provided integration of the P24 COLA and granted P6-P8 wage increase

f/ Granted P2-90 wage increase (for workers receiving below P255) for 5 years; P12.50 Conditional Temporary Productivity Allowance

(for workers receiving above)

g/ Granted P5 COLA & P1-66 increase in basic pay

h/ Granted P8.00 increase in basic pay.

i/ Granted P10.00 wage increase

j/ Granted P13.00 COLA

k/ Provided P10 COLA integration and additional new COLA of P7

l/ Granted P13 wage increase.

m/ Granted P20 increase (P10 in basic pay & P10 COLA), the COLA will be integrated into the basic pay on January 1, 2014.

n/ Granted P15 COLA; P5 effective Jan. 1, 2012 and P10 effective May 1, 2012

o/ Integration of the P15 COLA under W.O.No. 16, into the basic pay and granted P10 to P14 COLA.

p/ Granted P10 wage increase in basic pay & integrated into the basic pay P2 COLA under W.O. No. 11..

q/ Granted P18 wage increase.

Table 3. GDP by Major Island Groups (in Thousand pesos)

Constant Prices (2000)	2009	2010	2011	2012	2013
PHILIPPINES	5,297,240	5,701,539	5,909,000	6,311,671	6,763,767
..NCR	1,898,574	2,038,179	2,101,688	2,255,116	
..LUZON	1,962,674	2,135,858	2,205,514	2,343,796	
..VISAYAS	665,784	718,742	759,208	801,428	
..MINDANAO	770,209	808,761	842,590	911,331	
Current Prices					
PHILIPPINES	8,026,143	9,003,480	9,706,268	10,564,886	11,546,104
..NCR	2,871,470	3,224,786	3,460,532	3,830,834	
..LUZON	2,957,050	3,329,812	3,573,379	3,852,538	
..VISAYAS	1,012,335	1,115,076	1,219,216	1,316,123	
..MINDANAO	1,185,288	1,333,807	1,453,141	1,565,392	

Source: National Statistics Coordination Board.

Table 4. Household Population 15 Years and Over (January)

Period	Labor Force Participation Rate (%)	Employment Rate (%)	Unemployment Rate (%)	Underemployment Rate (%)
2014	63.8	92.5	7.5	19.5
2013	64.1	92.9	7.1	20.9
2012	64.3	92.8	7.2	18.8
2011 ^{P/}	63.7	92.6	7.4	19.4
2010	64.5	92.7	7.3	19.7
2009	63.3	92.3	7.7	18.2
2008	63.4	92.6	7.4	18.9
2007	64.8	92.2	7.8	21.5
2006	63.8	91.9	8.1	21.3
2005	66.1	88.7	11.3	16.1
2004	67.3	89	11	17.5
2003	65.7	89.4	10.6	16.1
2002	66.4	89.7	10.3	15.9

Source: Philippine Statistics Authority.

Table 5. Labor Force Distribution by Level of Education – 2008-2012 (in thousand)

Educational Level	2008	2009	2010	2011	2012
Elementary	11,425	11,443	11,363	11,530	11,545
Undergraduate	5,571	5,642	5,676	5,778	5,768
Graduate	5,854	5,801	5,687	5,753	5,777
High School	14,457	14,912	15,474	16,086	16,270
Undergraduate	4,928	5,090	5,160	5,353	5,274
Graduate	9,529	9,822	10,314	10,732	10,996
Post Secondary ¹	-	-	-	-	1,813
Undergraduate	-	-	-	-	544
Graduate	-	-	-	-	1,269
College	10,264	10,882	11,409	11,763	10,124
Undergraduate	4,886	5,236	5,494	5,633	3,826
Graduate and Higher	5,378	5,647	5,915	6,130	6,298
No Grade Completed	660	655	648	627	674

Source: NSO Labor Force Survey.

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