



Republic of the Philippines

Toward a More Inclusive, Resilient, and Prosperous Economy

February 2024



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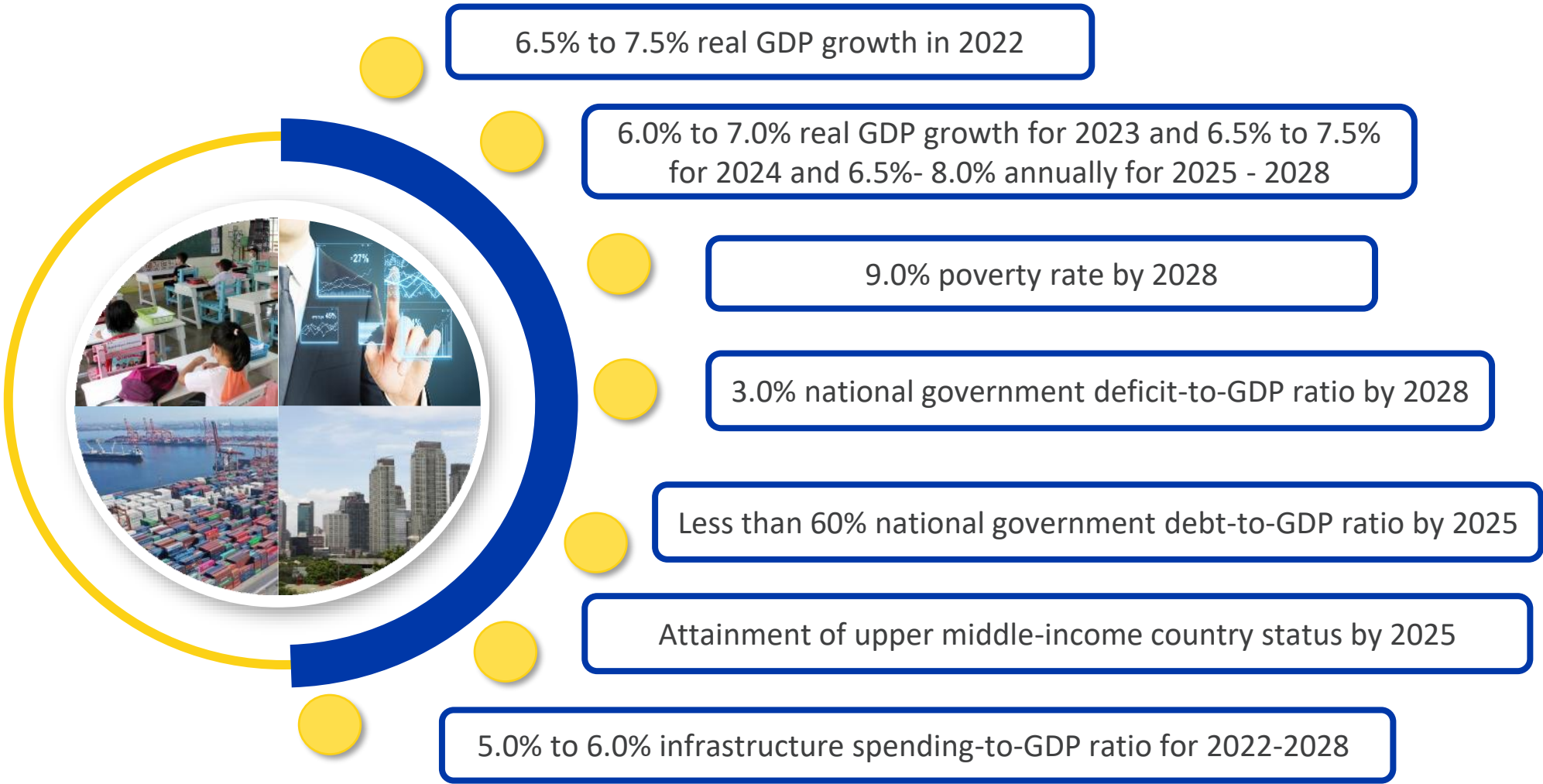
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I. Six-Year Game Plan for Economic Transformation

Charting a More Inclusive and Resilient Economy

The Marcos Jr. administration's medium term macroeconomic and fiscal objectives



I. Six-Year Game Plan for Economic Transformation

Philippine Development Plan 2023-2028

8-point agenda for the near term to protect purchasing power and mitigate socioeconomic scarring

Protect the purchasing power of families

- Ensure food security
- Reduce transport and logistics cost
- Reduce energy cost

Reduce vulnerability and mitigate scarring from COVID-19 pandemic

- Ensure capacity of healthcare in case of surges
- Strengthen social protection
- Address learning losses

Ensure sound macroeconomic fundamentals

- Improve bureaucratic efficiency and sound fiscal management
- Ensure a resilient and innovative financial sector

Create more jobs

- Promote investments
- Improve infrastructure
- Ensure energy security

Create quality jobs

- Increase employability
- Enhance the digital economy
- Advance R&D and innovation

Create green jobs

- Pursue a green and blue economy
- Establish livable and sustainable communities

Ensure a level playing field

- Strengthen market competition
- Reduce barriers to entry and limits to entrepreneurship

Uphold public order and safety, peace, and security

II. Sound Credit Profile

Metric	2017	2018	2019	2020	2021	2022	2023 ^{1/}
Credit Rating							
▪ Moody's	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable
▪ S&P	BBB/stable	BBB/positive	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable
▪ Fitch	BBB/stable	BBB/stable	BBB/stable	BBB/stable	BBB/negative	BBB/negative	BBB/stable
Real GDP Growth Rate (%), 2018 prices	6.9	6.3	6.1	(9.5)	5.7	7.6	5.6
GDP Per Capita (US\$), PPP concept (current prices)	8,199	8,795	9,365	8,467	9,230	10,497	11,335
Inflation Rate ^{2/} (%), 2018 prices	2.9	5.2	2.4	2.4	3.9	5.8	6.0
Fiscal Balance/GDP (%)	(2.1)	(3.1)	(3.4)	(7.6)	(8.6)	(7.3)	(5.7) (Jan-Sep)
Tax Revenue/ GDP (%)	13.6	14.0	14.5	14.0	14.1	14.6	14.7 (Jan-Sep)
National Government Interest Payments/ Revenues (%)	12.6	12.3	11.5	13.3	14.3	14.2	15.9 (Jan-Nov)
General Government Debt/GDP (%)	34.9	34.4	34.1	48.1	53.4	54.2	N/A
Gross International Reserves (US\$ bn)	81.6	79.2	87.8	110.1	108.8	96.1	103.8
Import Cover (months) ^{3/}	7.8	6.9	7.6	12.3	9.7	7.2	7.8
Overseas Filipinos' Cash Remittances (US\$ bn)	28.1	28.9	30.1	29.9	31.4	32.5	33.5
Foreign Direct Investments (US\$ bn)	10.3	9.9	8.7	6.8	12.0	9.4	7.6 (Jan-Nov)
Current Account/GDP (%)	(0.7)	(2.6)	(0.8)	3.2	(1.5)	(4.5)	(3.5) (Jan-Sep)
External Debt/GDP (%)	22.3	22.8	22.2	27.2	27.0	27.5	28.1 (end-Sep)

^{1/}Preliminary data

^{2/}Note: Starting 2022, the Philippine Statistics Authority (PSA) adjusted the base year from 2012 to 2018, reflecting the changing household consumption patterns of Filipinos.

^{3/}Number of months of average imports of goods and payment of services and primary income that can be financed by reserves. Starting 2005, data are based on IMF's Balance of Payments and International Investment Position Manual, 6th Ed concept.

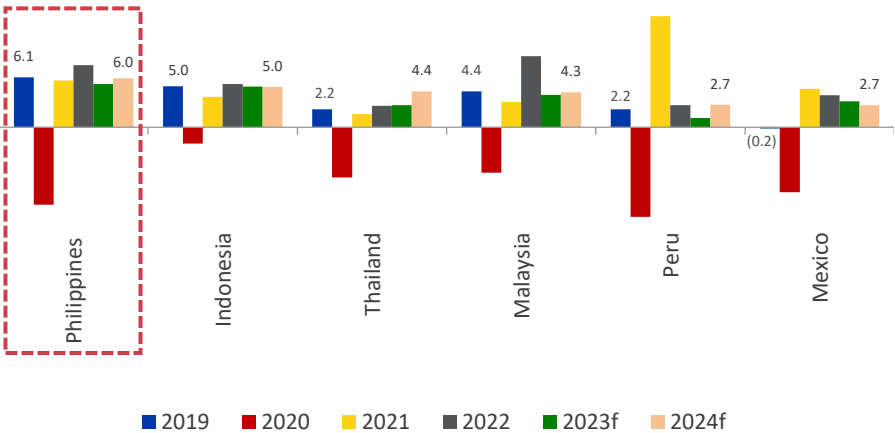
Source: Philippine Statistics Authority (PSA), BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

II. Sound Credit Profile

Competitive Even Among Higher-Rated Peers

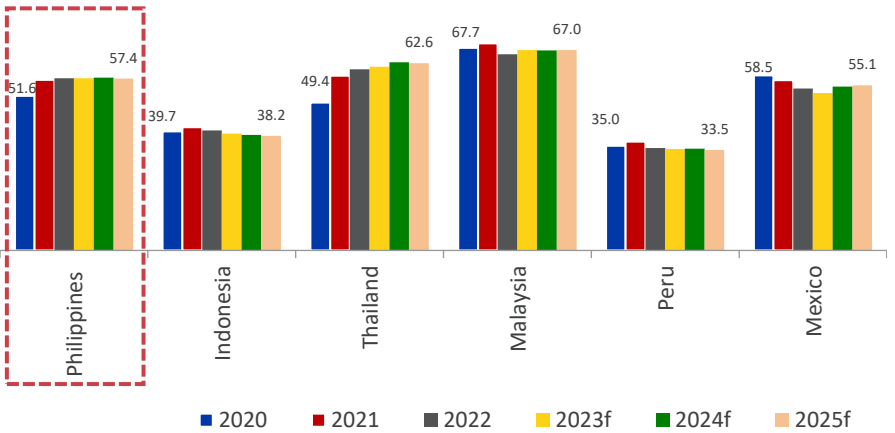
Highest growth outlook among peers

GDP growth (%)



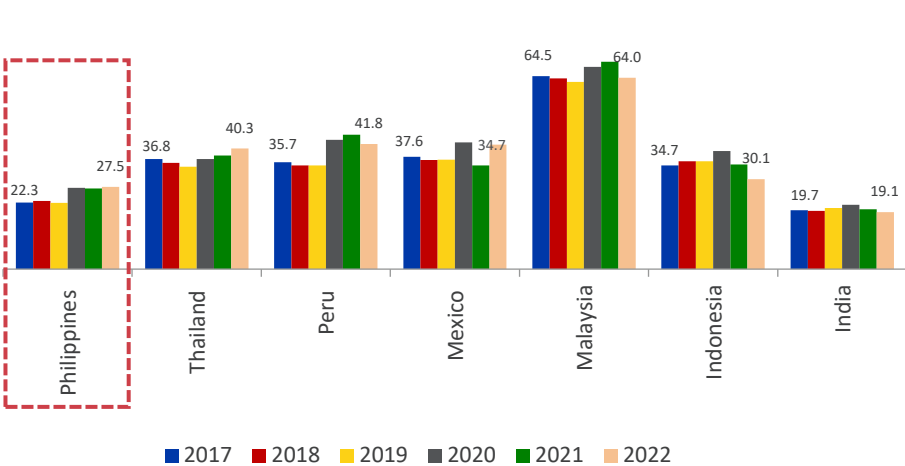
Debt burden remains manageable

General Government gross debt (% of GDP)



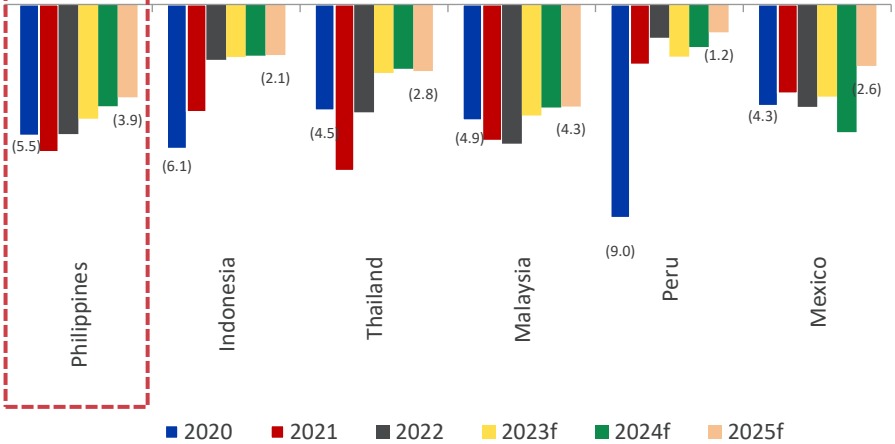
Low external debt

External Debt (% of GDP)



Sound fiscal position post pandemic

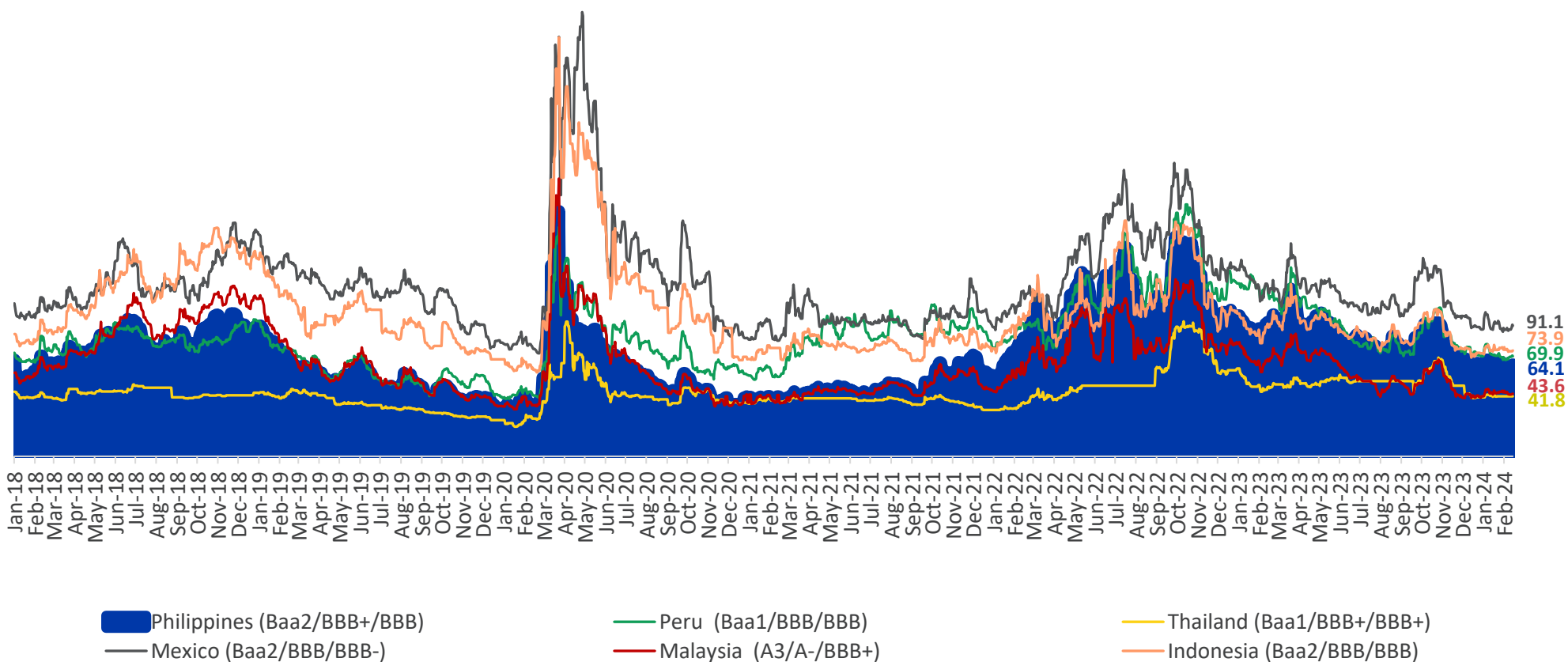
General Government fiscal balance (% of GDP)



II. Sound Credit Profile

Investor Confidence in the Philippines' Sound Credit Quality

5-year Sovereign CDS spreads (in basis points)^{1/}

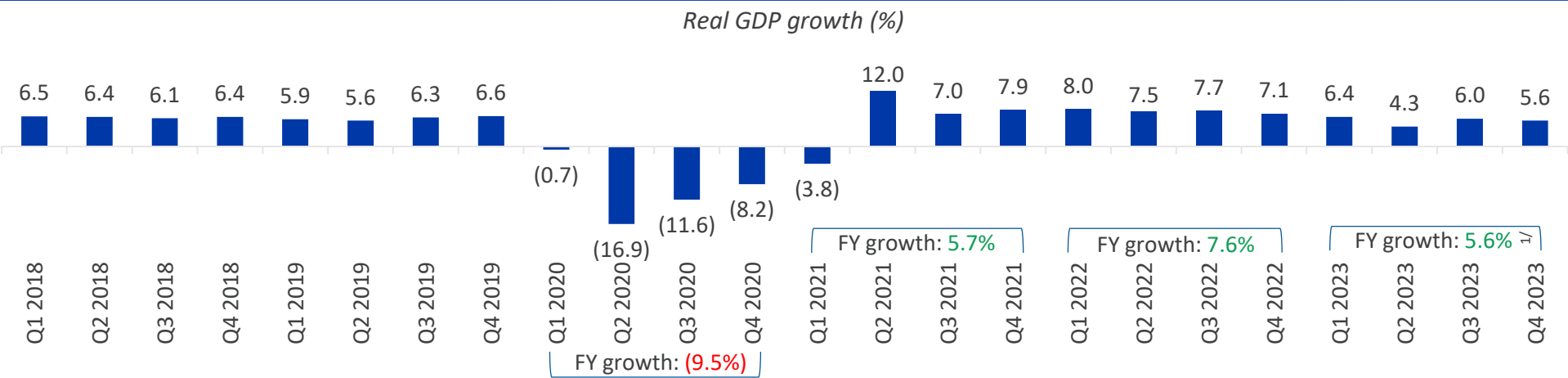


^{1/} Data as of 14 February 2024, 6:00 pm
Rating: Moody's/S&P/Fitch ratings
Source: Bloomberg

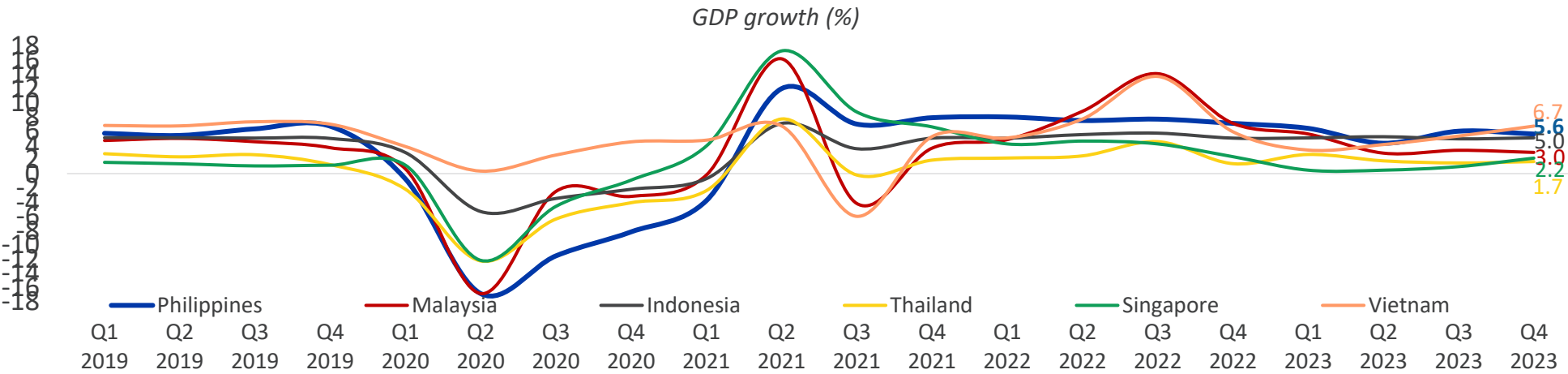
III. Strong Economic Recovery and Reform Momentum

Sustained Economic Growth Momentum

Roadmap for robust growth anchored on sound macroeconomic fundamentals



Philippines remains one of fastest growing economies in Southeast Asia



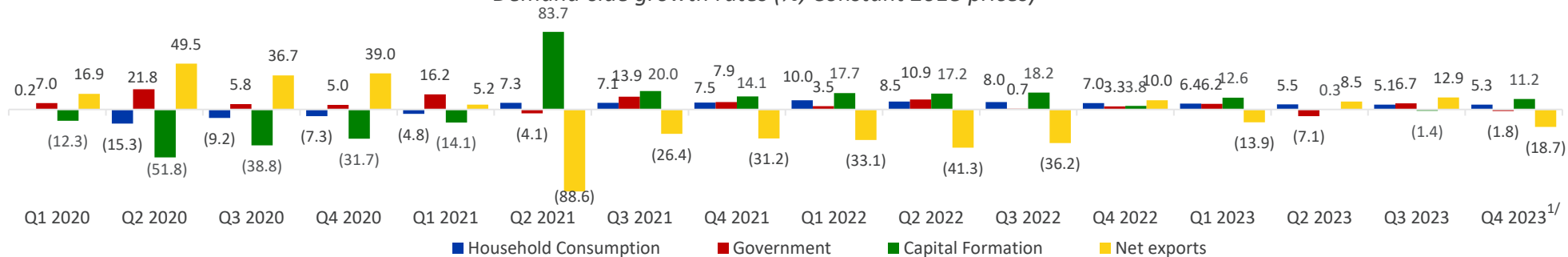
1/Preliminary data as of 31 January 2024
Source: Philippine Statistics Authority (PSA), National Economic and Development Authority (NEDA), Bloomberg
Note: GDP figures use 2018 as base year

III. Strong Economic Recovery and Reform Momentum

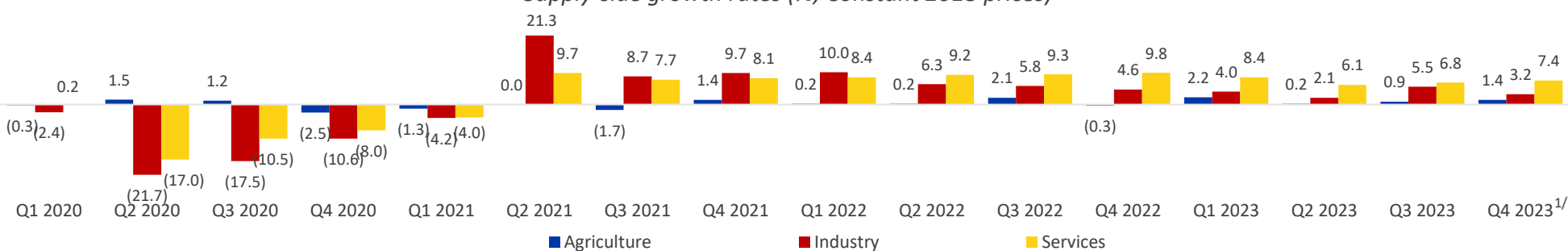
Resilient Growth of Major Economic Sectors

Improvement of employment conditions, investments, and tourism-related spending remain drivers of growth

Demand-side growth rates (% , Constant 2018 prices)

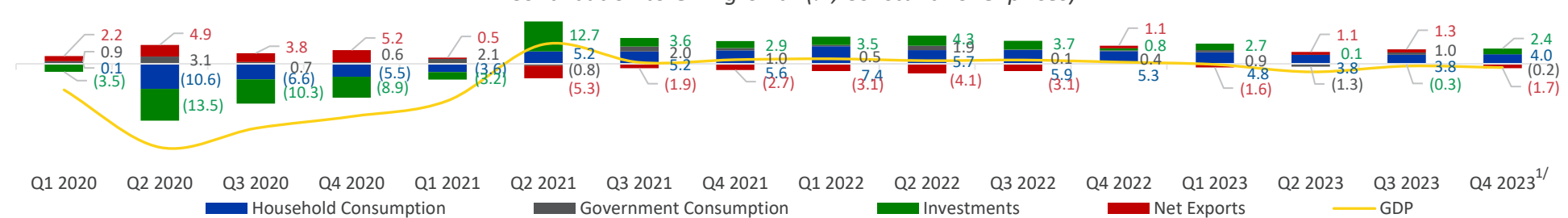


Supply-side growth rates (% , Constant 2018 prices)



Robust domestic demand fuels economic growth

Contribution to GDP growth (% , Constant 2018 prices)



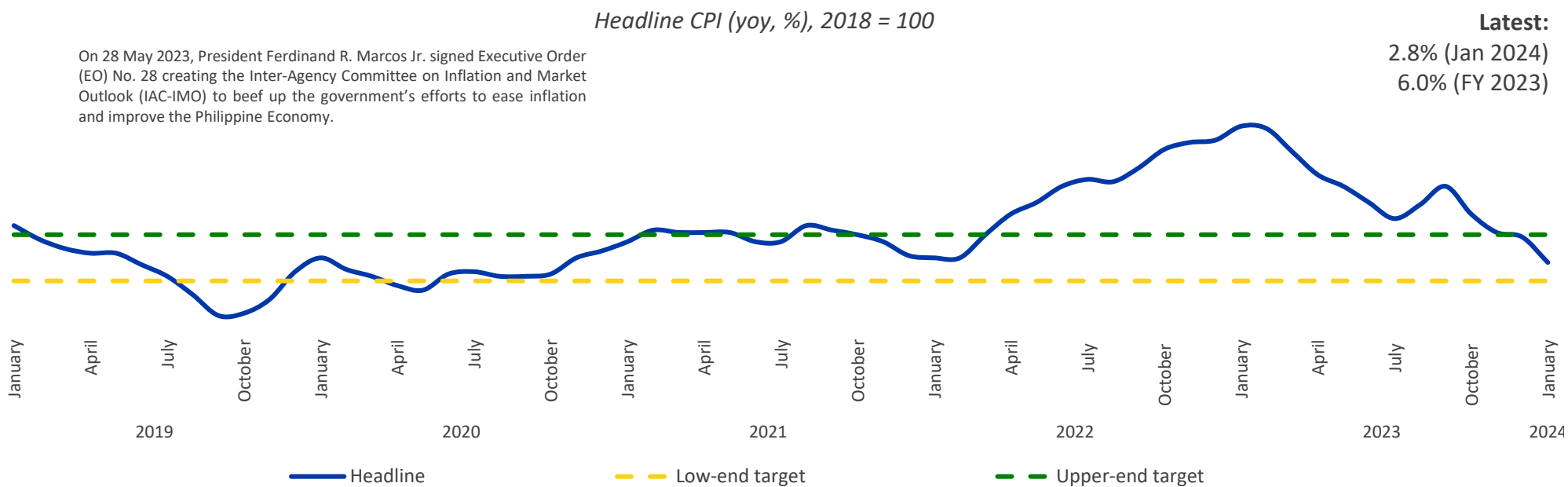
^{1/}Preliminary data as of 31 January 2024

Sources: NEDA, PSA

Note: Numbers may not add up due to rounding; PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

III. Strong Economic Recovery and Reform Momentum

Inflation Continued to Ease Manageable inflation environment

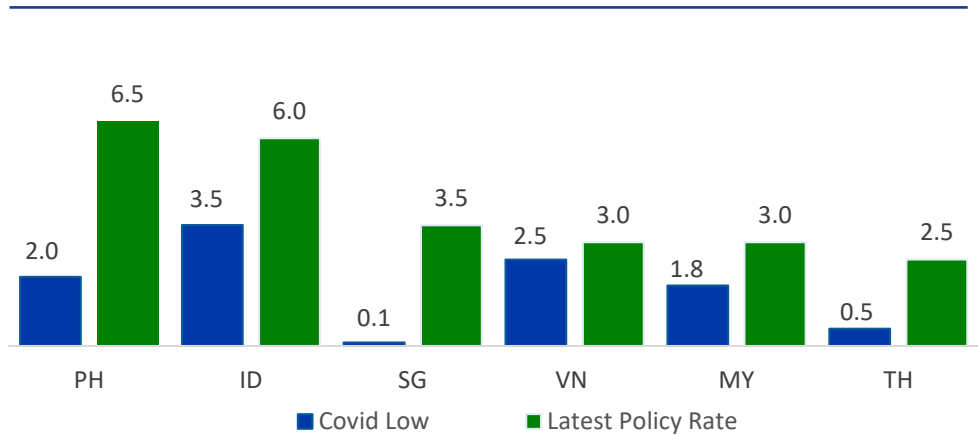


- Headline inflation averaged 6.0% in 2023. Inflation dropped further to 2.8% year-on-year in January 2024 from 3.9% in December 2023 as domestic supply conditions improve. Latest inflation outturn is within the Government's average inflation target range of 2.0-4.0% for the year.
- In the latest policy meeting on 15 February 2024, the Monetary Board (MB) decided to maintain BSP's Target Reverse Repurchase (RRP) Rate at 6.50%. The MB noted that the outlook for inflation was broadly unchanged. The latest risk-adjusted inflation forecast for 2024 eased to 3.9% from 4.2% in the previous meeting in December. For 2025, the risk-adjusted inflation forecast is relatively steady at 3.5% from 3.4%. The BSP's latest survey of external forecasters shows inflation expectations to be more firmly anchored, with mean forecasts remaining within the target range for both 2024 and 2025. Meanwhile, the risks to the inflation outlook have receded but remain tilted toward the upside. In consideration of the prevailing risks, the MB deems it appropriate to keep the BSP's monetary policy settings unchanged in the near term amid the improvement in inflation conditions. The BSP also continues to support the National Government's non-monetary measures to address supply-side pressures on prices and sustain the disinflation process. The BSP remains ready to adjust monetary policy settings as necessary in keeping with its primary mandate to safeguard price stability.

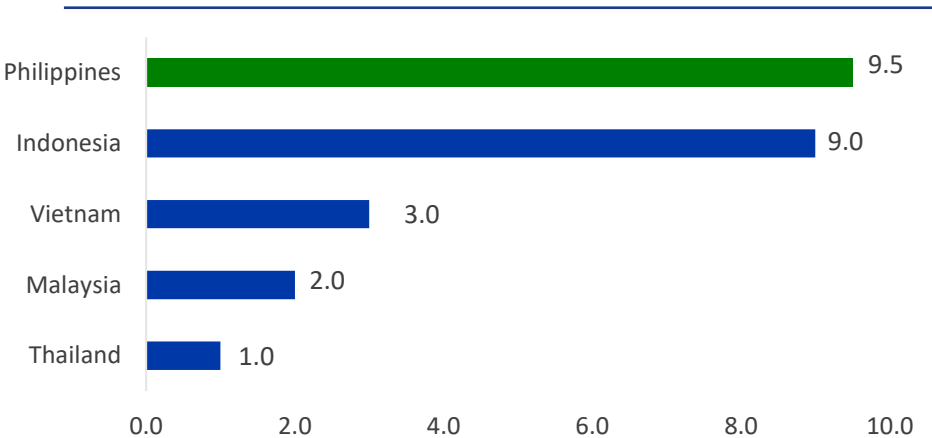
III. Strong Economic Recovery and Reform Momentum

Bringing Inflation Back Toward a Target Consistent Path Over the Medium-Term

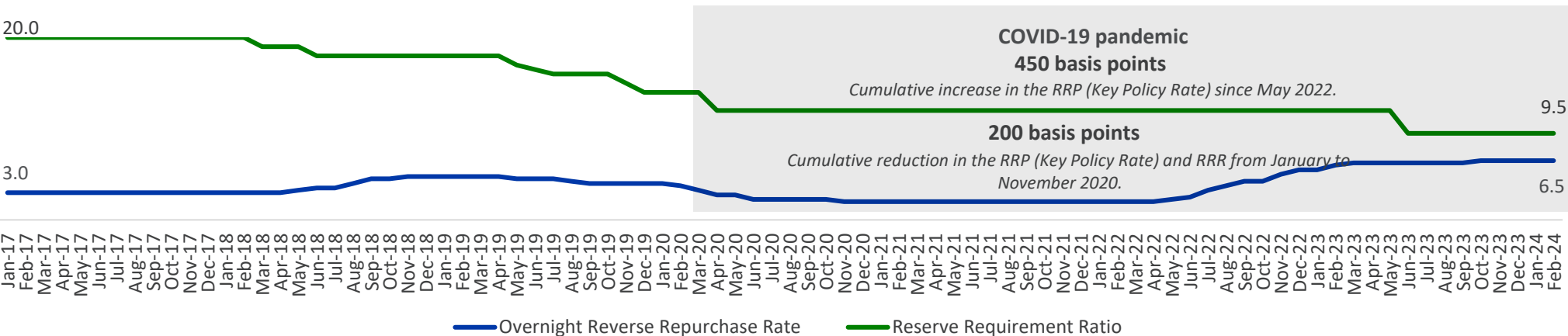
Central Bank Policy Rates (%)



Reserve Requirement Ratio (%)^{1/}



Overnight Reverse Repurchase Rate vis-à-vis Reserve Requirement Ratio (%)



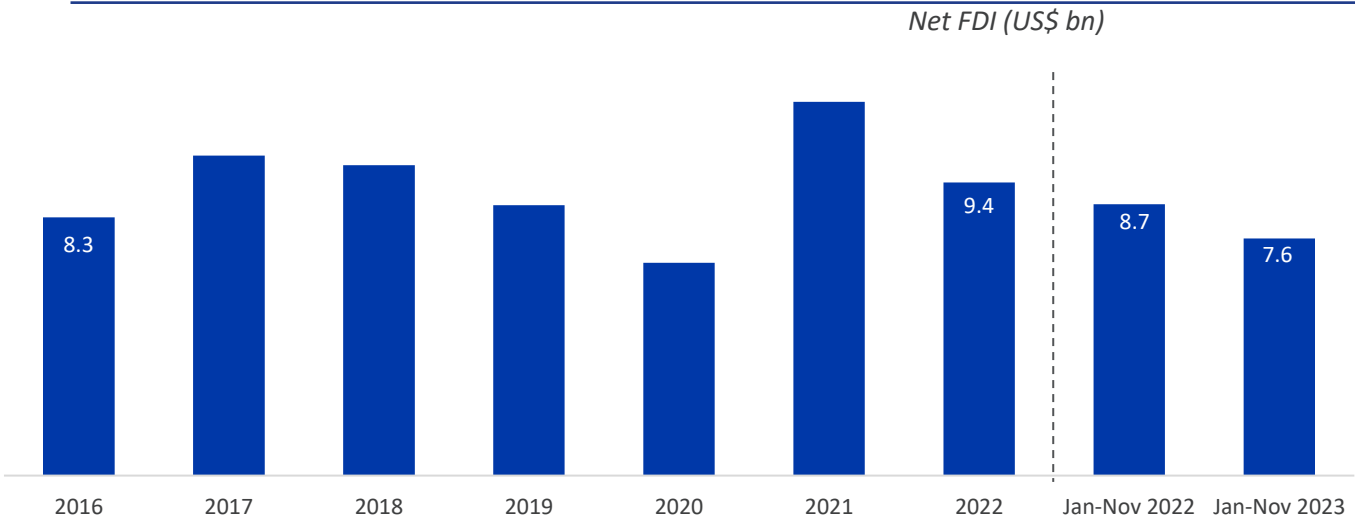
1/ Effective 30 June 2023, the BSP implemented a 250-bps reduction of the RRR for Universal and Commercial Banks to 9.5% from 12.0%.

Source: BSP, CEIC, Central Bank Websites

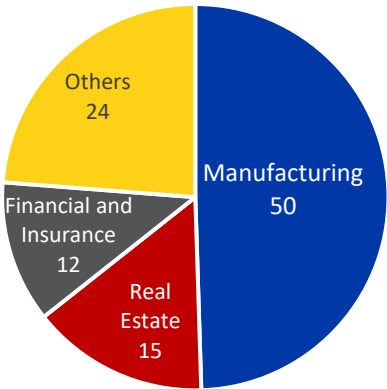
III. Strong Economic Recovery and Reform Momentum

Sustained Investment Flows

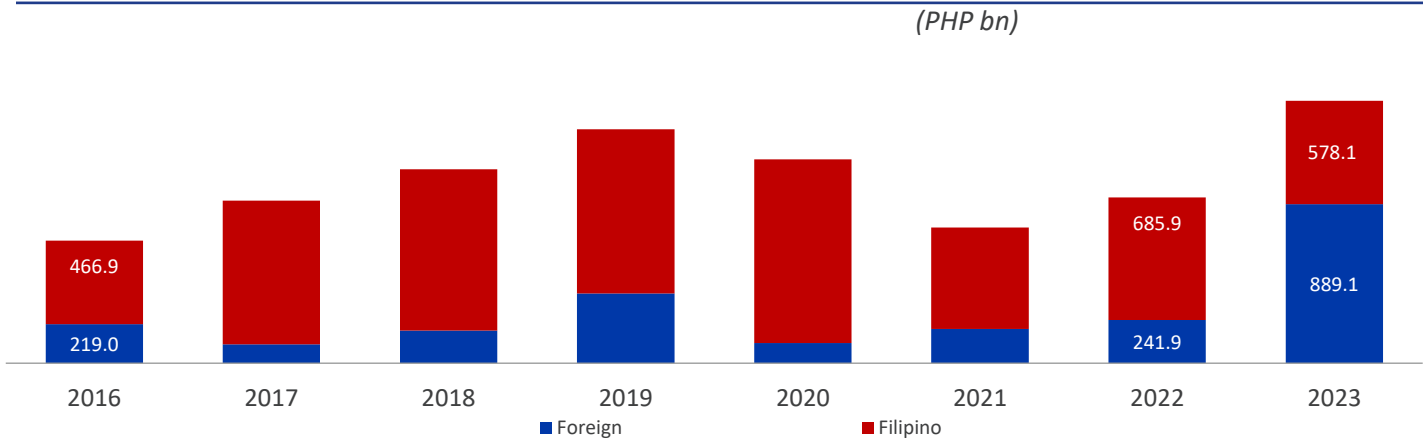
Continued inflows indicate confidence in long-term growth prospects



Top Industries for FDIs¹
(% share, Jan-Nov 2023)



Foreign investment pledges grew by 267.6% year-on-year in 2023



Countries with the highest investment pledges in 2023
(PHP bn)

Germany	394.0
Netherlands	349.9
Japan	57.5

Investment approved by the Philippines' Investment Promotion Agencies – Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), BOI-Autonomous Region of Muslim Mindanao (BOI-ARMM), and Cagayan Economic Zone Authority (CEZA)

Source: BSP, PSA

¹ Refers to gross placements of equity capital only. Details may not add up to total due to rounding.

III. Strong Economic Recovery and Reform Momentum

Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

Amendments to Foreign Investments Act [Republic Act (RA) No. 11647]

Key Amendment:			Other salient provisions:	
Foreign investors can have 100% ownership of micro and small domestic enterprises with a paid-in equity capital of at least US\$100,000 but not equal to or more than US\$200,000, provided that:			Allow for more foreign participation in the country's industries*	
Investment involves advanced technology as certified by the Department of Science and Technology (DOST); or	Investment on startups or startup enablers as certified by the Department of Information and Communications Technology (DICT) or Department of Trade and Industry (DTI) or DOST; or	Investment where majority of the direct employees are Filipinos and that the number of Filipino direct hires is at least fifteen (15) as certified by the Department of Labor and Employment (DOLE)	Creation of the Inter-Agency Investment Promotion Coordination Committee tasked to integrate all promotion and facilitation efforts to encourage foreign investments in the country	
			Crafting of comprehensive and strategic Foreign Investment Promotion and Marketing Plan for the medium and long term	
			Establishing an updated database tool to promote investment and business-matching in the local supply chain	
			Understudy or Skills Development Program designed to transfer technology or skills by designating at least two (2) understudies per foreign national employed	

*unless participation is prohibited or limited by the Constitution and existing laws or the 12th Foreign Investment Negative List
Source: Official Gazette

III. Strong Economic Recovery and Reform Momentum

Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

Amendments to Public Service Act (RA 11659) and Retail Trade Liberalization Law (RA 11595)

Amended Public Service Act

Allows up to 100% foreign ownership of public services such as:



Telecommunications



Airports



Railways



Shipping



Expressways

List of public utilities in which foreign equity participation is allowed up to 40%:



Distribution of electricity



Transmission of electricity



Petroleum and petroleum products pipeline transmission or distribution systems



Water pipeline distribution systems and wastewater pipeline systems



Seaports



Public utility vehicles

Amended Retail Trade Liberalization Law

Allows for more foreign players in the retail market by lowering minimum paid-up capital for foreign corporations from US\$2.5mn (PHP125mn) to US\$500,000 (PHP25mn) and removing the required net worth, number of retailing branches, and retailing track record conditions

Assistance to small manufacturers by providing Philippine goods and services access to global stores



Designation of a store space as Filipino section

Utilization of locally sourced raw materials in the production of goods



Implementation of other arrangements that will promote locally manufactured products

Use of locally made packaging materials, such as bags, boxes, or containers



III. Strong Economic Recovery and Reform Momentum

Modernizing Industries and Expanding Growth to the Regions

Strategic Investment Priority Plan (Approved in 2022)

Progression of Incentives Based on Industry Tiers

Tier I		Progression of Incentives Based on Industry Tiers		
Activities listed in the 2020 Investment Priorities Plan		Location	Incentives for Exporters	Incentives for Domestic Market
- All qualified manufacturing activities - Innovation drivers - Infrastructure and logistics - Inclusive business models - Renewable energy, among others		National Capital Region (NCR)	4 years of Income Tax Holiday (ITH), 10 years of Enhanced Deductions (ED)/ Special Corporate Income Tax (SCIT)	4 years of ITH, 5 years of ED
		Metropolitan areas or areas contiguous and adjacent to NCR	5 years of ITH, 10 years of ED/SCIT	5 years of ITH, 5 years of ED
		All other areas	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED
Tier II		Progression of Incentives Based on Industry Tiers		
Envisioned to promote a competitive and resilient economy and to fill in gaps in the Philippines' industrial value chains		Location	Incentives for Exporters	Incentives for Domestic Market
- Green ecosystems - Health-related activities - Defense-related activities - Industrial value-chain gaps - Food security-related activities		NCR	5 years of ITH, 10 years of ED/SCIT	5 years of ITH, 5 years of ED
		Metropolitan areas or areas contiguous and adjacent to NCR	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED
		All other areas	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED
Tier III		Progression of Incentives Based on Industry Tiers		
Expected to accelerate the transformation of the economy primarily through the application of research and development and attraction of technology investments		Location	Incentives for Exporters	Incentives for Domestic Market
- Research and development activities, adopting advance digital production technologies of the fourth industrial revolution - Highly technical manufacturing and production of innovative products and services - Establishment of innovation support facilities		NCR	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED
		Metropolitan areas or areas contiguous and adjacent to NCR	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED
		All other areas	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED



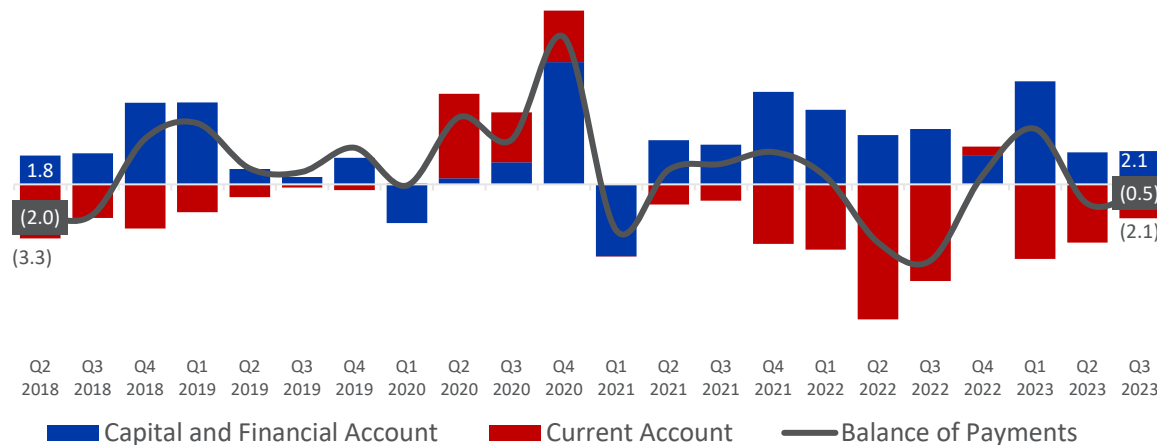
EO 18 s. 2023: Constituting Green Lanes for Strategic Investments is a government-wide response to enhance Ease of Doing Business by expediting, streamlining, and automating processes for Strategic Investments. It complements landmark economic reforms (FIA, PSA, RTLA, and CREATE) and relaxed foreign equity participation in renewable energy sector.

IV. Robust External Accounts

Manageable Balance of Payments Position

Balance of Payments

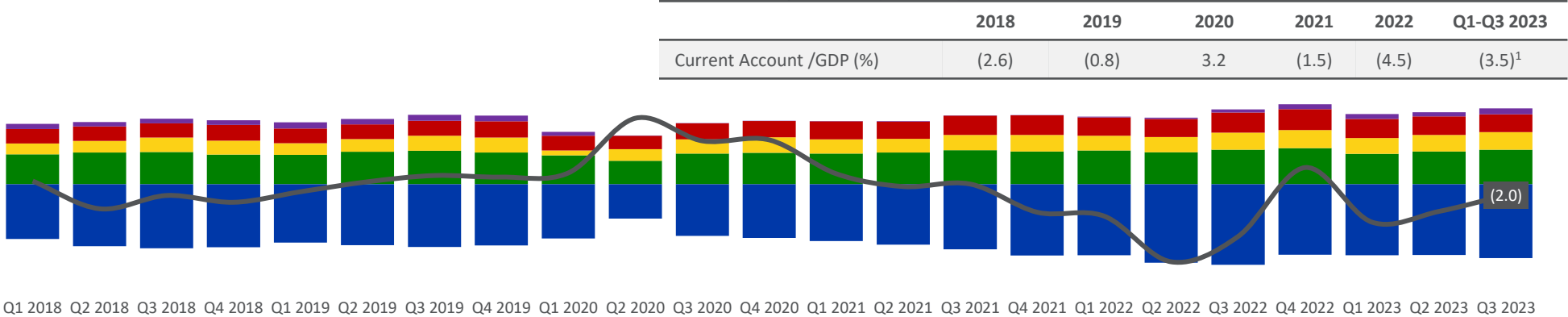
Balance of Payments Components (US\$ bn)



	2018	2019	2020	2021	2022	Q1-Q3 2023
Capital and Financial Account	9.4	8.2	7.0	6.5	12.9	10.5
Current Account	(8.9)	(3.0)	11.6	(5.9)	(18.1)	(10.9)
Overall Balance of Payments Position	(2.3)	7.8	16.0	1.3	(7.3)	1.7
						3.7 FY2023

Current Account

Current account components (US\$ bn)



	2018	2019	2020	2021	2022	Q1-Q3 2023
Current Account /GDP (%)	(2.6)	(0.8)	3.2	(1.5)	(4.5)	(3.5) ¹

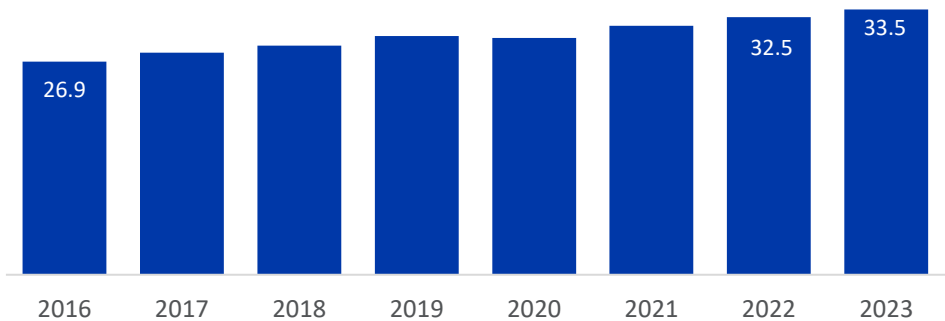
^{1/} Preliminary
Source: BSP

IV. Robust External Accounts

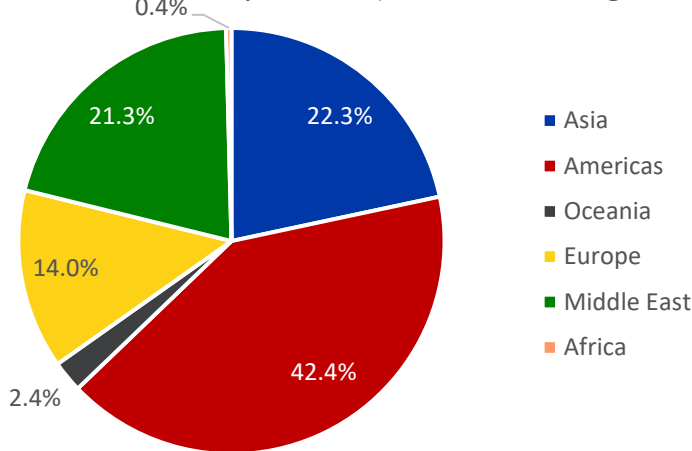
Structural Current Account Inflows Support the Balance of Payments

Remittance flows resilient amid the pandemic

OFs' cash remittances (US\$ bn)

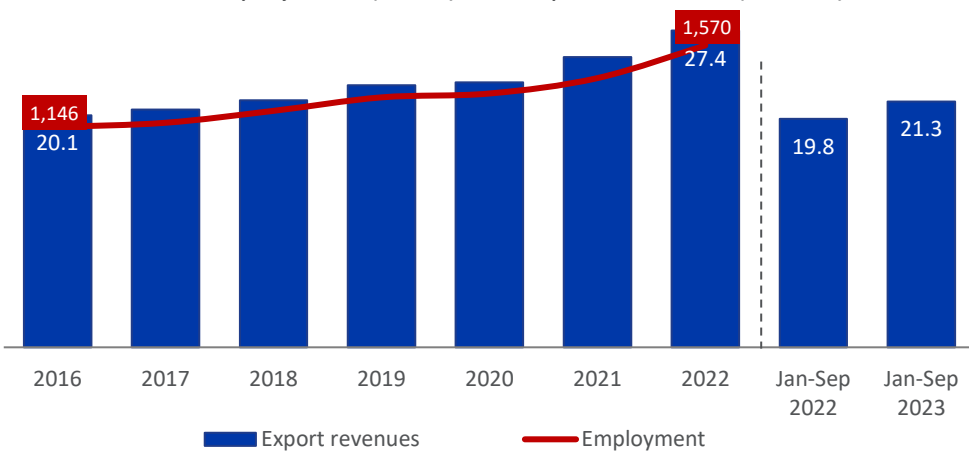


OFs' cash remittances by source* (2012-2023 Average % share to total)



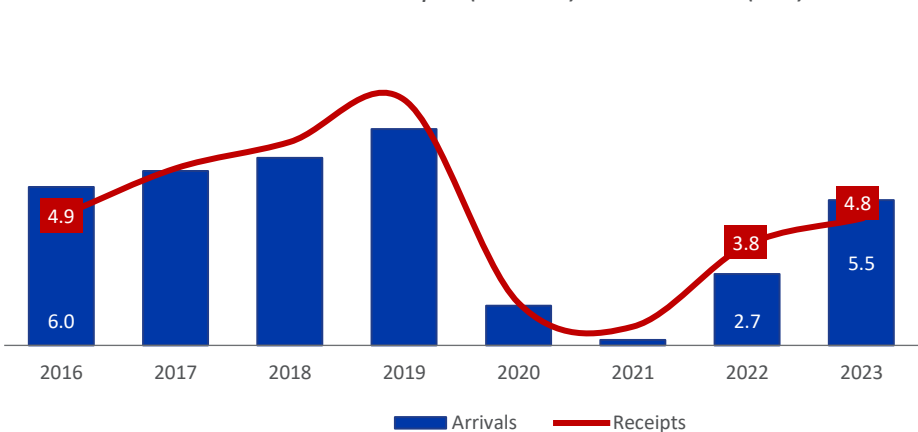
BPO remains a strong driver of employment, export revenues

BPO employment ('000s) and export revenues (US\$ bn)



Tourism industry posts strong rebound post pandemic

International visitor receipts (US\$ bn) and arrivals (mn)



Note: BPO revenues are lodged under technical, trade-related, and other business services and computer services (BOP concept); BPO employment data is from IT and Business Process Association of the Philippines (IBPAP)

Sources: BSP, Department of Tourism (DOT), IBPAP

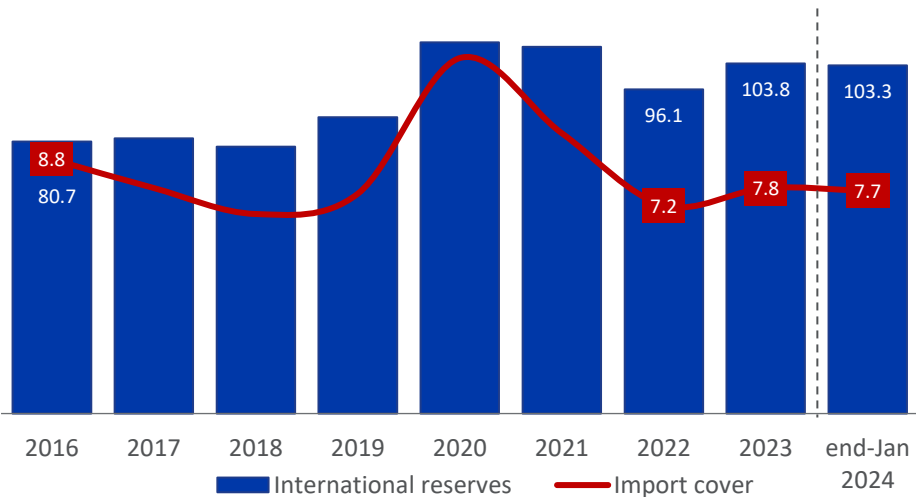
*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

IV. Robust External Accounts

Adequate Buffers Against External Headwinds

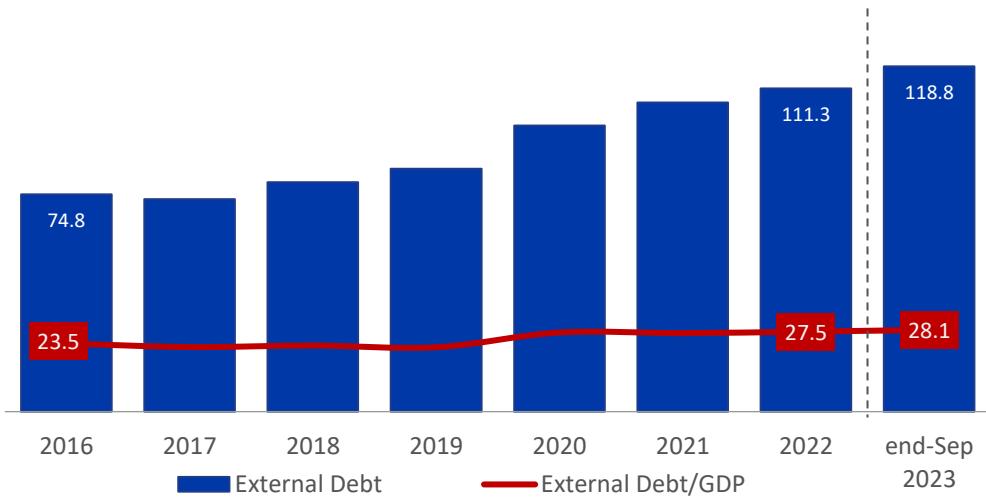
Hefty level of reserves

International reserves (US\$ bn) and months of import cover



Low external debt/GDP ratio

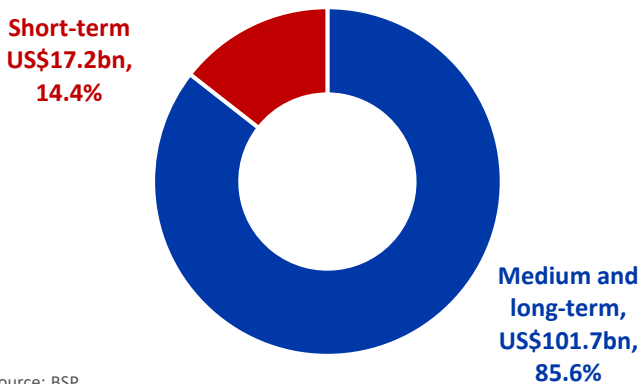
External debt (US\$ bn) and external debt/GDP (%)



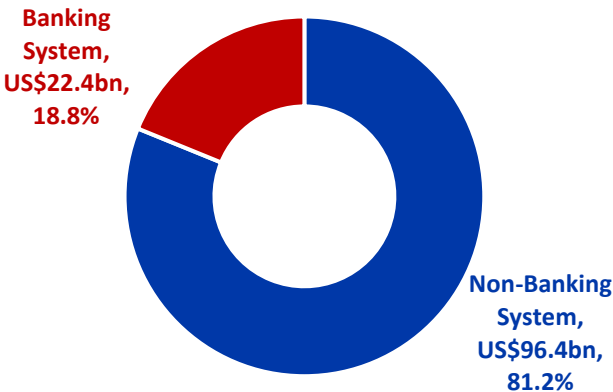
Favorable external debt profile

(as of end-Sep 2023)

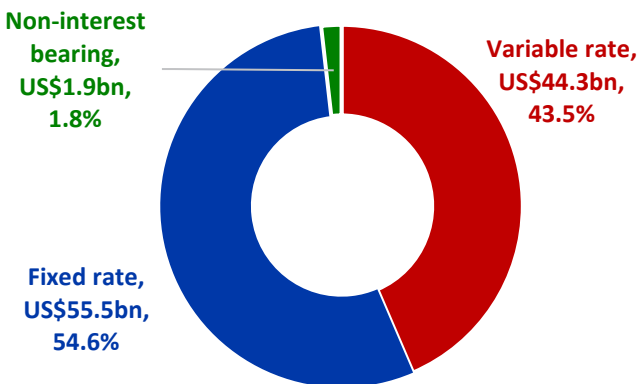
External Debt by Maturity



External Debt by Borrower



External Debt by Interest Type



IV. Robust External Accounts

Opportunities for Regional Trade, Investment to Support External Accounts

Philippines: A strategic point of access to key markets



Critical entry point to over 680mn people in the ASEAN Market

Natural gateway to the East-Asian economies

Situated at the crossroads of international shipping and air lanes

Reachable within 3-4 hours by plane within most countries in Asia

Philippines' Foreign Trade Agreements (FTA)



US: 70% of Philippine exports enter the US duty-free under the US' Generalized System of Preferences (GSP)



EU: duty-free access for 6,274 tariff lines under GSP+ Program; the Philippines is the only ASEAN country with GSP+



ASEAN Free Trade Area, comprising Brunei Darussalam, Laos, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam, has lower intra-regional tariffs of 0-5%



ASEAN Partners: China, South Korea, Japan, India, Australia-New Zealand, and Hong Kong



European Free Trade Association (EFTA): Switzerland, Norway, Iceland, and Liechtenstein



PH-South Korea Free Trade Agreement (for signing): Includes tariff reductions and technical cooperation on smart farming, film production and EVs

Regional Comprehensive Economic Partnership (RCEP)

Ratified by the Philippines on 21 February 2023 and entered into force on 02 June 2023

Philippine Institute for Development Studies (PIDS) research found that Philippines and Vietnam are the top gainers of RCEP deal

RCEP is expected to open markets for 92% of Philippines' products

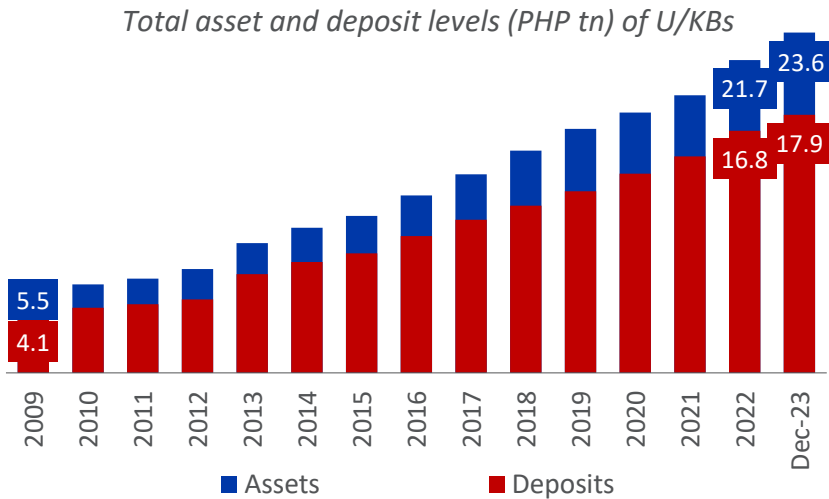
Improves export competitiveness of the Philippines' key products of interests, such as agricultural products, automotive parts, and garments

Improves levels of market access; provides a specific chapter for MSMEs; includes simplified and business-friendly customs procedure for trade; enhanced cooperation on e-commerce

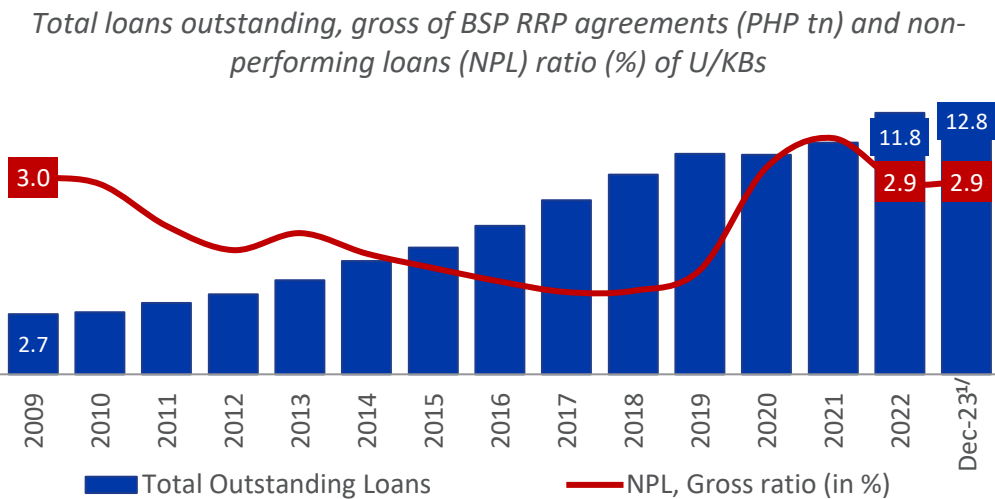
Provides a platform to encourage more investments and service providers in vital sectors, such as manufacturing, creative sectors, financial services, research and development, IT-BPO, and energy, among others

V. Stable and Resilient Banking System

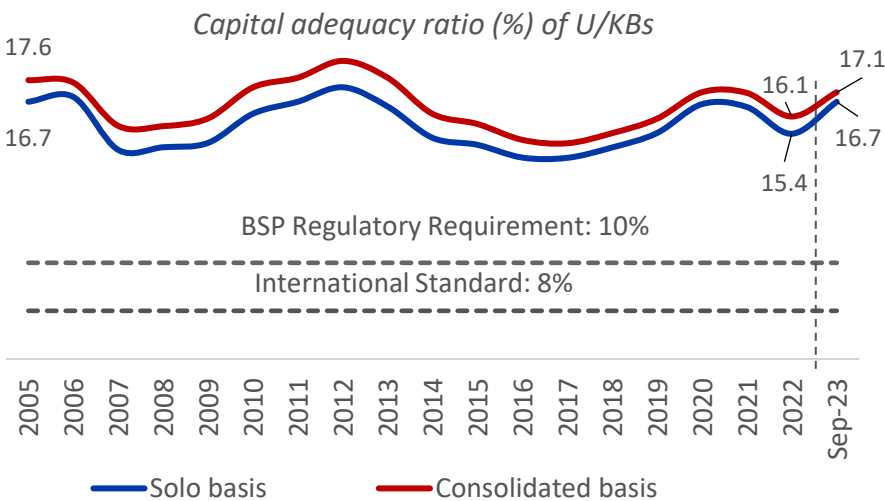
Strong asset expansion is supportive of recovering loan demand



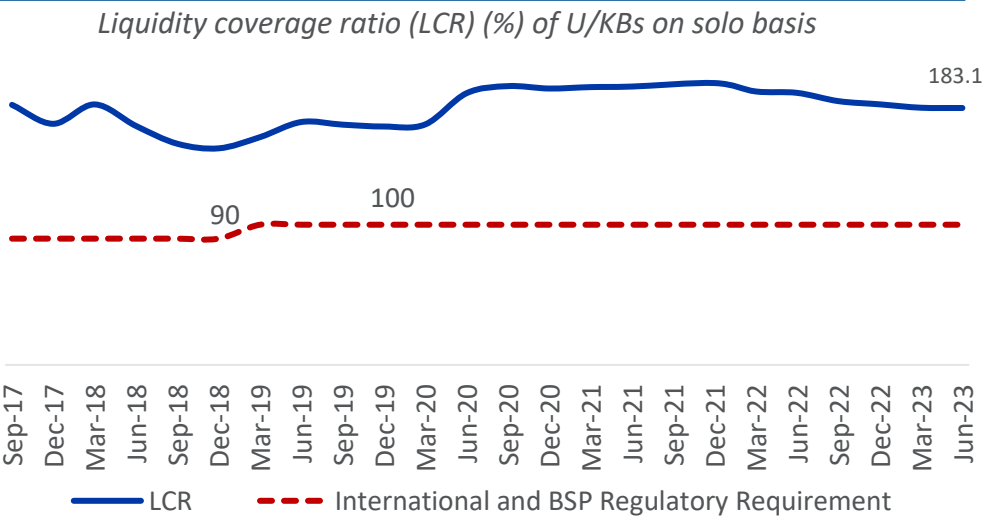
Improving loan demand and paying capacity amid labor market expansion



Strong capitalization well above international norms



Strong liquidity position to fund requirements during shocks



1/ Preliminary as of 8 January 2024
Source: BSP
Note: U/KBs – Universal and Commercial Bank

V. Stable and Resilient Banking System

Enabling Islamic banking reforms unlock greater financial inclusion for inclusive growth

RA 11439, An Act Providing for the Regulation and Organization of Islamic Banks

Prudential regulations provide an enabling regulatory environment and a level playing field for Islamic banking



- Guidelines on the Establishment of Islamic Banks (IBs) and Islamic banking Units (IBUs), Circular No. 1069, Series of 2019
- Shari’ah Governance Framework for IBs and IBUs, Circular No. 1070, Series of 2019
- Guidelines on the Management of Liquidity Risk by IBs and IBUs, Circular No. 1116, Series of 2021
- Guidelines for Reporting Islamic Banking and Finance Transactions/Arrangements, Circular No. 1139, Series of 2022
- Modified Minimum Capitalization of Conventional Banks with IBU, Circular No. 1173, Series of 2023



Monetary Board approved the issuance of the first Islamic banking unit license to a conventional bank, bringing the total number of Islamic banking players in the country to 2.

Whole-of-Government Approach



Nationwide capacity-building programs and awareness campaigns— virtual and in-person briefings and information sessions—have increased engagement with potential new players.

Islamic banking is seen to expand the Philippines’ financial inclusion agenda, particularly in the Bangsamoro Autonomous Region in Muslim Mindanao, the most unbanked region in the country.

Opportunities for Investments in Islamic Finance

Financial Inclusion



Unbanked Regions



Global Investors



VI. Strong Foundation for Digital Payments

Enabling environment for a safe, efficient, and reliable payment systems

- National Payment Systems Act or RA 11127 provides a legal and regulatory framework to support the BSP in fulfilling its enhanced mandate of ensuring that payment systems function safely, efficiently, and reliably
- Amendments to the New Central Bank Act or RA 11211 empower the BSP to oversee payment and settlement systems, including critical financial market infrastructure

Regulatory approach

- *Registration and licensing framework of digital banks and virtual asset service providers. Approval of six (6) digital banks is expected to promote market efficiency and expand a broad range of financial services aimed at acceleration of financial digitalization*
- *Adoption of Payment System Oversight Framework (PSOF) as the second leg of the National Payment Systems Act (NPSA)*
- *Regulatory Sandbox Framework to foster an enabling environment for responsible innovation aimed at promoting the development of an inclusive digital financial ecosystem, complemented by a sound risk management system*
- *Consumer protection and digital literacy*

Digital Payments Transformation Roadmap 2020-2023 to transform the Philippines from a cash-heavy to a cash-lite economy

Goals, objectives, policy initiatives



70% of Filipino adults to have transaction/formal accounts by 2023

65% in 2022 from 56% in 2021 and 29% in 2019



50% of financial transactions done digitally by 2023

42.1% in 2022 from 10% in 2018

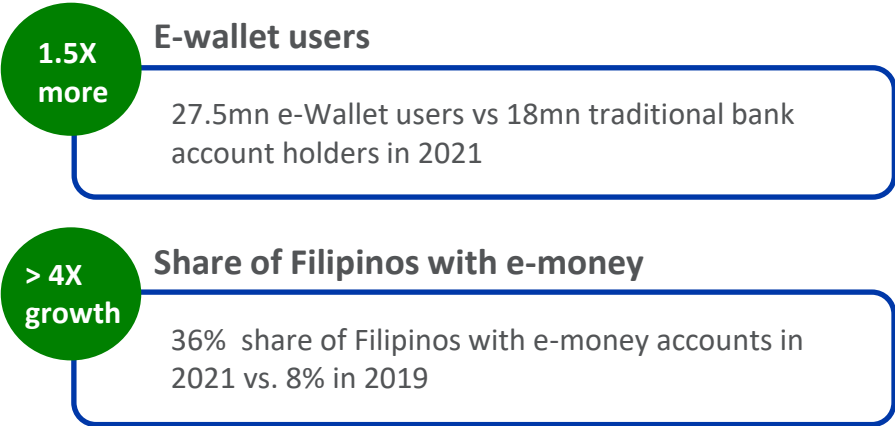
- More innovative digital financial products and services, enabled by a digital ID (Philippine Identification System), and supported by the Payments and Settlements System for real-time processing of financial transactions

VI. Strong Foundation for Digital Payments

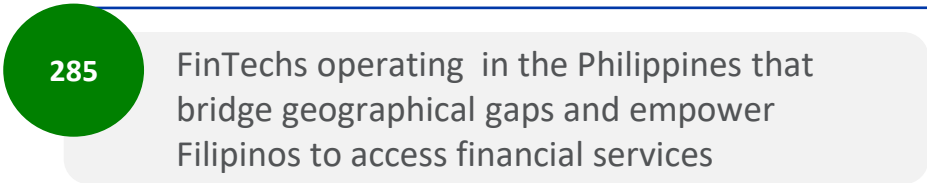
Roadmap anchored on Three Pillars for the development of the Next Generation Payment Settlement System

Digital Payments Streams	Digital Finance Infrastructure	Digital Governance Standards
- Catalyze broader adoption of digital payments among consumers and businesses - QR Ph, Paleng-QR Ph Plus, E-Gov Facility (P2G, B2G), Bills Pay, Request to Pay, Direct Debit Facilities	- Enhance key infrastructure that supports the expansion of an inclusive, digital payments ecosystem - National ID System – PhilSys, PhilPaSS, Open banking	- Promote responsible digital innovations - Open Banking and Application Programming Interfaces Standards, Adoption of ISO 20022 Standards, Cybersecurity Policies and Measures, Use of Data Policy

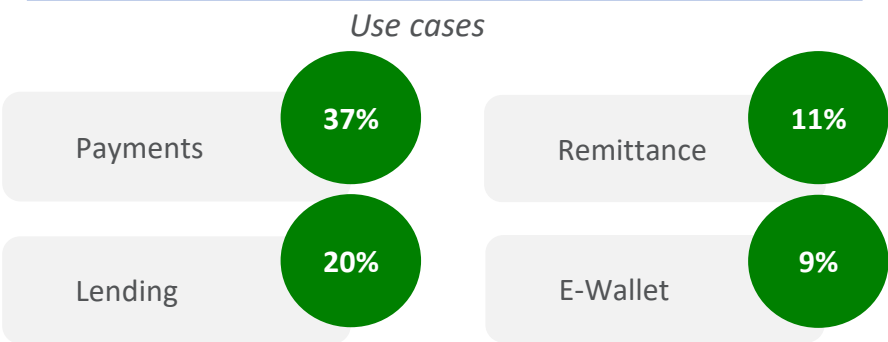
Growth in E-Money Accounts



Financial technology drives digital payments and financial inclusion



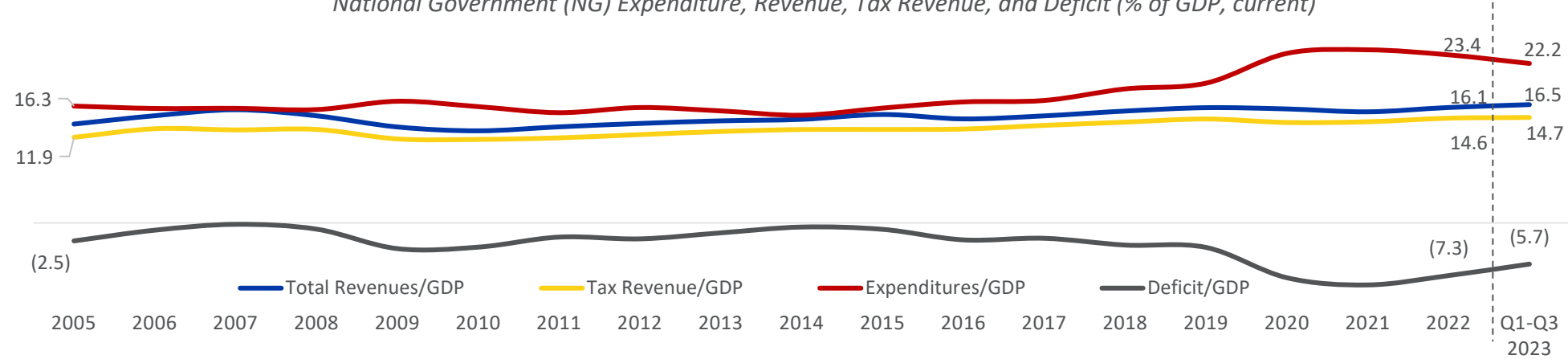
Top FinTech Categories



VII. Sound Government Finances

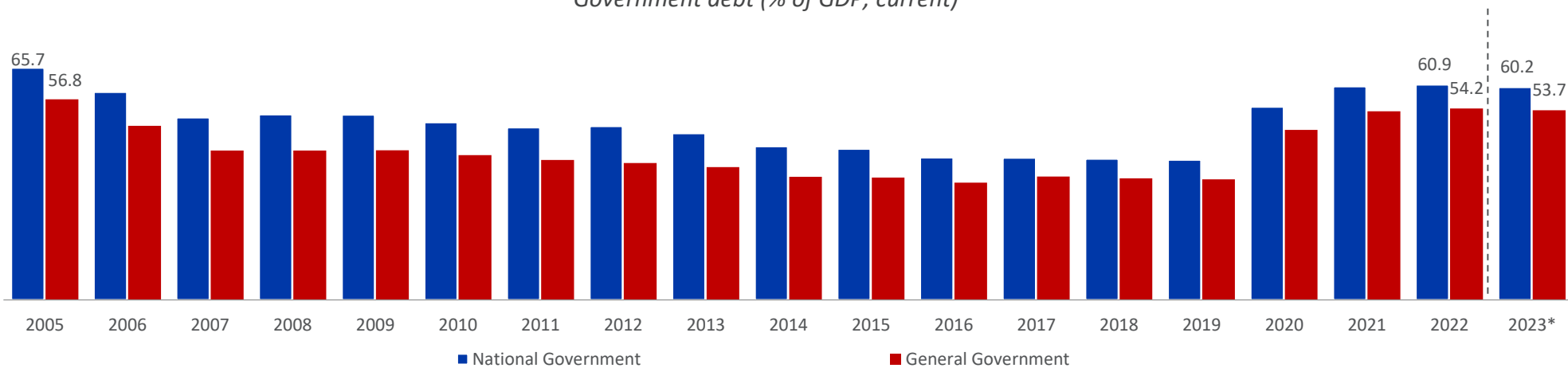
Long history of prudent fiscal management strengthens government’s financial position

National Government (NG) Expenditure, Revenue, Tax Revenue, and Deficit (% of GDP, current)



Debt remains manageable, fiscally viable through prudent and strategic debt management

Government debt (% of GDP, current)



* General Government Debt preliminary estimate as of end-September 2023

Sources: DOF, Bureau of the Treasury

VII. Sound Government Finances

Enhanced tax collection efficiency due to implementation of comprehensive tax and administration reforms is a pillar for recovery

	Actual	Actual	Actual	Actual	Outlook	Actual	Program
	2019	2020	2021	2022	2023	Jan-Nov 2023	2024
Particulars	PHP bn						
Revenues	3,137.5	2,856.0	3,005.5	3,545.5	3,846.7	3,564.0	4,235.3
% of GDP	16.1	15.9	15.5	16.1	15.7	16.5 (Jan-Sep)	15.5
Tax Revenues	2,827.7	2,504.4	2,742.7	3,220.3	3,504.3	3,182.1	4,048.0
% of GDP	14.5	14.0	14.1	14.6	14.3	14.7 (Jan-Sep)	14.8
Non-tax Revenues	309.6	351.3	262.5	325.1	342.4	381.4	187.3
% of GDP	1.6	2.0	1.4	1.5	1.4	1.7 (Jan-Sep)	0.7
Expenditures	3,797.7	4,227.4	4,675.6	5,159.6	5,340.2	4,675.2	5,630.0
% of GDP	19.5	23.5	24.1	23.4	21.8	22.2 (Jan-Sep)	20.6
Surplus/(Deficit)	(660.2)	(1,371.4)	(1,670.1)	(1,614.1)	(1,493.5)	(1,111.1)	(1,394.7)
% of GDP	(3.4)	(7.6)	(8.6)	(7.3)	(6.1)	(5.7) (Jan-Sep)	(5.1)

- The fiscal program reflects a gradual increase in revenue collections fueled by continued implementation of existing tax measures and tax administration reforms, bolstered by robust economic growth. The deficit in 2022 was 7.3% of GDP, lower than the previous year's 8.6%, and projected to decline further to 5.1% in 2024.
- The Philippines is leveraging its strong track record of revenue improvement and prudent expenditure management to return to fiscal consolidation (i.e., to reduce deficit and debt stock accumulation) in the medium-term.

N/A – Not Available

Source: DBM, BTr, DOF, Medium-Term Fiscal Program approved during 186th DBCC Meeting last 15 December 2023

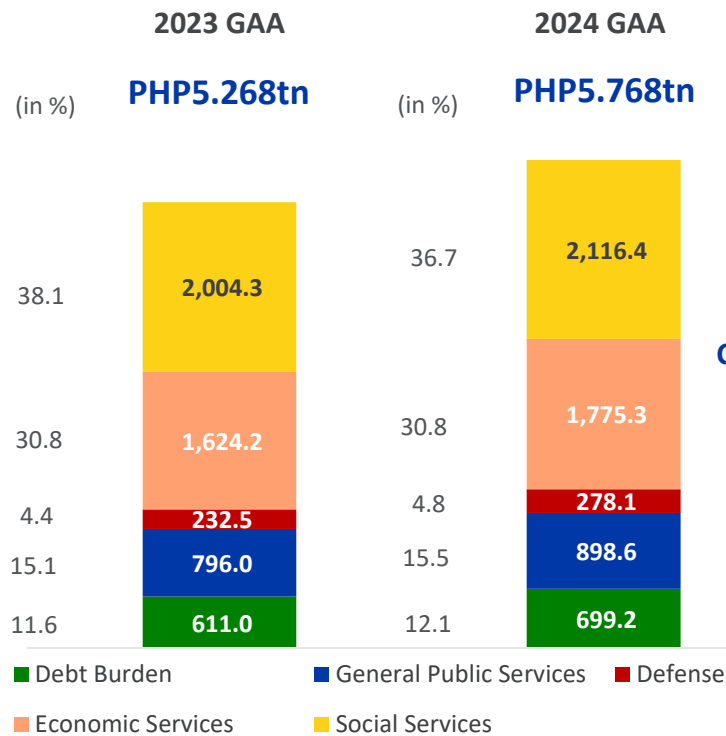
VII. Sound Government Finances

2024 National Budget

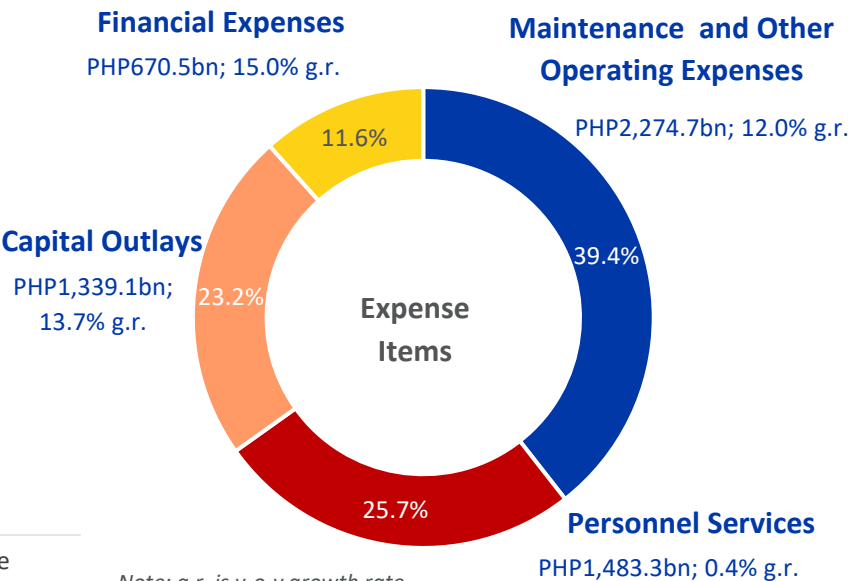
Agenda for Prosperity: Securing a Future-Proof and Sustainable Economy

- Crafted with the Medium-Term Fiscal Framework as the blueprint, the PHP5.768tn National Budget embodies the expenditure priorities and policy directions under the 8-point Socioeconomic Agenda of the Marcos Jr. Administration. It aims to secure a future-proof and sustainable vibrant economy for the Philippines as envisioned by the Philippine Development Plan 2023-2028. The 2024 national budget is 9.5% higher than the 2023 budget and equivalent to 21.7% of GDP.

2023 GAA vs 2024 NEP by Sector, PHP bn and % share



2024 GAA by Expense Class, PHP bn, % Share and growth rate (in %)



Note: g.r. is y-o-y growth rate
Figures may not add up due to rounding off

2024 Priority Sectors in PHP bn

Education	924.7
Public Works	822.2
Health	306.1
Interior and Local Government	259.5
Defense	232.2
Transportation	214.3
Social Welfare	209.9
Agriculture	181.4
Judiciary	57.8
Labor and Employment	40.5

Source: DBM
GAA – General Appropriations Act

VII. Sound Government Finances

Strong Investor Confidence in ROP's Issuances Even During Tighter Global Financial Conditions

Highlights of Transaction^{1/}



JPY55bn

March 2021

3Y First-ever zero-coupon bond transaction in the Samurai market

- Priced at YSO+21bps above benchmark, the tightest spread since ROP's return to the market Notes due 2024



EUR2.1bn

April 2021

Largest and first triple-tranche euro offering

- EUR650mn 0.250% (MS+75bps) Notes due 2025
- EUR650mn 1.200% (MS+105bps) Notes due 2033
- EUR800mn 1.750% (MS+135bps) Notes due 2041



US\$3.0bn

June 2021

Dual-tranche global bonds comprising

- US\$750mn priced at T+60bps (1.95%) Notes due 2032
- US\$2.25bn priced at 3.25% with a coupon of 3.20% Notes due 2046



US\$2.25bn

March 2022



US\$2.25bn first triple tranche Global Bonds, including 25Y notes issued under the Sustainable Finance Framework that marked the ROP's debut Environmental, Social and Governance (ESG) Global Bonds offering

- US\$500mn priced at T+90bps (3.229%) Notes due 2027
- US\$750mn priced at T+125bps (3.556%) Notes due 2032
- US\$1bn sustainability bonds priced at T+165.7bps (4.200%) Notes due 2047



JPY70.1bn

April 2022



First Sustainability samurai bond multi-tranche offering with an ESG label across all four tranches (tenors: 5, 7, 10, 20)

- JPY52bn priced at 0.76% (YMS+60bps) Notes due 2027
- JPY5bn at 0.95% (YMS+70bps) Notes due 2029
- JPY7.1bn at 1.22% (YMS+85bps) Notes due 2032
- JPY6bn at 1.83% (YMS+115bps) Notes due 2042



US\$2.0bn

October 2022



25Y sustainability bonds under the new administration. ESG Bonds comprises 37.5% of the US\$2.0bn global issuance.

- US\$500mn priced at T+120bps (5.170%) Notes due 2027
- US\$750mn priced at T+185bps (5.609%) Notes due 2034
- US\$750mn sustainability bonds priced at 6.100% (5.950%) Notes due 2047



US\$3.0bn

January 2023



Triple tranche Global Bonds, including a 25Y sustainability notes marking the Republic's 4th G3 ESG bond offering

- US\$500mn priced at T+105bps (4.625%) Notes due 2028
- US\$1.25bn priced at T+145bps (5.00%) Note due 2033
- US\$1.25bn sustainability bonds priced at T+180.2bps with a coupon of 5.50% Notes due 2048



US\$1bn

November 2023

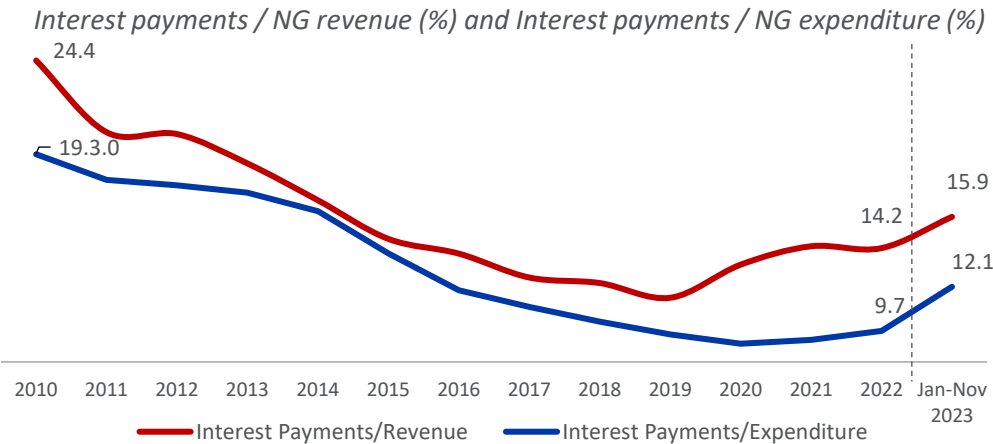
US\$1bn maiden 5.5Y dollar Sukuk utilizing real estate assets under Ijara and Wakala, together with a Commodity Murabaha aspect

- Priced at T+80bps with a profit rate of 5.045% Certificates due 2029

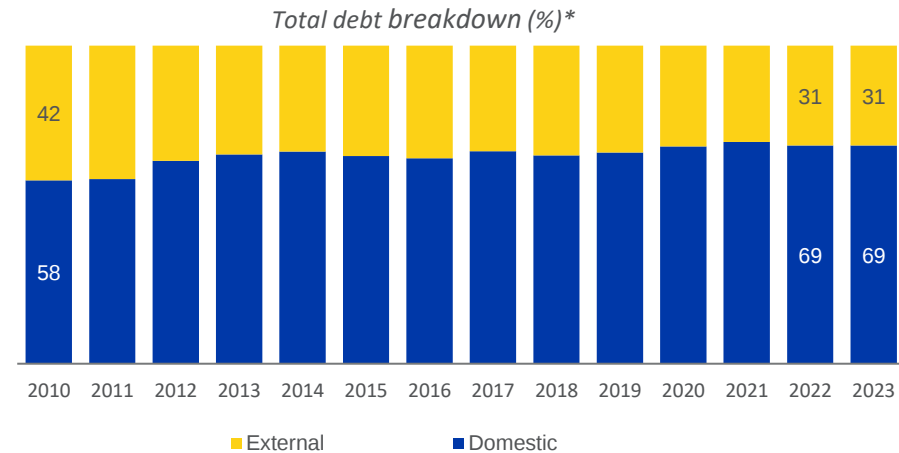
VII. Sound Government Finances

Sustainable Debt Profile Supported by Diversified Sources of Financing

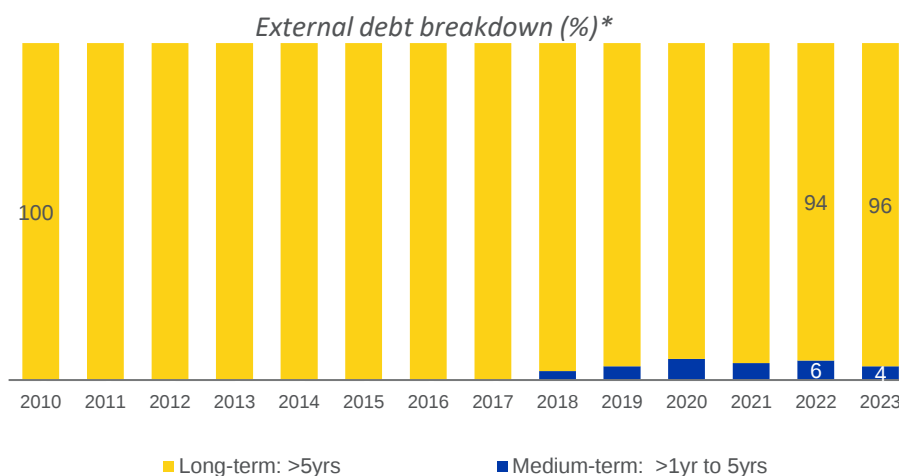
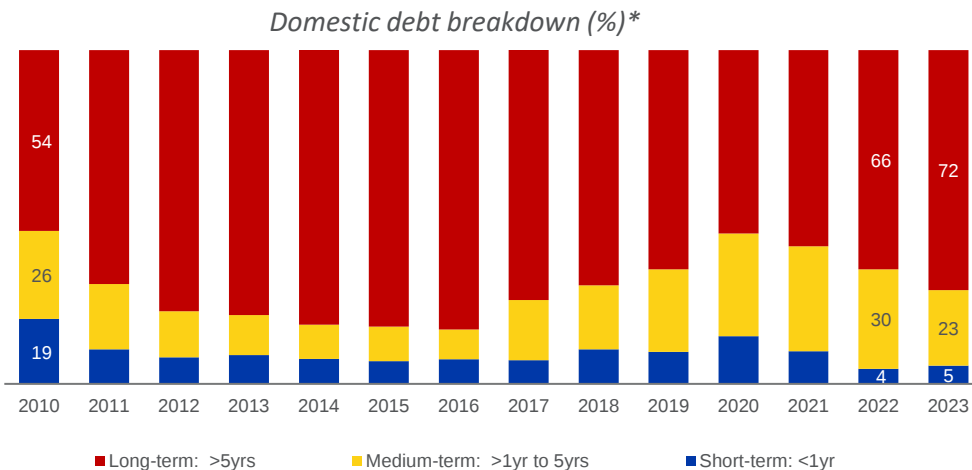
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space



Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks



Long-dated debt profile reduces refinancing risk



Source: Bureau of the Treasury
*National Government Outstanding Debt

VII. Sound Government Finances

Strong Bias for Domestic Sources of Financing to Minimize FX Risks

Strategic Financing Program

Particulars	2015	2016	2017	2018	2019	2020	2021 ^{a/}	2022	2023 Program	2024 Program
	(PHP bn)									
Gross Borrowing	609.6	507.0	901.7	897.6	1,015.8	2,652.5	2,549.7	2,163.5	2,207.0	2,460.0
External	189.5	149.5	168.1	303.1	321.9	742.4	568.7	520.1	553.5	606.9
<i>Program Loans</i>	<i>72.0</i>	<i>35.6</i>	<i>35.1</i>	<i>80.4</i>	<i>78.2</i>	<i>375.2</i>	<i>166.1</i>	<i>136.6</i>	<i>279.2</i>	<i>295.4</i>
<i>Project Loans</i>	<i>28.2</i>	<i>18.8</i>	<i>33.4</i>	<i>34.0</i>	<i>58.0</i>	<i>49.1</i>	<i>110.2</i>	<i>120.7</i>	<i>54.3^{b/}</i>	<i>36.0^{b/}</i>
<i>Bonds and other inflows</i>	<i>89.4</i>	<i>95.1</i>	<i>99.6</i>	<i>188.7</i>	<i>185.7</i>	<i>318.1</i>	<i>292.3</i>	<i>262.8</i>	<i>220.0^{c/}</i>	<i>275.0^{c/}</i>
Domestic	420.1	357.5	733.5	594.5	693.8	1,910.1	2,010.6	1,643.4	1,653.5	1,853.2
<i>Treasury Bills</i>	<i>(17.3)</i>	<i>23.5</i>	<i>26.4</i>	<i>179.9</i>	<i>(8.1)</i>	<i>463.3</i>	<i>(153.3)</i>	<i>(385.8)</i>	<i>54.1</i>	<i>51.1</i>
<i>Fixed Rate T-bonds</i>	<i>437.4</i>	<i>334.0</i>	<i>707.1</i>	<i>414.5</i>	<i>702.0</i>	<i>1,446.8</i>	<i>2,163.9</i>	<i>2,029.2</i>	<i>1,599.4</i>	<i>1,802.1</i>
Financing Mix (Domestic: External)	69:31	71:29	81:19	66:34	68:32	72:28	78:22	76:24	75:25	75:25

Note: Figures may not add up due to rounding off

^{a/} Based on BTr actual data reported in the revised version of Cash Operations Report

^{b/} Based on BTr estimates of disbursements

^{c/} Based on actual peso proceeds of issued bonds and BTr estimate of remaining issuance for 2023

Source: Bureau of the Treasury, DBM BESF 2024

VII. Sound Government Finances

Major Tax Reforms Fund Economic Recovery Programs, Attract Investments

TRAIN and Sin Tax Collections
(in PHP bn)

Tax Measure	2018	2019	2020	2021	2022	TOTAL
TRAIN Law	68.4	130.7	107.2	171.0	216.5	693.7
Sin Tax Laws*	N/A	N/A	31.5	52.9	65.3	149.7

N/A – not applicable

*RA 11346 or “Increasing Excise Tax on Tobacco Products, Heated Tobacco Products and Vapor Products” and RA 11467 or “Increasing sin taxes (i.e., excise tax on alcohol, heated tobacco products and e-cigarettes) for Universal Health Care (UHC)”

Projects granted with tax incentives by the Fiscal Incentives Review Board

As of 31 December 2023, a total of 50 projects have been granted tax incentives by the Fiscal Incentives Review Board. The total investment capital for these projects amounted to PHP819.088bn or equivalent to US\$14.692bn.** Projects granted with tax perks include mass housing, operations of a subway project, operations of a domestic roll-on/roll-off vessel, establishment of connectivity facilities for high-speed broadband services, industrial zone operation with activities in support of exporters, telecommunications and telecom infrastructure, Liquefied Natural Gas (LNG) storage and a regasification facility, data center expansion, manufacturing of semiconductors, hotel accommodation, general hospital, electric vehicle charging stations, manufacturing of cement, steel bars, semiconductors, motor vehicles, trailers and semi-trailers, solar wafer cells, wire harness of automobile projects, manufacturing and assembly of reducer gears for robotic application and home appliances, production of canned meat products, dressed chicken, personal care products, among others.

Source: DOF, Bureau of Internal Revenue, Bureau of Customs, Fiscal Incentives Review Board
**Foreign exchange rate used PHP55.75/US\$1 (DBCC approved FOREX assumption for 2023 as of 15 Dec 2023)

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Largest fiscal stimulus for enterprises in the country’s history

Provides an estimated US\$2bn of tax relief annually to the corporate sector to sustain employment or use for investments

Provides hefty corporate income tax rate cuts

Gives immediate 10-percentage points tax cut for MSMEs (from 30% to 20%) and 5-percentage points reduction for all other corporations (from 30% to 25%)

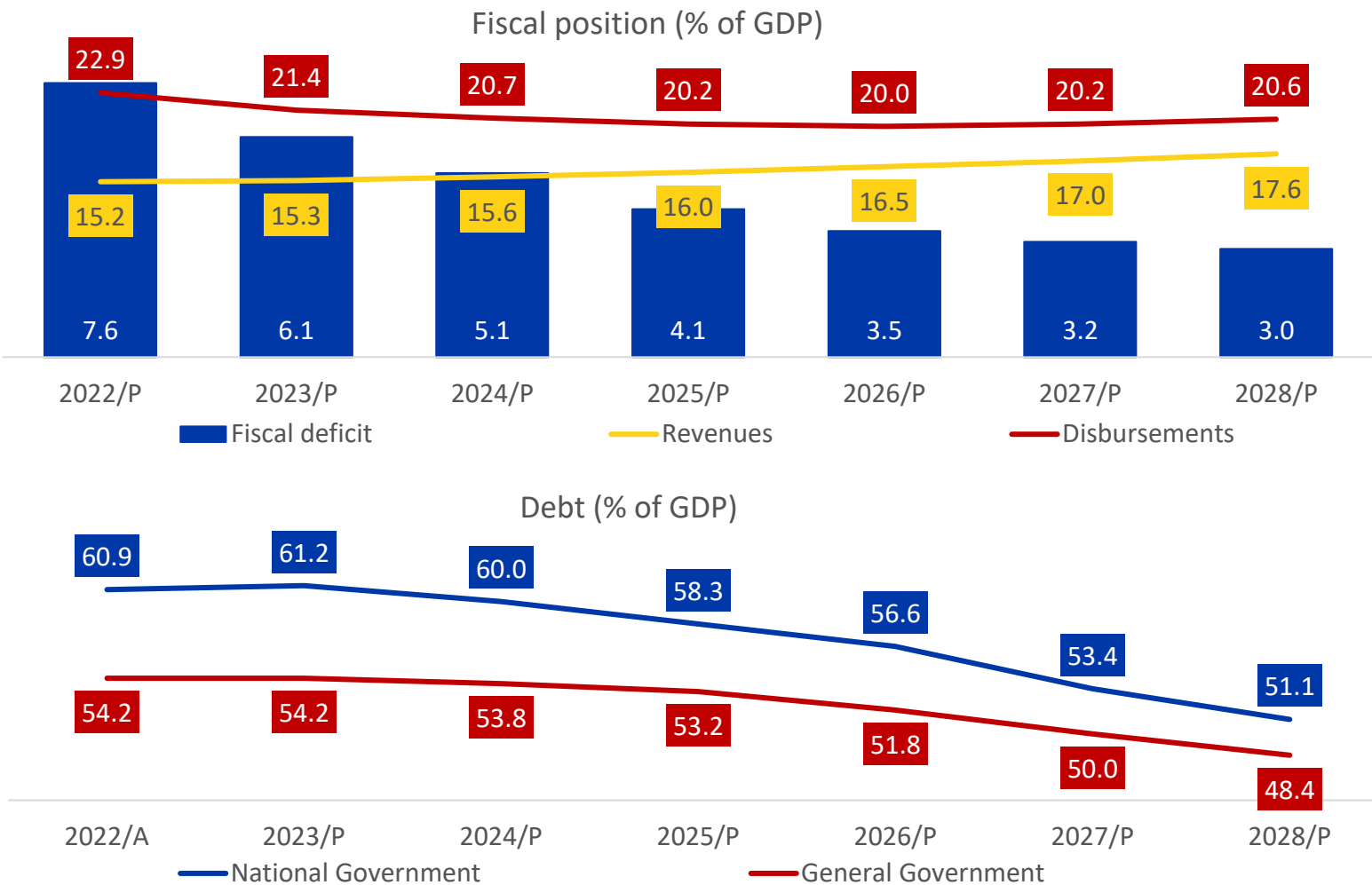
Provides more flexibility in the grant of fiscal and non-fiscal incentives

Rationalizes fiscal incentives, creating an enhanced incentive package that is performance-based, time-bound, targeted, and transparent.

VII. Sound Government Finances

Medium-Term Fiscal Framework and Priority Measures to Enhance Fairness and Efficiency of the Tax System

Medium-Term Fiscal Framework Targets

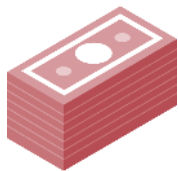


Source: Medium-Term Fiscal Framework, BTr
A – Actual; P- Program/Projection
Note: GG debt estimates are unofficial estimates of the BTr

VII. Sound Government Finances

Medium-Term Fiscal Framework and Priority Measures to Enhance Fairness and Efficiency of the Tax System

The Medium-Term Fiscal Framework serves as the blueprint to guide the consolidation process:



Reduce the fiscal deficit



Promote fiscal sustainability



Enable robust economic growth

Priority Measures under the Framework



1. Promote efficient tax administration through digitalization

- *Ease of Paying Taxes Act (RA 11976) signed by the President on 5 January 2024*



2. Implement measures that will help tax system catch up in the digital economy

- *VAT on Digital Service Providers*



3. Introduce tax measures that will promote environmental sustainability to address climate change

- *Imposition of tax on single-use plastics*
- *Study carbon taxation*



4. Pursue the remaining tax reform packages

- *Package 3: Real Property Valuation Reform*
- *Package 4: Passive Income and Financial Intermediary Taxation Reform (PIFITA)*

5. Other measures:

- *Tax on pre-mixed alcohol*
- *Rationalization of fiscal mining regime*
- *Motor Vehicles Road Users tax*

VII. Sound Government Finances

Maharlika Investment Fund (MIF)

RA 11954 or the *Maharlika Investment Fund Act of 2023* signed by the President on 18 July 2023 addresses the need of the State to preserve and use government financial assets to generate optimal returns to support infrastructure development agenda of the government, create jobs, promote investments, foster technological transformation, strengthen connectivity, achieve energy, water and food security and support the government’s poverty reduction efforts by sustaining the economy’s growth trajectory and ensuring sustainable development, with the end in view of promoting efficient intergenerational management of wealth.

OBJECTIVE OF THE FUND

The objective of the MIF is to **promote socio-economic development**. This will be achieved by making key and priority investments in key sectors to preserve and enhance the long-term value of the Fund; to obtain the optimal absolute return and achievable financial gains on its investments; and to satisfy the requirements of liquidity, safety/security, and yield to ensure profitability.

ALLOWABLE INVESTMENTS

- 
 1. Cash, foreign currencies, metals, and other tradeable commodities
- 
 2. Fixed income instruments issued by sovereigns, quasi-sovereigns, and supranationals
 3. Domestic and foreign corporate bonds
- 
 4. Listed or unlisted equities, whether common, preferred, or hybrids
- 
 5. Islamic investments, such as Sukuk bonds
- 
 6. Joint Ventures or Co-Investments; Mergers and Acquisitions
 7. Mutual and Exchange-traded Funds invested in underlying assets
- 
 8. Real estate and infrastructure projects directed toward the fulfillment of national priorities
- 
 9. Programs and projects on health, education, research and innovation, and other such investments that contribute to the attainment of sustainable development
-
 10. Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors, which are contributory to the economic development of the country, or important to the public interest
-
 11. Other investments with sustainable and development impact aligned with the investment policy

- Funds are expected to be initially sourced from the capitalization of the Maharlika Investment Corporation (MIC).
- Government financial institutions (GFIs) and Government-Owned or -Controlled Corporations (GOCCs), except those that manage pension and welfare funds, may invest into the MIF, subject to respective investment and risk management strategies, and board approval.
- Additional investments may be sourced from investments of reputable private and state-owned financial institutions and corporations.
- The MIF is expected to be invested in a strategic and commercial basis to promote fiscal stability for economic development and strengthen the top-performing GFIs through additional investment platforms that will help attain the national government’s priorities.
- Sectors that may potentially be tapped by the MIF are Infrastructure; Oil, Gas, and Power; Agroforestry Industrial Urbanization; Mineral Processing; Tourism; Transportation; and Aerospace and Aviation.^{1/}

GOVERNANCE

- MIF shall be governed by **Board of Directors (BOD)** with 9 members composed of:
- a) The Secretary of Finance as the Chairperson in an ex-officio capacity;
 - b) President and Chief Executive Officer (CEO) of the MIC as Vice-Chairperson;
 - c) President and CEO of Land Bank of the Philippines (LBP);

- d) President and CEO of the Development Bank of the Philippines DBP;
 - e) Two (2) Regular Directors; and
 - f) Three (3) Independent Directors from the private sector.
- The **Advisory Body** is composed of the Secretary of the Department of Budget and Management, the Secretary of the National Economic and Development Authority (NEDA), and the Treasurer of the Philippines.
- Powers and functions:
- a) Advise and assist the Board of Directors in the formulation of general policies related to investment and risk management and other matters to carry out the provisions of the Act;
 - b) Provide guidance on issues pertaining to the plans and projects of the MIC; and
 - c) Recommend Regular and Independent Directors to the President

^{1/} <https://www.dof.gov.ph/maharlika-investment-corporation-holds-inaugural-board-meeting-identifies-potential-sectors-to-tap/>
Source: Senate, House of Representatives, DOF

VII. Sound Government Finances

The **Maharlika Investment Corporation (MIC)** will govern and manage the Maharlika Investment Fund to generate optimal returns on investments (ROIs), while contributing to the overall goal of **reinvigorating job creation and poverty reduction by sustaining the economy’s growth trajectory and ensuring sustainable development**, while adhering to the Santiago Principles and other internationally accepted standards of transparency and accountability.

Capitalization of MIC

PHP500 billion
MIC Authorized Capital

PHP375 billion
Common shares to be subscribed by the National Government (NG), its agencies and instrumentalities, GOCCs or GFIs

PHP125bn initial capitalization of the MIC; breakdown as follows:



Land Bank of the Philippines
PHP50 billion



Development Bank of the Philippines
PHP25 billion



National Government
PHP50 billion

SAFEGUARDS

- The following measures shall ensure the credibility of MIF:
- ✓ Financial reporting in accordance with the relevant International Financial Reporting Standards and principles
 - ✓ An Audit Committee composed of members of the Board to oversee the internal and external audits of the MIC
 - ✓ Internal audit independent from the management of the MIC
 - ✓ External audit conducted by an internationally recognized auditing firm
 - ✓ Examination and audit by the Commission on Audit
 - ✓ Joint Congressional Oversight Committee, composed of seven (7) members each from the House of Representatives and the Senate
 - ✓ Compliance with Santiago Principles

Sources of funding for the National Government contribution of PHP50bn to the Initial Capital



Bangko Sentral ng Pilipinas
100% of BSP’s dividends for the first two years upon the effectivity of the Act, provided it will not exceed the initial PHP50bn contribution of the NG



Philippine Amusement and Gaming Corporation
10% of the national government’s share from PAGCOR income for five years

10% income from gaming operators / regulators



DOF-Privatization and Management Office
Assets identified by the Privatization Council, and proceeds from the privatization of government assets

Other sources
e.g., royalties and / or special assessment from natural resources

PHP125 billion
Preferred Shares



Available for subscription by the NG, its agencies and instrumentalities, GOCCs or GFIs, and other reputable private financial institutions or corporations.

Notes:

1. The Social Security System, Government Service Insurance System, Philippine Health Insurance Corporation, Home Development Mutual Fund, Overseas Workers Welfare Administration, and Philippine Veterans Affairs Office, and other Government Agencies and GOCCs that manage pension and welfare funds shall be absolutely prohibited to contribute to the capitalization of the MIC

2. MIC’s capitalization subscribed by the NG shall **not exceed 51%** of the authorized capital stock.

VIII. Infrastructure Program

Building on a Solid Foundation for Infrastructure Development

The government is committed to continue and further expand the “Build, Build, Build” program

Build Better More

Infrastructure investment will be sustained at 5% to 6% of GDP annually from 2022-2028

The Build Better More program will help ensure the country's sustainable, robust, and inclusive growth.

3,770

Infrastructure programs/activities/projects (PAPs)^{1/} (PHP17.3tn)

198

Infrastructure Flagship Projects ^{2/} (IFP) (PHP8.8tn)

IFP by Sector^{3/}

123 Physical Connectivity

44 Water Resources

15 Agriculture

6 Health

5 Digital Connectivity

1 Power and Energy

4 Other Infra

Status of IFP Implementation^{3/}

1 completed

72 ongoing implementation

30 approved for implementation

9 awaiting government approval

86 ongoing project preparation or pre-project preparation

- Increased infrastructure investment and efficiency in budget utilization
 - ✓ 2022 actual infrastructure disbursements: PHP1,278.5bn (5.8% of GDP), 13.8% higher y-o-y
 - ✓ Jan to Nov 2023 actual infrastructure disbursements: PHP1,223.1bn, 11.8% higher y-o-y
 - ✓ As of end-December 2023: 100% and 97% utilization rate of cash allocations by DPWH and DOTr, respectively.

^{1/} Based on Indicative Investment Requirements in Chapter 12 of the PDP 2023-2028 as of March 2023

^{2/} Retrieved 10 January 2024 from <https://neda.gov.ph/infrastructure-flagship-projects/>

^{3/} As of November 2023 (NEDA)

^{4/} Constructed, maintained, rehabilitated, widened and upgraded.

^{5/} Infrastructure figures for 2001-2018 are obligation-based; 2019 onwards are cash-based.

^{6/} Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

^{7/} Medium-Term Fiscal Program approved during 186th DBCC Meeting last 15 December 2023.

Source: NEDA, DBM, DPWH, DOTr

Tangible results show the government's commitment to upgrade the country's infrastructure network

No. of completed projects from July 2022 to August 2023



24

Airports*

*July 2022 to March 2023



709

Bridges ^{4/}



36

Commercial, Social, and Tourism Ports projects*



2,863

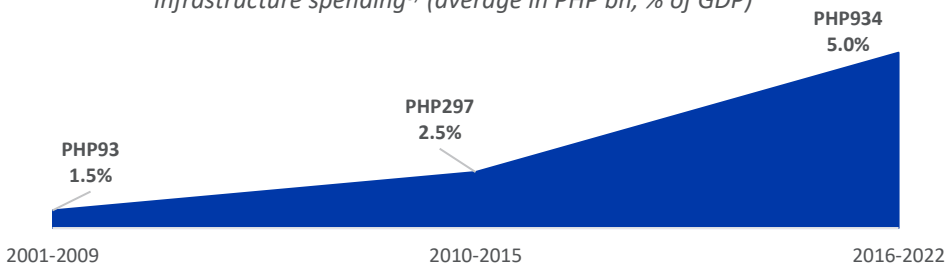
Flood Control Projects



5,744

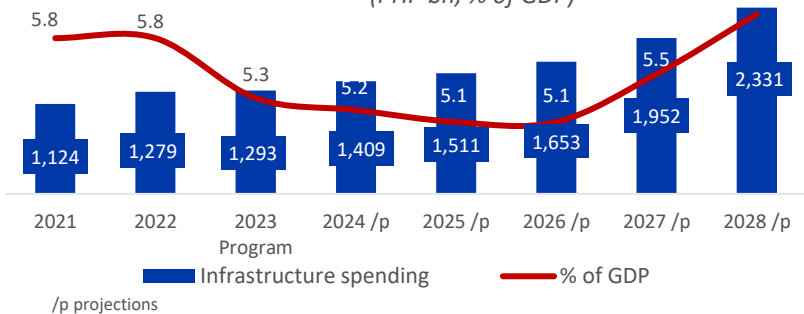
Kilometers of Roads ^{4/}

Infrastructure spending^{5/} (average in PHP bn, % of GDP)



Infrastructure Spending^{6/}

Actual, program, and projections ^{7/} (PHP bn, % of GDP)



VIII. Infrastructure Program

Building on a Solid Foundation

The Build Better More Infrastructure Flagship Projects (IFPs)

Select Rolling Big-Ticket IFPs



North South Commuter Railway (PNR North 1, PNR North 2, PNR South Commuter) – PHP873.6bn (US\$15.5bn)

The 37.9-km railway segment from Tutuban, Manila, (National Capital Region) to Malolos, Bulacan (Region III) with 10 stations is expected to service more than 300,000 people daily during its opening year. Commuters from Tutuban will reach Malolos in approximately 35 minutes. Extensions to the NSCR: A. 53 km from Malolos, Bulacan to Clark, Pampanga; and B. 56 km from Solis, Manila to Calamba, Laguna. The project includes 19 stations.

Status: Ongoing

Source: NEDA, PIA, PNA

US\$ amount computed based on median (PHP56.5/US\$1) of the US\$/PHP forecast based on 186th DBCC Meeting last 15 December 2023



Metro Manila Subway Project Phase 1 – PHP488.5bn (US\$8.6bn)

33.1-km new underground mass transit traversing Valenzuela and NAIA (airport), consisting of 17 stations. There will be an interconnection with MRT Line 3, Line 7, and LRT Line 1 at North Avenue station, with LRT Line 2 at Anonas Station, and with MRT Line 4 at Ortigas station. In addition, it will interoperate with the North South Commuter Railway System at Senate, FTI, and Bicutan stations.

Status: Ongoing



Panay-Guimaras-Negros Inter-Island Link Bridge – PHP187.5bn (US\$3.3bn)

32.47-km total length of 2 sea-crossing bridges (4-lane Cable-Stayed Bridge with Composite Beams), including connecting roads and interchanges that will connect Panay Island, Guimaras Island, and Negros Island in the Western Visayas (Region VI)

Status: Approved for implementation



Daang Maharlika (N1) Improvement- PHP251.2 (US\$4.4bn)

Widening, reconstruction, rehabilitation, and upgrading of road sections and bridges along the 3,082-km Daang Maharlika Highway (N1), which is a major arterial road connecting Luzon with Visayas, and Mindanao.

Status: Ongoing



New Manila International Airport (Bulacan International Airport) – PHP735.6bn (US\$13.0bn)

Construction and operation and maintenance of a new modern airport in Bulacan (Region III) with a design capacity of 200 million passengers per year, consisting of 4 runways and all aviation related facilities.

Status: Ongoing

VIII. Infrastructure Program

Forging Stronger Partnerships with the Private Sector

Key Reforms to Foster Public-Private Partnerships

RA 11966 – An Act Providing for the Public-Private Partnership (PPP) Code of the Philippines

Further institutionalize the partnership between the public and private sectors, recognizing the private sector's indispensable role in nation-building and sustainable development. It aims to strengthen the government's PPP program by consolidating all legal frameworks and creating a unified system that will further enhance private sector participation. The PPP code is aimed at addressing fragmented legal frameworks for PPPs. The goal is to ensure high-quality PPP projects and mitigate risks during implementation

Access RA 11966 through the QR code below:



“Public-Private Partnerships or PPPs hold great potential for that (infrastructure projects) expansion, for infrastructure development, and for innovation.” – President Ferdinand Marcos Jr.

- The PPP Code was signed into law by President Marcos, Jr. on 5 December 2023 and took effect last 23 December 2023.
- The PPP Governing Board (PPPGB) shall serve as the Implementing Rules and Regulations (IRR) Committee and is tasked to issue the PPP Code's IRR by 23 March 2024

Key Reforms under the PPP Code

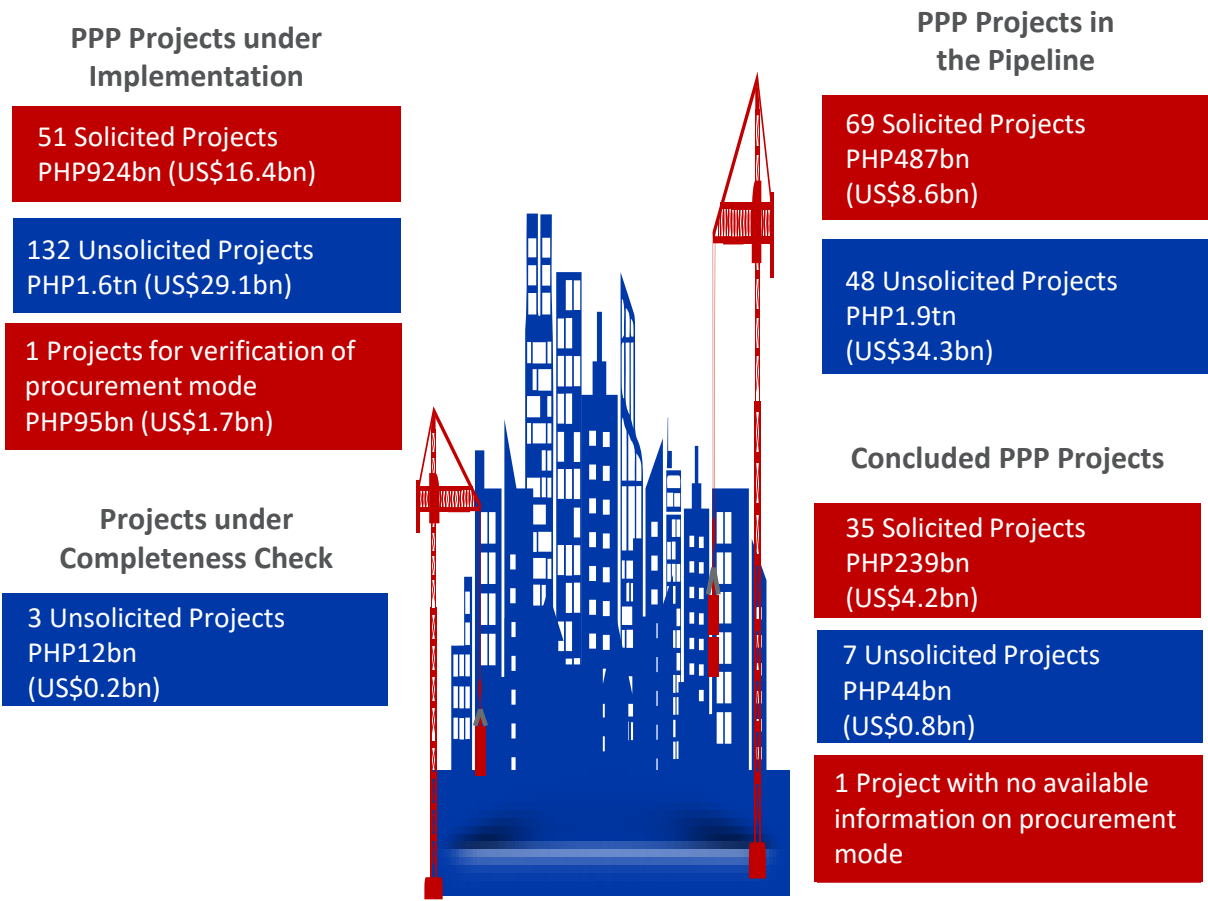
- Strengthen enabling PPP institutions, such as the PPP Governing Board, the PPP Center, the Project Development and Monitoring Facility (PDMF), and the newly created PPP Risk Management Fund (RMF) for enhance sustainability of the PPP Program
- Strengthen the use of the PDMF and provide more assistance to PPP projects as needed, subject to approval by the PPP Governing Board.
- Institutionalize the PPP RMF, a facility created for the payment of contingent liabilities arising from PPPs.
- Update project approval thresholds for Build-Operate-Transfer (BOT) projects, which were last set 29 years ago, while allowing the NEDA Investment Coordination Committee to review, evaluate, and update these threshold amounts.
- Uphold and retain local autonomy while providing mechanisms to ensure harmonized investment programming between the local government units and the national government. Unsolicited proposals are allowed in the list of PPP projects without new concept or technology requirement, subject to reimbursement of the government's development costs

VIII. Infrastructure Program

Forging Stronger Partnerships with the Private Sector

Broader private sector participation

Status of PPP projects as of 9 February 2024



Notes:
1. This list includes only those projects where the PPP Center is involved in either the development, appraisal, procurement, or implementation, and those projects not belonging to the former but which the PPP Center is monitoring.
2. PPP Projects in the Pipeline refers to projects under procurement, competitive challenge, negotiation, approval, development, conceptualization, and initial evaluation by IA.

Source: PPP Center
US\$ amount computed based on median (PHP56.5/US\$1) of the US\$/PHP forecast based on 186th DBCC Meeting last 15 December 2023

IX. Outlook

Sound Fundamentals Anchor Firm Economic Recovery and Solid Longer-Term Economic Outlook

Particulars	Actual			Assumptions/Projections					
	2021	2022	2023	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	5.7	7.6	5.6	6.0 – 7.0	6.5 – 7.5	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0
Inflation Rate (%)*	3.9	5.8	6.0	5.0 – 6.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0
Growth of goods export (%)**	12.5	6.5	(4.0) (Jan-Sep)	(4.0)	5.0	6.0	6.0	6.0	6.0
Growth of goods import (%)**	30.5	19.0	(6.2) (Jan-Sep)	(3.0)	7.0	8.0	8.0	8.0	8.0
OF Cash Remittances, Growth Rate (%)**	5.1	3.6	2.9	3.0	3.0	N/A	N/A	N/A	N/A
Net Foreign Direct Investments (US\$ bn)**	12.0	9.4	7.6 (Jan-Nov)	8.0	10.0	N/A	N/A	N/A	N/A
Current Account Balance (% of GDP)**	(1.5)	(4.5)	(3.5) (Jan-Sep)	(2.5)	(2.0)	N/A	N/A	N/A	N/A

Growth Drivers

- **Household Consumption:** Easing inflation supported by the government's supply-side measures; sustained improvements in labor market conditions; stable growth of remittances
- **Government spending:** Timely implementation of programs and projects under the 2024 National Budget; adoption of Integrated Financial Management Information Systems (IFMIS) across government instrumentalities.
- **Investment:** Full implementation of pro-investment reforms; greater private sector participation in infrastructure development through PPPs; investments in priority areas outlined in the National Innovation Agenda and Strategy Document (NIASD) 2023-2032
- **Net Exports:** Integration of the micro, small, and medium enterprises (MSMEs) and attracting foreign investments through the Regional Comprehensive Economic Partnership (RCEP); pursuit of alternative trade agreements.

Source: NEDA, Medium-Term Macroeconomic Assumptions and Fiscal Program for FY 2023-2028, Development Budget Coordination Committee (DBCC) approved on 15 December 2023.

*Inflation rate assumptions were approved in the DBCC meeting on 15 December 2023; **Projections approved by Monetary Board on 14 December 2023; N/A – Not available

X. Investor Relations Group



Promoting the Philippine economy at home and abroad

The IRG undertakes a range of initiatives to build awareness among domestic and international investment audiences on the Government's economic reform program, promote specific investment opportunities in the Philippines, and facilitate information exchange and dialogue between the Government's key economic policy decision-makers and domestic/international investors. These initiatives include:

- Regular Economic Briefings to update the business community, media, and industry organizations on the country's economic performance
- Investor Roadshows to bring the Government's resilient economic performance record, commitment to sound economic management, and responsible reform to members of the international financial community
- Media Briefings to raise awareness on the Government's progress in economic reforms and plans for ongoing reforms
- Government Policy Roadshows to increase the business community's understanding of government policy measures to generate support for the policy implementation process
- Investor Teleconferences to provide timely updates on key economic performance indicators
- E-mail service to keep investors and other investors abreast of data releases on a regular basis
- An English Language Microsite, <https://www.bsp.gov.ph/Pages/IRO.aspx>, to provide a wide range of easily accessible information about the Philippines' economic performance and the government's economic policies

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Philippine economy, please visit the Investor Relations Group
webpage through the QR code below:**

