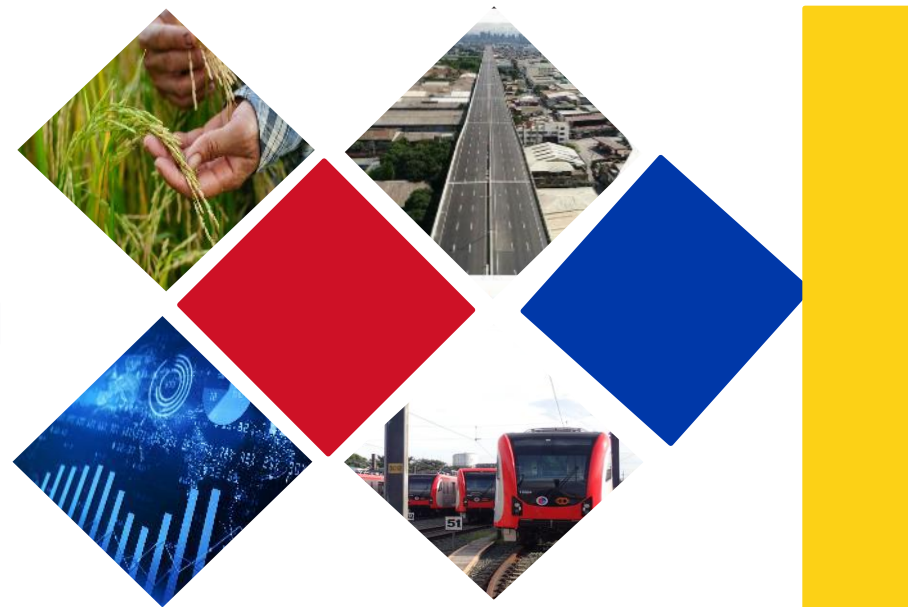




Republic of the Philippines

Toward a More Inclusive, Resilient, and Prosperous Economy

November 2023



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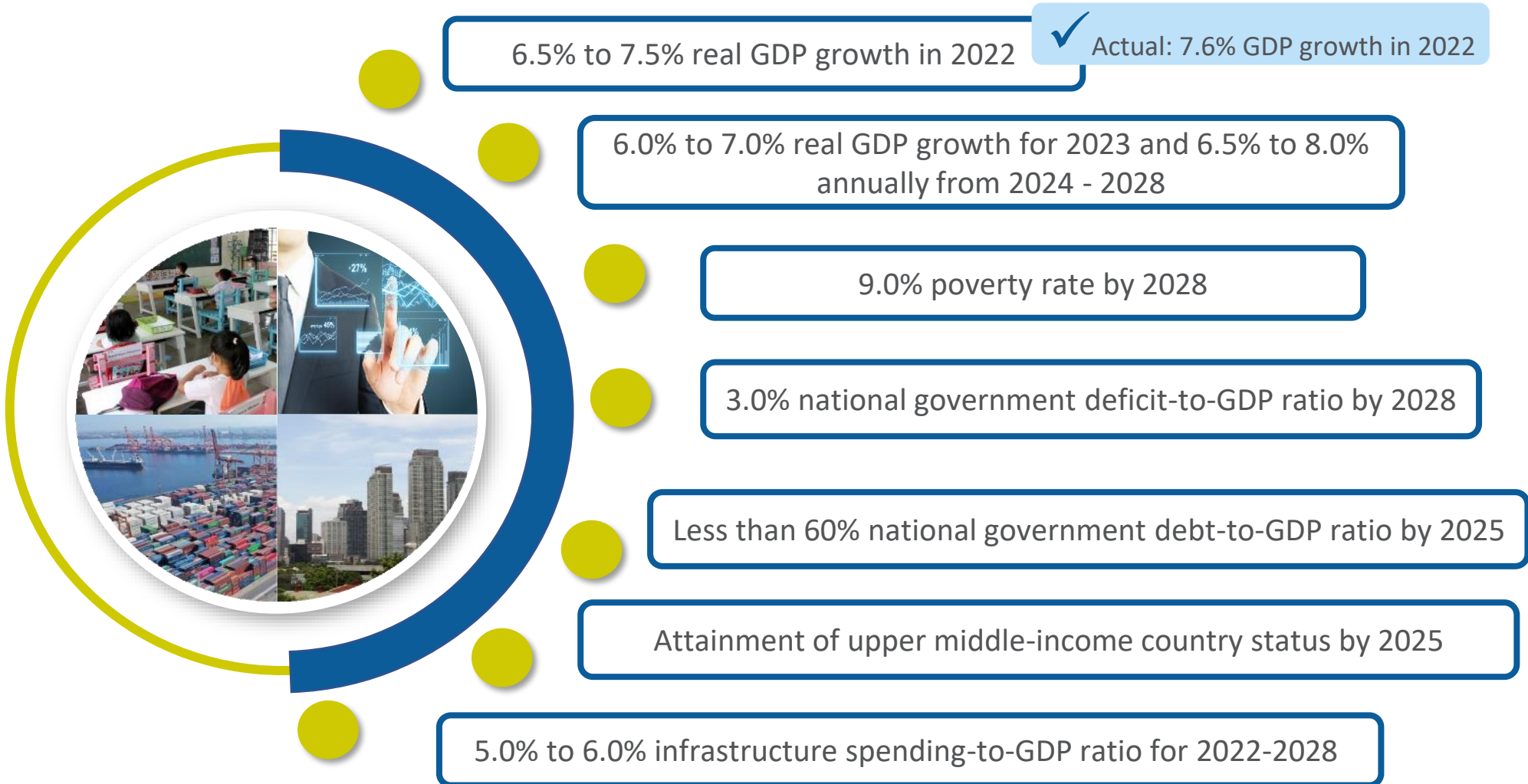
Key Highlights

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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 ▪ S&P ▪ Fitch	Baa2/stable BBB/stable BBB/stable	Baa2/stable BBB/positive BBB/stable	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/stable BBB/negative	Baa2/stable BBB+/stable BBB/negative	Baa2/stable BBB+/stable BBB/stable
Real GDP Growth Rate (%), 2018 prices	6.9	6.3	6.1	(9.5)	5.7	7.6	5.5 (Q1-Q3)
GDP Per Capita (US\$), PPP concept (current prices)	8,199	8,795	9,365	8,467	9,230	10,497	11,392 ^{4/} (Annualized)
Inflation Rate ^{2/} (%), 2018 prices	2.9	5.2	2.4	2.4	3.9	5.8	6.4 (Jan-Oct)
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	16.2 (Jan-Sep)
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	101.1 (end-Oct)
Import Cover (months) ^{3/}	7.8	6.9	7.6	12.3	9.7	7.2	7.5 (end-Oct)
Overseas Filipinos' Cash Remittances (US\$ bn)	28.1	28.9	30.1	29.9	31.4	32.5	21.6 (Jan-Aug)
Foreign Direct Investments (US\$ bn)	10.3	9.9	8.7	6.8	12.0	9.4	4.7 (Jan-Jul)
Current Account/GDP (%)	(0.7)	(2.6)	(0.8)	3.2	(1.5)	(4.5)	(4.0) (Jan-Jun)
External Debt/GDP (%)	22.3	22.8	22.2	27.2	27.0	27.5	28.5 (end-Jun)

^{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.^{4/}Q1-Q2 2023 Annualized

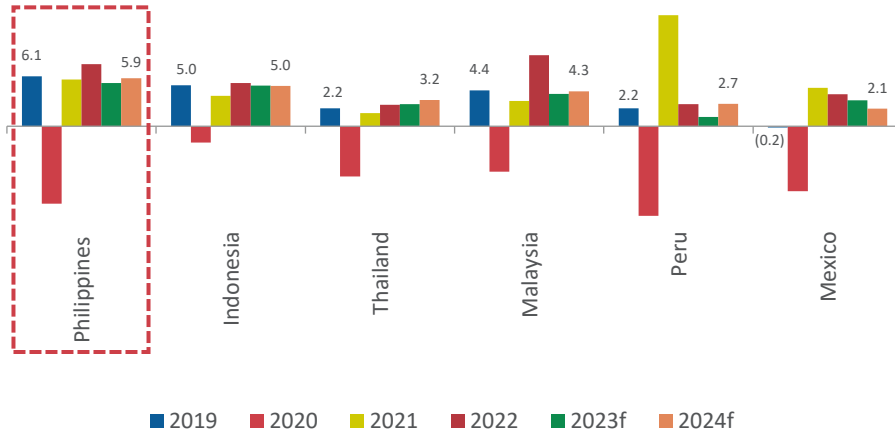
Source: BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

II. Sound Credit Profile

Competitive Even Among Higher-Rated Peers

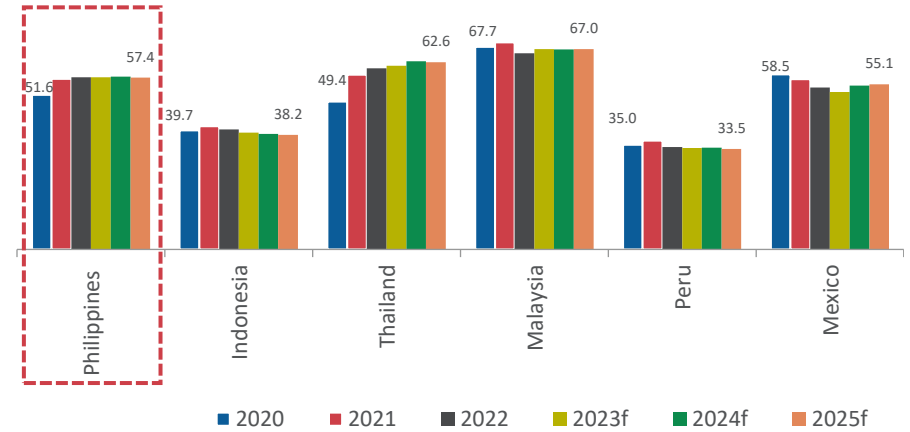
Highest growth outlook among peers

GDP growth (%)



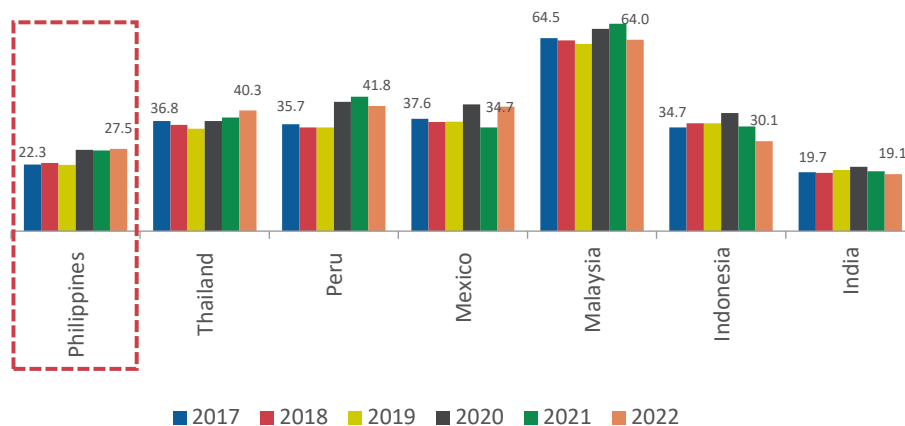
Debt burden remains manageable

General Government gross debt (% of GDP)



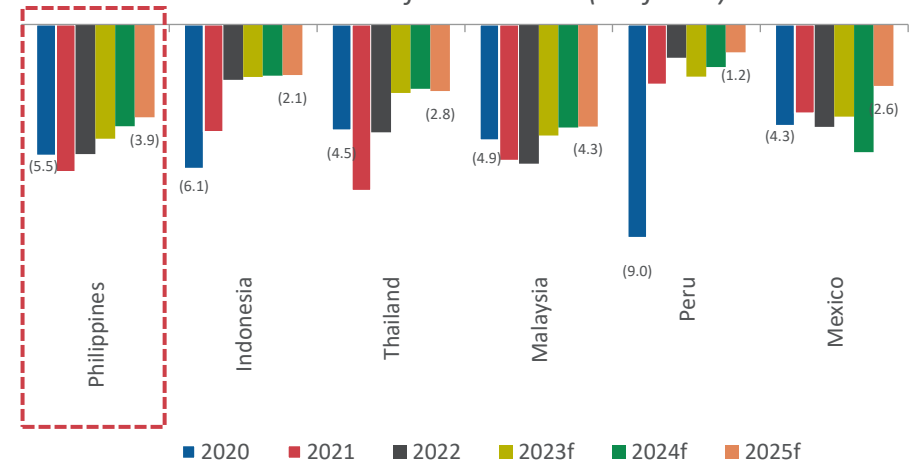
Low external debt

External Debt (% of GDP)



Sound fiscal position post pandemic

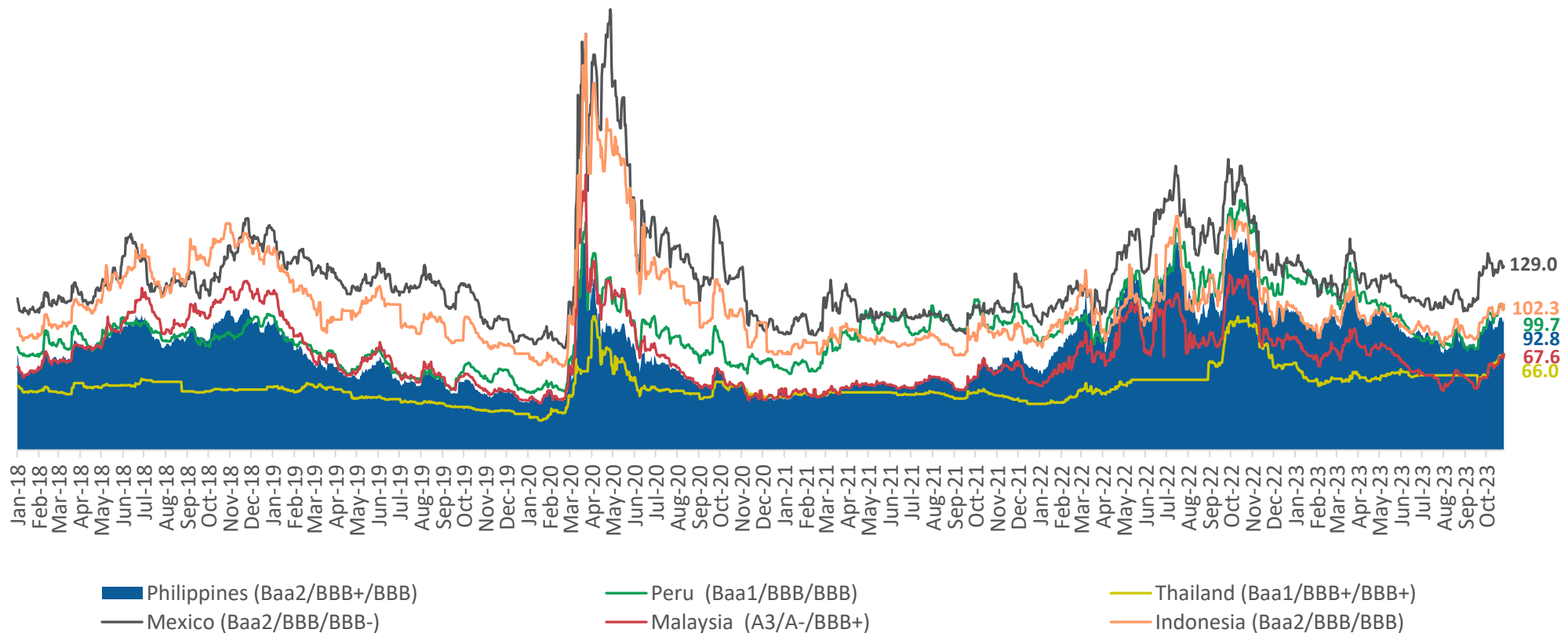
General Government fiscal balance (% of GDP)



II. Sound Credit Profile

Investor Confidence in the Philippines' Sound Credit Quality

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

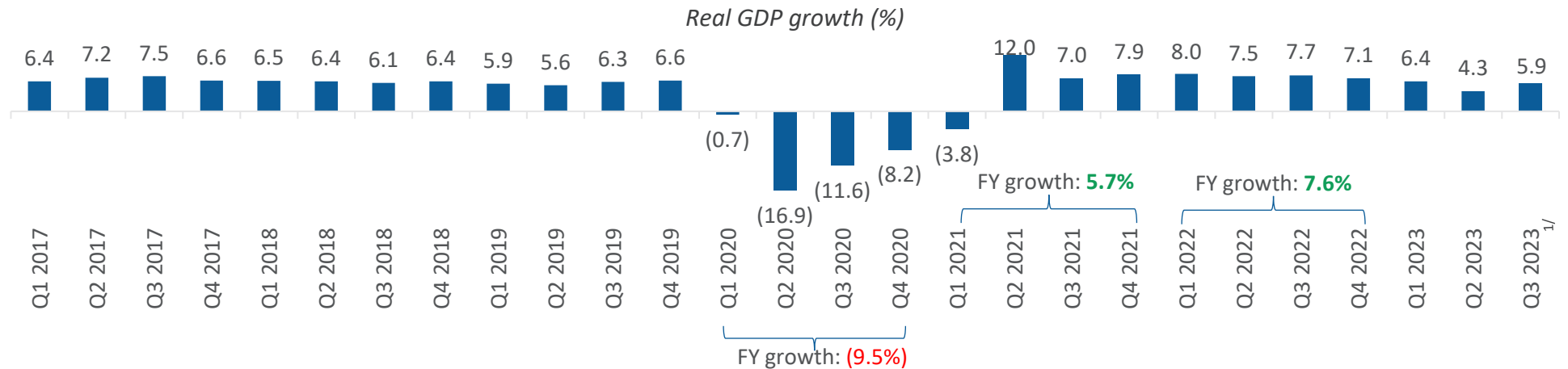


^{1/} Data as of 26 October 2023
 Rating: Moody's/S&P/Fitch ratings
 Source: Bloomberg

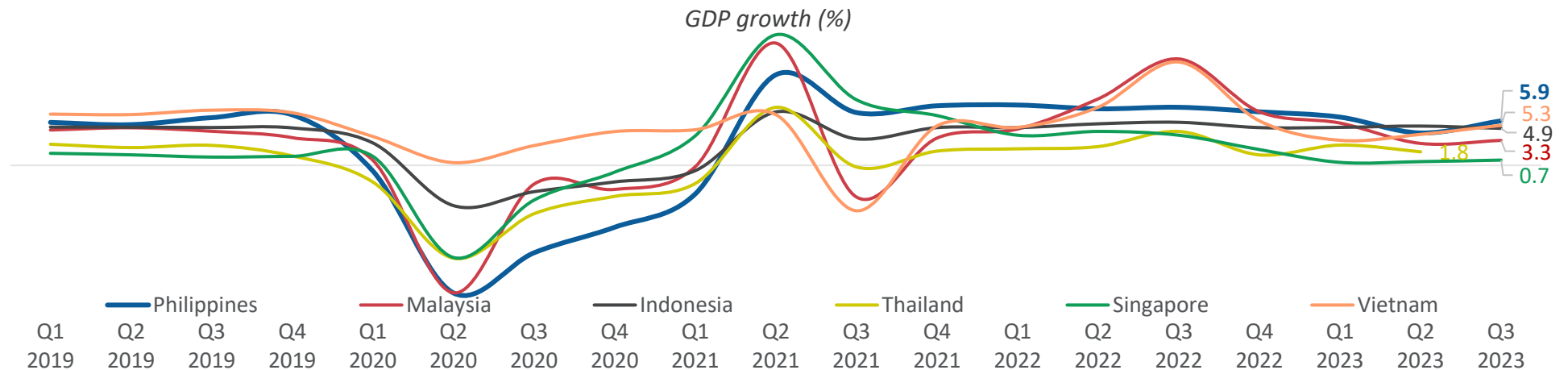
III. Strong Economic Recovery and Reform Momentum

On Track to Rapid Economic Growth Trajectory

Roadmap for robust growth anchored on sound macroeconomic fundamentals



Philippines remains one of fastest growing economies in Southeast Asia



^{1/}Preliminary data as of 09 November 2023

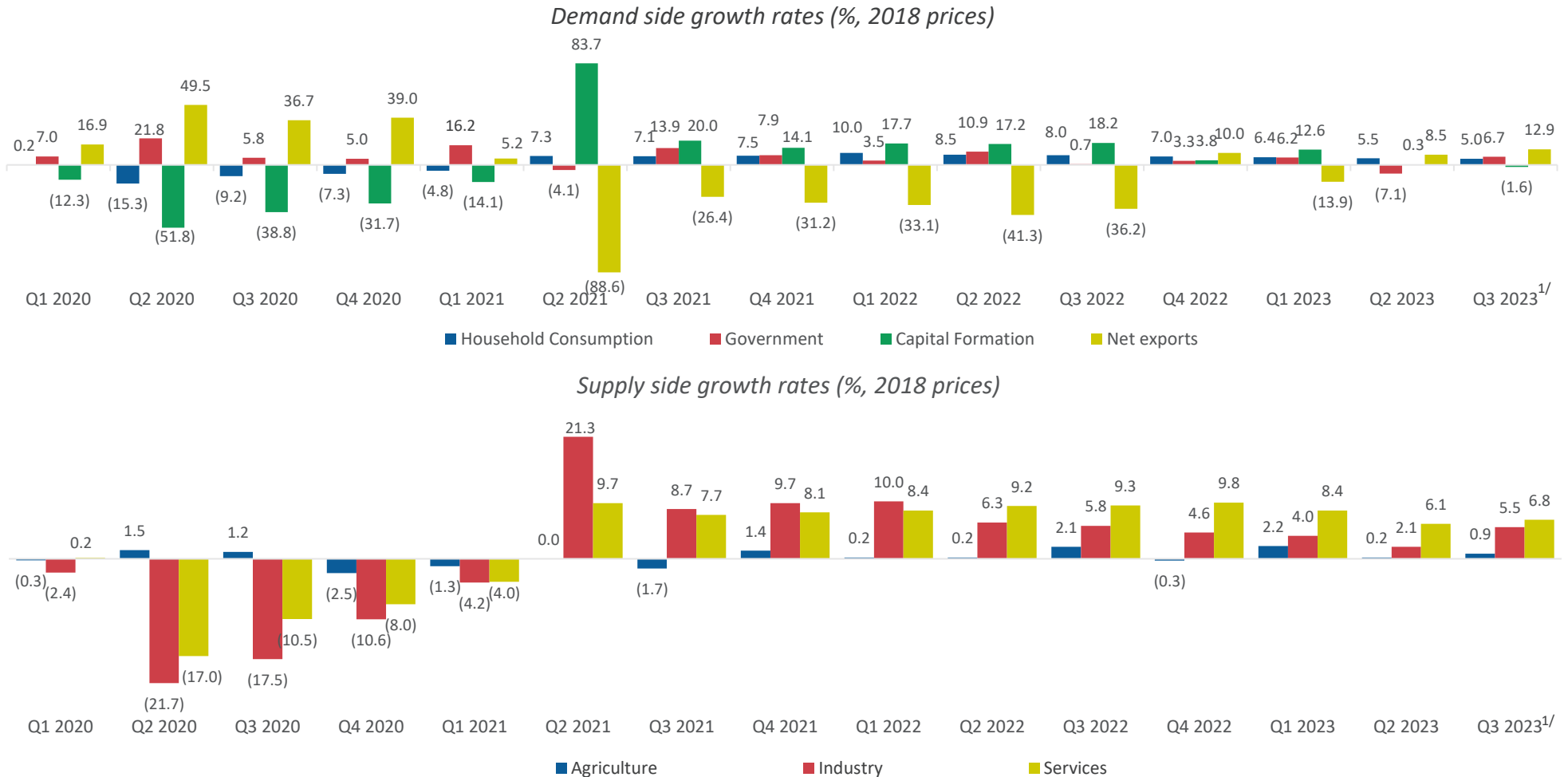
Source: Philippine Statistics Authority (PSA), National Economic and Development Authority (NEDA), Bloomberg

Note: GDP figures use 2018 as base year

III. Strong Economic Recovery and Reform Momentum

Strong Growth of Major Economic Sectors

Services sector drives expansion as employment conditions and tourism-related spending improve



^{1/}Preliminary data as of 10 August 2023

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

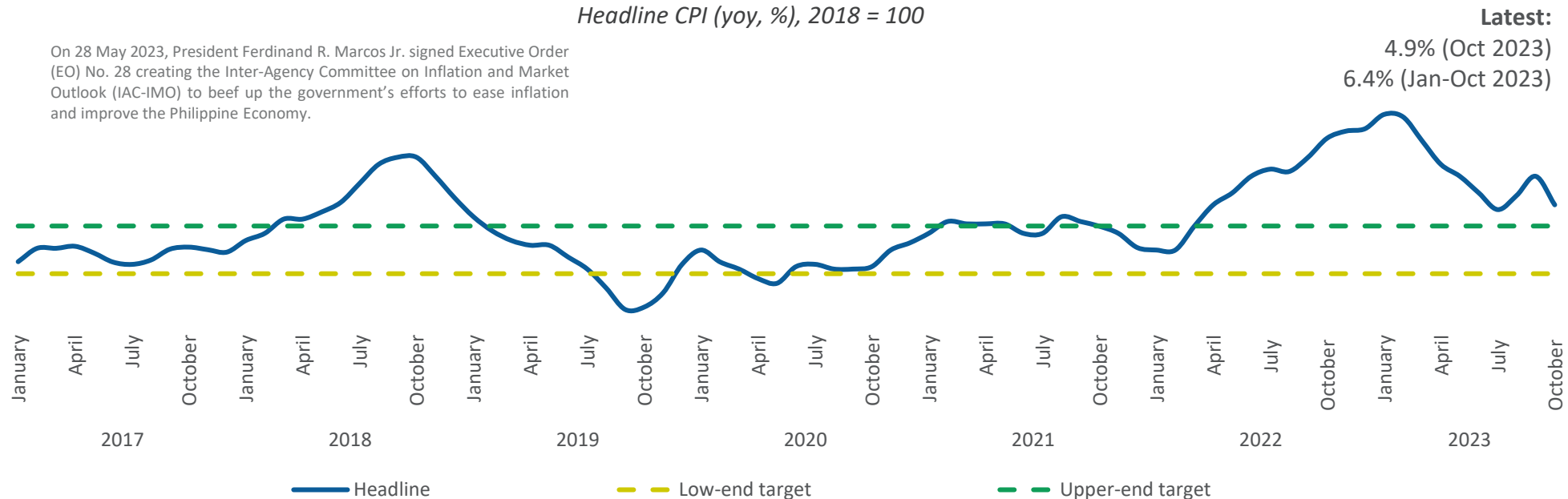
III. Strong Economic Recovery and Reform Momentum

Inflation Continued to Ease

Manageable inflation environment

Headline CPI (yoy, %), 2018 = 100

On 28 May 2023, President Ferdinand R. Marcos Jr. signed Executive Order (EO) No. 28 creating the Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO) to beef up the government's efforts to ease inflation and improve the Philippine Economy.



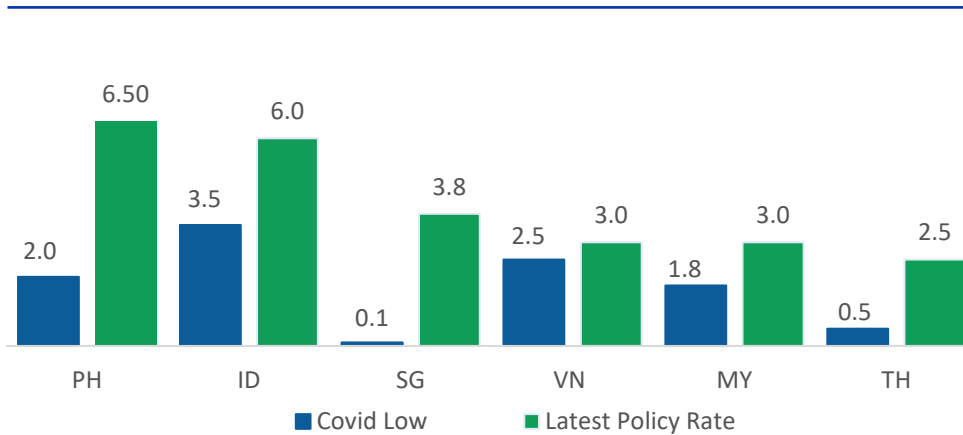
- Headline inflation averaged 5.8% in 2022. Following its peak in January 2023, headline inflation broadly moderated thus far in 2023, only interrupted in August and September 2023 amid supply shocks to food prices. Inflation dropped anew in October 2023 as domestic supply conditions improved. Nonetheless, year-to-date average inflation remained elevated, settling at 6.4%, above the Government's average inflation target range of 2.0-4.0% for the year.
- Last 26 October 2023, the Monetary Board (MB) decided to take off-cycle action to raise the BSP's Policy Rate by 25 basis points to 6.50 percent. The MB recognized the need for urgent monetary action to prevent supply-side pressures from inducing additional second-round effects and further dislodging inflation expectations. The Monetary Board deems it necessary to keep monetary policy settings tighter for longer until inflationary expectations are better anchored and a sustained downward trend in inflation becomes evident. In this regard, the Monetary Board will continue to be guided by incoming data. The BSP is prepared for follow-through monetary policy action as necessary to bring inflation back to a target-consistent path, in keeping with its price stability mandate.

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

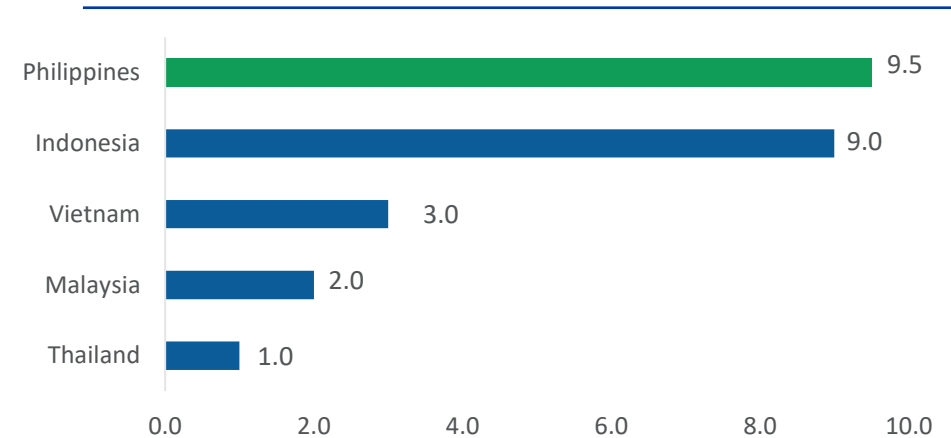
III. Strong Economic Recovery and Reform Momentum

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

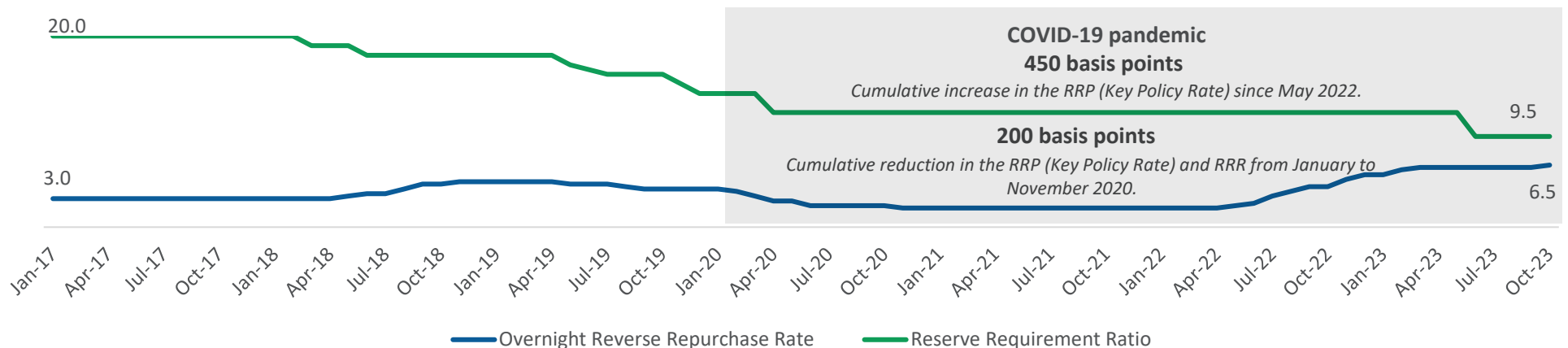
Central Bank Policy Rates (%)



Reserve Requirement Ratio (%)^{1/}



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



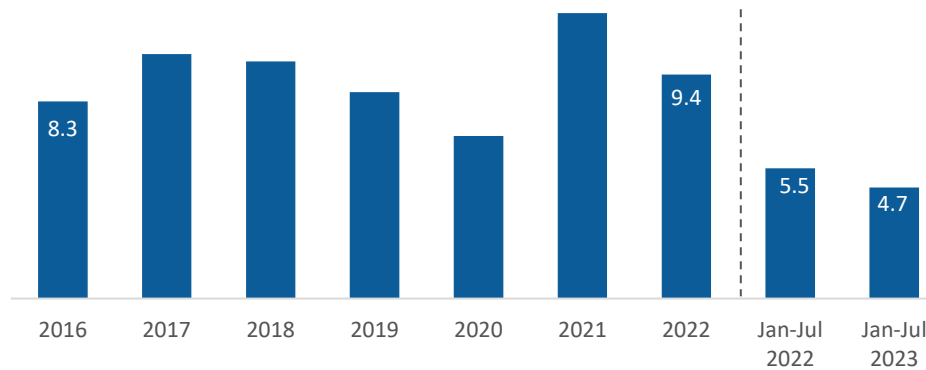
1/ Effective 30 June 2023, the BSP implemented a 250-bps reduction of the RRR for Universal and Commercial Banks to 9.5% from 12.0%.

III. Strong Economic Recovery and Reform Momentum

Favorable Prospects for Sustained Investment Flows

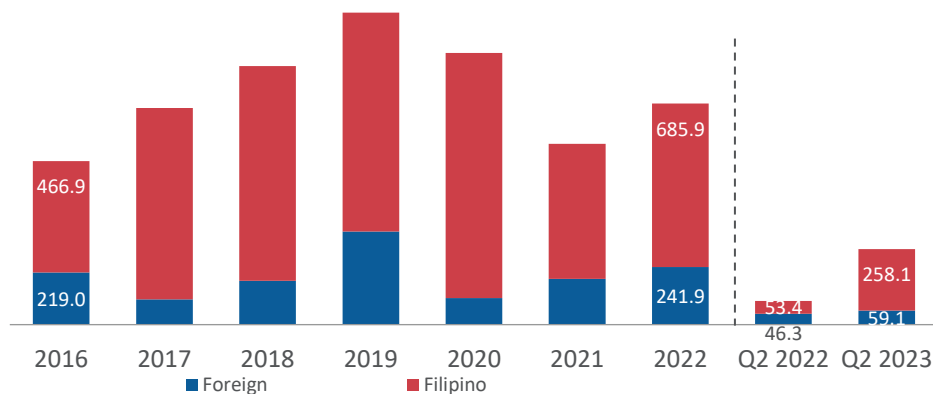
Continued Inflows Indicate Confidence in Long-term Growth Prospects

Net FDI (US\$ bn)



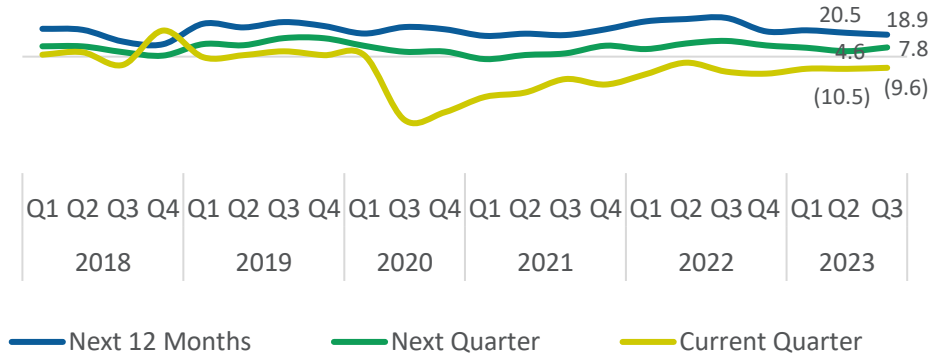
Foreign Investment Pledges Increase by 27.8% in Q2 2023 vs Q2 2022

(PHP bn)

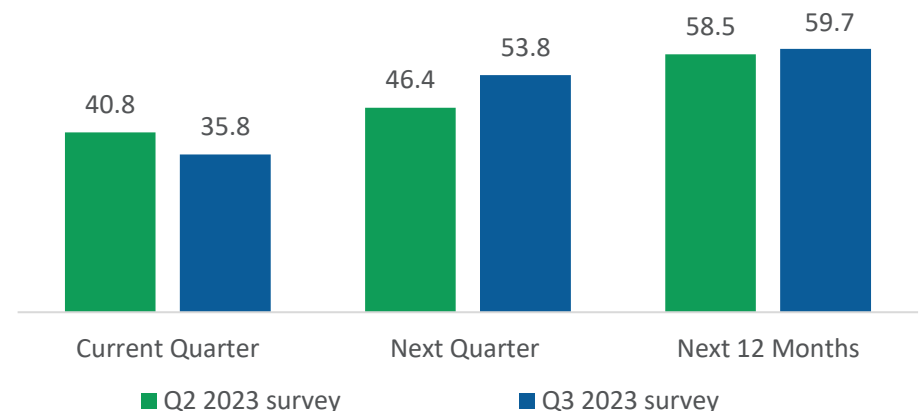


Investment approved by the Philippines' Investment Promotion Agencies – Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), BOI-Autonomous Region of Muslim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

Consumer Confidence Improves for Q3 and Q4 2023, but Less Upbeat for the Next 12 Months*



Business Sentiment is Less Optimistic for Q3 2023, but More Upbeat for Q4 2023 and the Next 12 Months*



Note:

*Due to the implementation of the Community Quarantine nationwide from 16 March to 31 May 2020, the conduct of the Q2 2020 BES and CES was cancelled.

III. Strong Economic Recovery and Reform Momentum

Removing Barriers to Foreign Investments

Economic Liberalization Reforms: Amendments to Foreign Investments Act (RA 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

Source: NEDA, Official Gazette

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

Helps 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				
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				
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				
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



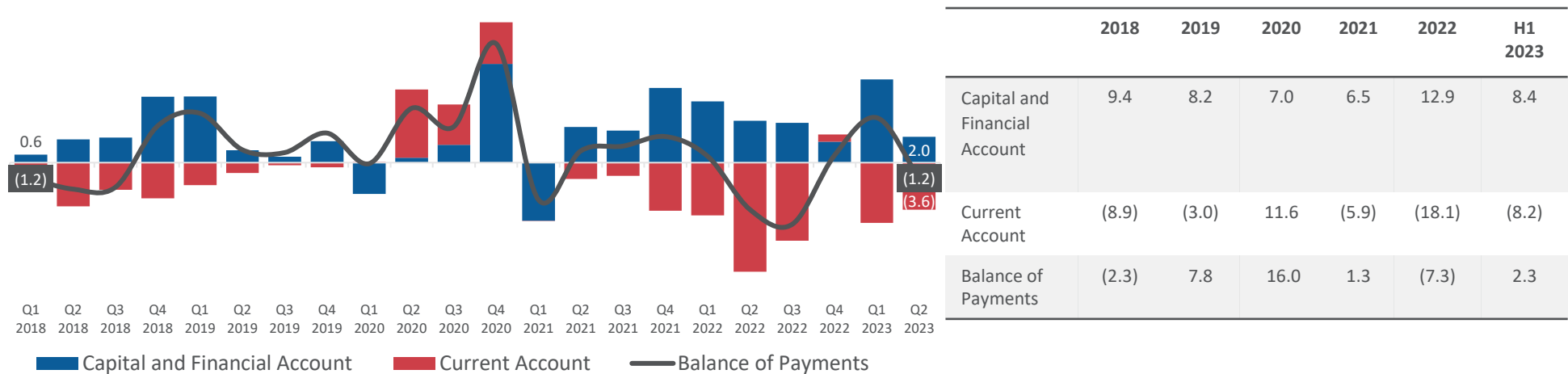
EO 18 s. 2023: Constituting Green Lanes for Strategic Investments is a government-wide response to enhance Ease of Doing Business by expediting, streamlining, and automating processes for Strategic Investments. It complements landmark economic reforms (FIA, PSA, RTLA, and CREATE) and relaxed foreign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

IV. Robust External Accounts

Manageable Balance of Payments Position

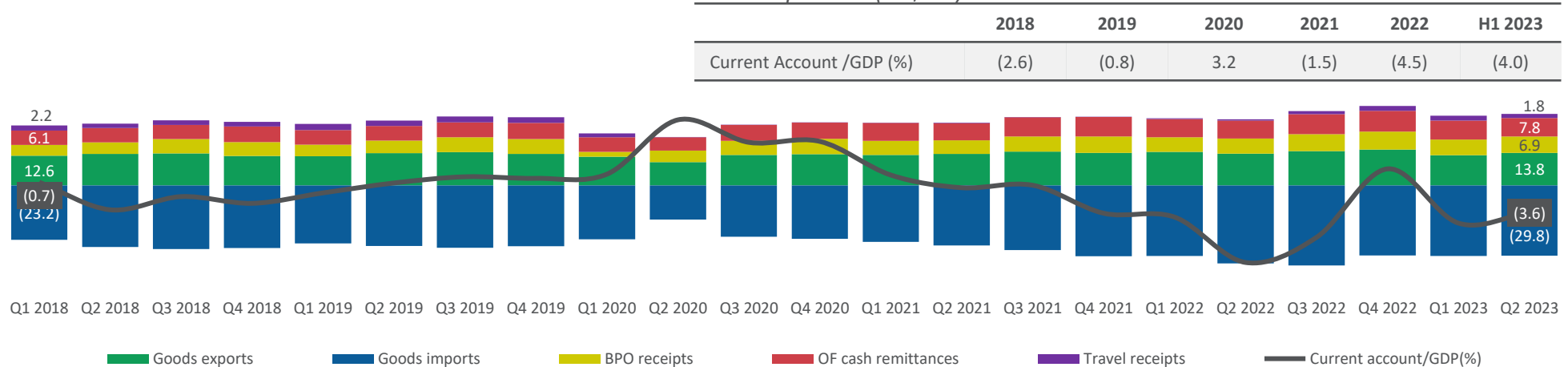
Balance of Payments

Balance of Payments Components (US\$ bn)



Current Account

Current account components (US\$ bn)

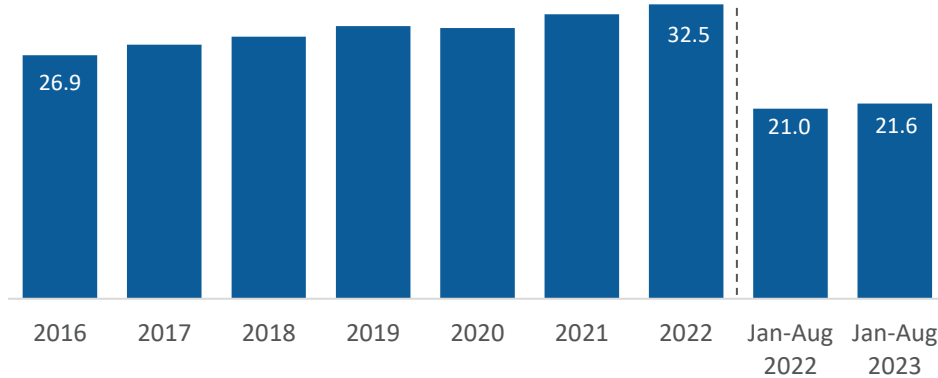


IV. Robust External Accounts

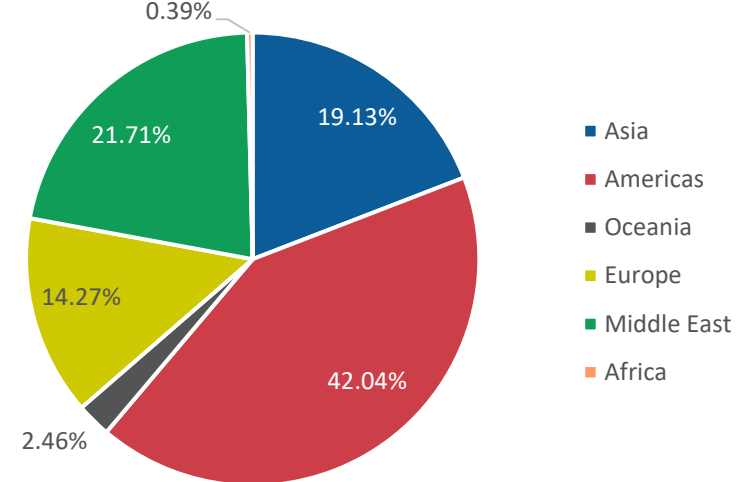
Structural Current Account Inflows that Support the Balance of Payments

Remittance flows resilient amid the pandemic

OFs' cash remittances (US\$ bn)

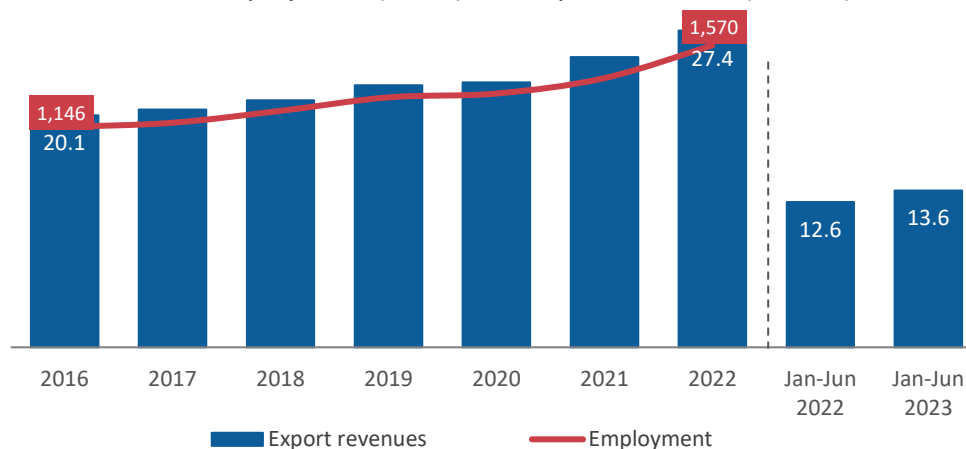


OFs' cash remittances by source* (2012-2022 Average % share to total)



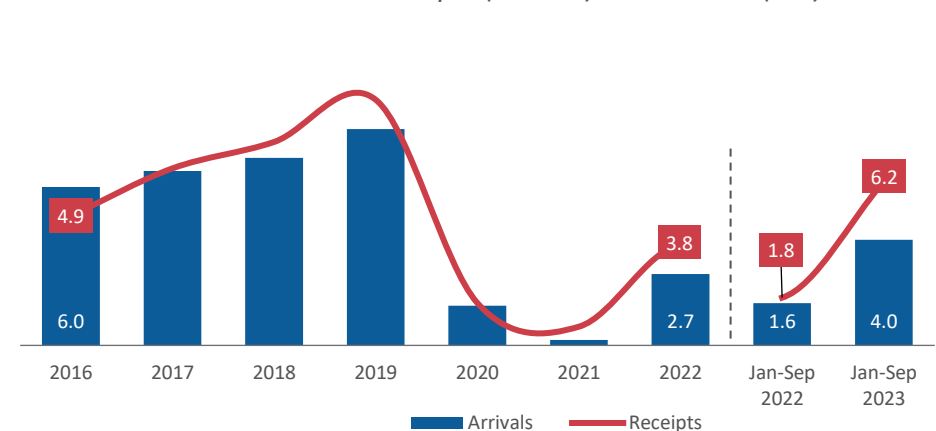
BPO remains a strong driver of employment, export revenues

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

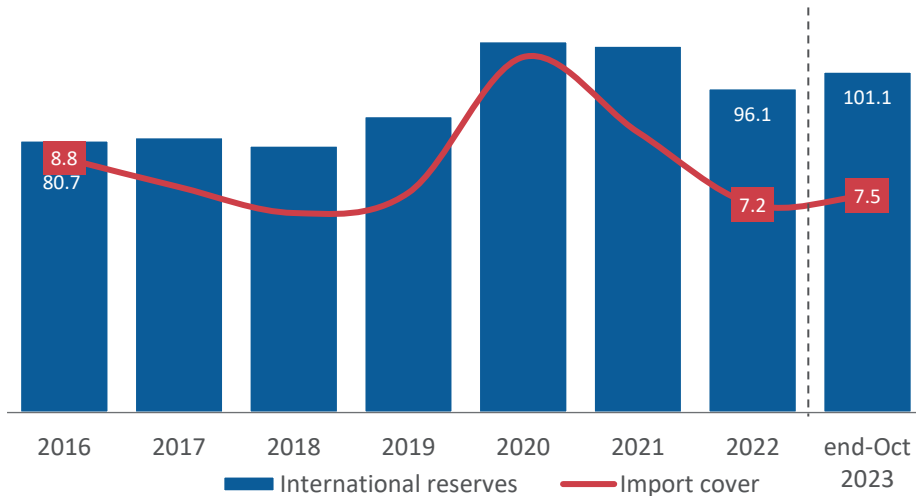
*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

IV. Robust External Accounts

Adequate Buffers Against External Headwinds

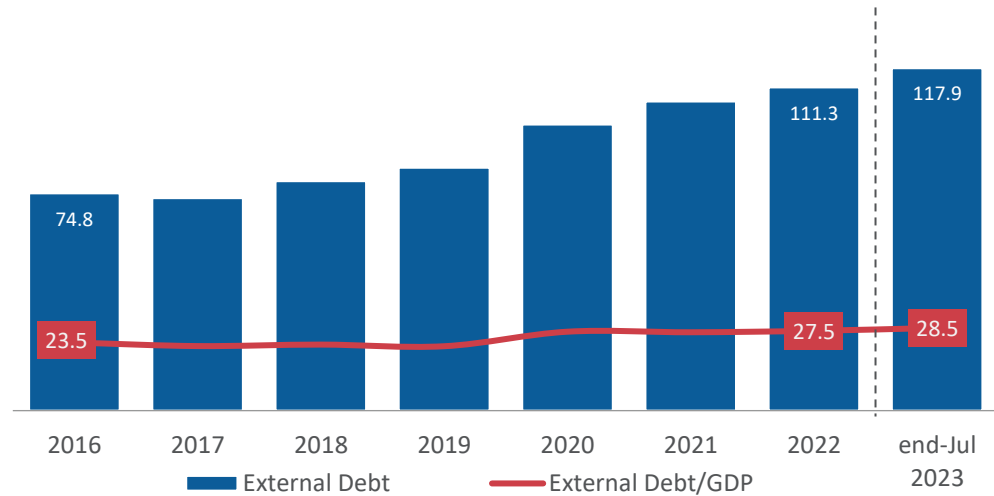
Hefty level of reserves ^{1/}

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



Low external debt/GDP ratio

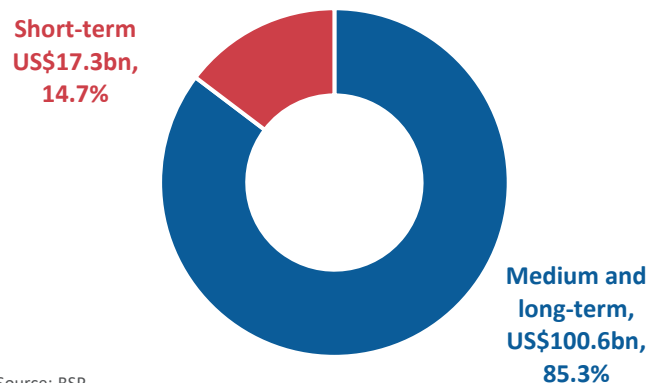
External debt (US\$ bn) and external debt/GDP (%)



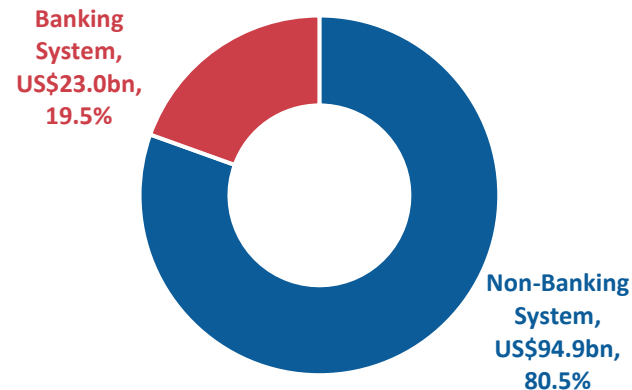
Favorable external debt profile

(as of end-Jun 2023)

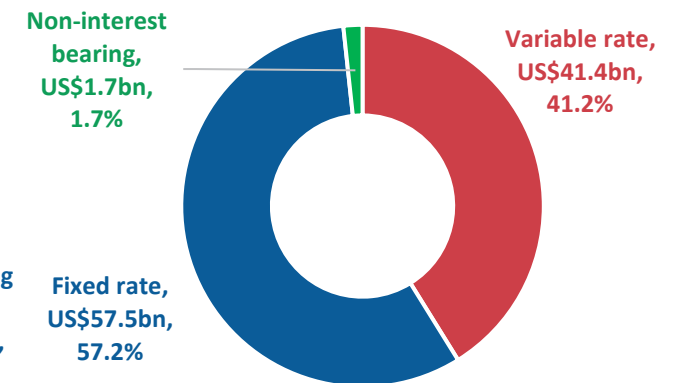
External Debt by Maturity



External Debt by Borrower



External Debt by Interest Type



Source: BSP

^{1/} Preliminary Gross International Reserves as of End-October 2023

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 600mn 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: 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

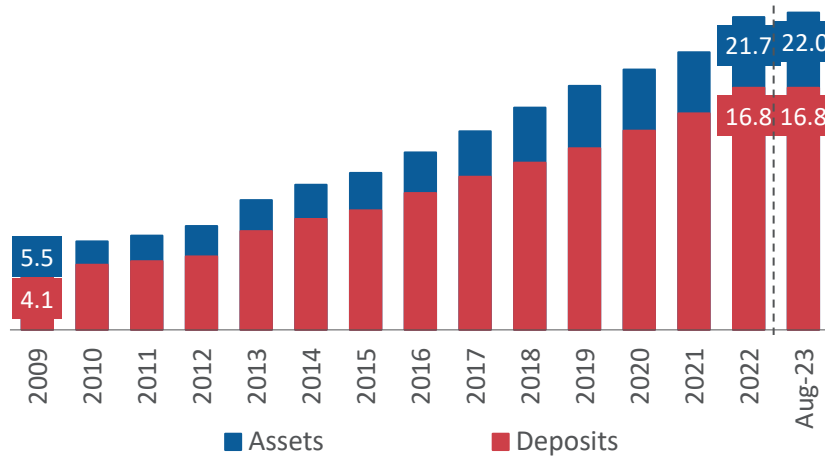
Improves levels of market access; provides a specific chapter for MSMEs; includes simplified and business-friendly customs procedure for trade; enhanced cooperation on e-commerce

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

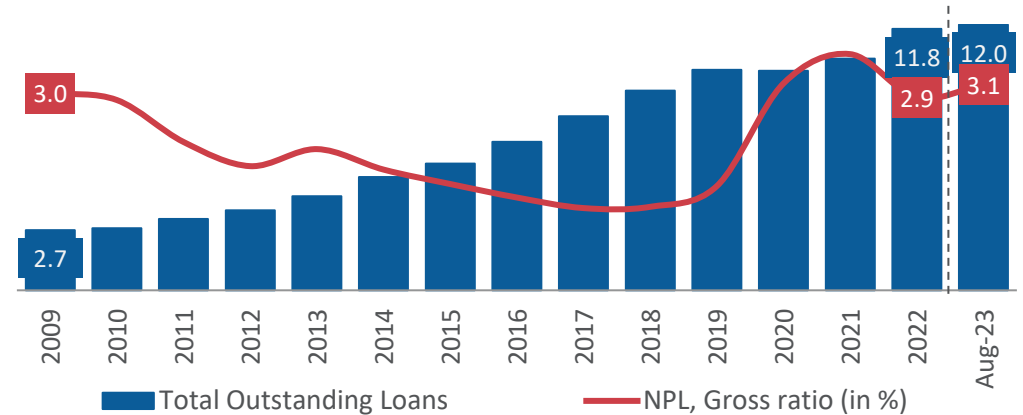
Strong asset expansion is supportive of recovering loan demand^{1/}

Total asset and deposit levels (PHP tn) of U/KBs



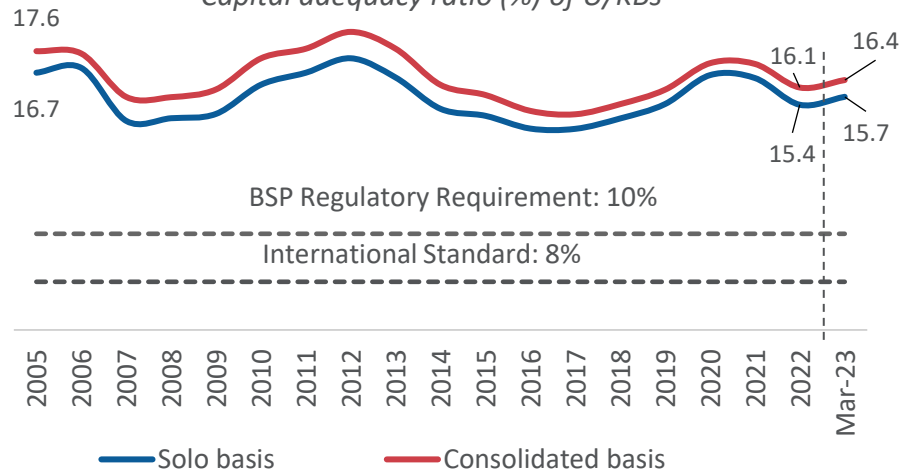
Improving loan demand and paying capacity amid labor market expansion^{1/}

Total loans outstanding, gross of BSP RRP agreements (PHP tn) and non-performing loans (NPL) ratio (%) of U/KBs



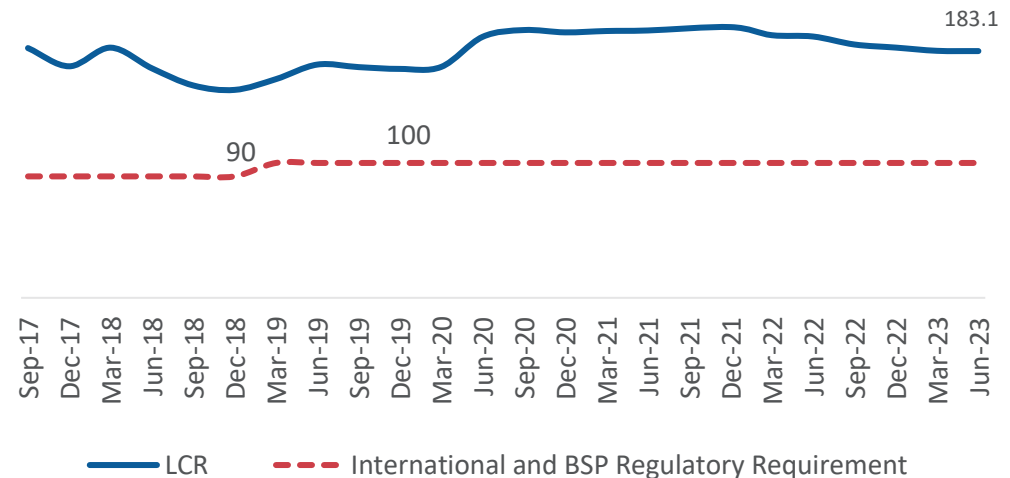
Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



Strong liquidity position to fund requirements during shocks

Liquidity coverage ratio (LCR) (%) of U/KBs on solo basis



^{1/} Preliminary Gross International Reserves as of Aug 2023

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



V. Stable and Resilient Banking System

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

Goals, objectives, policy initiatives



Roadmap anchored on 3 Pillars for the development of the Next Generation Payment Settlement System

Digital Payments Streams

- 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



Digital Finance Infrastructure

- Enhance key infrastructure that supports the expansion of an inclusive, digital payments ecosystem
- National ID System – PhilSys, PhilPaSS, Open banking



Digital Governance Standards

- Promote responsible digital innovations
- Open Banking and Application Programming Interfaces Standards, Adoption of ISO 20022 Standards, Cybersecurity Policies and Measures, Use of Data Policy
- Promote Check-Protect-Report (CPR) campaign



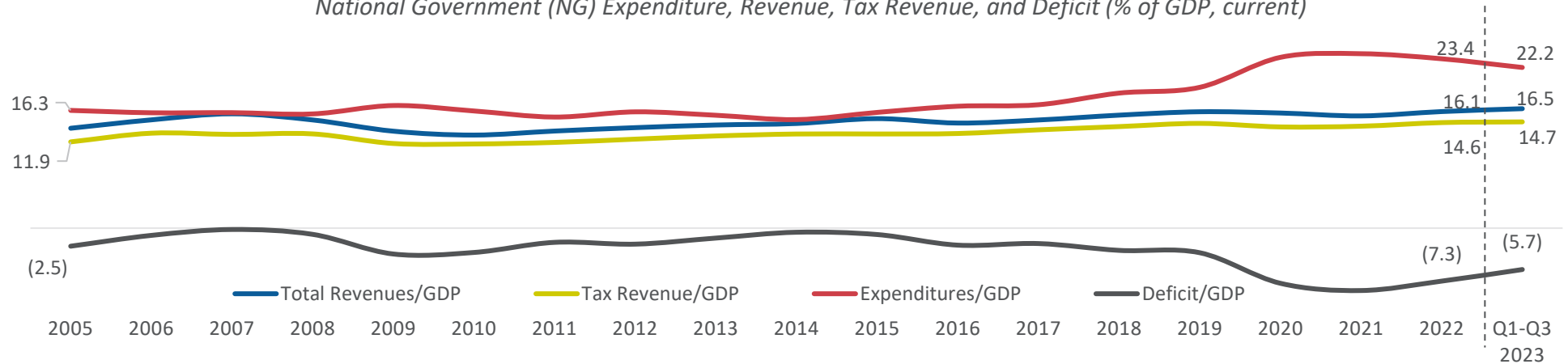
Regulatory approach

- Registration and licensing framework of digital banks and virtual asset service providers. Approval of six (6) digital banks will promote market efficiency and expand a broad range of financial services to accelerate 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 to promote the development of an inclusive digital financial ecosystem, complemented by a sound risk management system
- Consumer protection and digital literacy

VI. Sound Government Finances

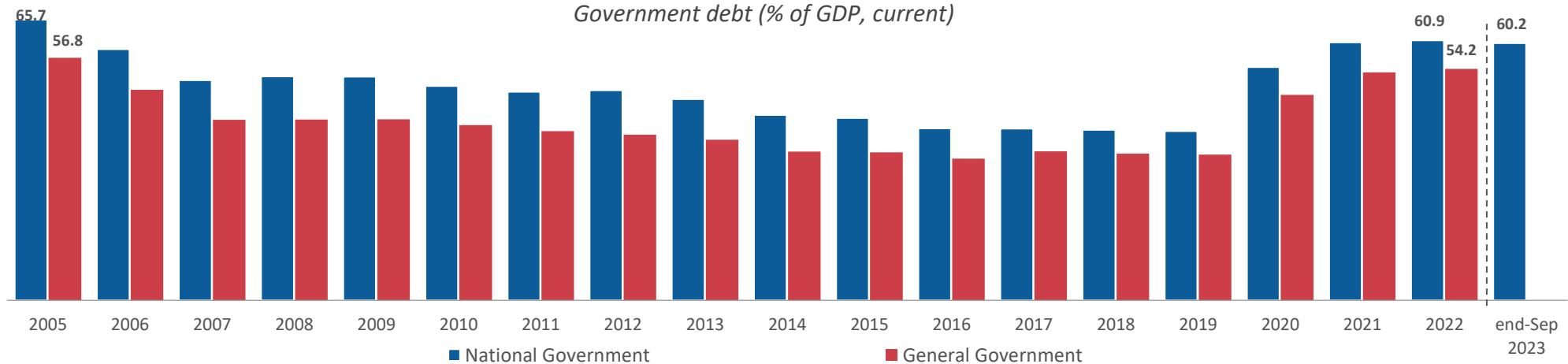
Long history of prudent fiscal management strengthens government's financial position

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)



Sources: DOF, Bureau of the Treasury

VI. 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	Program	Actual	Program
	2019	2020	2021	2022	2023	Jan-Sep 2023	2024
Particulars	PHP bn						
Revenues	3,137.5	2,856.0	3,005.5	3,545.5	3,729.0	2,837.8	4,272.6
<i>% of GDP</i>	<i>16.1</i>	<i>15.9</i>	<i>15.5</i>	<i>16.1</i>	<i>15.2</i>	<i>16.5</i>	<i>16.1</i>
Tax Revenues	2,827.8	2,504.4	2,742.7	3,220.3	3,537.9	2,541.3	4,073.6
<i>% of GDP</i>	<i>14.5</i>	<i>14.0</i>	<i>14.1</i>	<i>14.6</i>	<i>14.4</i>	<i>14.7</i>	<i>15.3</i>
Non-tax Revenues	309.6	351.3	262.5	324.1	191.1	296.5	199.0
<i>% of GDP</i>	<i>1.6</i>	<i>2.0</i>	<i>1.4</i>	<i>1.5</i>	<i>0.8</i>	<i>1.7</i>	<i>0.7</i>
Expenditures	3,797.7	4,227.4	4,675.6	5,159.6	5,228.4	3,821.3	5,629.4
<i>% of GDP</i>	<i>19.5</i>	<i>23.6</i>	<i>24.1</i>	<i>23.4</i>	<i>21.3</i>	<i>22.2</i>	<i>21.2</i>
Surplus/(Deficit)	(660.2)	(1,371.4)	(1,670.1)	(1,614.1)	(1,499.4)	(983.5)	(1,356.8)
<i>% of GDP</i>	<i>(3.4)</i>	<i>(7.6)</i>	<i>(8.6)</i>	<i>(7.3)</i>	<i>(6.1)</i>	<i>(5.7)</i>	<i>(5.1)</i>

- The fiscal program reflects gradual increase in revenue collections fueled by continued implementation of existing tax measures and tax administration reforms, bolstered by a robust economic growth. 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.

Source: DBM, BTr, DOF, Budget of Expenditures and Sources of Financing (BESF) 2024

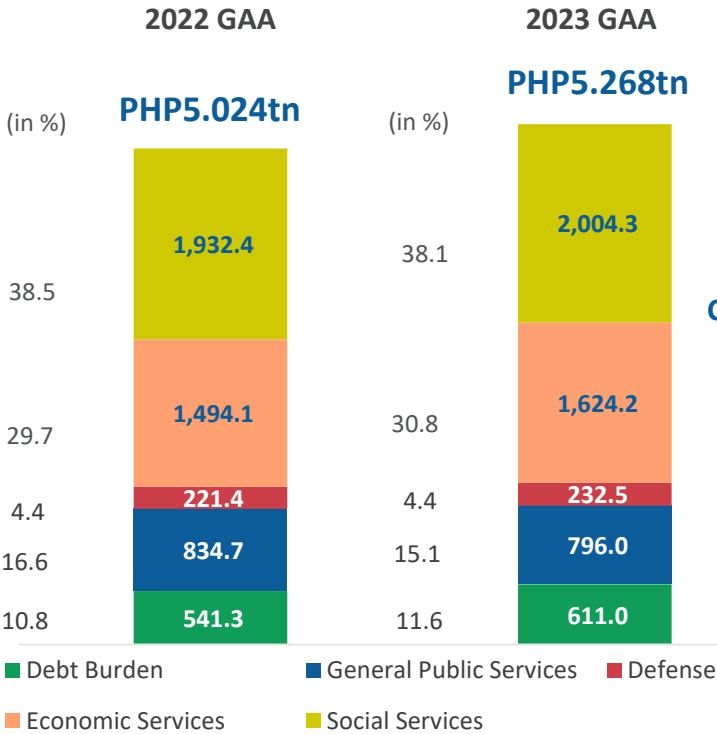
VI. Sound Government Finances

2023 National Budget for Resiliency, Recovery, Infrastructure Development

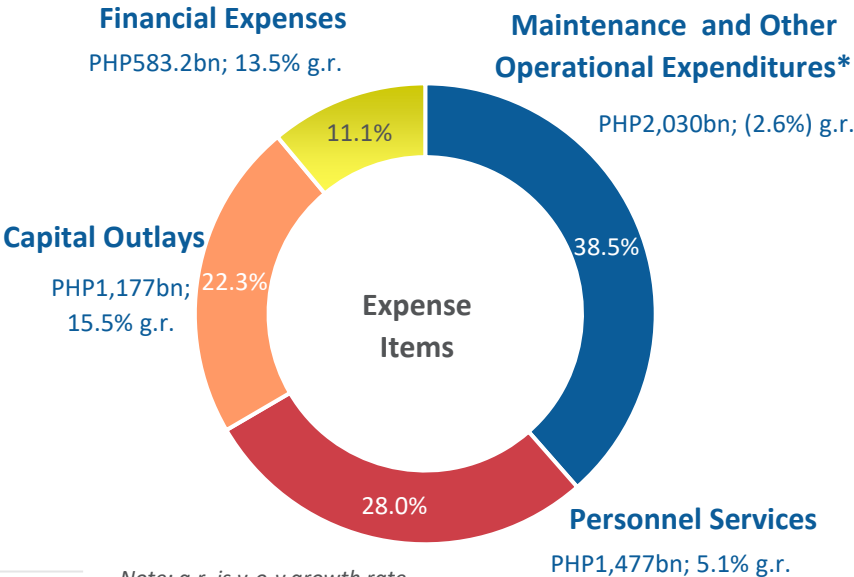
Theme: *Economic Transformation Toward Inclusivity and Sustainability*

- The 2023 budget (General Appropriations Act) amounts to PHP5.268tn, 4.9% higher than the 2022 budget and equivalent to 22.2% of GDP. Crafted in harmony with the 8-Point Socioeconomic Agenda, the budget will transform the national economy toward inclusivity and sustainability for a more prosperous Philippines.

2022 vs 2023 GAA by Sector, PHP bn and % share



2023 National Budget 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
*Inclusive of National Tax Allotment, Special shares of LGUs in the proceeds of national taxes, Local Government Support Fund, Special shares in the proceeds of Fire Code fees, Barangay officials death benefits, Allocation for MMDA and Bangsamoro Autonomous Region in Muslim Mindanao

FY 2023 GAA Select Expenditure Priorities in PHP bn

Expand and Upgrade Infrastructure	1,300.0
Modernize Agriculture and Agribusiness & Ensure Food Security	173.6
Revitalize Industry	31.4
Improve Education and Lifelong Learning	896.1
Boost Health	314.7
Strengthen Social Protection	227.8
Establish Digitalization	24.1
Increase Income-Earning Ability	63.1
Accelerate Climate Action	464.0

Source: DBM

VI. Sound Government Finances

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

Highlights of Transaction^{a/}

Apr 2020	Dec 2020	Mar 2021	Apr 2021	Jun 2021
- ROP as the first sovereign globally to price syndicated benchmark tranche with zero new issue premium during the COVID-19 crisis - ROP's lowest yielding US\$ offerings; Largest offshore offering since 2010 - Sold a dual tranche US\$2.35bn bond, consisting of US\$1.0bn 2.457% 10Y bond and US\$1.35bn 2.95% 25Y bond with spread of T+180bps and T+169bps, respectively	- ROP successfully offered the largest bond historically and achieved the tightest yield for both ROP 10Y and 25Y bucket - Sold a dual tranche comprised of US\$1.25bn 10.5Y notes priced at T+70bps (1.648%) and US\$1.5bn 25Y notes priced at 2.650%	- ROP successfully returned to the Samurai market with JPY55bn first-ever zero-coupon bond transaction - The 3Y Samurai tranche was priced at YSO+21bps above benchmark, the tightest spread since ROP's return to the market	- ROP's largest and first triple-tranche euro offering - The EUR2.1bn issuance was comprised of EUR650mn 0.250% 4Y bond, EUR650mn 1.200% 12Y bond, and EUR800mn 1.750% 20Y bond with spread of MS+75bps, MS+105bps, and MS+135bps, respectively	ROP issued a US\$3bn dual tranche global bonds comprised of US\$750mn 10.5Y notes priced at T+60bps (1.95%) and US\$2.25bn 25Y notes priced at 3.25% with a coupon of 3.20%

Mar 2022	Apr 2022	Oct 2022	Jan 2023
- ROP successfully raised US\$2.25bn first triple tranche Global Bonds, including 25Y notes issued under the Sustainable Finance Framework and that marked the ROP's debut Environmental, Social and Governance (ESG) Global Bonds offering - The global bonds issuance is composed of US\$500mn 5Y notes priced at T+90bps (3.229%), US\$750mn 10.5Y notes priced at T+125bps (3.556%), and new US\$1bn 25Y sustainability bonds priced at T+165.7bps (4.200%)	- ROP's first Sustainability samurai bond of JPY70.1bn multi-tranche offering with an ESG label across all four tranches - Priced at 0.76% for 5Y (JPY52bn), 0.95% for 7Y (JPY5bn), 1.22% for 10Y (JPY7.1bn), and 1.83% for 20Y (JPY6bn), with a spread of YMS+60bps, YMS+70bps, YMS+85bps, and YMS+115bps, respectively	- ROP successfully raised US\$2.0bn triple tranche Global Bonds under the new administration, including 25Y sustainability bonds - The offering consisted of US\$500mn 5Y notes priced at T+120bps (5.170%), US\$750mn 10.5Y notes priced at T+185bps (5.609%), and new US\$750mn 25Y sustainability bonds priced at 6.100% with a coupon of 5.950%	- ROP issued US\$3.0bn triple tranche Global Bonds, including a 25Y sustainability notes marking the Republic's fourth G3 ESG bond offering - The issuance comprised US\$500mn 5.5Y bonds priced at T+105bps (4.625%), US\$1.25bn 10Y bonds priced at T+145bps (5.00%), and US\$1.25bn 25Y sustainability bonds priced at T+180.2bps with a coupon of 5.50%

a/ At time of issuance

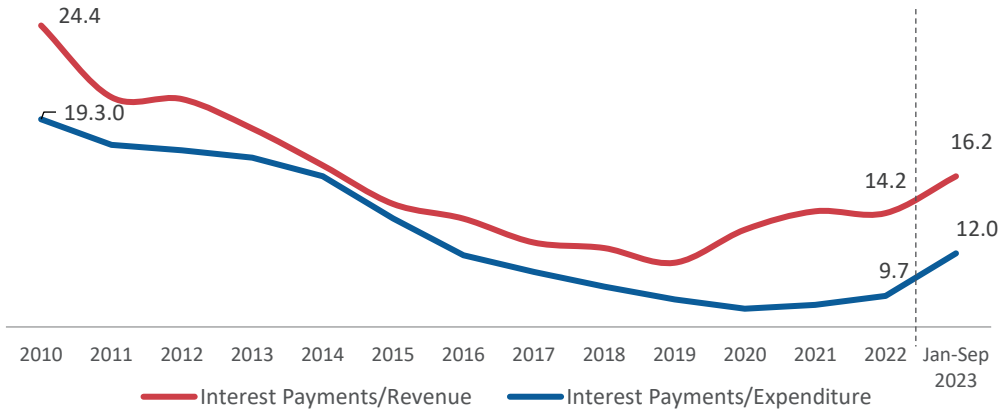
Source: Bureau of the Treasury; Bloomberg L.P.

VI. Sound Government Finances

Sustainable Debt Profile Supported by Diversified Sources of Financing

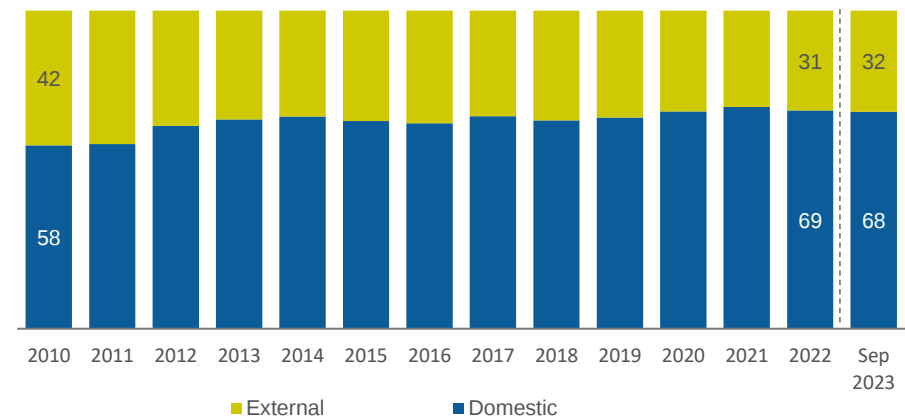
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space

Interest payments / NG revenue (%) and Interest payments / NG expenditure (%)



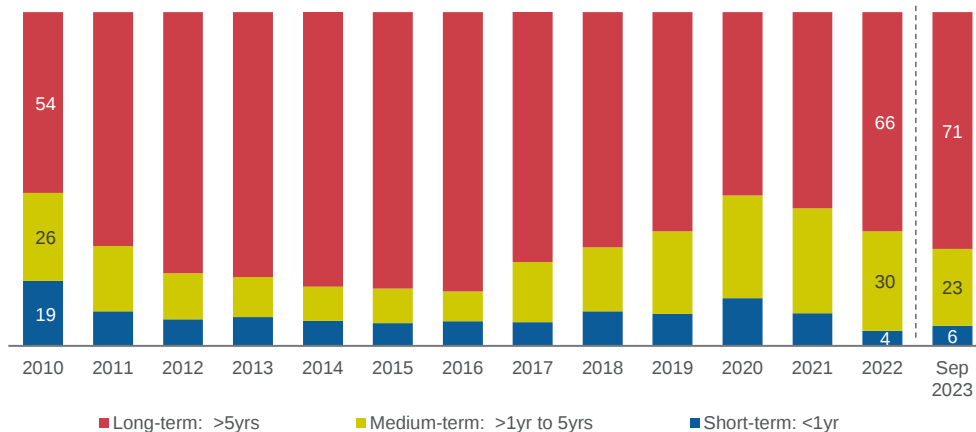
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)

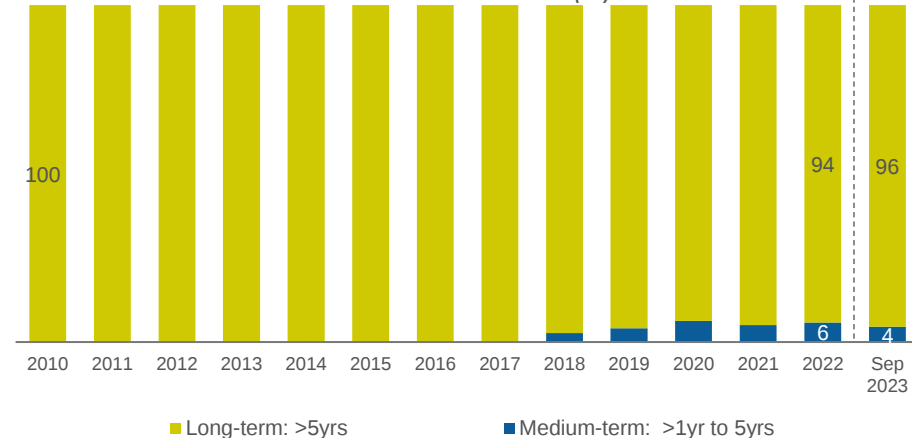


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)



External debt breakdown (%)



VI. 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

VI. 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 07 August 2023, a total of 45 projects have been granted tax incentives by the Fiscal Incentives Review Board. The total investment capital for these projects amounted to PHP721.285bn or equivalent to US\$13.114bn.** 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 PHP55.00/US\$1

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%)

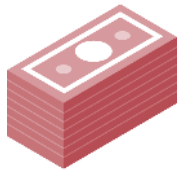
Provides more flexibility in the grant of fiscal and non-fiscal incentives

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

VI. 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



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



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

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



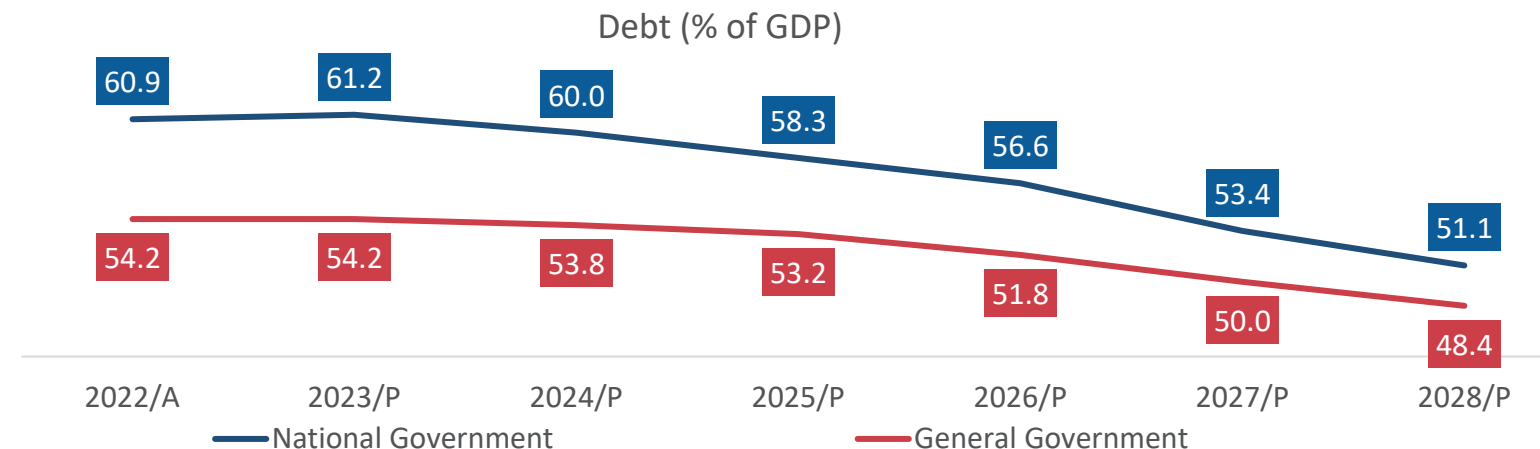
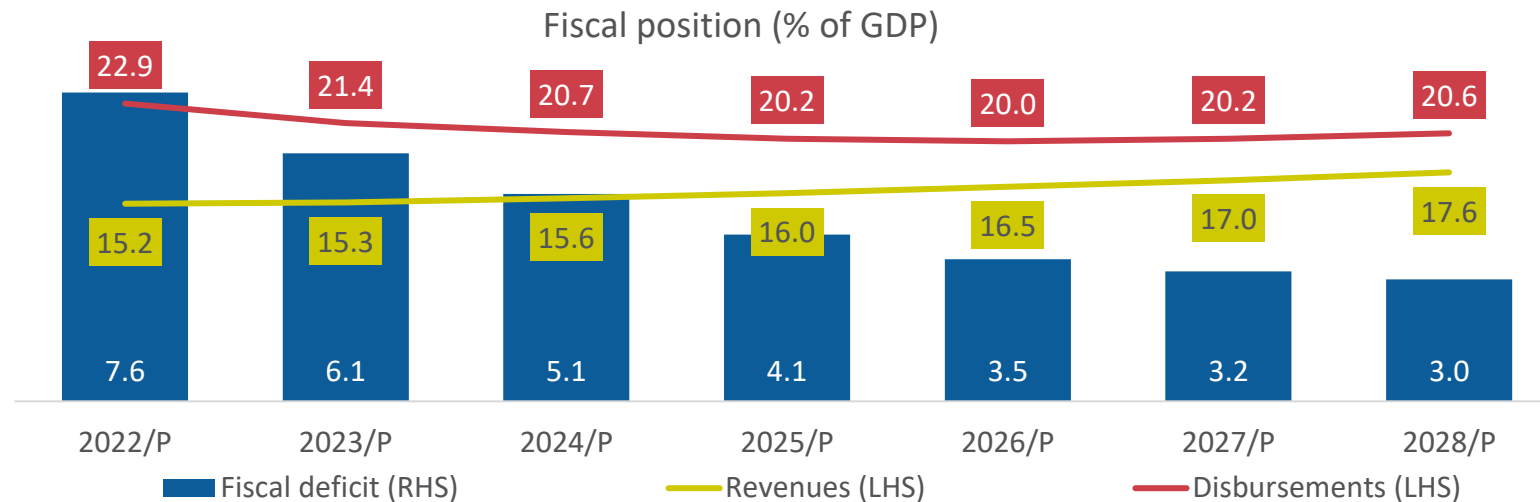
4. Pursue the remaining tax reform packages

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

VI. 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

VI. 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 high 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 strategic and profitable 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 towards 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

- Fund shall 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 shall 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.

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; | d) President and CEO of the Development Bank of the Philippines DBP; |
| b) President and Chief Executive Officer (CEO) of the MIC as Vice-Chairperson; | e) Two (2) Regular Directors; and |
| c) President and CEO of Land Bank of the Philippines (LBP); | 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:

- 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;
- Provide guidance on issues pertaining to the plans and projects of the MIC; and
- Recommend Regular and Independent Directors to the President

VI. 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 high 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.

VII. Infrastructure Program

Building on a Solid Foundation

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

“I would like to reiterate the marching order of the President during his State of the Nation Address...the infrastructure development program will be pursued relentlessly” – Sec. Bonoan, DPWH
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)

197

Infrastructure Flagship Projects ^{2/} (IFP) (PHP8.7tn) that President Marcos Jr. approved as of 23 August 2023 - Some of the new projects in the list include Panay Railway Project, Mindanao Railway Project III, North Long Haul Railway, San Mateo Railway, UP-PGH Diliman Project, the NAIA or Ninoy Aquino International Airport Rehabilitation Project, Ilocos Sur Transbasin Project, and the Metro Cebu Expressway.

Status of IFP Implementation^{3/}

71 ongoing implementation

30 approved for implementation

8 awaiting government approval

88 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-Aug 2023 actual infrastructure disbursements: PHP876.6bn, 12.1% higher y-o-y
 - Q3 2023: 100% and 97% utilization rate of cash allocations by DPWH and DOTr, respectively.

The establishment of the **Maharlika Investment Fund**, with the objectives of optimizing returns on investments and catalyzing socio-economic development, shall prioritize investments in infrastructure projects directed toward fulfillment of national priorities while obtaining the absolute return and achievable financial gains on its investments. ^{8/}

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

^{2/} Based on IFP list in NEDA website

^{3/} As of August 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/} Infrastructure program spending projection based on FY 2024 BESF approved on 12 July 2023.

^{8/} Source: RA 11954, Maharlika Investment Act of 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

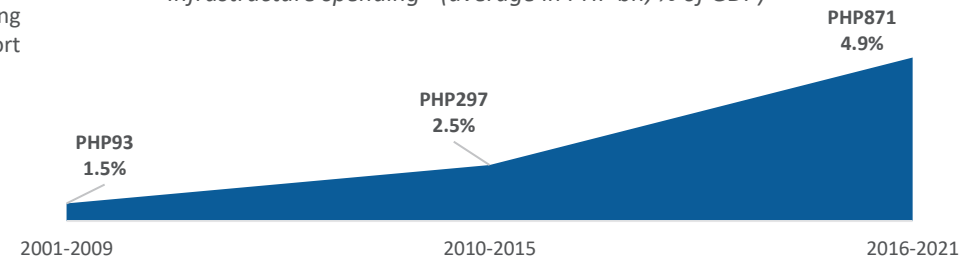
Flood Control Projects



5,744

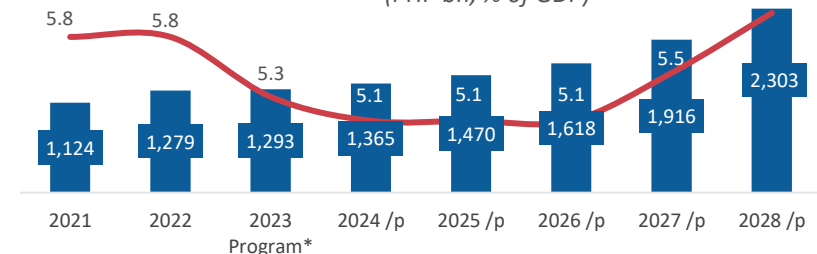
Kilometers of Roads ^{4/}

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



Infrastructure Spending^{6/}

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



■ Infrastructure spending — % of GDP

* consistent with the FY 2023 Quarterly Fiscal Program approved during the 184th DBCC Meeting last 24 April 2023

VII. 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\$15.7bn)

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 (PHP55.5/US\$1) of the US\$/PHP forecast during 185th DBCC Meeting last 9 June 2023



Metro Manila Subway Project Phase 1 – PHP488.5bn (US\$8.8bn)

35-km new underground mass transit from Quezon City to NAIA Northward and southward extension of the Metro Manila Subway toward Bulacan (Region 3) and Cavite (CALABARZON), respectively. The extension will include around 40 kms northward and 40 kms southward. This will also include the 4-km extension of the Metro Manila Subway Phase 1 toward LRT Line 1 Asia World Station and Parañaque Integrated Terminal Exchange interchange.

Status: Ongoing



Panay-Guimaras-Negros Inter-Island Link Bridge – PHP187.5bn (US\$3.4bn)

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\$4.5bn)

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\$13.3bn)

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

VII. Infrastructure Program

Forging Stronger Partnerships with the Private Sector

Broader private sector participation

Status of PPP projects as of 27 October 2023

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

- One of the priority bills mentioned by President Marcos Jr. during his first SONA is the amendment of RA 6957 or the Build-Operate-Transfer (BOT) Law, which aims to create a “more competitive and enabling environment” for PPP.
- Meanwhile, the revised 2022 IRR of the BOT Law took effect in October 2022.

Revised 2022 IRR of the BOT Law includes:

- Reforms that address stakeholder concerns on the financial viability and bankability of PPP projects**
 - Provided a fairer definition of **material adverse government action (MAGA)**
 - Provided that ICC guidelines shall determine a methodology to calculate the **Reasonable Rate of Return**
 - Reinstated the **tariff setting and adjustment regime** of the 2012 IRR
 - **Deleted clause prohibiting arbitration** arising from regulatory acts and decisions
- Reforms that address concerns about potential delays due to extra steps, rigid process, or ambiguous provisions**
 - Provided flexibility in setting the termination payment regime of a project
 - Clarified the definition of Direct Government Subsidy and the applicable caps
 - Clarified the provision on independent consultants
 - Required only the disclosure (not consent) of loan or financing documents

PPP Projects under Implementation

50 Solicited Projects
PHP924bn (US\$16.6bn)

130 Unsolicited Projects
PHP1.6tn (US\$29.6bn)

1 Projects for verification of
procurement mode
PHP95bn (US\$1.7bn)

PPP Projects in the Pipeline

66 Solicited Projects
PHP486bn
(US\$8.7bn)

40 Unsolicited Projects
PHP2.0tn
(US\$36.7bn)

Concluded and Terminated PPP Projects

41 Solicited Projects
PHP257bn
(US\$4.6bn)

13 Unsolicited Projects
PHP45bn
(US\$0.8bn)

1 Project with no available
information on procurement
mode



Notes:

- 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.
- PPP Projects in the Pipeline refers to projects under procurement, competitive challenge, negotiation, approval, development, conceptualization, and initial evaluation by IA.

VIII. Outlook

Sound Fundamentals Anchor Firm Economic Recovery

Particulars	Actual			Assumptions/Projections					
	2021	2022	2023	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	5.7	7.6	5.5 (Q1-Q3)	6.0 – 7.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0
Inflation Rate (%)*	3.9	5.8	6.4 (Jan-Oct)	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	(9.3) (Jan-Jun)	(4.0)	5.0	6.0	6.0	6.0	6.0
Growth of goods import (%)**	30.5	19.0	(8.0) (Jan-Jun)	(3.0)	7.0	8.0	8.0	8.0	8.0
OF Cash Remittances, Growth Rate (%)**	5.1	3.6	2.8 (Jan-Aug)	3.0	3.0	N/A	N/A	N/A	N/A
Net Foreign Direct Investments (US\$ bn)**	12.0	9.4	4.7 (Jan-Jul)	8.0	10.5	N/A	N/A	N/A	N/A
Current Account Balance (% of GDP)**	(1.5)	(4.5)	(4.0) (Jan-Jun)	(2.5)	(2.1)	N/A	N/A	N/A	N/A

Growth Drivers

- **Household Consumption:** Targeted intervention to preserve purchasing power and non-monetary measures to stabilize price pressure. Growth of remittances. Better employment conditions.
- **Government spending:** Timely implementation of the national budget. Implementation of Devolution Transition Plans.
- **Investment:** Infrastructure programs through PPP modalities. Implementation of reforms, e.g., Amendments to PSA, FIA, RTLA, CREATE will increase investments in priority sectors. Greater adoption of e-commerce.
- **Net Exports:** RCEP Ratification will expand opportunities for exporters. Increased foreign and local tourists with simplified protocols and reopening of international borders. Promotion and expansion of the IT-BPM sector.

IX. 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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