



## Philippines: Coalition for Reforms Could Speed Up Creation of More and Better Jobs ? World Bank

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MANILA, SEPTEMBER 13, 2013 - The Philippines today has a great window of opportunity to deepen reforms that will put the country on an irreversible path towards inclusive growth - one that generates more jobs and reduces extreme poverty. If Filipinos could work together for a broad reform coalition that will commit to continuing the current positive trends on good governance and the economy, the Philippines could make growth more inclusive, creating more and better jobs. This is the key message of the report launched today by the World Bank. Titled "The Philippine Development Report (PDR): Creating More and Better Jobs, the report says the elements working for the Philippines are now well in place: strong economic fundamentals (low and stable inflation rate, stronger government finances, and strong external position due to remittances, among others) that are yielding impressive growth rates, political stability, and a popular president seen by most Filipinos as committed to good governance and eliminating poverty. The country also stands to gain from the continuing global economic rebalancing and the strong growth prospects in the East Asia region. Mr. Axel van Trotsenburg, World Bank Vice President for East Asia and Pacific, said the recommendations contained in this report reflect the ideas of various stakeholders that the Bank has consulted for over two years. Most of these reform proposals have been articulated in many studies done by think tanks, academic institutions, government development plans as well as advocacies by private sector and civil society groups. "We hope our report will trigger a broad-based dialogue on a reform agenda where government, business, labor, and civil society groups come together to tackle the jobs challenge with urgency and long-term commitment, he said. Mr. van Trotsenburg added: "As emphasized in the World Development Report 2013, creation of jobs drive development. They are not just a by-product of economic growth. Jobs can transform societies especially in helping lift people out of poverty and improve living standards. The challenge is to create more than one million good jobs per year that will provide the basis for a better future for Philippine job seekers. The PDR says the lack of creation of good jobs, especially among low-income earners, have weighed down the countrys efforts to reduce poverty and inequality. According to the report, good jobs need to be generated for around 10 million Filipinos who were either unemployed (3 million) or underemployed (7 million) in 2012 and to around 1.15 million potential entrants to the labor force every year from 2013 to 2016. That is a total of around 14.6 million jobs in the formal and informal sectors that need to be created, sustained or improved in the next four years. In the report, "good jobs are those that raise real wages and bring people out of poverty. "There is no silver bullet that will solve the jobs challenge overnight as it is linked to resolving historical and deep-seated structural issues in the economy. Only a comprehensive reform agenda that is owned and supported by a broad coalition can foster a business environment conducive to private sector job creation by firms of all sizes, said World Bank Country Director Motoo Konishi. This situation, the report says, came about because the countrys long history of policy distortions slowed the growth of agriculture and manufacturing in the last six decades. Agricultural productivity has remained depressed, manufacturing has failed to grow sustainably, and a low-productivity, low-skill services sector has emerged as the dominant feature of the economy. The lack of competition in many sectors, insecurity of property rights, complex regulations, and severe underinvestment by the government and the private sector has led to this growth pattern, which is not the norm in the East Asia region, the report says. This economic growth pattern failed to provide good jobs. "Given the diverse nature of the reform coalition, it is important for the coalition to first agree on key principles of reform. These principles could include fairness, economic openness, efficiency, and simplicity. Based on these principles, the coalition can then agree on how each would contribute broadly to job creation, said Mr. Karl Kendrick Chua, World Banks Senior Country Economist, who led the preparation of the PDR. "To support this comprehensive agenda, the government can enact policies that can broaden the reform coalition. Businesses can embrace the principle of a level playing field and extend their corporate social responsibility to their own employees. Labor groups can look after the welfare of all workers. Finally, civil society can perform its role as an active agent of change and serve as a watchdog over governance and adherence to coalition principles and objectives. 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