Competitiveness: Sustainable and inclusive growth
The Philippines

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The Philippines remains a bright spot in the region and is expected to continue outpacing its neighbors into 2016.
PART 1

The Philippines: Where to go from here?

In the 2015 edition of the Organization for Economic Cooperation and Development’s (OECD) Economic Outlook for Southeast Asia, China and India, the group forecasted that the Philippines and Indonesia will lead the continuing growth of the ASEAN economies until 2019.\(^1\) It was the first time in the history of the publication that the Philippines had the best growth forecast among the ASEAN-5 countries.

Despite missing its gross domestic product (GDP) growth target in 2014 – 6.1% instead of the government’s official goal of 6.5% to 7.5% – the Philippines remains a bright spot in the region and is expected to continue outpacing its neighbors into 2016. Accelerated government spending, strong domestic consumption, and improving exports prospects are expected to drive growth anywhere from 6.2% to 6.7% this year before slowing slightly in 2016.

There are concerns, however, regarding the sustainability of this economic growth, which remains reliant on strong remittances from overseas Filipino workers: World Bank data shows that in 2014, the Philippines was the third largest remittance recipient in the world, with these cash flows accounting for 8.5% of the country’s GDP for that year. The Philippines’ own socio-economic secretary has expressed the need for a ‘re-balancing’ of the economy, where it is driven more by investments and by the manufacturing and agricultural sectors. This would pave the way for the creation of more investment opportunities and jobs for low-skilled workers.

The good news is there are signs the country is heading in that direction: Last year, foreign direct investment (FDI) inflows to the Philippines reached a record high of US$6.2 billion, a 65.9% increase from the previous year. About 60% of these FDI projects were geared for the manufacturing sector, which is steadily expanding.

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\(^1\) Organization for Economic Cooperation and Development, Economic Outlook for Southeast Asia, China and India 2015, Page 20
But when taken into context with the rest of its Southeast Asian peers – particularly its fellow ASEAN-5 countries – the Philippines still has a low FDI intake. The country’s inadequate power supply, fragmented regulatory framework that favors domestic equity participation, and poor supply chain infrastructure are hurting its ability to attract more foreign investors.

In July 2014, President Benigno Aquino III signed a law allowing the full entry of foreign-owned banks into the Philippines, a step towards easing the country’s foreign ownership restrictions and preparing for the ASEAN economic integration. But this may not be enough to boost the country’s standing as an investment destination as ownership restrictions remain firmly in place for land, public utilities, and natural resources, among others.

Another issue hounding the Philippines’ impressive economic performance is its lack of inclusiveness. Despite the country’s dropping unemployment and underemployment rates and expanding middle class, poverty incidence is on the rise – from 24.6% in the first semester of 2013 to 25.8% in the same 2014 period, which means the country will miss its Millennium Development Goal of halving the proportion of people earning less than one dollar a day.
**Opportunities ahead**

Regional integration is one way of addressing the challenges of sustainable and inclusive growth. The easing of trade, investment, and labor mobility rules will allow smaller, less developed economies to access larger markets and at the same time give more advanced countries access to low-cost labor.

Earlier in 2015, during an Asia-Pacific Economic Cooperation (APEC) meeting, the Philippines’ senior finance officials presented a roadmap for creating more inclusive and integrated economies in the region. Called the Cebu Action Plan, the initiative has a four-pronged approach to inclusive growth: financial integration; fiscal transparency and policy reform; financial resiliency; and infrastructure development and financing. We expect to see more concrete medium- and long-term plans under this initiative in September, when it is officially launched during the APEC Finance Ministers’ Meeting in Cebu City.

Another regional effort that is already in full swing is the economic integration of the 10 ASEAN member nations, which is set to be launched at the end of 2015 as the ASEAN Economic Community (AEC). Operating as a single market, the AEC could generate 14 million new jobs and boost the ASEAN bloc’s annual growth by 7.1% by 2025.

For the Philippines, this creates more employment opportunities for a population with a high level of education and proficiency in English. The liberalization will also drive down the cost, and improve the ease, of doing business and will likely encourage more ASEAN firms to set up shop in the Philippines. But again, the country will have to address existing challenges, such as inadequate infrastructure, high energy costs, and restrictive constitutional provisions, before it can fully enjoy the benefits of the free movement of goods, investments, and labor that will characterize the AEC.
PART 2
Industries driving growth

The Philippines remains largely a service-based economy, with services accounting for 57% of Gross Value Added (GVA) in 2014. To achieve the next level of economic prosperity, other sectors will need to contribute stronger growth.

Manufacturing

One of the main priorities of the current administration is to revitalize the country’s manufacturing sector, which for the past two years has outpaced real GDP growth – 8.1% in 2014 (compared to 6.1% GDP) and 10% in 2013 (compared to 7.2% GDP). To this end, the government has allocated about $4.1 billion for the country’s Manufacturing Resurgence Program, a priority initiative that hopes to generate a 30% increase in GVA and a 15% increase in employment by 2025.

The Philippine Board of Investments (BOI), which is primarily responsible for promoting the country as an investment destination, credits the program for the tremendous increase in investments in the manufacturing sector: for the first quarter of 2015, the BOI approved investment pledges worth $290.2 million specific to the sector, compared to $47.3 million in the same period last year.

The Philippine Economic Zone Authority (PEZA), another government agency that promotes the country as an investment destination for export-oriented operators, is likewise focused on encouraging manufacturing companies to set up facilities in the Philippines. The agency is looking at an 8% to 9% growth this year from the $6.3 billion investments it approved in 2014.

The low price of oil, which is the Philippines’ top commodity import, allowed the country to increase the overall volume of its imported crude by 47.8% at the close of the first quarter – a good sign for the manufacturing sector, which is highly reliant on oil-based inputs. Add to this the country’s rising middle class and proximity to fast-growing markets in Asia, the Philippines is in a good position to diversify its economy through a vibrant manufacturing sector.

Arangkada Philippines, an advocacy group convened by the Joint Foreign Chambers of the Philippines, drew up a ‘wish list’ for each of the country’s major industries that would pave the way for inclusive growth and global competitiveness. For the manufacturing sector, the group proffered 17 recommendations to the current administration, of which five now show substantial progress, including the need to institutionalize good governance practices in the bureaucracy and to create a competitive business environment that would attract new investors into the country.

One such effort is the Comprehensive Automotive Resurgence Program, or CARS – a tax incentives and benefits program designed to encourage car companies to build their vehicles entirely from scratch in the Philippines. Scheduled to be implemented within the year, CARS is expected to generate much needed employment opportunities – about 300,000, estimates the country’s Department of Trade and Industry – particularly for low- to medium-skilled workers who have not been able to participate in the country’s booming business process outsourcing (BPO) sector.

The government has also rolled out programs to strengthen other areas of the manufacturing sector: it has pledged technical support for the cacao and cocoa industry; it is looking at dedicated raw material plantations for the furniture industry; and it has completed benchmarking against Malaysia and Indonesia as part of its effort to create an R&D program for rubber products manufacturing.
But the Philippines still has a long road ahead to becoming a regional manufacturing base. The country’s inefficient transport structure and expensive yet unreliable power supply are no doubt serious considerations for potential investors.

Based on the World Economic Forum’s (WEF) Global Competitiveness Index, the Philippines improved its ranking across four transport infrastructures – road, port, air, and railway – from the 2010-2011 report to the 2014-2015 report, an indication that investments are being made in the critical transport network. But the country still has a lot of catching up to do in the context of the ASEAN-5 grouping, where it is a persistent laggard across all four infrastructure indicators.6

Just last year, the country’s main port terminal became heavily congested due in part to a traffic scheme restricting the hours when cargo trucks could travel the streets of the capital. The European Chamber of Commerce estimates that gridlock cost traders $500 million, and the Philippines’s own tax authority admitted it was partly to blame for an 11% drop in tax revenue in August of that year.

Of late, there has been a major push from the government to roll out public-private partnership (PPP) projects that would address these infrastructure woes. Of the 57 national government projects in the pipeline, 37 are dedicated to improving the country’s transportation network. The current administration has also expressed plans to draw up a P3 trillion budget for 2016 in part to have room to expand infrastructure and capital spending to 5% of GDP.

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The country is also looking at 48 power projects to become operational between now and 2018, a much-needed development considering the power supply shortage that may cause rotating blackouts in Manila. It is also worth noting that the Philippines has taken significant steps in cutting its dependence on fossil fuel. Since the Renewable Energy Act of 2008 was signed into law, the country’s Department of Energy has approved at least 650 renewable energy contracts, with a combined capacity of 10,040 megawatts. The long-term goal is to triple the country’s dependence on renewable energy by 2030.

The sooner these projects are completed, the better the chances for the manufacturing sector to be an even bigger driver of the economy.

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Business Process Outsourcing

In 2000, when the Philippines’ BPO sector was still in its nascent stage, the industry employed about 2,400 people and accounted for just 0.07% of the country’s GDP. In just five years that GDP share jumped to 2.4%, and by 2011, the BPO sector became the biggest and fastest growing job provider in the private sector. With a compound annual growth rate (CAGR) of about 25% from 2006 to 2013, the sector now employs more than a million Filipinos and accounts for 6% of the country’s GDP.

The prospects for the BPO sector remain bullish: it is expected to hit its target revenue of $25.5 billion and employment of about 1.4 million people by 2016. We are also seeing businesses diversifying their services and spreading operations to urban areas outside the capital Metro Manila.

Although call centers are still the biggest revenue contributor, the Philippine BPO sector is steadily diversifying to other services such as healthcare information management, gaming, and animation. In fact, healthcare information management was the fastest growing segment in 2013, posting a 114% increase in revenue from 2012.

The factors that make the Philippines an attractive BPO destination – an educated talent pool with high English proficiency; competitive labor cost; strong support from the government – are still in place.

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7 IT & Business Process Association of the Philippines, The Philippine IT-BPM 2013 Performance

8 Ibid.
But the industry is wrestling with a staffing gap, especially as it expands towards more specialized services that call for workers with highly specific expertise. The country’s Commission on Higher Education estimated that the 137,000 jobs created by the sector in 2012 represented more than 25% of graduating college students. The current administration’s K-12 educational program, which is designed to provide universal kindergarten education to some 2.4 million five-year-olds and add an extra two years of schooling at the high school level, will mean a slowdown in the flow of potential hires for the BPO sector as students spend a longer time in school. The industry’s high turnover rate – close to 50% annually – puts even more pressure on businesses to fill vacant positions.

The country’s BPO road map called for government support in the areas of remedial training and educational reform in order to address this skills shortage. To this end, the government has provided substantial funding for training in key sectors such as animation, customer relationship management, software development, and game development. One industry organization has also designed a 21-unit industry-based course called the Service Management Program that will help students develop competencies needed for a career in the IT-BPO and Global In-house Center industries. The course is currently being offered in 13 state universities and colleges and aims to increase the employability of 20,000 students.

The establishment of Next Wave Cities, i.e., information and communications technology (ICT) hubs outside Manila, has also allowed businesses to expand their labor pool. In addition to the capital, Metro Cebu, Metro Clark and Bacolod City are now major hubs for IT-BPM services, and they are proving to be competitive alternatives to Manila: In a ranking of the top 100 BPO destinations published by Tholons, an advisory firm specializing in global outsourcing and investments, eight Philippine cities made the cut, with Manila and Cebu landing in the top 10 group.

BPO’s impressive growth has resulted in significant gains for other sectors as well: export revenues from the BPO industry grew from $1.3 billion in 2004 to $13.3 billion in 2013. Real estate’s office space sector is also performing well due to demand from BPO players: A CBRE study released in February 2015 showed that BPO locators’ preference for Metro Manila allowed the National Capital Region to post the second highest increase in prime office space occupancy costs among 126 office markets worldwide. The BPO sector is also credited for the country’s expanding middle class, which in turn has fueled the growth of the local retail sector: in the last seven years, almost 200 mid-range and luxury foreign brands entered the Philippine market.

If the Philippine BPO sector is able to maintain this robust growth, there are predictions it could post $48 billion in revenue by 2020, accounting for 20% of the global industry value.

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**Infrastructure**

Even as analysts have lauded the Philippines’ robust economic growth, they have repeatedly lamented the country’s inadequate infrastructure and the government’s continuing underspending in this critical sector. For an archipelagic nation with high urban population density and heavy reliance on air and water transport, this is a glaring risk to sustainable and inclusive growth.

Among the ASEAN-5, the Philippines has historically spent a lower percentage of GDP on infrastructure – an average of just a little over 2% compared to about 5.5% among its neighbors from 1980 to 2009.¹² The current administration is trying to turn this around by providing a budget equivalent to 4% of GDP for infrastructure investment, with the aim of increasing that to 5% of GDP in 2016.

One of the priorities for the strategic infrastructure program is to connect lagging towns to growth centers and link farms and products to markets. The Department of Public Works and Highways (DPWH), one of three departments undertaking major infrastructure projects, has allotted $4.2 billion for the completion of all national roads by 2016 and all bridges along national roads by 2015.

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¹² Arangkada Philippines, *Infrastructure*  
Notably, the DPWH is looking at spending 30% of its budget for the construction of roads in strife-torn Mindanao, the country’s poorest region and, not surprisingly, the one with the lowest road density.

With its rich tracks of agricultural land, Mindanao is already being eyed by investors for banana, cacao, coffee, and pineapple plantations worth over $300 million, an infusion that is expected to generate 22,000 jobs. But public and private investors acknowledge this all hinges on the passage of the highly contentious Bangsamoro Basic Law, which many hope will finally bring lasting peace and order to the region.

In the capital, the government launched at least 15 road projects last year in an effort to ease traffic, a problem that landed the Philippines in 9th place for worst traffic in an index of 88 countries. One study found that the country loses $54 million a day in potential income due to congestion in Metro Manila alone. The ongoing road projects are targeted for completion in 2016; whether or not this is enough to accommodate the daily commute of 3 million people is yet to be seen.

Another area that is expected to benefit from the government’s aggressive infrastructure program is the tourism sector. Despite tourism’s steadily increasing contribution to employment and GDP, capital investment in the sector has been sluggish for the past five years.

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There is no question that lack of adequate infrastructure has hampered the Philippines’ growth. And while steps are being taken to address the gap, the nagging concern is that improvements aren’t happening fast enough.

In the WEF’s latest competitiveness report on travel and tourism, the Philippines improved its ranking – 74th spot out of 141 economies,\(^{15}\) compared to 82\(^{nd}\) place out of 140 economies in 2013 – but remained in the lower half of the list. It fared even worse in the more specific index of infrastructure, where it placed 82\(^{nd}\).\(^{16}\)

In the Aquino administration’s flagship PPP program, 11 of 39 transport projects are aimed at improving the country’s air transport, key to reaching the archipelago’s several far-flung islands. But as with many of these PPP projects, only two have been successfully awarded to winning bidders.

There is no question that lack of adequate infrastructure has hampered the Philippines’ growth. And while steps are being taken to address the gap – the country signed on as a founding member of the Asian Infrastructure Investment Bank; it is set to open up the local construction industry to foreign companies that want to participate in domestic projects – the nagging concern is that improvements aren’t happening fast enough. With presidential elections just one year away, there is the even bigger worry that the pipeline of critical projects might come to a complete halt with the change in leadership.

\(^{15}\) World Economic Forum, *The Travel & Tourism Competitiveness Index 2015*, Page 5  

\(^{16}\) Ibid. Page 44  
Information and communications

Ready access to high-quality information is critical for economic development and poverty reduction. Our TMT (Technology, Media & Telecommunications) Economic Consulting team’s research shows that if countries in Southeast Asia, Africa, and Latin America could raise internet adoption to the level found in developed countries, then long-term productivity would improve by 25%; GDP growth rate would increase by 72%; and 140 million new jobs would be created. Indeed, access to the internet and to information is a great equalizer for the underserved sector of society.

In the Philippines, internet penetration is steadily improving despite the absence of fixed-line networks in many parts of the country and the low penetration rate for personal computers. In 2010, internet penetration rate was at 25% per 100 people; by 2014, that figure was up 42%. With the increasing availability of wireless internet services and affordability of internet-enabled devices, there are estimates that the internet penetration rate in the country will reach 72.2% by 2019.

The government is helping this along with a $31.7 million project that would provide internet connectivity to almost a thousand unserved or underserved municipalities in the country. The Free Wi-Fi in Public Places project, which is already up for bidding, involves setting up over 18,000 Wi-Fi access points in town plazas, libraries, schools, and rural health units across the country in order to serve 105,000 concurrent users. The government hopes it will jumpstart economic development in terms of e-commerce, e-learning, and e-government.

Local telecommunications firms are also looking at improving internet connectivity in the provinces. One major player in the telco sector partnered with a French broadband access specialist on a project to upgrade the wireless network infrastructure in the Visayas and on the southern island of Mindanao. Work has also begun on a new underwater cable system that would link the Philippines and the rest of Southeast Asia to the US. The 15,000-kilometer cable is expected to provide an extra 20 terabits per second of capacity, a big boost to the local outsourcing and offshoring industry that requires very large bandwidth.

In the mobile-phone market, growth in subscribers will reach 5.3% a year on average from 2015 to 2019, compared to the 8.4% growth recorded from 2010 to 2014. This signifies saturation in the market, as there were an estimated 114.7 mobile subscriptions per 100 people in 2014. Revenue, however, will grow at a healthy pace – 12.3% a year on average from 2015 to 2019, compared with 2.4% from 2010-2014 – driven by products offering wireless broadband connectivity.

In general, the communications sector is expected to grow at a 5.1% CAGR between 2014 and 2033, signifying its continued importance in the growth of the Philippines.


19 Ibid.
At the close of 2014, environmental organization Germanwatch released the 10th edition of its Global Climate Risk Index, which lists the countries most affected by extreme weather events. Using data on fatalities and economic losses, the report revealed that for 2013, the Philippines was the country most affected by climate change.\(^2\) It was the same year the archipelago was hit by one of the strongest tropical cyclones to ever make landfall in recorded history, Typhoon Haiyan (Yolanda).

Following the massive earthquake that hit Nepal in April, the Philippines’ own vulnerability to shifting tectonic plates also came to the fore. The country sits on the Ring of Fire, a vast region of the Pacific Ocean where many of the Earth’s earthquakes and volcanic eruptions occur.

The damage from Typhoon Haiyan alone was estimated at $12.9 billion, with over 6,000 lives lost. According to the country’s Department of Finance, the Philippines loses as much as 1.1% of its GDP each year to disasters such as typhoons.\(^2\) Should the country experience a quake of similar intensity to the one that hit Nepal, which state geologists have warned could happen any time, deaths could reach 37,000, with $51.7 billion worth of structural damage.

For a developing country that is prone to geological hazards and is visited by an average of 20 cyclones annually, there is an urgent need to institutionalize sustainable and climate resiliency practices.

In December 2015, world leaders are expected to sign a legally-binding agreement to curb carbon emissions at the Paris climate summit. Ahead of that, the Philippines hosted the meeting of the members of the Climate Vulnerable Forum (CVF) – 20 developing nations that are most affected by global warming.

Collectively, the CVF has asked for a more ambitious climate change target – keep the earth’s temperature rise at 1.5°C – since the current 2°C target is not enough to avert a slowdown of economic growth and poverty reduction.\(^2\)

According to a report submitted by the CVF, keeping the current target will have a significant impact on labor productivity, particularly in tropical countries: In the year 2055, when global temperature would have risen by 1.3°C, workers in tropical countries who are employed in the industry sector will lose 2.7% of their work hours, while those employed in the agricultural sector will lose nearly double that – 4.9% – because of the hotter temperature.\(^3\)

In its own backyard, the Philippines is ramping up climate change adaptation and disaster risk reduction efforts, with mixed results.

In 2009, the government enacted the Climate Change Act, which integrated the concept of climate change in the State’s policy formulation and development plans, and created the Climate Change Commission (CCC), a policy-making body attached to the Office of the President that takes the lead in concerns related to climate change.

The CCC has ongoing projects designed to strengthen the climate and disaster risk management capacities of cities and municipalities, and monitor and mitigate the impact of greenhouse gases, among others.

There are also plans to invest in mass transportation and infrastructure projects, particularly in the National Capital Region (NCR), to reduce air pollution.

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The country’s monitoring stations measure air quality by Total Suspended Particulates (TSP). The international standard for safe air is a TSP of 90 micrograms per normal cubic meter (μg/Ncm), which is what the current administration is targeting for Metro Manila by 2016. Although TSP in the capital went down from 150 μg/Ncm in 2010 to 118 μg/Ncm in 2013, it was back up to 128 μg/Ncm for the first quarter of 2015.

Stricter emission standards, the use of electronic mass transportation vehicles, and the construction of more pedestrian- and bike-friendly lanes are being eyed to address the pollution problem.

But efforts in this area have been slow-going and have inspired little confidence as the government struggles with persistent service interruptions in the capital’s current railway system, which is overburdened and under maintained, and worsening Metro Manila traffic. There are also criticisms that the country’s 16-year-old Clean Air Act, which mandates vehicle maintenance and inspection, isn’t being fully implemented due to corruption and loopholes in the inspection process.

For its part, the private sector is slowly incorporating sustainable practices into its business strategies. Two of the country’s largest banks have committed to bankroll “green” projects through a partnership program with the International Finance Corporation called Sustainable Energy Financing. By the fourth quarter of 2014, about $428 million had been released to fund projects, such as solar and wind farms that now provide most of the power needed by a luxury resort in Palawan.

The country’s largest electric distribution utility company has also partnered with an industrial battery manufacturer for the recycling of the former’s used lead acid batteries (ULABs), which pose a serious environmental threat due to its chemical components when not disposed properly. The initiative will help in the solar electrification of off-grid public schools in the country.

Considering the continuing rise in temperatures, developing countries such as the Philippines will have to spend about $300 billion a year by 2050 in order to adapt to a warmer world, as estimated by global research organization World Resources Institute. This just adds to the already compelling case for the country to make sure that laws designed to manage climate change are strictly enforced and that the private sector is at least encouraged, if not incentivized, to adopt sustainable practices. It is also important that the Philippines supports global efforts to mitigate the devastating effects of a warming planet. If there’s anything that recent natural disasters have taught us, it is that a global response is necessary in dealing with climate change.

There is a compelling case for the country to make sure that laws designed to manage climate change are strictly enforced and that the private sector is at least encouraged, if not incentivized, to adopt sustainable practices.

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Social Progress Index

In 2013, the Social Progress Imperative, a nonprofit organization dedicated to improving the lives of people around the world, introduced a novel measurement of a country’s performance that didn’t involve GDP. The Social Progress Index (SPI) is a comprehensive framework that measures social progress by looking into areas such as healthcare, education, housing, and rights and freedom from discrimination. It was designed to complement more popular economic indicators in providing a holistic understanding of how countries are benefiting their citizens.

According to the 2015 SPI, the Philippines registered a slight decline in its score - 65.46, compared to 65.86 in 2014. In SPI’s inaugural study in 2013, which covered 50 countries, the Philippines’ score was 49.41.

This year’s score ranks the Philippines 64 out of 133 countries measured in the index, placing the country ahead of economic powerhouses like Russia (71), China (92), and India (101) in the overall rankings.

In comparison to its ASEAN partners represented in the index, the Philippines is ahead of Indonesia (86), Cambodia (99), Laos (102) and Myanmar (119), but behind Malaysia (46) and Thailand (57).

In the SPI, each country’s performance was also compared to 15 other countries with a similar level of economic development (based on GDP per capita). Philippines’ economic peers are Guyana, Congo, Republic of Bolivia, Swaziland, Georgia, Nigeria, Morocco, India, Guatemala, Armenia, Angola, Paraguay, Uzbekistan, El Salvador, and Honduras.

Compared to this peer group of 15 countries, Philippines has performed almost on an even par, with the country’s strengths against this peer group being in the areas of ‘Nutrition and Basic Medical Care’ and ‘Access to Basic Knowledge’.

Philippine highlights from the 2015 Index:

- In the ‘Basic Human Needs’ dimension, the Philippines performed poorly on rural access to improved water source (ranked 60 out of 133), and access to improved sanitation facilities (83/133).

- Under the same dimension, the Philippines also has much room for improvement in the areas of access to electricity (89/133) and level of violent crime (105/133).

- In the ‘Opportunity’ dimension, the Philippines ranked 1/133 in the area of freedom of assembly and/or association, and also ranked high – 16 out of 133 – in the area of freedom over life choices.

- Still in the ‘Opportunity’ dimension, under the ‘Tolerance and Inclusion’ component, the Philippines appears to be a nation that is accepting of homosexuals (ranked 22 out of 133 in tolerance for homosexuals indicator), but not of minorities (ranked 110/133 in discrimination and violence against minorities).

In general, the Philippines can do more in the areas of tolerance and personal safety. With the public and private sector working together, effective policies and innovative solutions can be found to address the issues that impact progress.
### Philippines Scorecard

2015 Social Progress Index rank: 64/133  
Social Progress Index score: 65.46  
GDP per capita rank: 89/133

<table>
<thead>
<tr>
<th>Basic Human Needs</th>
<th>Score</th>
<th>Rank</th>
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<tbody>
<tr>
<td><strong>Nutrition and Basic Medical Care</strong></td>
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<tr>
<td>Undernourishment (% of pop.)</td>
<td>68.23</td>
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<td>Depth of food deficit (cal./undernourished person)</td>
<td>87.77</td>
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<tr>
<td>Maternal mortality rate (deaths/100,000 live births)</td>
<td>11.5</td>
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<tr>
<td>Child mortality rate (deaths/1,000 live births)</td>
<td>78</td>
<td>89</td>
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<tr>
<td>Deaths from infectious diseases (deaths/100,000)</td>
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<td><strong>Water and Sanitation</strong></td>
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<td>Access to piped water (% of pop.)</td>
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<td>Rural access to improved water source (% of pop.)</td>
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<td>Access to improved sanitation facilities (% of pop.)</td>
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<td><strong>Shelter</strong></td>
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<td>Availability of affordable housing (% satisfied)</td>
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<td>Access to electricity (% of pop.)</td>
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<td>Quality of electricity supply (1=low; 7=high)</td>
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<td>Household air pollution attr. deaths (deaths/100,000)</td>
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<td><strong>Personal Safety</strong></td>
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<td>Homicide rate (1= &lt;2/100,000; 5= &gt;20/100,000)</td>
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<td>Level of violent crime (1=low; 5=high)</td>
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<td>Perceived criminality (1=low; 5=high)</td>
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<td>Political terror (1=low; 5=high)</td>
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<td>Traffic deaths (deaths/100,000)</td>
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<td><strong>Foundations of Wellbeing</strong></td>
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<td>Adult literacy rate (% of pop. aged 15+)</td>
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<td>Primary school enrollment (% of children)</td>
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<td>Lower secondary school enrollment (% of children)</td>
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<td>Upper secondary school enrollment (% of children)</td>
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<td>Gender parity in secondary enrollment (girls/boys)</td>
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<td><strong>Access to Basic Knowledge</strong></td>
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<td>Gender parity in secondary enrollment (girls/boys)</td>
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<td>70</td>
</tr>
<tr>
<td><strong>Access to Information and Communications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile telephone subscriptions (subscriptions/100 people)</td>
<td>1.1</td>
<td>1</td>
</tr>
<tr>
<td>Internet users (% of pop.)</td>
<td>104.5</td>
<td>1</td>
</tr>
<tr>
<td>Press Freedom Index (0=most free; 100=least free)</td>
<td>37.0</td>
<td>80</td>
</tr>
<tr>
<td><strong>Health and Wellness</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life expectancy (years)</td>
<td>70.21</td>
<td>61</td>
</tr>
<tr>
<td>Premature deaths from non-comm. diseases (prob. of dying)</td>
<td>68.6</td>
<td>90</td>
</tr>
<tr>
<td>Obesity rate (% of pop.)</td>
<td>27.9</td>
<td>123</td>
</tr>
<tr>
<td>Outdoor air pollution attributable deaths (deaths/100,000)</td>
<td>6.4</td>
<td>31</td>
</tr>
<tr>
<td>Suicide rate (deaths/100,000)</td>
<td>8.8</td>
<td>33</td>
</tr>
</tbody>
</table>

**Ecosystem Sustainability**  
- Greenhouse gas emissions (CO2 equivalents per GDP) | 49.93 | 79   |
- Water withdrawals as a percentage of resources | 275.1 | 4    |
- Biodiv. and habitat (0=no protection; 100=high protection) | 3.3 | 100  |

**Opportunity**  
- Political rights (1=full rights; 7=no rights) | 59.30 | 44   |
- Freedom of speech (0=low; 2=high) | 62.00 | 55   |
- Freedom of assembly/association (0=low; 2=high) | 2 | 1    |
- Freedom of movement (0=low; 4=high) | 3 | 67   |
- Private property rights (0=none; 100=full) | 30 | 70   |

**Personal Freedom and Choice**  
- Freedom over life choices (% satisfied) | 67.78 | 42   |
- Freedom of religion (1=low; 4=high) | 90.0 | 16   |
- Early marriage (% of women aged 15-19) | 1 | 95   |
- Satisfied demand for contraception (% of women) | 0.05 | 44   |
- Corruption (0=high; 100=low) | 52.4 | 98   |

**Tolerance and Inclusion**  
- Tolerance for immigrants (0=low; 100=high) | 55.50 | 54   |
- Tolerance for homosexuals (0=low; 100=high) | 61.7 | 61   |
- Discrim and viol. against minorities (0=low; 10=high) | 63.0 | 22   |
- Religious tolerance (1=low; 4=high) | 8.3 | 110  |
- Community safety net (0=low; 100=high) | 3 | 36   |

**Access to Advanced Education**  
- Years of tertiary schooling | 51.92 | 51   |
- Women’s average years in school | 0.6 | 40   |
- Inequality in the attainment of edu. (0=low; 1=high) | 10.6 | 65   |
- Number of globally ranked universities | 0.14 | 56   |

**Strengths and weaknesses are relative to 15 countries of similar GDP: Guyana, Congo, Republic of Bolivia, Swaziland, Georgia, Nigeria, Morocco, India, Guatemala, Armenia, Angola, Paraguay, Uzbekistan, El Salvador, and Honduras**

Source: Social Progress Imperative
Besides claiming that the Philippines is “no longer the sick man of Asia,” President Aquino is also fond of telling the global community that as far as his country’s resurgence is concerned, “you ain’t seen nothing yet.” Considering that the Philippines is now the second fastest growing economy in the world, that is a bold statement from a leader who will be leaving office by June 2016. But one that isn’t entirely ill-placed.

In the past five years, the country has received an investment-grade rating for the first time; posted a record high in foreign direct investments; overtaken Mumbai as the call-center capital of the world; been recognized as the best performing stock market in Asia; and played host to the World Economic Forum on East Asia for the first time.

In the next few years, the country will begin to feel the impact of an integrated ASEAN economy and will enter the “demographic sweet spot,” that period when majority of a country’s population will be at the productive working age. Indeed, the potential is there, but so are the challenges.

The Philippines has a long way to go in building adequate infrastructure and sufficient energy, both critical to the growth of key sectors, particularly manufacturing. The slow pace of bidding out public-private partnership projects still needs to be addressed, especially now that the country is facing stiffer competition with the creation of the ASEAN Economic Community. The Mindanao peace accord, which was stalled by a violent clash between rebels and the national police, is a landmark opportunity that should not be missed: it is key in ensuring that the country’s poorest region can finally take part in Philippine prosperity.

There are also concerns about the sustainability of the gains scored during the Aquino administration as the country enters an election period. By June 2016, the Philippines will have a new head of state, and it is very critical that the successor to President Aquino continues the policies that inspired investor confidence and pursues good governance practices that allow for a stable, equitable business environment.

The last five years have shown the populace that good government is good politics, and good politics is good for the economy. Admittedly, the economic gains have so far not been inclusive, and it may take at least two successive administrations to make it so. Which makes the upcoming national elections even more critical. The future and the choice, of course, are entirely in the hands of the Filipino people.
The country's monitoring stations measure air quality by Total Suspended Particles (TSP). The international standard for safe air is a TSP of 90 micrograms per normal cubic meter ($/\text{cm}^3$), which is what the current administration is targeting for Metro Manila by 2016.

Although TSP in the capital went down from $150 /\text{cm}^3$ in 2010 to $118 /\text{cm}^3$ in 2013, it was back up to $128 /\text{cm}^3$ for the first quarter of 2015.

Stricter emission standards, the use of electronic mass transportation vehicles, and the construction of more pedestrian- and bike-friendly lanes are being eyed to address the pollution problem.

But efforts in this area have been slow-going and have inspired little confidence as the government struggles with persistent service interruptions in the capital's current railway system, which is overburdened and under maintained, and worsening Metro Manila traffic.

There are also criticisms that the country's 16-year-old Clean Air Act, which mandates vehicle maintenance and inspection, isn't being fully implemented due to corruption and loopholes in the inspection process.

For its part, the private sector is slowly incorporating sustainable practices into its business strategies. Two of the country's largest banks have committed to bankroll "green" projects through a partnership program with the International Finance Corporation called Sustainable Energy Financing. By the fourth quarter of 2014, about $428 million had been released to fund projects, such as solar and wind farms that now provide most of the power needed by a luxury resort in Palawan.
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