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COUNTRY
GROWTH&JOBS
REPORT

PHILIPPINES

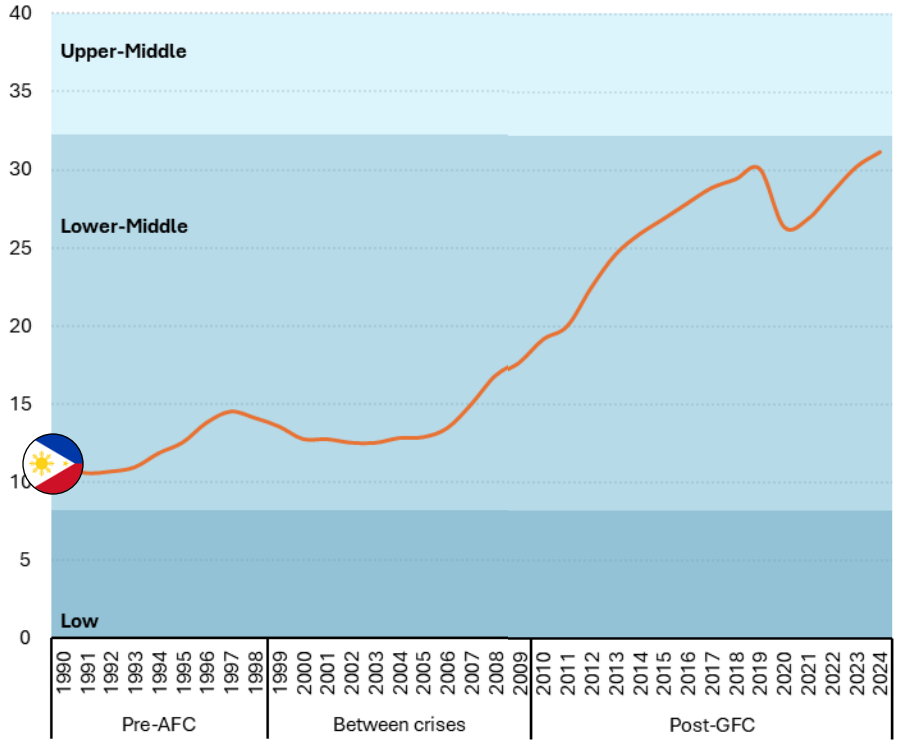
Running Uphill: Growth, Jobs, and the Quest for Productivity

July 2025

From **"Sick Man of Asia"** to 2nd **Fastest-Grower in EAP**

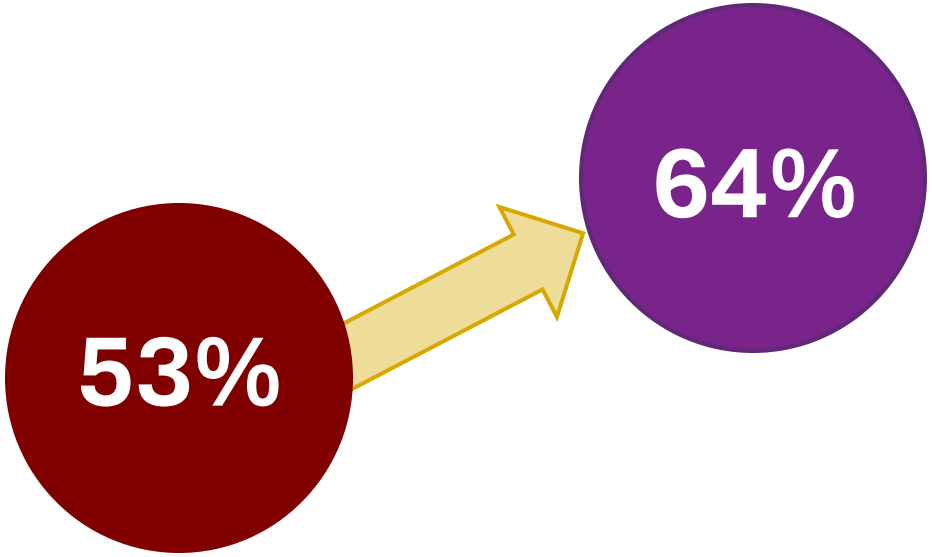
Gross National Income per capita accelerated post 2010…

Gross national income per capita, in percent of high-income threshold



…with a marked increase in wage employment

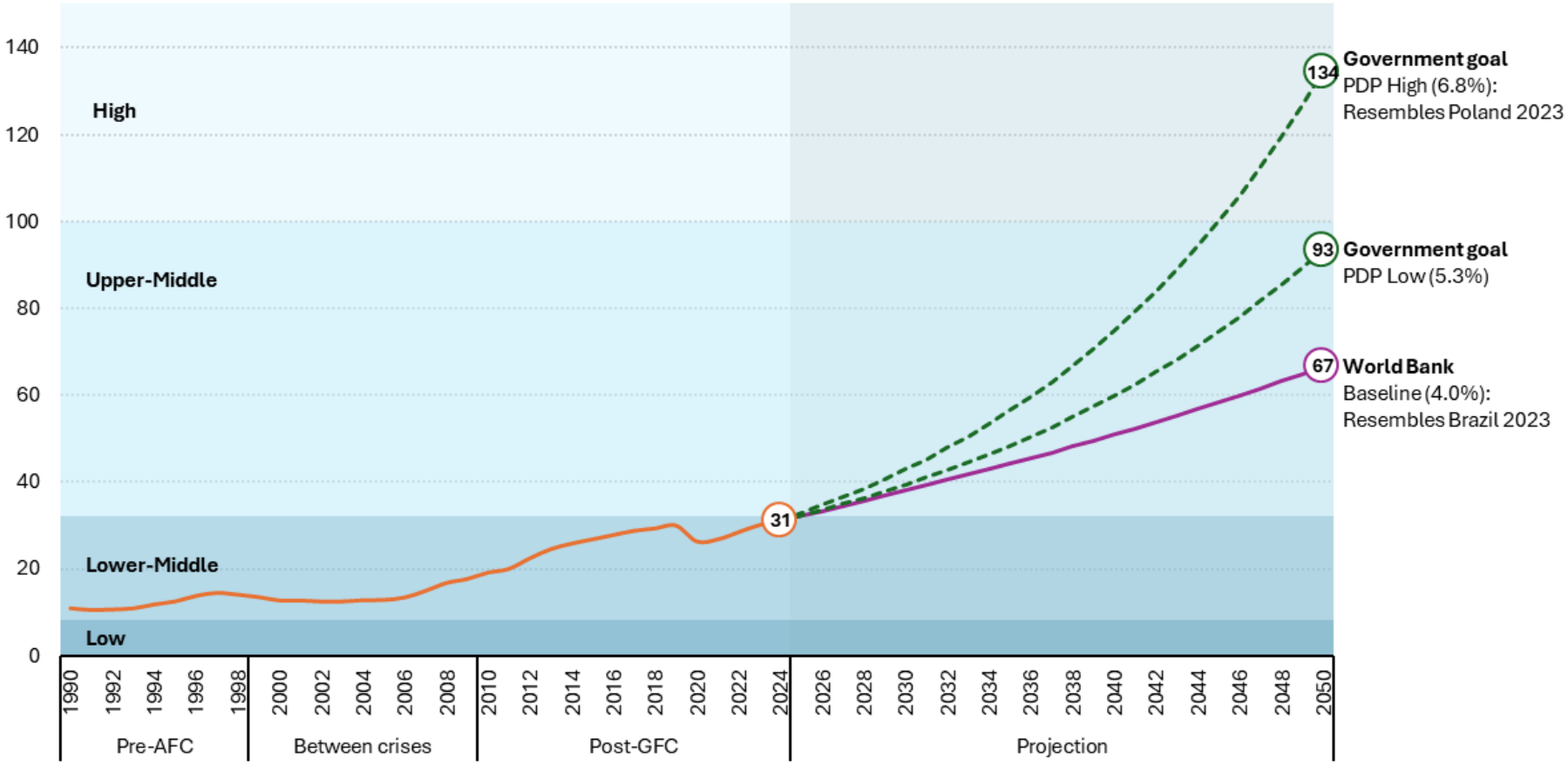
Share of wage employment in total employment, in percent



...but faster-for-longer growth is needed

Gross National Income per capita will need to grow faster and for longer to achieve the national development targets

Percent of High-Income threshold



This Report

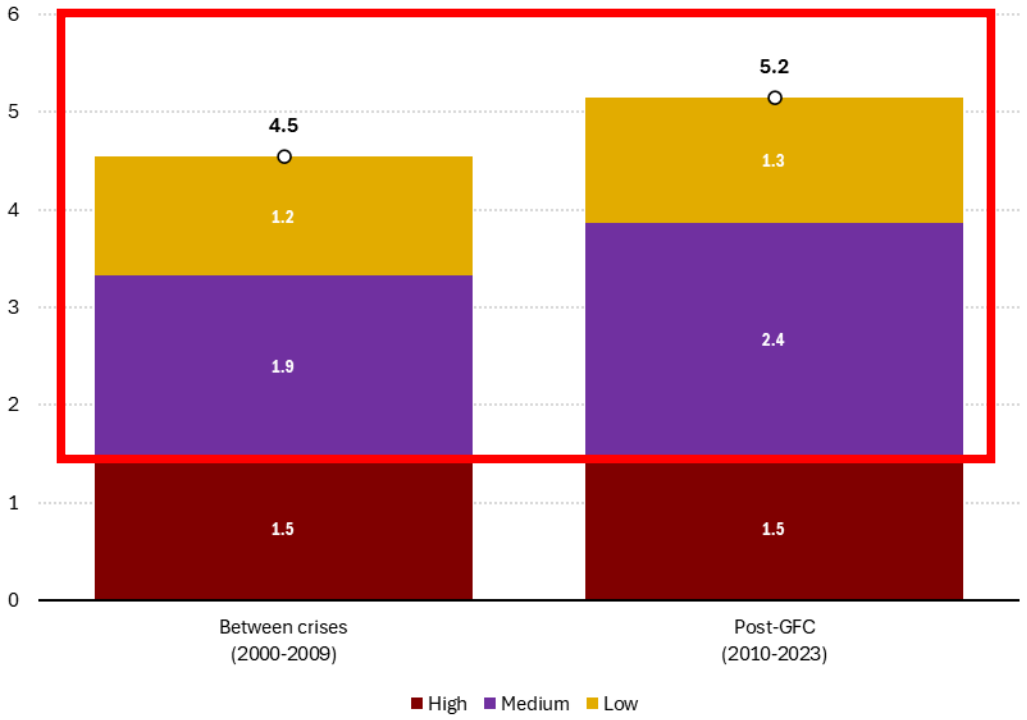
1. What **worked** and needs to be **sustained**?

2. What **did not** and needs to be **changed**?

Four Features of Growth: ***it was spatially inclusive***

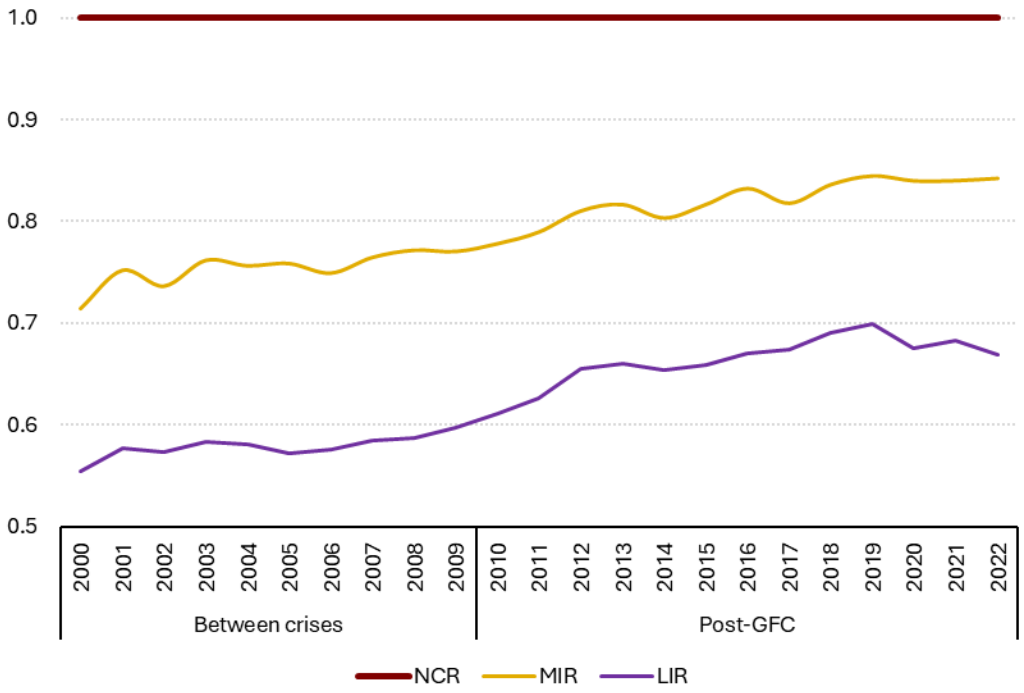
LIRs and MIRs contributed more to GDP growth post 2010

Contribution to GDP growth by region, CAGR, in percent



...with better jobs being created in those regions

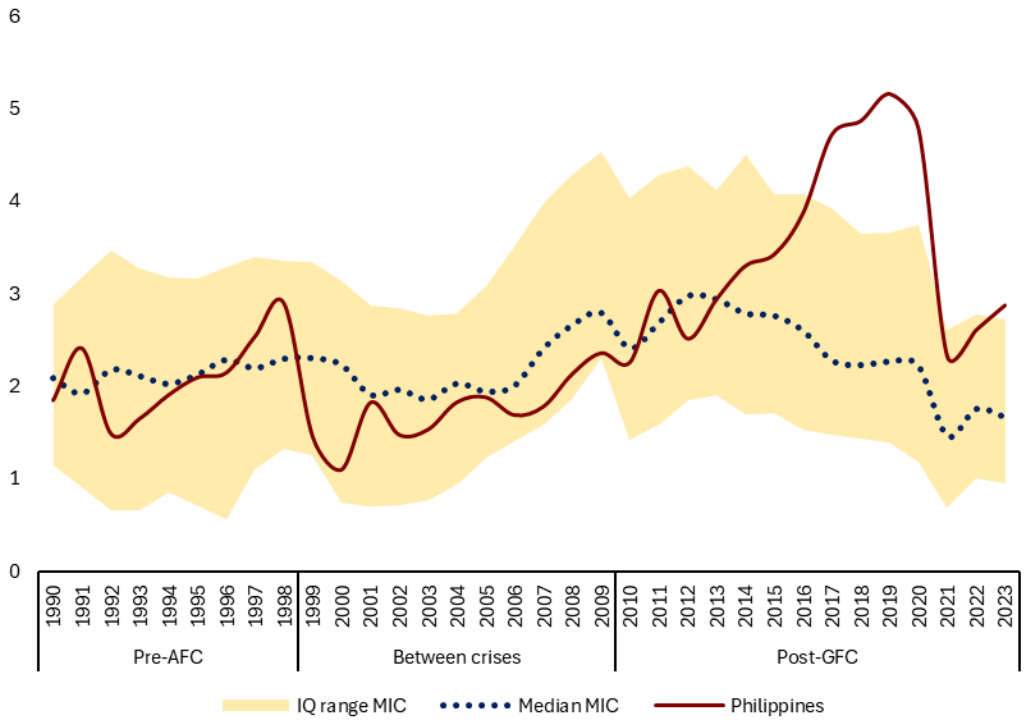
Wage employment as a share in total employment, index NCR=1



Four Features of Growth: ***it was powered by investment***

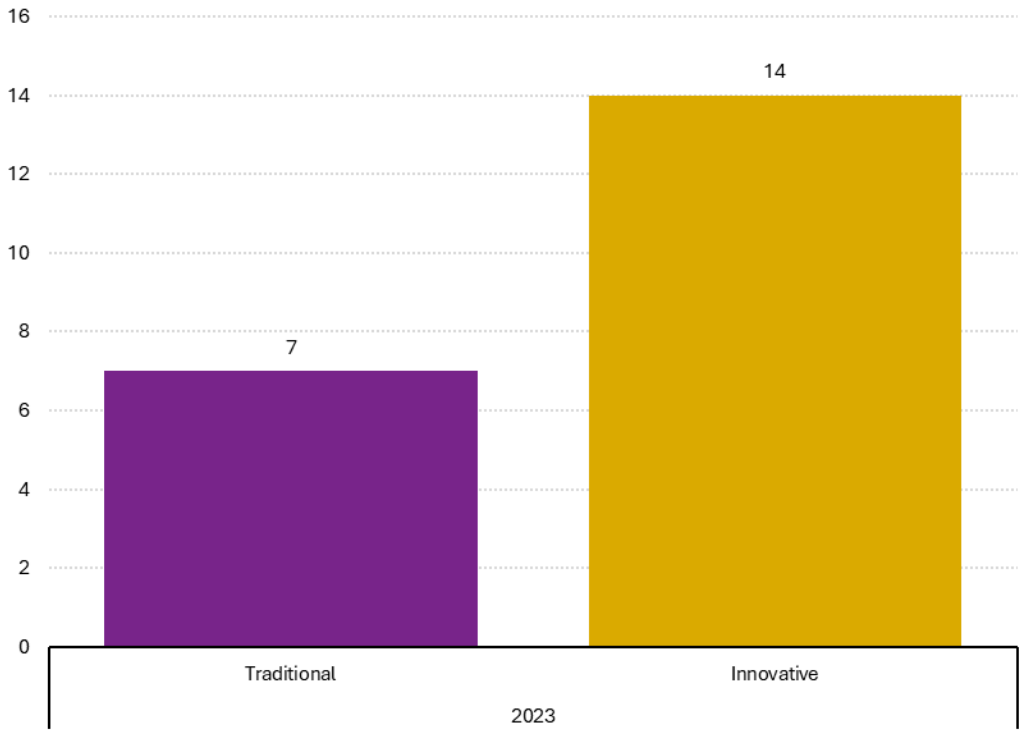
Physical capital was the main contributor to GDP growth post 2010

Contribution of physical capital to growth, In percentage points



...with skills challenges limiting productivity growth

Firms identifying skills as a constraint, percent of firms by type



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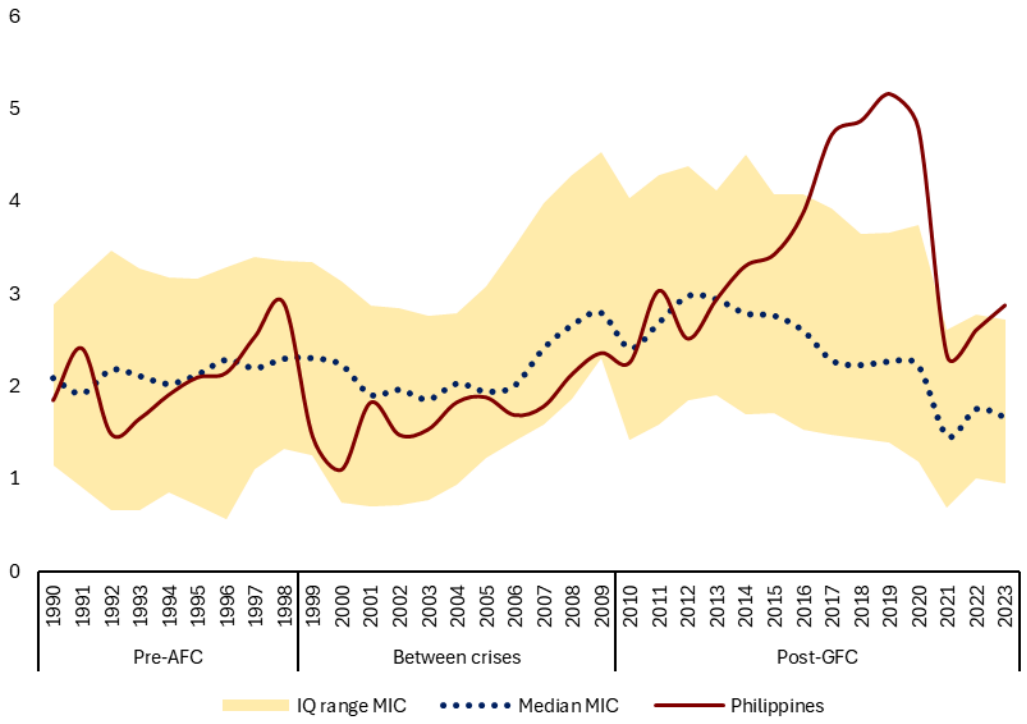
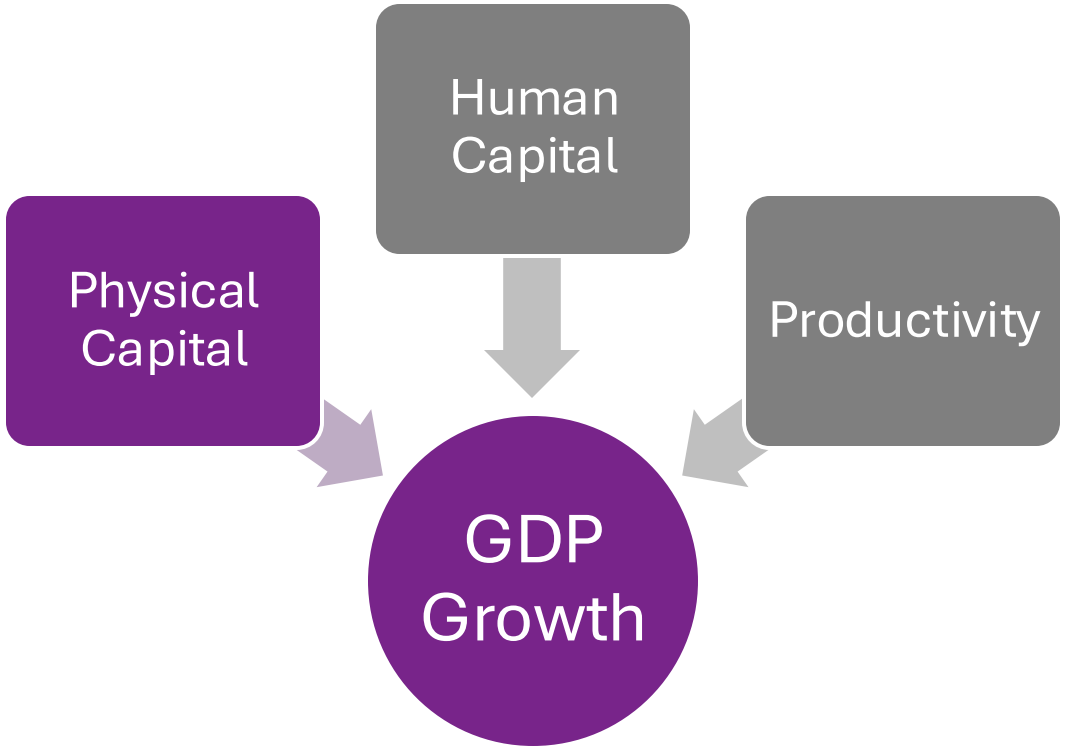


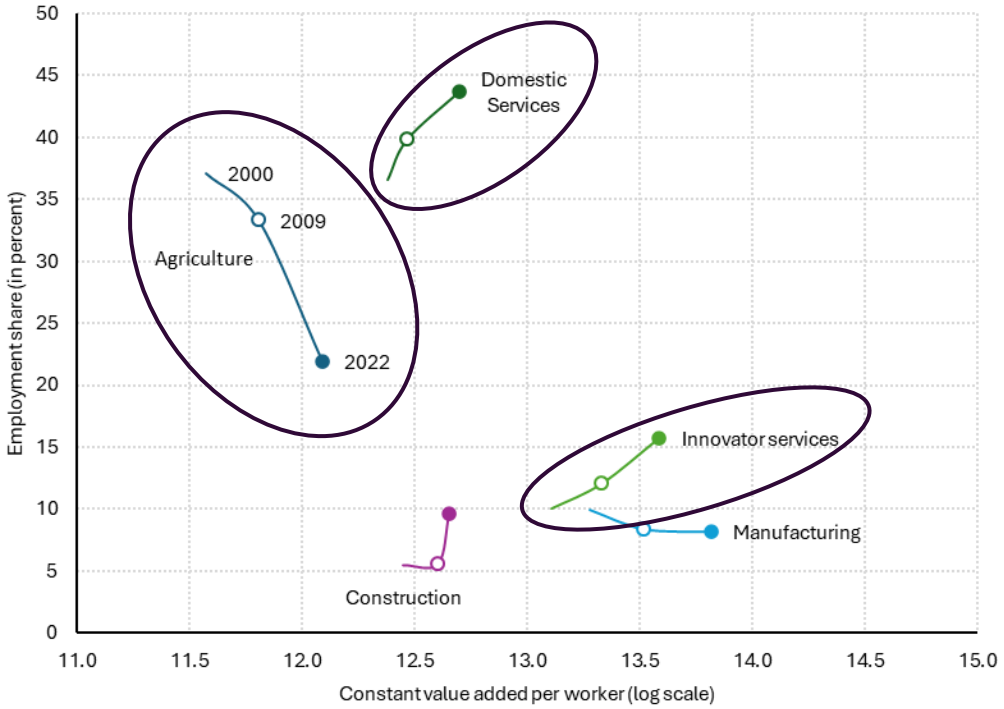
Philippines: tapping into one engine of growth



Four Features of Growth: ***it was driven by some structural transformation, but not a lot of it***

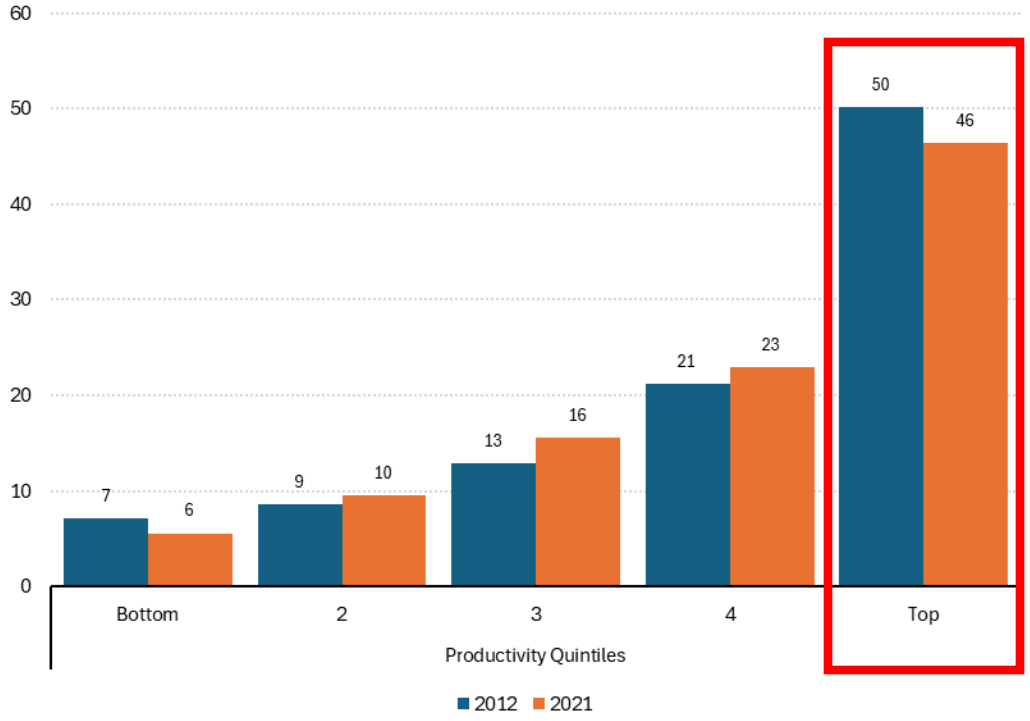
Some movement of jobs out of agriculture into higher productivity jobs…

Aggregate employment and labor productivity



…but challenges of top productivity firms to scale up and create quality employment

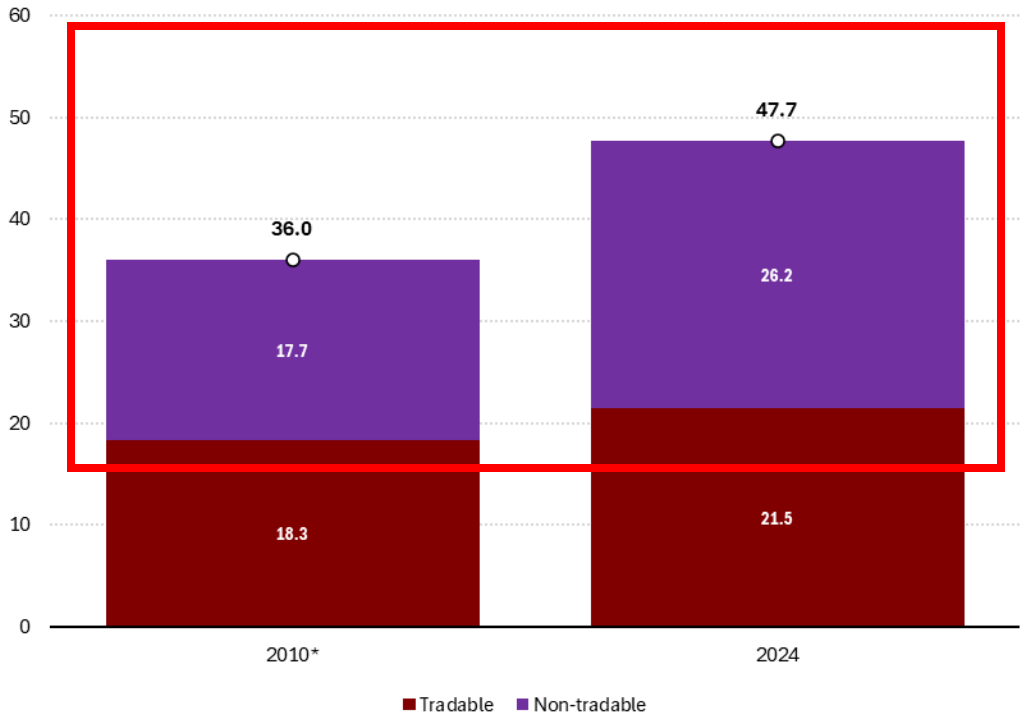
Manufacturing, in percent of manufacturing employment



Four Features of Growth: ***it was inward looking***

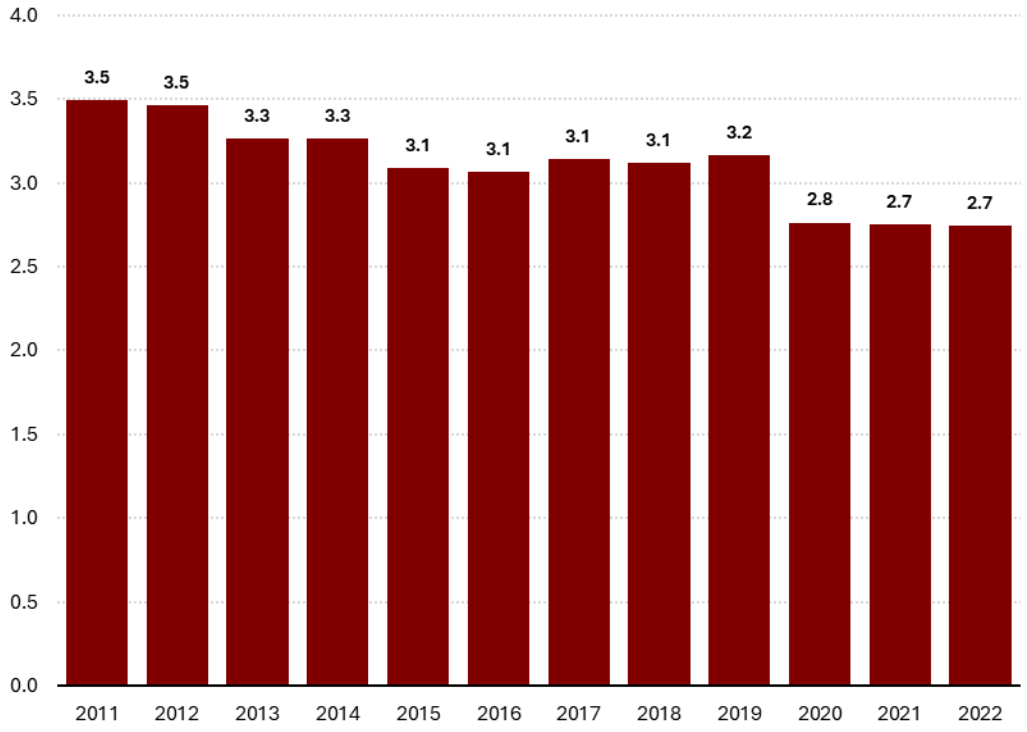
Three out of four jobs created since 2010 were in non-tradables

In millions



…and the number of exporting firms declined

Number of exporting firms, merchandise, exporting over U$S100 thousand, in thousands



What we need more of, what needs to change

Foundational Investments

Better Regulations & Governance

Private Capital Mobilization

Spatial Convergence

Productivity Growth

Better Allocation

Integration into global markets

Three Pillars for Reform

Foundational Investments

Quality jobs need quality infrastructure & skills

- Protect infrastructure investment (esp. connectivity)
- Skilling of stock of workers, foundations for the pipeline

Better Regulations & Governance

Help business create opportunities

- Permitting & business registration to lower entry barriers
- Open domestic shipping to lower inter-island transport costs
- Strengthen LGU service delivery

Private Capital Mobilization

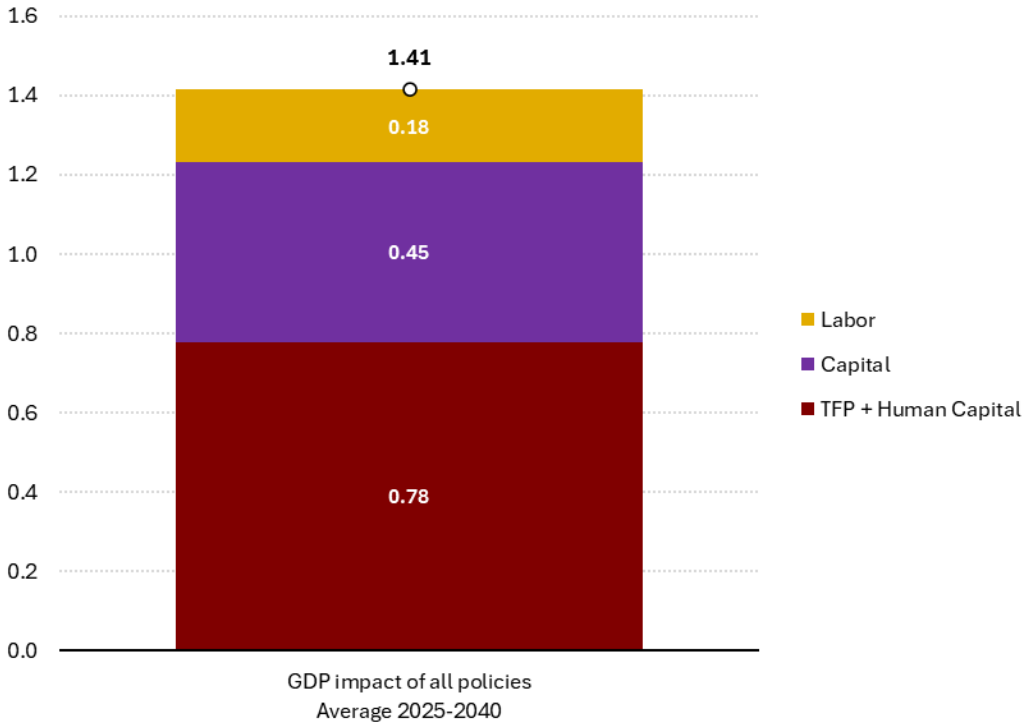
Unleash the private sector where it can lead

- Support SME-MNC linkages
- Deepen venture capital markets
- Consolidate innovation support

The **Opportunity** Ahead

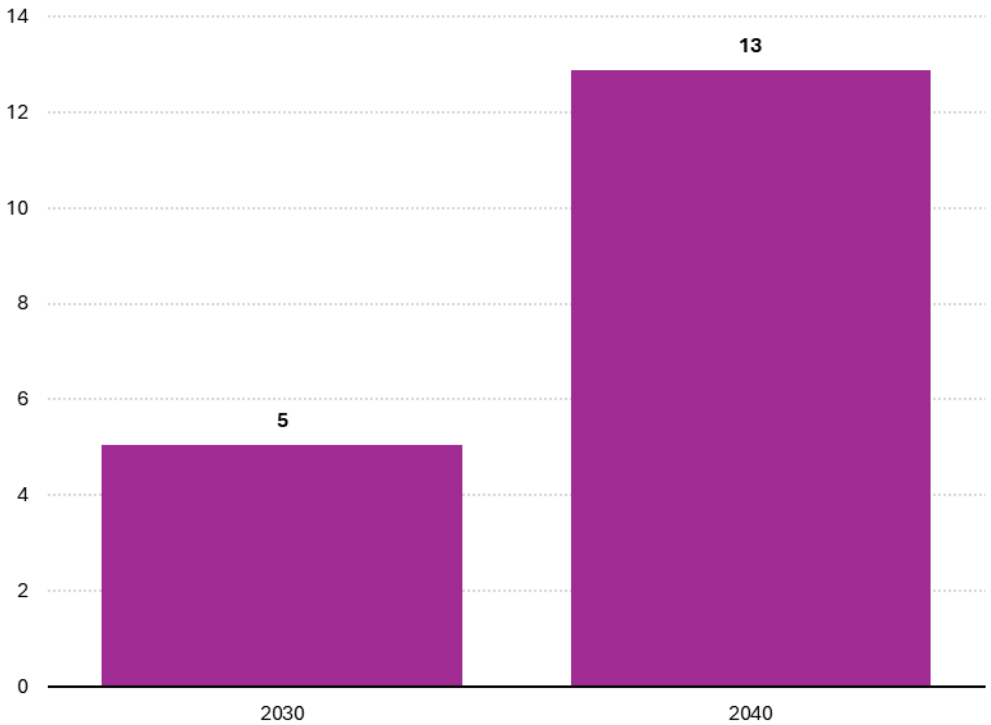
The reform roadmap will add 1.4 pp to annual growth of Philippines

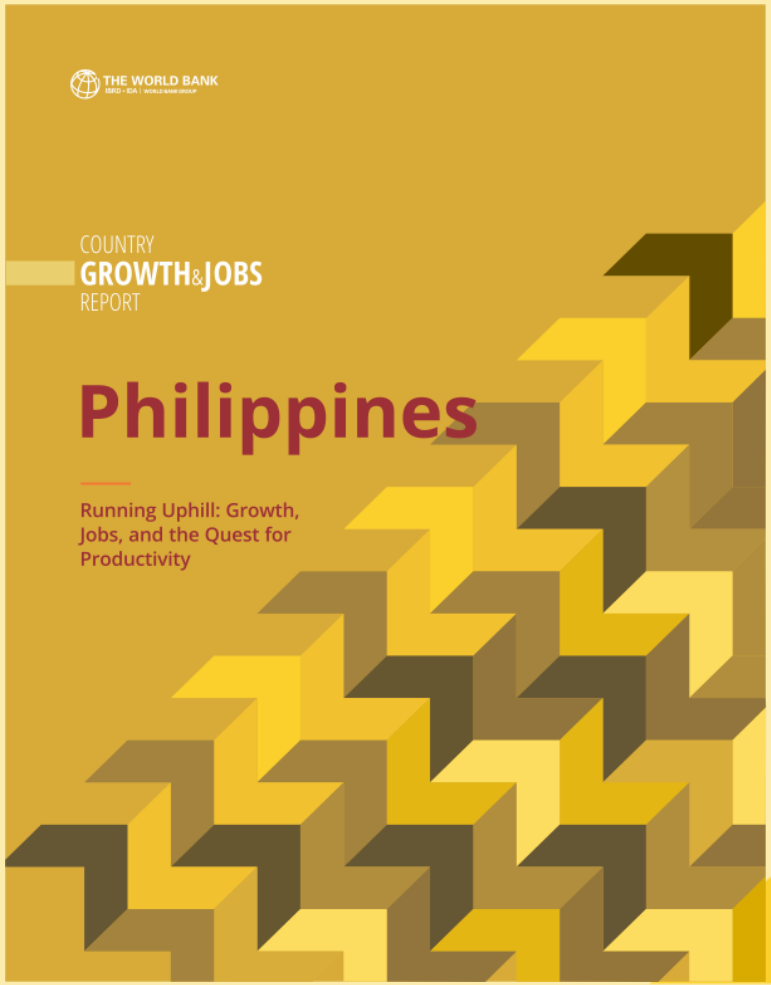
Contrib. of reforms to additional GDP growth relative to the baseline, in p.p.



…and result in higher real wages for Filipinos

Real wages, deviation from baseline, in percent

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