



BREAKING THE MOLD

From Resilience to Productivity,
Innovation and Economic Transformation

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I. RESILIENCE IS NOT THE SAME AS TRANSFORMATION

RESILIENT
TO WHAT END?

“How do we produce differently?”

II. THE WARNING LIGHTS ARE FLASHING

**THE WARNING LIGHTS
ARE FLASHING.**

7.2%

September inflation

6.1%

August inflation

The ingredients for stagflationary risk deserve our attention.

III. PRODUCTIVITY: THE MISSING BRIDGE

CAN WE DO MORE
WITH WHAT WE
ALREADY HAVE?

That is productivity.

IV. FROM THE AGGREGATE ECONOMY TO THE ENTERPRISE

CAPITAL CAN BE PLENTIFUL AND STILL BE BADLY ALLOCATED.

Within-firm productivity

Can an individual firm produce more efficiently?

Economy-wide allocative efficiency

Are resources flowing toward the firms and sectors where they generate the greatest value?

V. AI AS A PRODUCTION TECHNOLOGY

AI AS A PRODUCTION TECHNOLOGY

Agriculture

Better information for the farmer

Manufacturing

Predictive maintenance

Logistics

Routing, inventory and delivery

Energy

Forecast demand and optimize grids

Finance

Improve credit assessment

Government

Identify anomalies and delays

Lower cost, better decisions and greater productivity.

VI. BUT DOES IT REALLY WORK?

THE EVIDENCE IS BEGINNING TO SAY YES.

~4%

**Increase in labor
productivity associated with
AI adoption**

EIB study: more than 12,000
firms in Europe and the US

0.4–1.3

**Percentage points added to
annual labor-productivity
growth**

OECD estimate for G7
economies, depending on
adoption and economic
structure

3.8%

**Potential long-run increase
in aggregate labor
productivity**

IMF study estimate

VI. BUT DOES IT REALLY WORK?

AND THEN THERE IS SINGAPORE.

18.6%

Digital economy share of GDP

~12%

Annual digital-economy growth

More than two-thirds comes from non-ICT sectors.

SME AI adoption rose from 4.2% to 14.5% in one year.

VI. BUT DOES IT REALLY WORK?

>80%

**HAD NOT YET SEEN MEASURABLE
PRODUCTIVITY OR EMPLOYMENT EFFECTS FROM AI.**

International survey of nearly 6,000 firms

**Technology must be integrated into the way firms produce, workers work,
managers decide and governments operate.**

VII. TECHNOLOGY CAN HELP US SEE WHAT WE HAVE BEEN MISSING

GIVE AUDITORS BETTER INTELLIGENCE.

Geospatial information. Engineering data. Procurement records.
Project timelines. Expenditures.
Identify anomalies much earlier.

**VIII. BUT WE SHOULD NOT FALL
INTO ANOTHER BLINDSPOT**

**EVOLUTION CAN
SOMETIMES BE AS
POWERFUL AS REVOLUTION.**

**Samsung and Hyundai have survived
multiple technological transitions by continuously evolving.**

VIII. BUT WE SHOULD NOT FALL INTO ANOTHER BLINDSPOT

HOW CAN THE OLD INDUSTRY BECOME NEW?

Agriculture, smart agriculture?

Manufacturing, smart manufacturing?

Tourism, data-driven tourism?

Logistics, intelligent logistics?

How can the BPO industry move up the value chain using AI?

IX. THE SINGAPORE LESSON: INNOVATION IS NOT ONLY PRIVATE

GOVERNMENT ITSELF CAN BECOME AN INNOVATOR.

GovTech

An in-house technological capability

Singpass

A digital identity platform

The state can become an intelligent user and builder of technology.

X. PEOPLE AND INSTITUTIONS REMAIN THE FOUNDATION

**AI POLICY IS REALLY
HUMAN-CAPITAL POLICY.**

The machine is not the strategy.

The human being using the machine is the strategy.

X. PEOPLE AND INSTITUTIONS REMAIN THE FOUNDATION

TECHNOLOGY AMPLIFIES CAPABILITY.

A corrupt institution can digitize corruption.
An inefficient bureaucracy can automate inefficiency.

**Good governance creates an environment
in which productive experimentation is possible.**

XI. WE DO NOT HAVE TO INVENT EVERYTHING

**OUR ADVANTAGE COULD BE
IN ADOPTION
AND ADAPTATION.**

**Taking technologies developed elsewhere
and adapting them to Philippine conditions.**

XII. THIS IS WHERE ECONOMISTS AND STATISTICIANS COME IN

**WE NEED TO KNOW WHAT IS HAPPENING
INSIDE THE ECONOMY.**

Which firms are becoming more productive?

Which firms are receiving credit?

Where are resources trapped?

Where is the productivity drag actually coming from?

XII. THIS IS WHERE ECONOMISTS AND STATISTICIANS COME IN

THIS IS WHY MICRODATA MATTERS.

Administrative data

Satellite data

Geospatial information

Transaction data

Digital payments data

High-frequency price information

Machine-generated information

**XII. THIS IS WHERE ECONOMISTS
AND STATISTICIANS COME IN**

**AI CAN CHANGE
HOW ECONOMICS
ITSELF IS DONE.**

**“We did not have AI in those days.”
-Şebnem Kalemli-Özcan**

XIII. FROM DATA TO DECISION

AI CAN SHORTEN THE DISTANCE BETWEEN DATA AND DECISION.

Agricultural productivity

Identify the problem almost in real time.

Small-firm credit

Determine whether collateral requirements, information asymmetries or bank risk models are responsible.

XIII. FROM DATA TO DECISION

AN ECONOMY THAT LEARNS FROM DATA.

- 01 We identify the bottleneck.
- 02 We test an intervention.
- 03 We measure the result.
- 04 Then we scale what works.

A learning economy.

XIV. A PRACTICAL PHILIPPINE PRODUCTIVITY AGENDA

01 CREATE A NATIONAL PRODUCTIVITY AND AI MISSION.

Give each sector measurable productivity objectives.

02 BUILD SECTORAL AI LABORATORIES.

Bring government, universities and industry together around real problems and real data.

The test should be: did productivity improve?

XIV. A PRACTICAL PHILIPPINE PRODUCTIVITY AGENDA

03 GIVE ECONOMISTS AND STATISTICIANS BETTER ACCESS TO MICRODATA.

With privacy, cybersecurity and appropriate safeguards.

04 MAKE GOVERNMENT ITSELF A TECHNOLOGY ADOPTER.

Government should become one of technology's most intelligent users.

We need to know where the productivity drag actually lives.

XIV. A PRACTICAL PHILIPPINE PRODUCTIVITY AGENDA

05 IMPROVE INNOVATION FINANCE.

Identify productive firms, not merely safe firms.

06 INVEST HEAVILY IN PEOPLE.

Workers who can continuously reskill.

Public servants who understand technology.

This is the most important.

XV. THE THIRD WAY OUT OF THE STAGFLATION RISK

**PRODUCTIVITY IS THE BRIDGE
BETWEEN GROWTH
AND PRICE STABILITY.**

**We can raise the economy's productive capacity.
That is the third way.**

XVI. BREAKING THE MOLD MEANS BREAKING OUR HABITS OF THINKING

WE HAVE TO STOP THINKING:

That growth must always come from more labor.

That more foreign capital automatically means more productivity.

That government cannot innovate.

That established firms cannot reinvent themselves.

Sometimes the box is a mental constraint.

XVII. FROM RESILIENCE TO TRANSFORMATION

WE MUST TRANSFORM.

From low productivity

to high productivity

From assembly

to design

From labor arbitrage

to knowledge creation

From data collection

to data-driven decisions

From reacting to crises

to anticipating them

CONCLUSION: IT IS TIME TO BREAK THE MOLD

**AN ECONOMY THAT
BECOMES STRONGER
BECAUSE IT HAS LEARNED
FROM EVERY STORM.**

**We have the people. We have the talent. We have the resources.
We have the market. We have the data. We have the technology.
What we need now is the discipline to connect them.**

LET US THINK AS THOUGH THERE IS NO BOX.

From resilience to productivity.

From productivity to transformation.

From transformation to inclusive prosperity.