

2016 NATIONAL PRODUCTIVITY CONFERENCE
National Economic and Development Authority
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Asst. Secretary Avila, colleagues in the government, guest from Japan, partners in development, ladies and gentlemen, magandang umaga po sa ating lahat.

First, I extend my apology for my secretary just like what others have been talking about, where he is with the President now in Japan, so I am tasked to deliver his message this morning in this conference.

First of all, congratulations to the National Wages and Productivity Commission (NWPC) for organizing this conference. NEDA welcomes this knowledge-sharing platform to influence development efforts geared toward enhancing productivity and competitiveness of workers and enterprises.

As the government crafts the Philippine Development Plan (PDP) for the period 2017 to 2022, we are deeply motivated by the country's Long Term Vision, better known as *Ambisyon Natin 2040* that was recently adopted through Executive Order No. 5. In this vision, we Filipinos strongly express to see ourselves having stable and comfortable lifestyle, secure in the knowledge that we would have enough for our daily needs and unexpected expenses, plan and prepare for our own and our children's future, live together in a place of our own, and have the freedom to go where we desire, protected and enabled by a clean, efficient, and fair government.

And to achieve this vision, we also desire the Philippines to be a country where all citizens, all of us, are free from hunger and poverty, have equal opportunities, enabled by fair and just society that is governed with order and unity.

By 2040, therefore, we collectively envision the Philippines as a "prosperous, predominantly middle-class society where no one is poor; our peoples living long and healthy lives, smart and innovative, and living in a high-trust society."

Realizing this vision requires our concerted efforts especially in laying down a strong foundation for inclusive growth, a high-trust society, and a globally-competitive knowledge economy in the next six years. Guided by the President's 0+10 Socioeconomic Agenda, the Philippine Development Plan 2017-2022 shall put emphasis on *Malasakit, Pagbabago at Kaunlaran* with strategies to enhance the social fabric, reduce inequality, and increase potential growth of the economy.

Enhancing the social fabric underscores having the value of *malasakit* in order to regain peoples' trust. This can be done by making public institutions citizen-centered, efficient and clean, while taking into account diversity within the country.

Reducing inequality demands an expansion of economic opportunities and subsequently, increasing access to these opportunities, particularly for subsectors and groups that used to lag behind. As a result, ordinary Filipinos can feel the *pagbabago*. Increasing potential growth entails graduation to a knowledge economy which entails adopting Technology and encouraging innovation encouraged. At the same time, a national competition policy will be formulated and implemented to ensure a level playing field.

In these efforts, we are positive that our micro, small and medium enterprises (MSMEs) will benefit in the process and contribute further to economic growth MSMEs will continue to play a role in stimulating the economy by employing a large segment of the country's workforce. They also serve as the spawning grounds for a new breed of entrepreneurs and the base niche for large firms.

MSMEs that draw inputs and resources from the agriculture sector mean a stable market for agriculture produce and more importantly, better quality jobs in the rural economy. Agri-based MSMEs also encouraged diversification and value-adding activities thereby, augmenting agriculture households' incomes. We believe that the growth of MSMEs would translate to growth of rural areas, where poor farmers and fishers abound so that *kaunlaran* will be for every Filipino.

However, critical challenges hold back the growth potentials of our economic sectors, including MSMEs, must be addressed to achieve the targeted growth of 7 to 8 percent in the medium-term. This also calls for the need to channel public investments to areas that engender greater public sector participation.

More specifically, an efficient transport and logistics system will be put in place to link producers and markets, as well as other players along the supply chain. At the sub-national level, a huge gap in the development of farm-to market roads or FMRs suggests the need to prioritize construction and rehabilitation. A connectivity plan should guide FMR facilitate the efficient transport of farm inputs and bring agricultural produce not only to traditional markets but also in growing MSMEs, food retailer industries, processors and corporate markets. Aside from FMRs, inter-island shipping also facilitates movement of produce across regions. Policy measures to address constraints in the transport, water, and power sectors will also be recommended. With these, production costs are reduced and losses minimized. As threats of climate change continue, the structural and engineering designs of our infrastructure facilities also need to be resilient.

In addition, post-harvest, processing, and shared service facilities will encourage farmers and their organizations to venture into agri-enterprises. Accelerating infrastructure development in strategic areas entices more private investments into the economy, which would have multiplier effects in employment and income.

In the area of finance, efficient mobilization of resources will remain a priority to sustain economic growth. Efforts will be undertaken to make the Philippine financial

system dynamic and responsive to the needs of economic agents. To this end, support of Bangko Sentral ng Pilipinas through its Credit Surety Fund and the Department of Trade and Industry's (DTI) business development services are important. The national Strategy for Financial Inclusion shall also ensure policy consistency and maximize partnerships to further improve financial access.

In the agriculture sector, effectively linking farmers and their organizations to access credit would help kick-start and expand production and agribusiness enterprises. The government will continue to establish partnerships with relevant institutions in developing better financial products and approaches, such as value-chain financing and weather index-based insurance, to further invigorate entrepreneurial activities in the countryside amidst climate change. By transforming our framers into agri-entrepreneurs, their incomes will no longer be at the mercy of the seasonality of agricultural production and harvest.

We will work to improve worker competencies to address job-skills mismatch and increase labor productivity across sectors. In terms of overall competitiveness, the country ranked 57th this year from 47th place in 2015. The latest release of the World Economic Forum-Global Competitiveness Report (WEF-GCR) showed that we dropped in labor market efficiency (down 4, from 82nd to 86th), technological readiness (down 15, from 68th to 83rd) and innovation (down 14, from 48th to 62nd), among others. For these reasons, the government will further ramp up spending in science and technology (S&T), and research and development (R&D).

The academe and private sector, which have the comparative advantage on these areas, will need to partner more strongly with government to help address and provide the needed technologies and innovations to meet challenges that mark the sustainable attainment of development initiatives. The generation, dissemination, and adoption of innovative technologies can help enhance productivity levels, improve product development and quality of goods and services; enabling our enterprises to compete and respond to the demands of local and international markets.

We will continue supporting programs and projects such as the Department of Science and Technology's Upgrading Program (SETUP), which has been expanded to accommodate more enterprise-beneficiaries across all regions. The DTI has also various initiatives to assist MSMEs and enable them to realize their growth potentials. Our colleague from DTI may probably expound on this later on. We are hopeful that greater public-private collaboration on S&T and R&D will be further strengthened, to make our industries more competitive in the years come.

Moreover, we expect more tangible interventions to come to the fore, as strategic programs and projects conducive to creation and expansion of high-quality employment are identified and validated through the Public Investment Program Online – or the PIPOL – which many of you or many of the agencies know about. Such a system ensures that public sector investments are going to be aligned more and more with the outcomes of the new Philippine Development Plan.

We recognized that the *pagbabago* we aspire to in the medium-term would not be an easy task. But with the support of the business and labor sectors, we will be able to develop an appropriate mix of policy reforms and programs that effectively foster and reduce inequality across regions, peoples and economic sectors.

Before I end, I wish everyone a productive day ahead. May new partnerships crystalize and existing collaborations strengthen during this conference.

Sana makamtan natin ang pagbabago na inaasam nating lahat. Sana magkakasama tayo sa pag formulate ng Philippine Development Plan 2017-2040 that will set the strong foundation of inclusive and sustainable growth for all of us to achieve that comfortable lifestyle that we all wish to have.