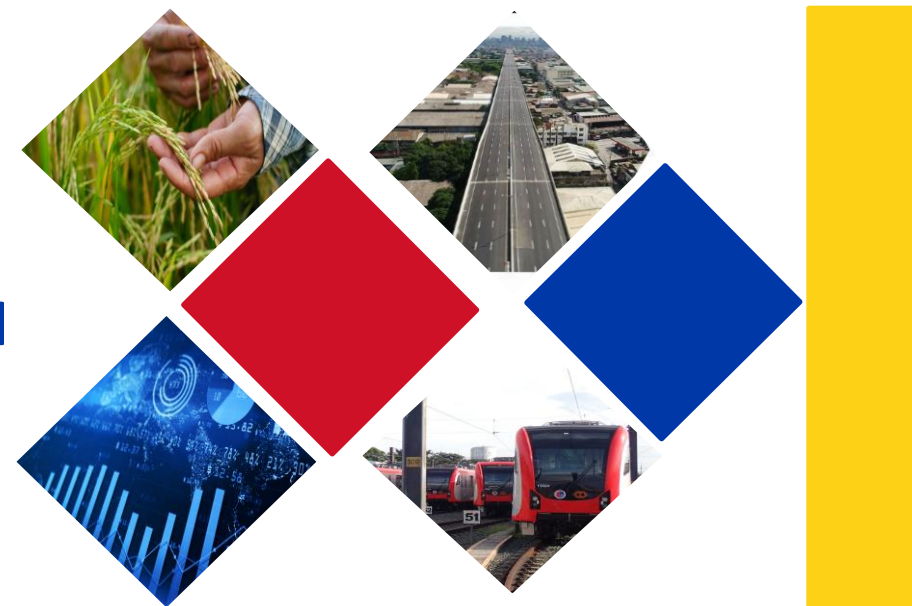




# Republic of the Philippines

## Toward a More Inclusive, Resilient, and Prosperous Economy

October 2024



# 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



GDP Growth in (%)

- 6.0% - 7.0% for 2024
- 6.5% - 7.5% for 2025
- 6.5% - 8.0% for 2026 - 2028

Poverty Rate in (%)

- 9.0% by 2028

Deficit-to-GDP in (%)

- 3.7% by 2028

Debt-to-GDP in (%)

- 56.3% by 2028

Country Income Status

- Upper middle-income status by 2025

Infrastructure Spending-to-GDP (%)

- 5.0% - 6.0% for 2024-2028

# 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

- Protect and develop conflict-affected communities
- Safeguard people's life from criminality
- Provide protection and safety from natural hazards and security threats
- Uphold and protect territorial integrity and sovereignty

## II. Sound Credit Profile

Metric	2017	2018	2019	2020	2021	2022	2023	2024
<b>Credit Rating</b>								
▪ Moody's	Baa2/stable	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	BBB+/stable
▪ Fitch	BBB/stable	BBB/stable	BBB/stable	BBB/stable	BBB/negative	BBB/negative	BBB/stable	BBB/stable
<b>Real GDP Growth Rate (%), 2018 prices</b>	6.9	6.3	6.1	(9.5)	5.7	7.6	5.5	6.0 (1H)
<b>GDP Per Capita (US\$), PPP concept (current prices)</b>	8,199	8,795	9,365	8,416	9,230	10,548	11,453	12,367 (1H)
<b>Inflation Rate <sup>2/</sup> (%), 2018 prices</b>	2.9	5.2	2.4	2.4	3.9	5.8	6.0	3.4 (Jan-Sep)
<b>Fiscal Balance/GDP (%)</b>	(2.1)	(3.1)	(3.4)	(7.6)	(8.6)	(7.3)	(6.2)	(4.9) (1H)
<b>Tax Revenue/ GDP (%)</b>	13.6	14.0	14.5	14.0	14.1	14.6	14.1	14.6 (1H)
<b>National Government Interest Payments/ Revenues (%)</b>	12.6	12.3	11.5	13.3	14.3	14.2	16.4	17.5 (1H)
<b>General Government Debt/GDP (%)</b>	34.9	34.4	34.1	48.1	53.4	54.2	53.6	N/A
<b>Gross International Reserves (US\$ bn)</b>	81.6	79.2	87.8	110.1	108.8	96.1	103.8	107.9 (end-Aug)
<b>Import Cover (months) <sup>3/</sup></b>	7.8	6.9	7.6	12.3	9.7	7.2	7.7	7.8 (end-Aug)
<b>Overseas Filipinos' Cash Remittances (US\$ bn)</b>	28.1	28.9	30.1	29.9	31.4	32.5	33.5	19.3 (Jan-Jul)
<b>Foreign Direct Investments (US\$ bn)</b>	10.3	9.9	8.7	6.8	12.0	9.5	8.9 <sup>1/</sup>	4.4 (Jan-Jun)
<b>Current Account/GDP (%)</b>	(0.7)	(2.6)	(0.8)	3.2	(1.5)	(4.5)	(2.6) <sup>1/</sup>	(3.2) (Jan-Jun)
<b>External Debt/GDP (%)</b>	22.3	22.8	22.2	27.2	27.0	27.5	28.7 <sup>1/</sup>	28.9 (end-Jun)

<sup>1/</sup>Preliminary data

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

<sup>3/</sup>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, 6<sup>th</sup> Ed concept.

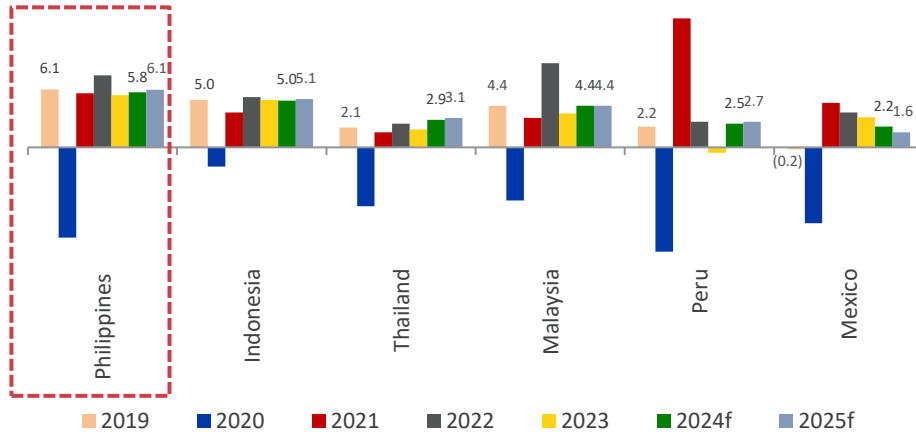
Source: Philippine Statistics Authority (PSA), BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

# II. Sound Credit Profile

## Competitive Even Among Higher-Rated Peers

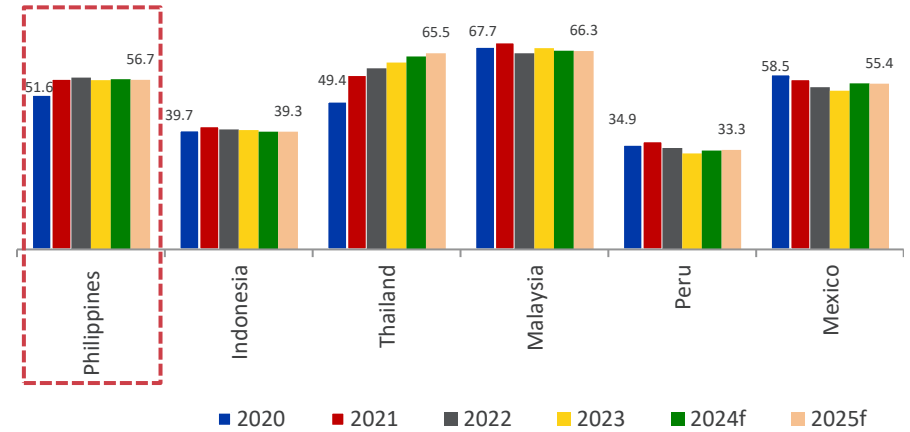
### Highest growth performance among peers

GDP growth (%)



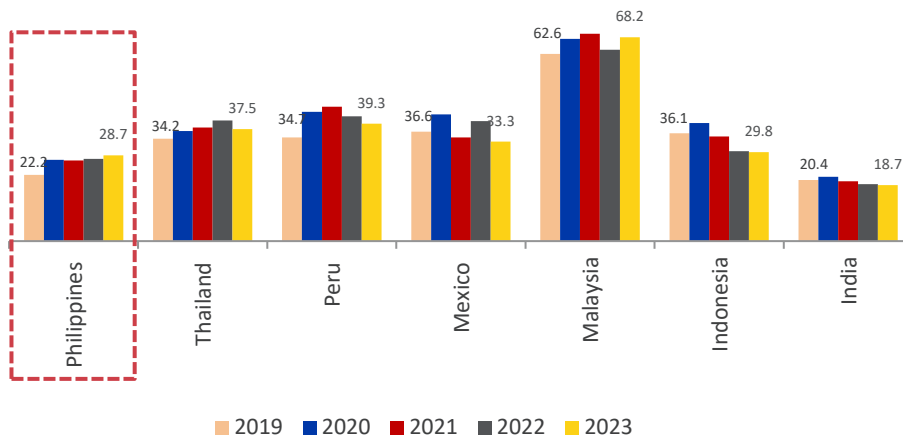
### Debt burden remains manageable

General Government gross debt (% of GDP)



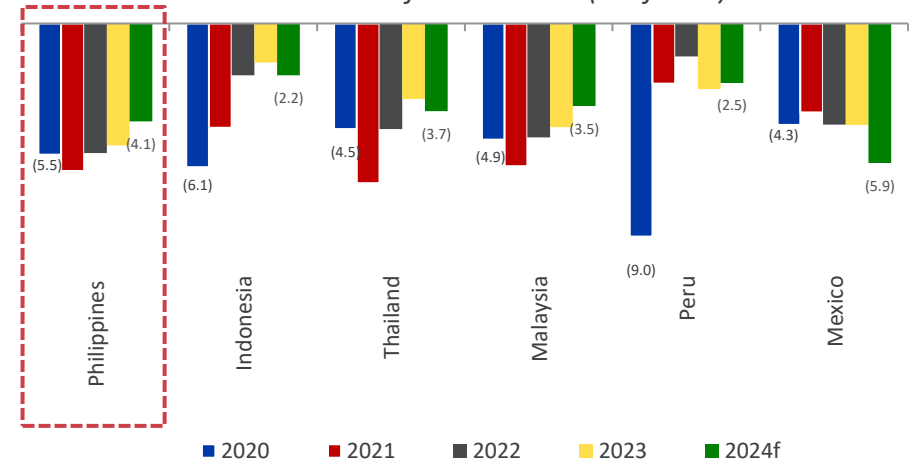
### One of the lowest external debt ratio among peers

External Debt (% of GDP)



### Sound fiscal position post-pandemic

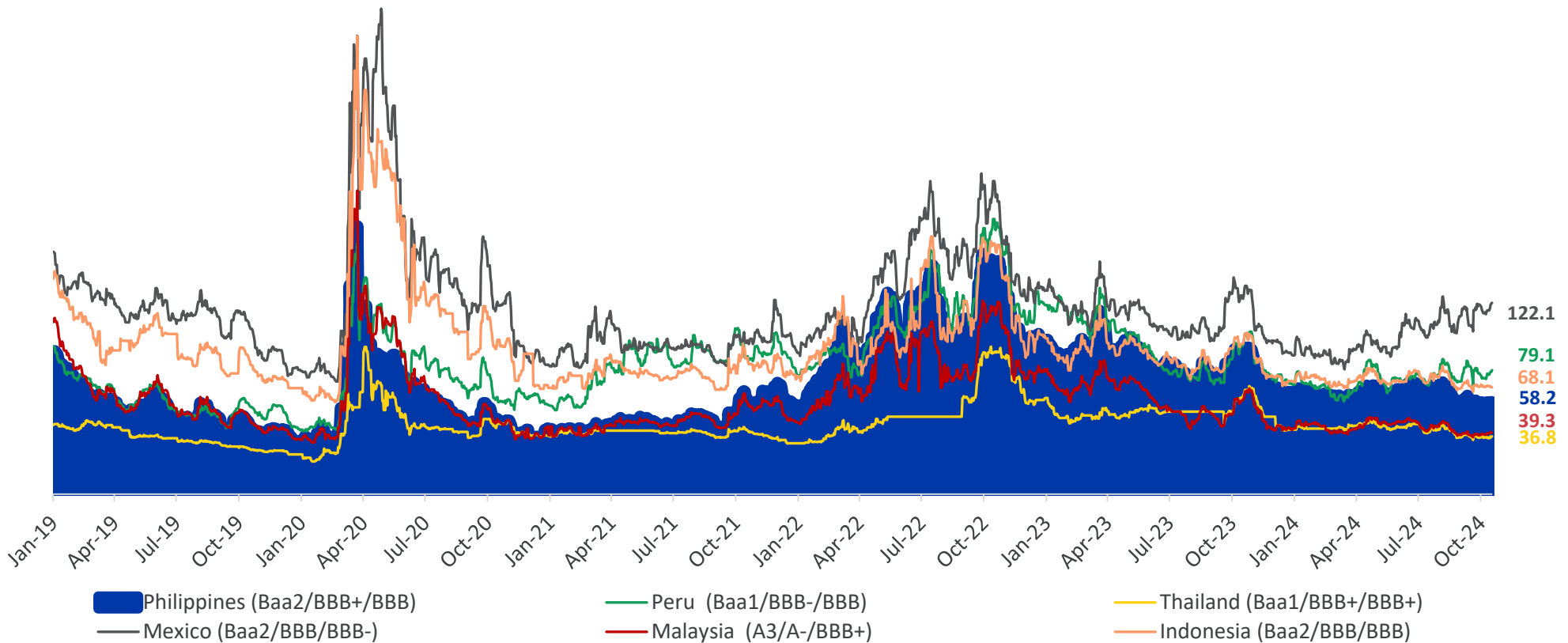
General Government fiscal balance (% of GDP)



## II. Sound Credit Profile

### Investor Confidence in the Philippines' Sound Credit Quality

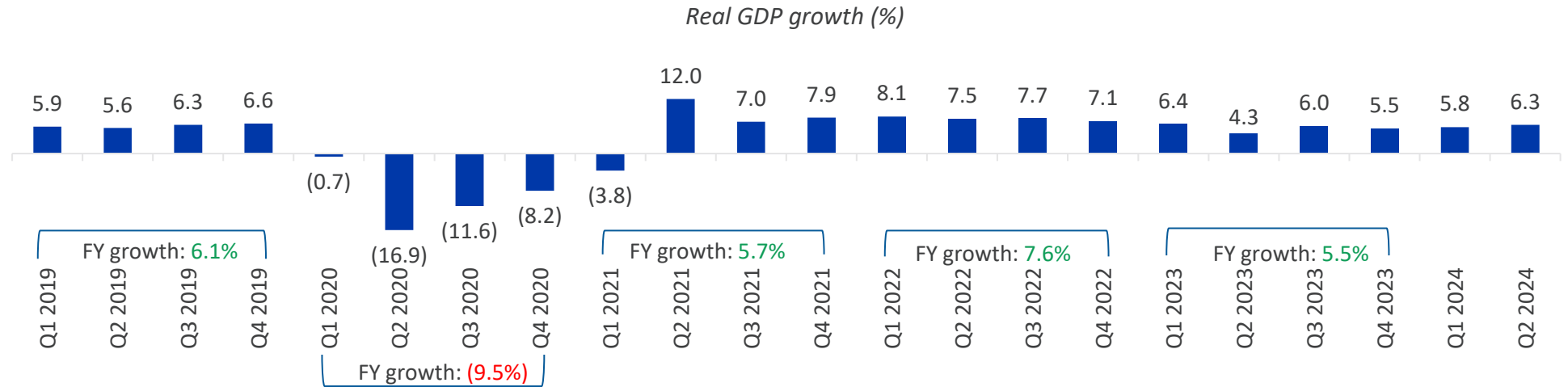
5-year Sovereign CDS spreads (in basis points)<sup>1/</sup>



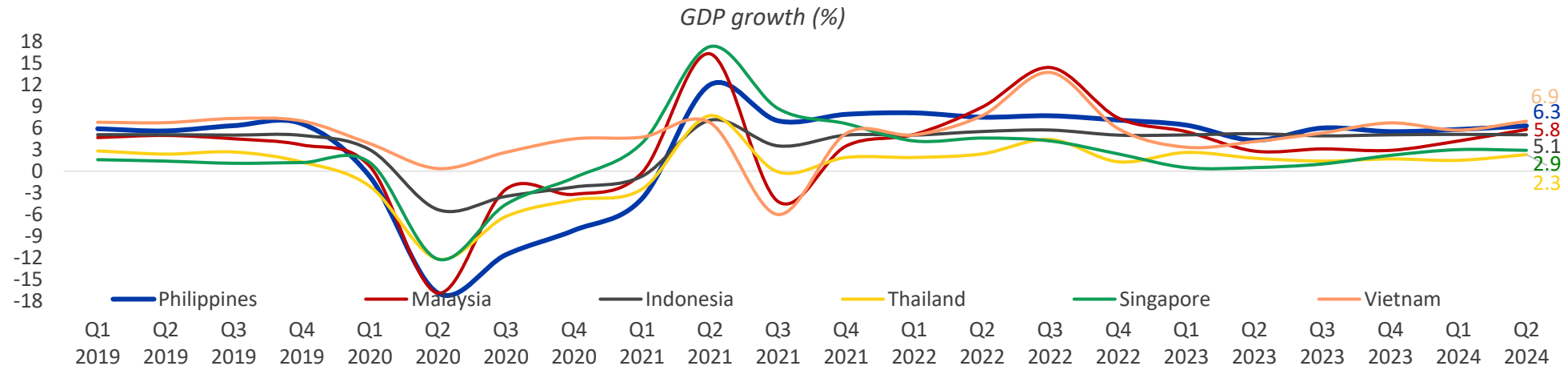
<sup>1/</sup> Data as of 17 October 2024  
 Rating: Moody's/S&P/Fitch ratings  
 Source: Bloomberg

# III. Sustained Robust Growth and Reform Momentum

## Roadmap for robust growth anchored on sound macroeconomic fundamentals



## Philippines remains one of fastest growing economies in Southeast Asia

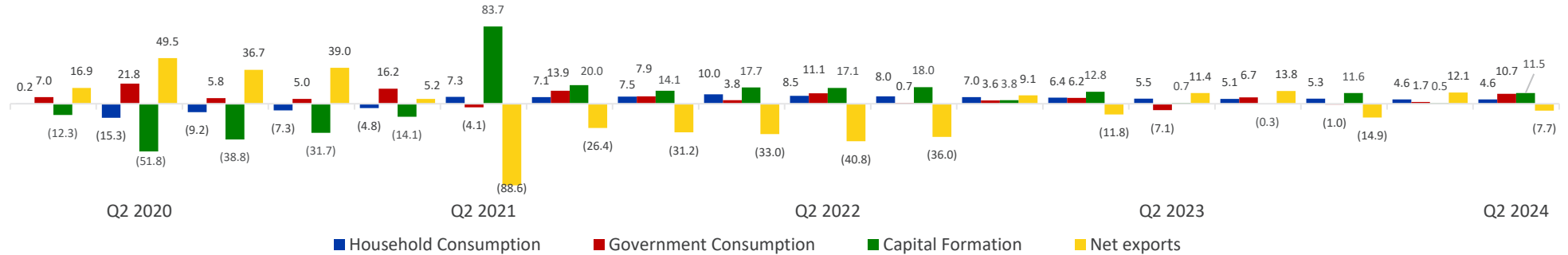




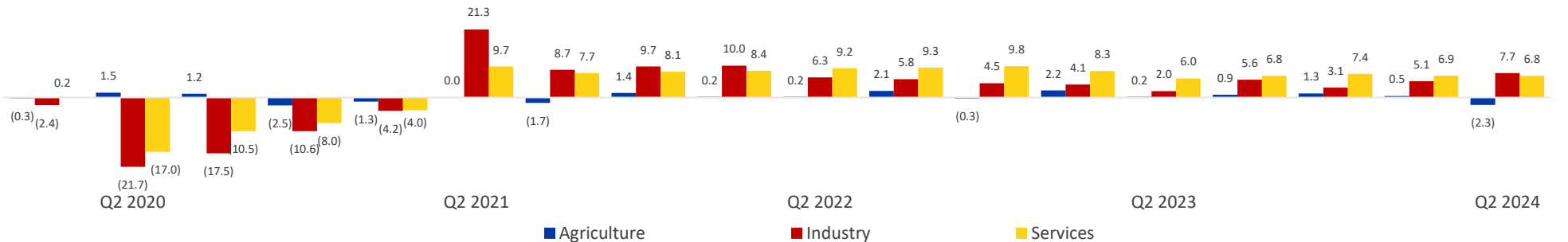
# III. Sustained Robust Growth and Reform Momentum

## Broad-based growth supported by investments and better employment conditions

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

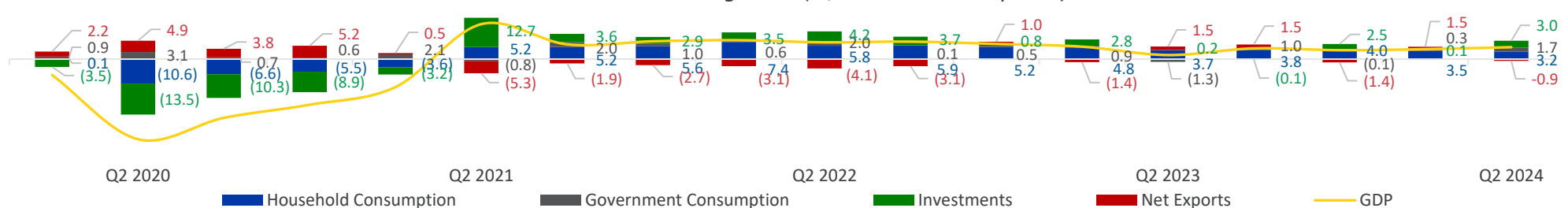


*Supply-side growth rates (% , Constant 2018 prices)*



## Robust domestic demand fuels economic growth

*Contribution to GDP growth (% , Constant 2018 prices)*



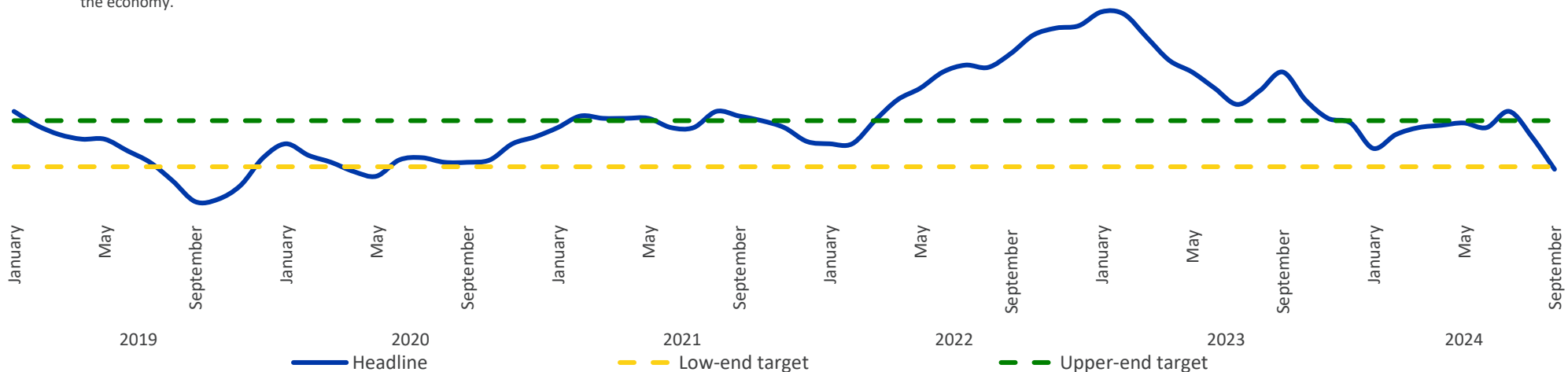
# III. Sustained Robust Growth and Reform Momentum

## 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 to beef up the government's efforts to ease inflation and improve the economy.

**Latest:**  
1.9% <sup>1/</sup> (Sep 2024)  
3.4% <sup>1/</sup> (Jan-Sep 2024)



- Inflation decreased in September due to prices of some food items and transportation; latest outturn consistent with BSP's assessment that inflation will continue to downtrend over succeeding quarters due to negative base effects and easing of supply pressure for key food items.
- **BSP reduced policy rate by 25 basis points to 6.0% in October 2024; Started easing cycle in August 2024.** Strong domestic growth expectations supported by start of monetary easing cycle and announced reduction in reserve requirements.
- Risk adjusted inflation forecasts as of October vs. August :
  - 2024: 3.1% vs. 3.3%
  - 2025: 3.3% vs. 2.9%
  - 2026: 3.7% vs 3.3%

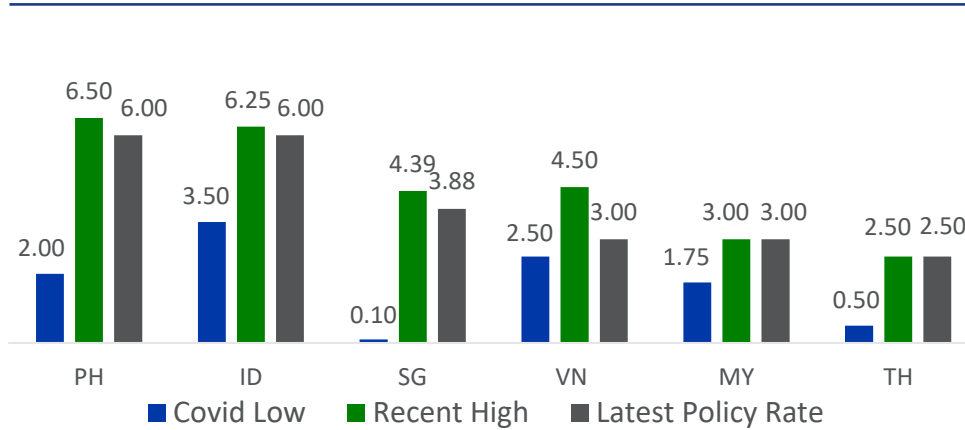
<sup>1/</sup> preliminary data as of 04 October 2024

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

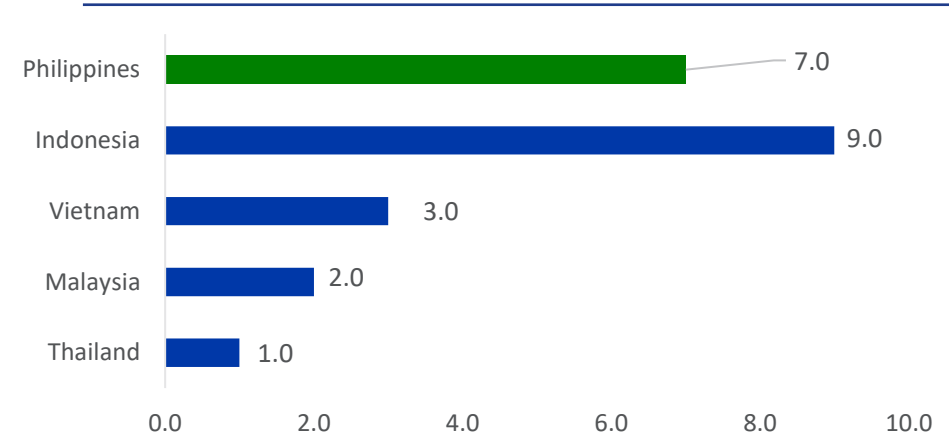
# III. Sustained Robust Growth and Reform Momentum

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

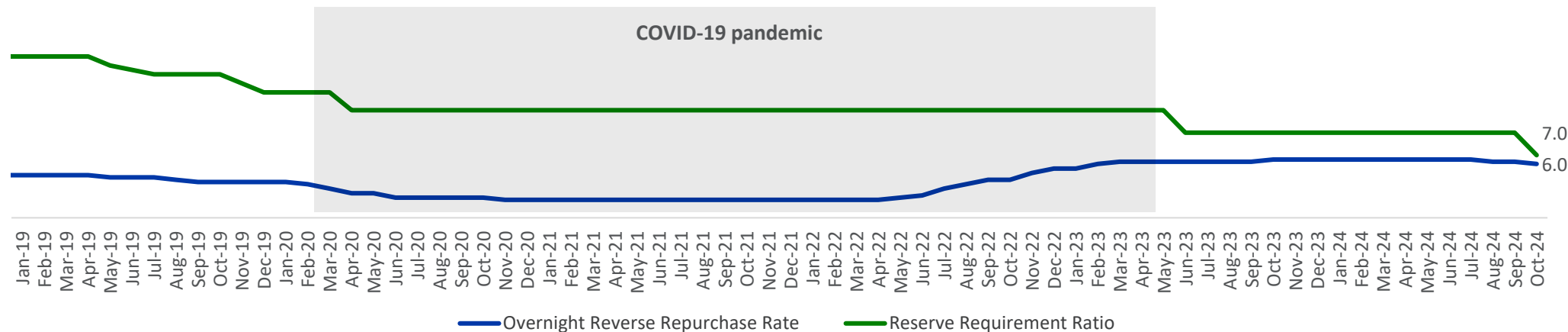
Central Bank Policy Rates (%)



Reserve Requirement Ratio (%)<sup>1/</sup>



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



1/ On 20 September 2024, BSP announced a 250-bps reduction of the RRR for Universal and Commercial Banks to 7.0% from 9.5%.; Effective date 25 October 2024

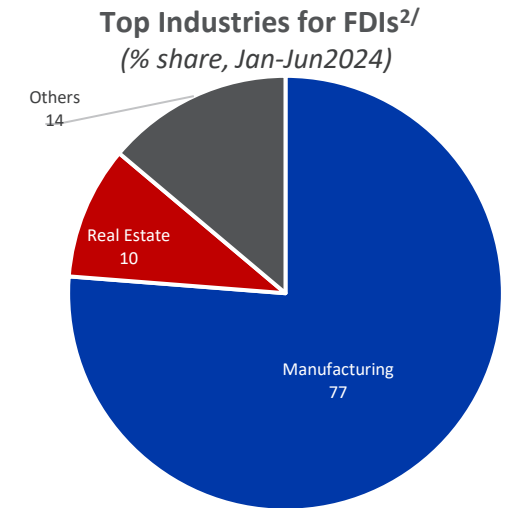
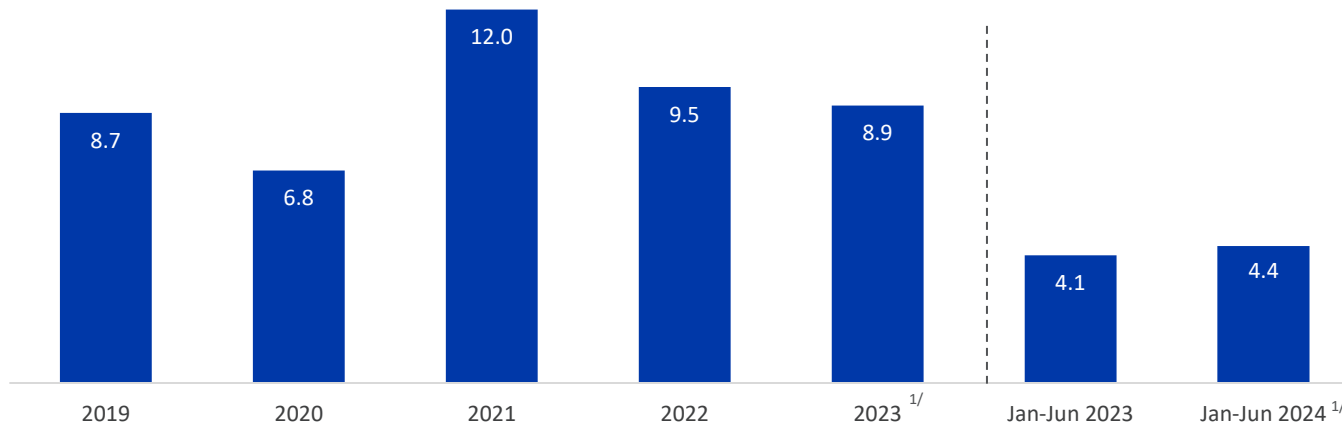
Source: BSP, CEIC, Central Bank Websites

# III. Sustained Robust Growth and Reform Momentum

## Sustained Investment Flows

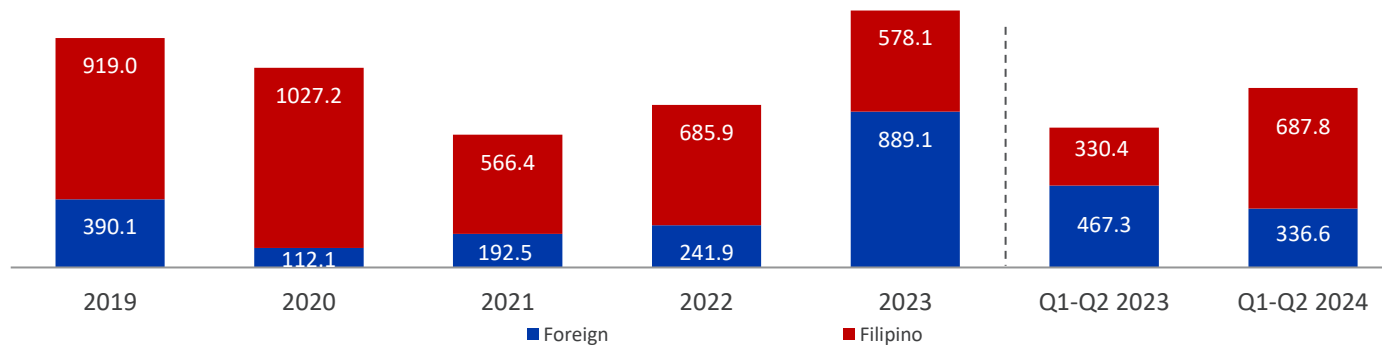
Continued inflows indicate confidence in long-term growth prospects

Net FDI (US\$ bn)



Foreign investment pledges reached PHP1.0tn in the first half of 2024

(PHP bn)



**Countries with the highest investment pledges in H1 2024**  
(PHP bn)

Switzerland	234.9
Netherlands	39.7
South Korea	20.3

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




<sup>1/</sup> Preliminary data

<sup>2/</sup> Refers to gross placements of equity capital only. Details may not add up to total due to rounding.

# III. Sustained Robust Growth 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:
100% ownership of micro and small domestic enterprises with a paid-in equity capital of at least US\$100,000 to less than US\$200,000, provided that:			Allow for more foreign participation in the country's industries*
Involves advanced technology as certified by the Department of Science and Technology (DOST); or	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	Majority of the direct employees are Filipinos; number of Filipino direct hires is at least 15 as certified by the Department of Labor and Employment (DOLE)	<i>Inter-Agency Investment Promotion Coordination Committee tasked to integrate all promotion and facilitation efforts to encourage foreign investments in the country</i>
			<i>Comprehensive and strategic Foreign Investment Promotion and Marketing Plan for the medium and long term</i>
			<i>Updated database tool to promote investment and business-matching in the local supply chain</i>
			<i>Skills Development Program designed to transfer technology or skills by designating at least two understudies per foreign national employed</i>

Source: Official Gazette

# III. Sustained Robust Growth and Reform Momentum

## Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

### Amendments to Public Service Act, Retail Trade Liberalization Law, and the IRR of Renewable Energy Act

#### Amended Public Service Act

100% foreign ownership of:



Telecommunications



Airports



Railways



Shipping



Expressways

Allowed up to 40%:



Distribution of electricity



Transmission of electricity



Petroleum and petroleum products transmission or distribution systems



Water pipeline distribution systems and wastewater pipeline systems



Seaports



Public utility vehicles

#### Amended Retail Trade Liberalization Law

Lowers minimum paid-up capital to US\$500,000 (PHP25mn); removes the required net worth, number of branches, and 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



#### Amended IRR of Renewable Energy Act

100% foreign ownership in exploration, development, and utilization of renewable energy sources.



Hydro



Ocean/Tidal



Solar



Wind

# III. Sustained Robust Growth 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

- All qualified manufacturing activities
- Innovation drivers
- Infrastructure and logistics
- Inclusive business models
- Renewable energy, among others

Location	Incentives for Exporters	Incentives for Domestic Market
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

##### Promote a competitive and resilient economy and to fill in gaps in the Philippines' industrial value chains

- Green ecosystems
- Health-related activities
- Defense-related activities
- Industrial value-chain gaps
- Food security-related activities

Location	Incentives for Exporters	Incentives for Domestic Market
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

##### Accelerate the transformation of the economy primarily through the application of research and development and attraction of technology investments

- 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

Location	Incentives for Exporters	Incentives for Domestic Market
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



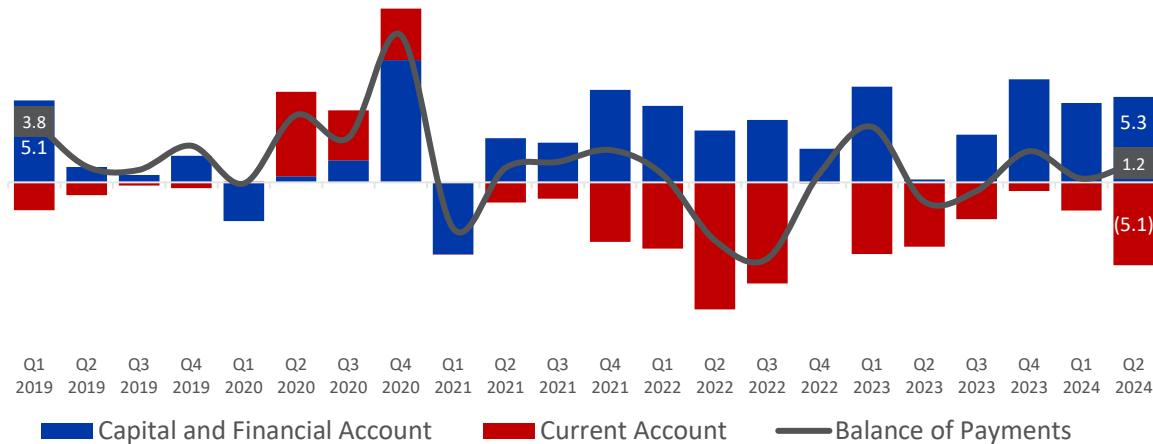
**EO 18 s. 2023: Constituting Green Lanes for Strategic Investments** is a government-wide response to enhance Ease of Doing Business by expediting, streamlining, and automating processes for Strategic Investments. It complements landmark economic reforms (FIA, PSA, RTLA, and CREATE) and relaxes foreign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

# IV. Favorable External Position

## Manageable Balance of Payments Position

### Balance of Payments

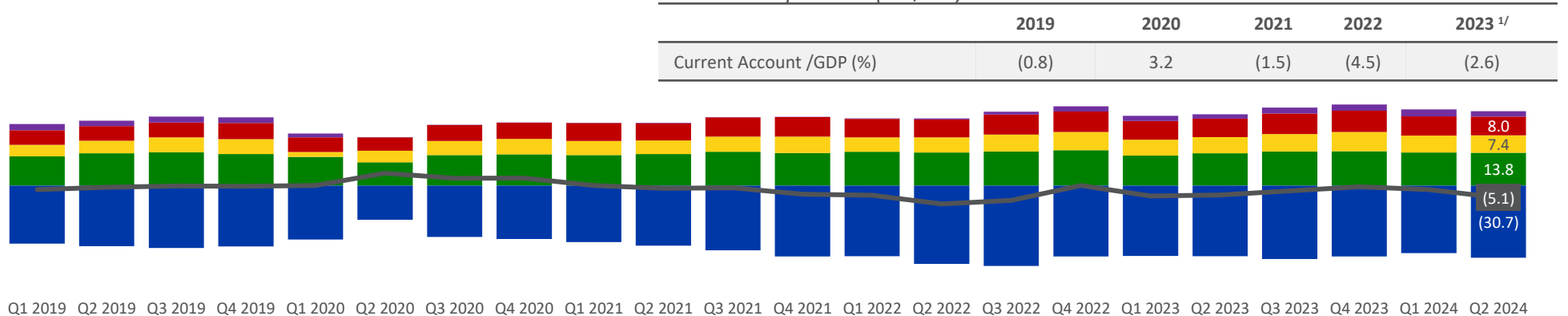
Balance of Payments Components (US\$ bn)



	2019	2020	2021	2022	2023 <sup>1/</sup>
Capital and Financial Account	8.2	7.0	6.5	13.9	15.5
Current Account	(3.0)	11.6	(5.9)	(18.3)	(11.2)
Overall Balance of Payments Position	7.8	16.0	1.3	(7.3)	3.7

### Current Account

Current account components (US\$ bn)



<sup>1/</sup> Preliminary  
Source: BSP

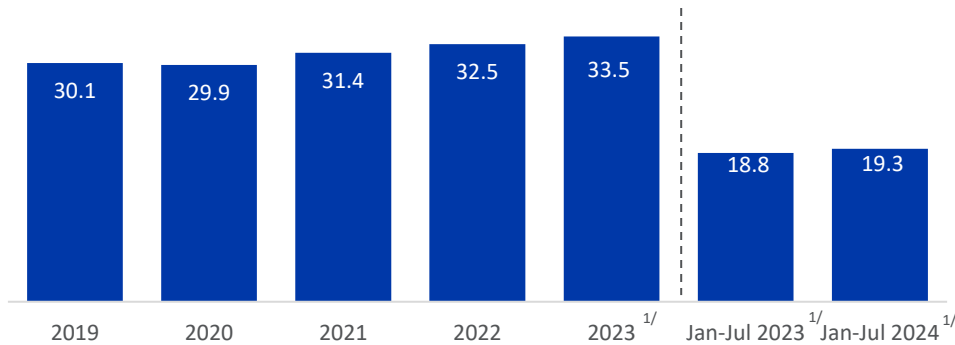


# IV. Favorable External Position

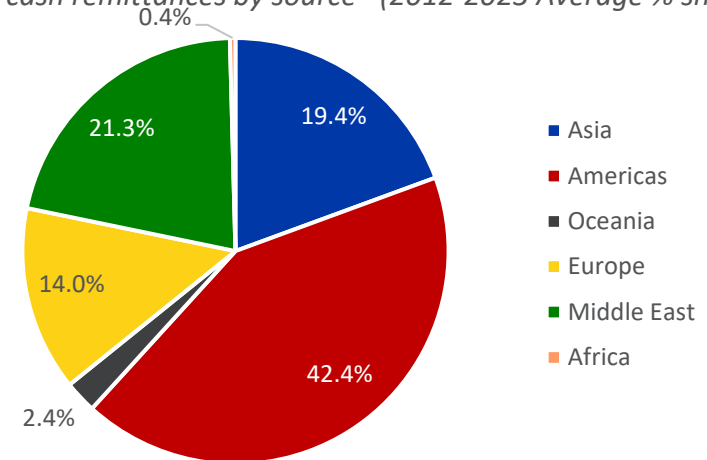
## Structural Current Account Inflows Support the Balance of Payments

Remittance flows remain resilient

OFs' cash remittances (US\$ bn)

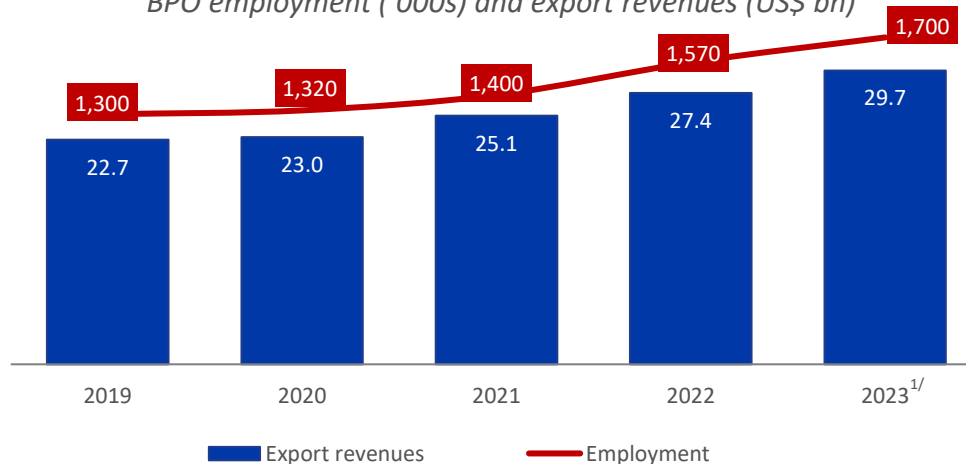


OFs' cash remittances by source\* (2012-2023 Average % share to total)



## BPO remains a strong driver of employment, export revenues

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

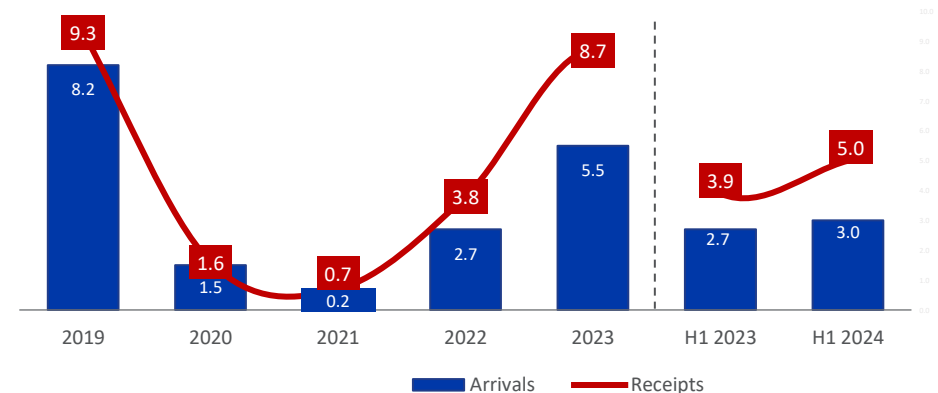


Note: BPO revenues are lodged under technical, trade-related, and other business services and computer services (BOP concept); BPO employment data is from IT and Business Process Association of the Philippines (IBPAP)  
1/preliminary

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

## Tourism industry posts strong rebound post-pandemic

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



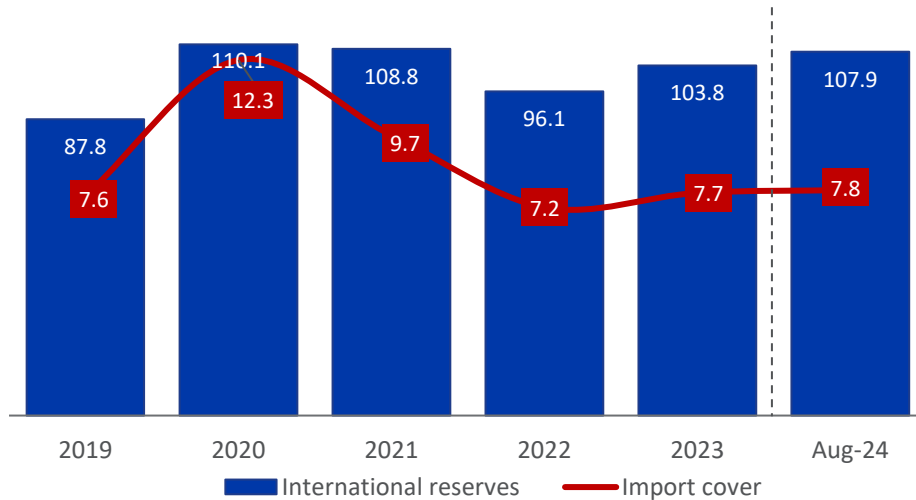
\*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

# IV. Favorable External Position

## Adequate Buffers Against External Headwinds

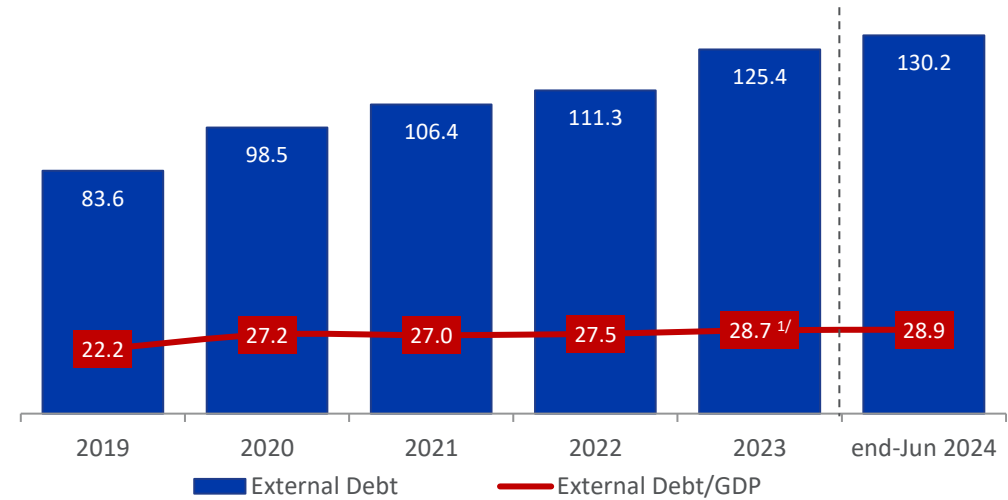
### Hefty level of reserves

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



### Prudently managed external debt

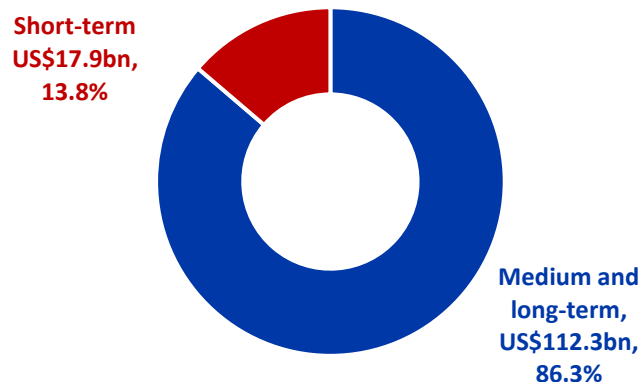
External debt (US\$ bn) and external debt/GDP (%)



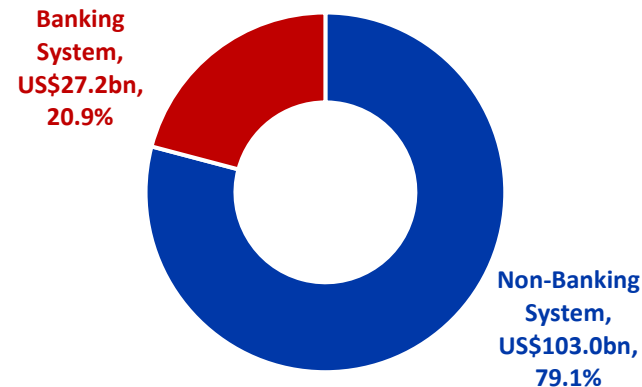
## Favorable external debt profile

(as of end-Jun 2024)

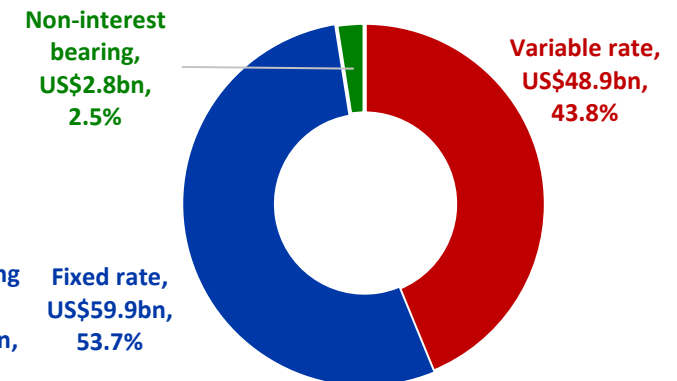
### External Debt by Maturity



### External Debt by Borrower



### External Debt by Interest Type



# IV. Favorable External Position

## 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:** 80% of exports duty-free under IPEF



**EU:** 6,274 tariff lines duty-free; only SEA country with GSP+



**ASEAN Free Trade Area:** lower intra-regional tariffs of 0-5%



**Asia Pacific:** China, South Korea, Japan, India, Australia, New Zealand, and Hong Kong



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



**UK DCTS:** 85% eligible lines to benefit from zero tariffs

### 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*

*Expected to open markets for 92% of Philippines' products*

*Improves export competitiveness of key products such as agricultural products, automotive parts, and garments*

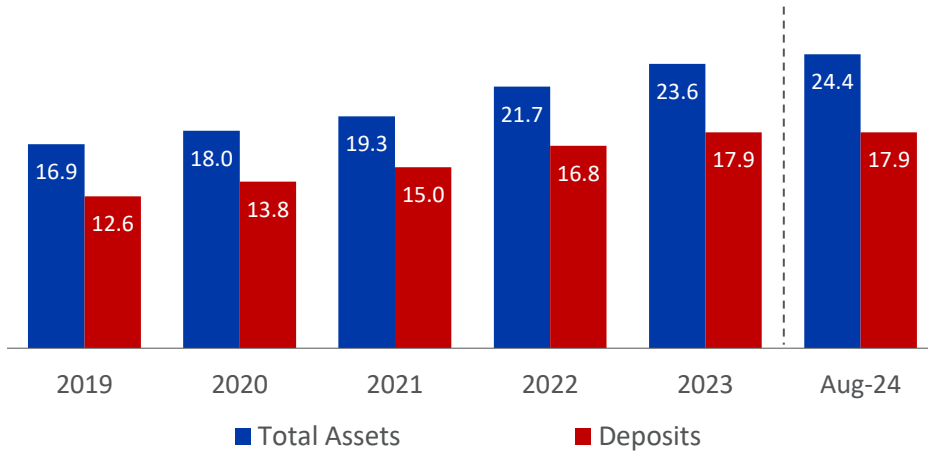
*Improves levels of market access; provides a specific chapter for MSMEs; includes simplified and business-friendly customs procedure for trade; enhances cooperation on e-commerce*

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

# V. Sound and Stable Banking System

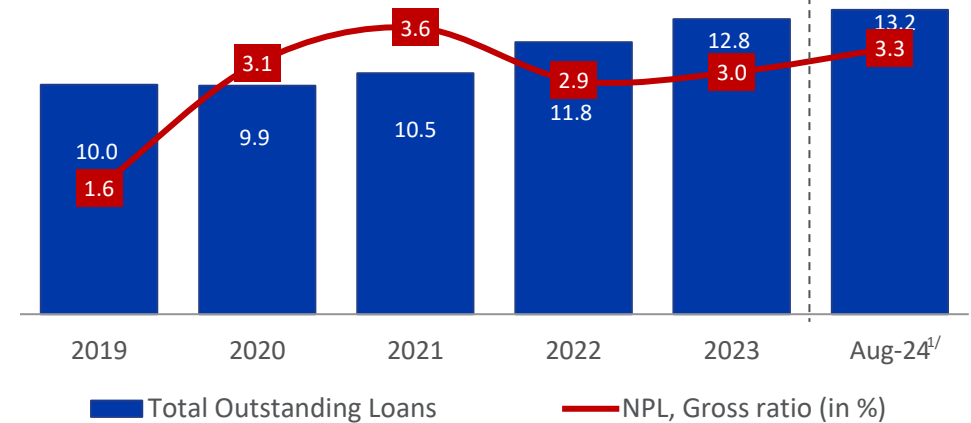
## Strong asset expansion funded mostly by deposits

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



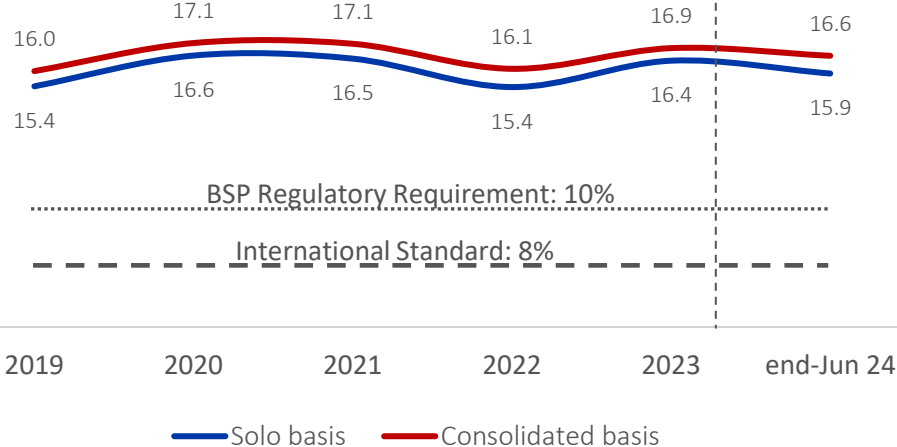
## Improving loan demand while keeping asset quality manageable

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



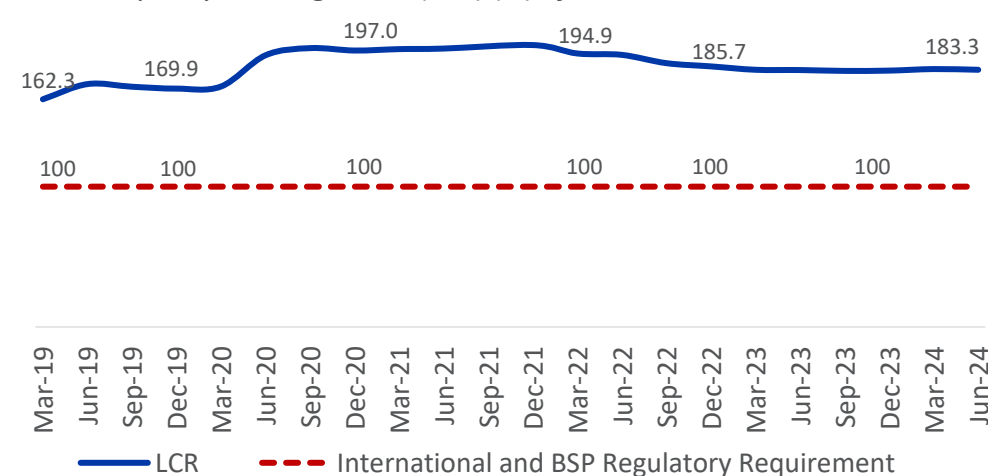
## Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



## Strong liquidity position to fund requirements during shocks

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



# V. Sound and Stable Banking System

## Enabling Islamic banking reforms unlock greater financial inclusion for inclusive growth

- RA 11054, Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)
- IRR of Article XIII, Sections 32 and 34 of RA 11054, Joint Circular on the Establishment of the Shari'ah Supervisory Board in BARMM
- RA 11211, An Act Amending RA 7653, The New Central Bank Act
- 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



### Islamic Finance Opportunities

- Two (2) Islamic banking players with the Monetary Board's approval of the first Commercial Bank Islamic banking unit license
- Promotes financial inclusion
- Targets unbanked regions
- Nationwide capacity-building programs and awareness campaigns have increased engagement with potential new players

# VI. Strong Foundation for Digital Payments

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

- RA 11127, National Payment Systems Act (NPSA)
- RA 11211, Amendments to the New Central Bank Act empowers the BSP to oversee payment and settlement systems
- RA 1201, Anti-Financial Account Scamming Act combats financial cybercrimes

### Regulatory approach

- *Registration and licensing framework of digital banks and virtual asset service providers. Monetary Board lifted the moratorium on the grant of new digital banking licenses starting 1 January 2025; allowed a maximum of 10 digital banks to operate in the Philippines*
- *Adoption of Payment System Oversight Framework (PSOF)*
- *Regulatory Sandbox Framework, fosters an enabling environment for responsible innovation on inclusive digital financial ecosystem*
- *Consumer protection and digital literacy*

### Digital Payments Transformation Roadmap steers from a cash-heavy to a cash-lite economy

#### Digital Payments Streams

- QR Ph, Paleng-QR Ph Plus, E-Gov Facility, Bills Pay, Request to Pay, Direct Debit Facilities



#### Digital Finance Infrastructure

- National ID System – PhilSys, PhilPaSS, Open banking



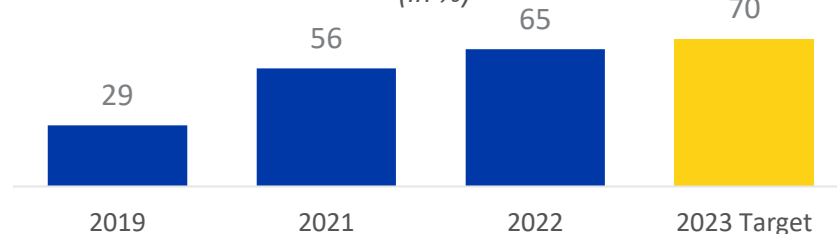
#### Digital Governance Standards

- Open Banking and Application Programming Interfaces Standards, Adoption of ISO 20022 Standards, Cybersecurity Policies, Use of Data Policy



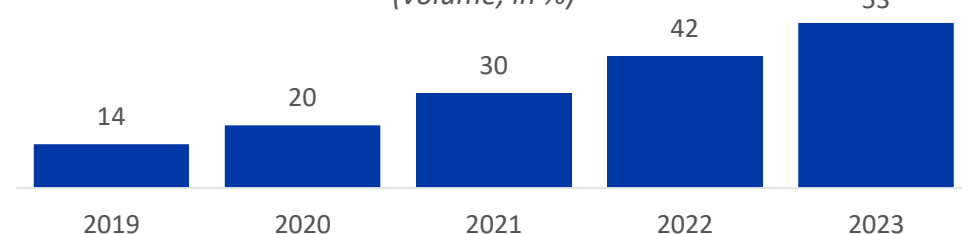
#### Share of Filipino Adults with Transaction/ Formal Accounts

(in %)



#### Share of digital payments to total payments exceed the 50% target

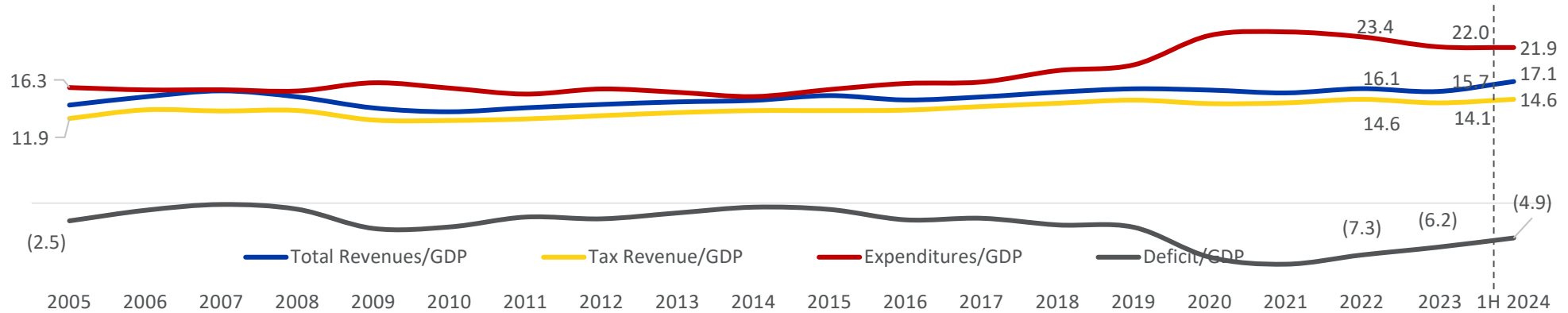
(volume, in %)



# VII. Sound Government Finances

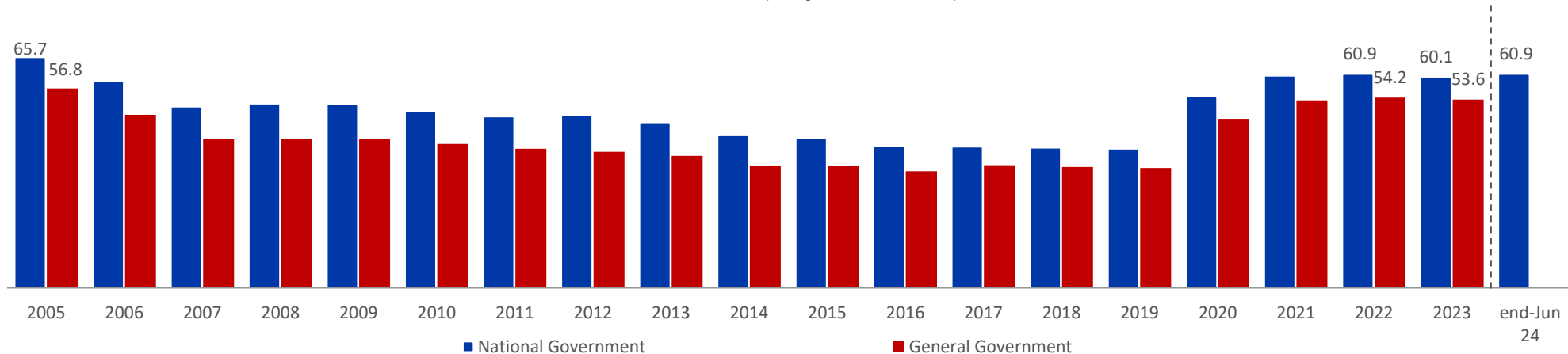
## Long history of prudent fiscal management strengthens government's financial position

*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)*



## 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	Actual	Actual	Program	Program
	2019	2020	2021	2022	2023	Jan-Jun 2024	2024	2025
Particulars	PHP bn							
<b>Revenues</b>	<b>3,137.5</b>	<b>2,856.0</b>	<b>3,005.5</b>	<b>3,545.5</b>	<b>3,824.1</b>	<b>2,149.5</b>	<b>4,269.9</b>	<b>4,644.4</b>
<i>% of GDP</i>	<i>16.1</i>	<i>15.9</i>	<i>15.5</i>	<i>16.1</i>	<i>15.7</i>	<i>17.1 (Jan-Jun)</i>	<i>16.1</i>	<i>16.2</i>
<b>Tax Revenues</b>	<b>2,827.7</b>	<b>2,504.4</b>	<b>2,742.7</b>	<b>3,220.3</b>	<b>3,429.3</b>	<b>1,835.3</b>	<b>3,820.3</b>	<b>4,332.6</b>
<i>% of GDP</i>	<i>14.5</i>	<i>14.0</i>	<i>14.1</i>	<i>14.6</i>	<i>14.1</i>	<i>14.6 (Jan-Jun)</i>	<i>14.4</i>	<i>15.1</i>
<b>Non-tax Revenues</b>	<b>309.6</b>	<b>351.3</b>	<b>262.5</b>	<b>325.1</b>	<b>394.2</b>	<b>313.9</b>	<b>449.6</b>	<b>311.8</b>
<i>% of GDP</i>	<i>1.6</i>	<i>2.0</i>	<i>1.4</i>	<i>1.5</i>	<i>1.6</i>	<i>2.5 (Jan-Jun)</i>	<i>1.6</i>	<i>1.7</i>
<b>Expenditures</b>	<b>3,797.7</b>	<b>4,227.4</b>	<b>4,675.6</b>	<b>5,159.6</b>	<b>5,336.2</b>	<b>2,763.5</b>	<b>5,754.3</b>	<b>6,182.1</b>
<i>% of GDP</i>	<i>19.5</i>	<i>23.5</i>	<i>24.1</i>	<i>23.4</i>	<i>22.0</i>	<i>21.9 (Jan-Jun)</i>	<i>21.7</i>	<i>21.5</i>
<b>Surplus/(Deficit)</b>	<b>(660.2)</b>	<b>(1,371.4)</b>	<b>(1,670.1)</b>	<b>(1,614.1)</b>	<b>(1,512.1)</b>	<b>(613.9)</b>	<b>(1,484.3)</b>	<b>(1,537.7)</b>
<i>% of GDP</i>	<i>(3.4)</i>	<i>(7.6)</i>	<i>(8.6)</i>	<i>(7.3)</i>	<i>(6.2)</i>	<i>(4.9) (Jan-Jun)</i>	<i>(5.6)</i>	<i>(5.3)</i>

- The fiscal program reflects a gradual increase in revenue collections fueled by continued implementation of existing tax measures and administration reforms, bolstered by robust economic growth. The government is looking into relaxing privatization rules to allow sales of idle assets and review of existing fees and charges to improve non-tax revenue collection. The deficit in 2023 was 6.2% of GDP, lower than the previous year's 7.3%, and projected to decline further to 5.6% in 2024.
- The Philippines is leveraging its strong track record of revenue improvement and prudent expenditure management to return to fiscal consolidation (i.e., reduce deficit and debt stock accumulation) in the medium-term.

N/A – Not Available

Source: DBM, BTr, DOF, Medium-Term Fiscal Program approved during 188<sup>th</sup> DBCC Meeting last 27 June 2024 (Ad Referendum), BESF 2025



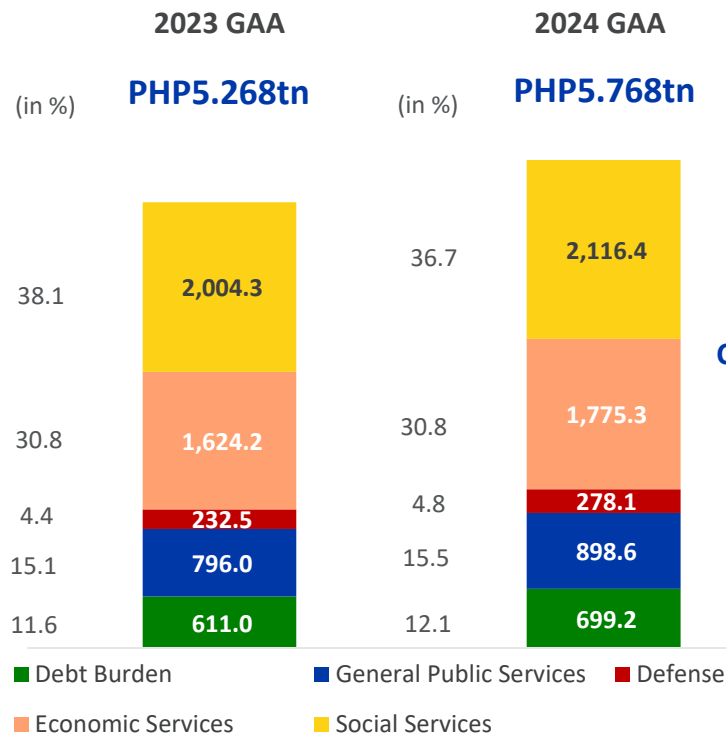
# VII. Sound Government Finances

## 2024 National Budget

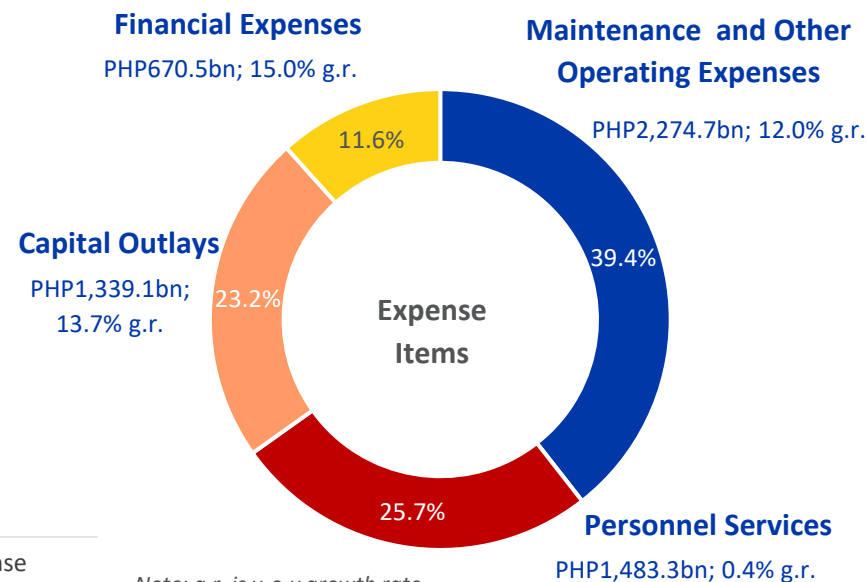
### Agenda for Prosperity: Securing a Future-Proof and Sustainable Economy

- 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 country 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 %)



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

# VII. Sound Government Finances

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

### Highlights of Transaction<sup>1/</sup>



**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 (1.950%) Notes due 2032
- US\$2.25bn priced at 3.250% with a coupon of 3.200% 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, marking ROP's debut on Environmental, Social and Governance (ESG) Global Bonds offering

- US\$500mn priced at T+90bps (3.229%) Notes due 2027
- US\$750mn at T+125bps (3.556%) Notes due 2032
- US\$1bn sustainability bonds at 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 0.760% (YMS+60bps) Notes due 2027
- JPY5bn at 0.950% (YMS+70bps) Notes due 2029
- JPY7.1bn at 1.220% (YMS+85bps) Notes due 2032
- JPY6bn at 1.830% (YMS+115bps) Notes due 2042



**US\$2.0bn**

October 2022

Triple-tranche Global Bonds, including 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 4<sup>th</sup> G3 ESG bond offering

- US\$500mn priced at T+105bps (4.625%) Notes due 2028
- US\$1.25bn priced at T+145bps (5.000%) Note due 2033
- US\$1.25bn sustainability bonds priced at 5.500% 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



**US\$2.0bn**

May 2024

Dual-tranche Global Bonds, including a 25Y sustainability notes marking the Republic's 5<sup>th</sup> G3 ESG bond offering

- US\$1bn priced at T+80bps Notes due 2034
- US\$1bn sustainability bonds priced at 5.600% Notes due 2049



**US\$2.5bn**

August 2024

Triple-tranche Global Bonds, with 5.5Y, 10.5Y and 25Y issued under ROP's Sustainable Finance Framework, marking the Republic's 6<sup>th</sup> G3 ESG bond offering

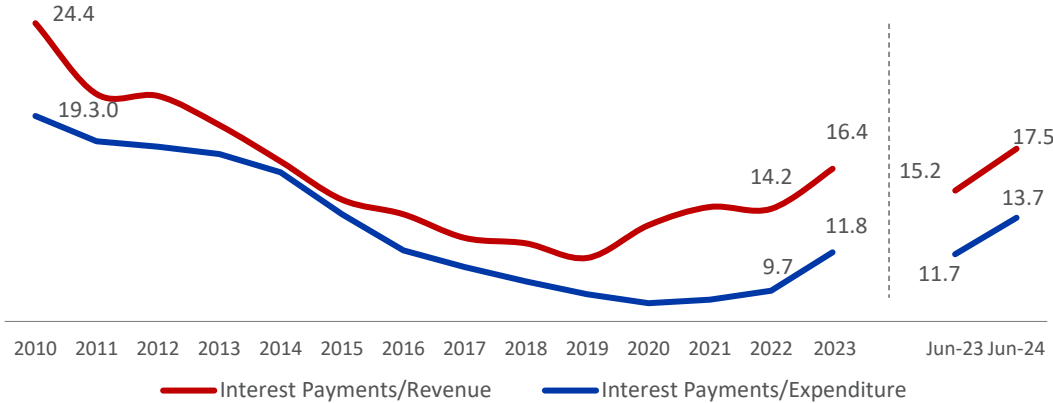
- US\$500mn priced at T+75bps Notes due 2030
- US\$1.1bn priced at T+95bps Notes due 2035
- US\$900mn priced at 5.175% Notes due 2049

# VII. Sound Government Finances

## Sustainable Debt Profile Supported by Diversified Sources of Financing

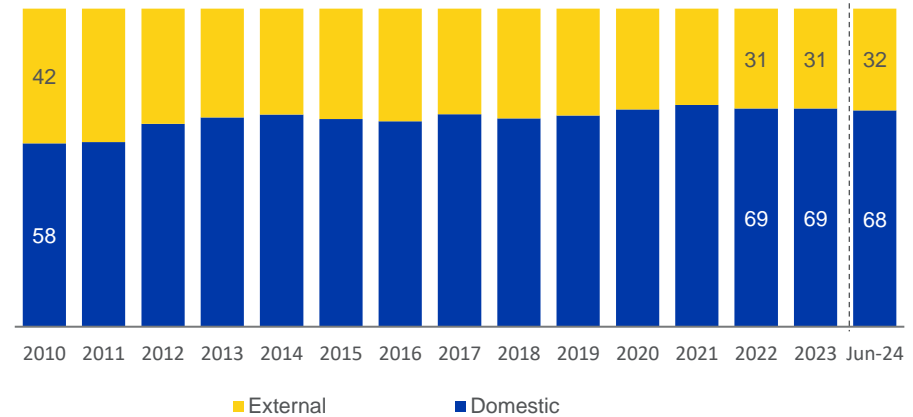
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space

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



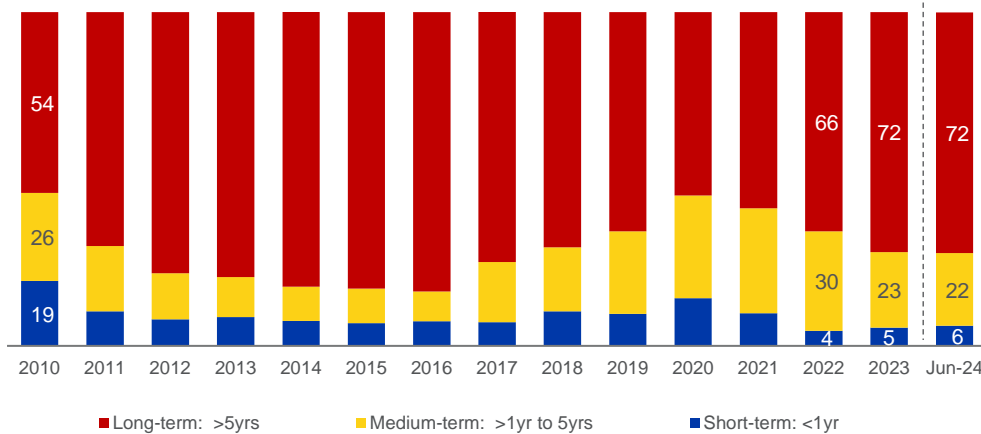
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)\*

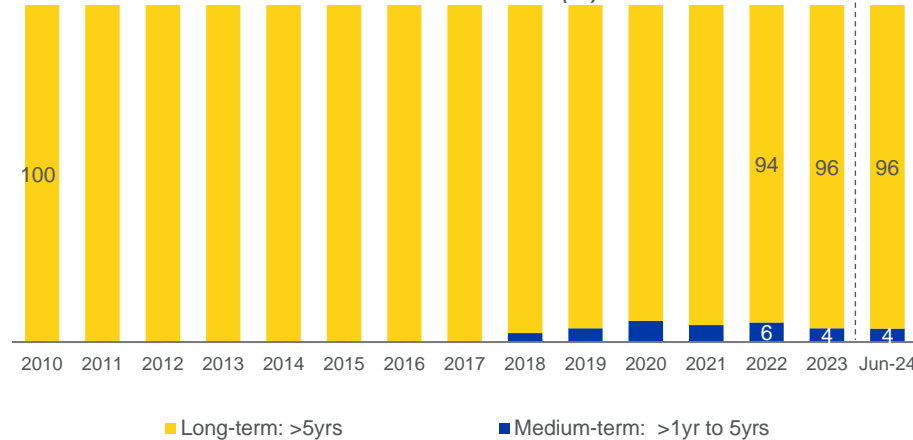


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)\*



External debt breakdown (%)\*



# 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	2022	2023 <sup>a/</sup>	2024 Program
	(PHP bn)									
<b>Gross Borrowing</b>	<b>609.6</b>	<b>507.0</b>	<b>901.7</b>	<b>897.6</b>	<b>1,015.8</b>	<b>2,652.5</b>	<b>2,549.7</b>	<b>2,163.5</b>	<b>2,193.3</b>	<b>2,570.0</b>
<b>External</b>	<b>189.5</b>	<b>149.5</b>	<b>168.1</b>	<b>303.1</b>	<b>321.9</b>	<b>742.4</b>	<b>568.7</b>	<b>520.1</b>	<b>559.0</b>	<b>646.1</b>
<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>204.3</i>	<i>306.6</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>135.9</i>	<i>38.7<sup>b/</sup></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>219.0</i>	<i>270.8<sup>c/</sup></i>
<b>Domestic</b>	<b>420.1</b>	<b>357.5</b>	<b>733.5</b>	<b>594.5</b>	<b>693.8</b>	<b>1,910.1</b>	<b>2,010.6</b>	<b>1,643.4</b>	<b>1,634.2</b>	<b>1,923.9</b>
<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>1,872.9</i>
<b>Financing Mix (Domestic: External)</b>	<b>69:31</b>	<b>71:29</b>	<b>81:19</b>	<b>66:34</b>	<b>68:32</b>	<b>72:28</b>	<b>78:22</b>	<b>76:24</b>	<b>75:25</b>	<b>75:25</b>

Note: Figures may not add up due to rounding off

<sup>a/</sup> Based on BTr actual data reported in the revised version of Cash Operations Report

<sup>b/</sup> Based on BTr estimates

<sup>c/</sup> Based on actual peso proceeds of completed issuance as of end-June 2024 and estimated peso equivalent of remaining issuance program

Source: Bureau of the Treasury, DBM BESF 2025

# VII. Sound Government Finances

## Major Tax Reforms Fund Economic Recovery Programs and Attract Investments

TRAIN and Sin Tax Collections  
(in PHP bn)

Tax Measure	2019	2020	2021	2022	TOTAL
TRAIN Law	130.7	107.2	171.0	216.5	693.7
Sin Tax Laws*	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 May 2024, a total of 56 projects have been granted tax incentives by the Fiscal Incentives Review Board. The total investment capital for these projects amounted to PHP873.9bn or equivalent to US\$15.3bn.\*\*

- mass housing
- operations of a subway project
- operations of a domestic roll-on/roll-off vessel
- connectivity facilities for high-speed broadband services
- industrial zone operation
- telecommunications and telecom infrastructure
- Liquified 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.

### 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.*

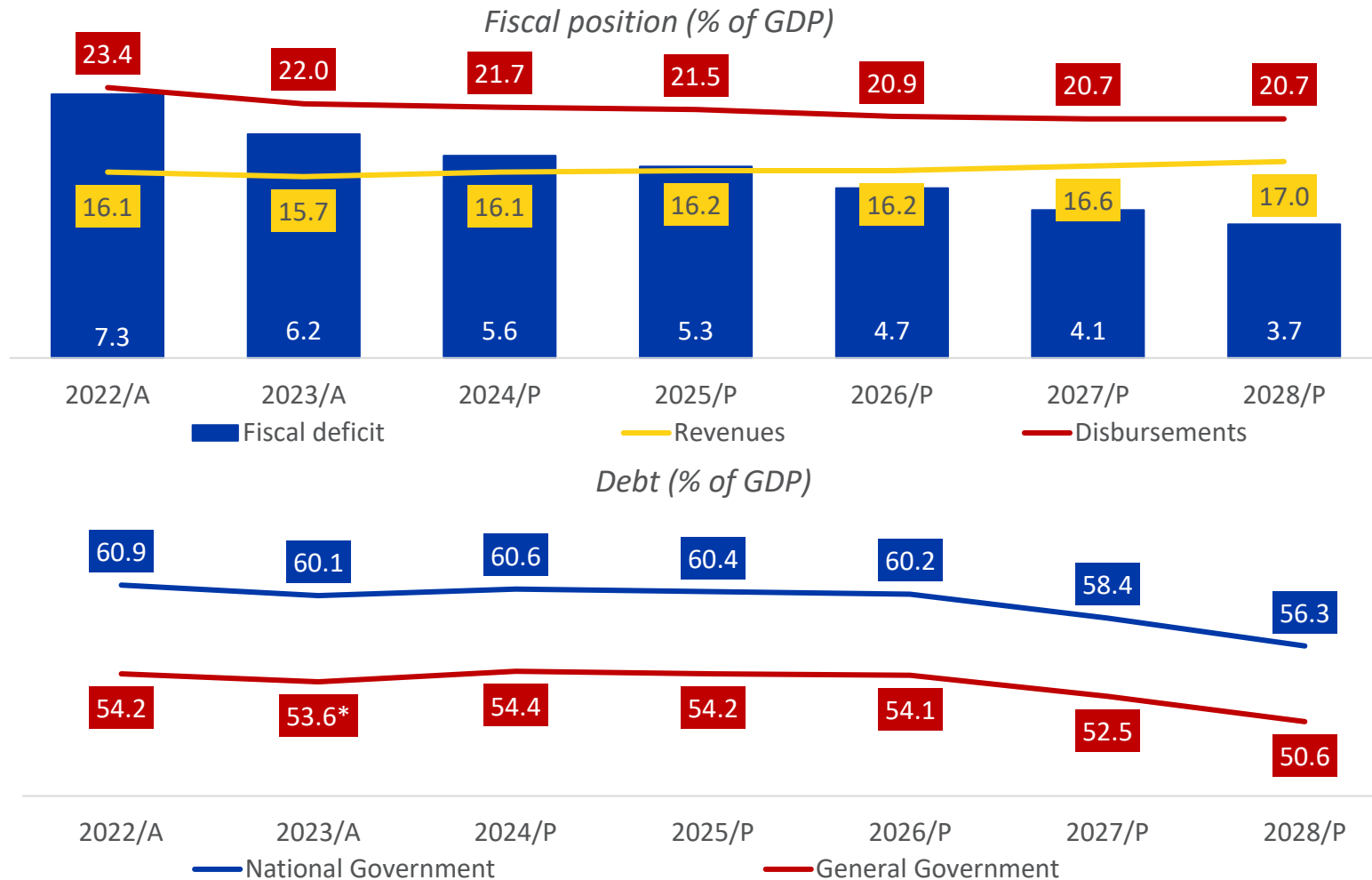
Source: DOF, Bureau of Internal Revenue, Bureau of Customs, Fiscal Incentives Review Board

\*\*Foreign exchange rate used PHP57.00/US\$1 (median of DBCC approved FOREX assumption for 2024 as of 27 June 2024)

# VII. Sound Government Finances

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

### Medium-Term Fiscal Framework Targets



Source: Medium-Term Fiscal Program Approved by the DBCC via Ad Referendum, BTr

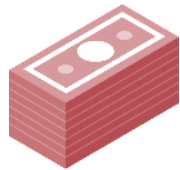
A/ Actual; P/Program,

Note: GG debt estimates are unofficial estimates of the BTr

# VII. Sound Government Finances

## Medium-Term Fiscal Framework (MTFF) 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

- *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.<sup>1/</sup>

### 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:

- 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

<sup>1/</sup> <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

Access the Maharlika Investment Fund website through the QR code below:



## 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 the *“Build Better More”* program which will help ensure the country’s sustainable, robust, and inclusive growth

### Build Better More

**3,770** Infrastructure programs/activities/projects (PAPs)<sup>1/</sup> (PHP17.3tn/US\$304.2bn)

- Increased infrastructure investment and efficiency in budget utilization
  - ✓ January to June 2024 Infrastructure disbursements reached PHP720.5bn which is 18.4% higher.
  - ✓ As of Q2 2024: 100% utilization rate of cash allocations by DPWH and DOTr.

**186** Infrastructure Flagship Projects <sup>2/</sup> (IFP) (PHP9.6tn/US\$168.43bn)

#### IFP by Sector<sup>3/</sup>

**135** Physical Connectivity  
**29** Water Resources  
**9** Agriculture  
**5** Health  
**4** Digital Connectivity  
**1** Power and Energy  
**1** Education  
**2** Other Infra

#### Status of IFP Implementation<sup>3/</sup>

**4** completed  
**67** ongoing implementation  
**30** approved for implementation  
**5** awaiting government approval  
**80** ongoing project preparation or pre-project preparation

**Executive Order No. 59, s. 2024**

**Expedite permitting process and implementation of IFPs.**

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

No. of completed projects from July 2022 to May 2024



**42**

Airports\*

\*July 2022 to June 2024



**1,263**

Bridges <sup>4/</sup>



**28**

Ports projects\*



**5,521**

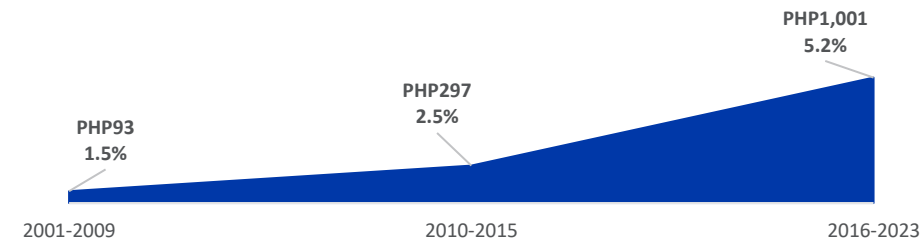
Flood Control Projects



**11,945**

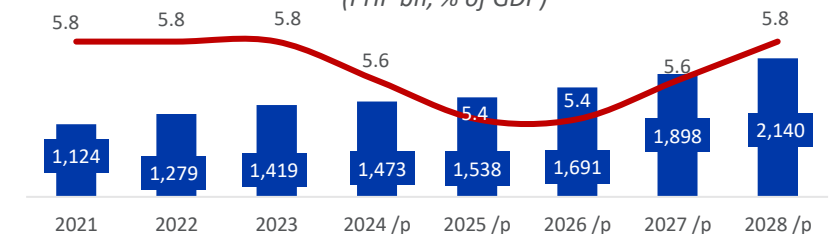
Kilometers of Roads <sup>4/</sup>

Infrastructure spending<sup>5/</sup> (average in PHP bn, % of GDP)



#### Infrastructure Spending<sup>6/</sup>

Actual and projections<sup>7/</sup>  
 (PHP bn, % of GDP)



Infrastructure spending

% of GDP

p/ projection

<sup>1/</sup> Based on Chapter 12 of the PIP 2023-2028 as of March 2023

<sup>2/</sup> As of May 2024: <https://neda.gov.ph/infrastructure-flagship-projects/>

<sup>3/</sup> As of May 2024 (NEDA)

<sup>4/</sup> Constructed, maintained, rehabilitated, widened and upgraded.

<sup>5/</sup> Infrastructure figures for 2001-2018 are obligation-based; 2019 onwards are cash-based.

<sup>6/</sup> Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

<sup>7/</sup> Medium-Term Fiscal Program approved during 188th DBCC Meeting last 27 June 2024.

# VIII. Infrastructure Program

## Building on a Solid Foundation

### Select Rolling Big-Ticket Projects



**North South Commuter Railway (PNR North 1, PNR North 2, PNR South Commuter) – PHP873.6bn (US\$15.3bn)**  
37.9-km railway segment with 10 stations from Tutuban, Manila, (National Capital Region) to Malolos, Bulacan (Region III).  
*Status: Ongoing*



**Panay-Guimaras-Negros Inter-Island Link Bridge – PHP187.5bn (US\$3.3bn)**  
32.47-km total length of 2 sea-crossing bridges that will connect Panay Island, Guimaras Island, and Negros Island in the Western Visayas (Region VI)  
*Status: Approved for implementation*



**Daang Maharlika (N1) Improvement- PHP251.2bn (US\$4.4bn)**  
Widening, reconstruction, and upgrading of road sections and bridges along the Daang Maharlika Highway (N1).  
*Status: Ongoing*



**New Manila International Airport (Bulacan international Airport) - PHP735.6bn (US\$12.9bn)**  
Construction and operation and maintenance of a new modern airport in Bulacan (Region III).  
*Status: Ongoing*



**Ninoy Aquino International Airport PPP Project- PHP170.6bn (US\$3.0bn)**  
Solicited PPP to improve operations and maintenance, upgrade of existing facilities, enhancement of services.  
*Status: Ongoing*



**Metro Manila Subway Project Phase 1 – PHP488.5bn (US\$8.6bn)**  
33.1-km new underground mass transit with 17 stations traversing Valenzuela and NAIA (airport).  
*Status: Ongoing*

# VIII. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

### RA 11966 – Public-Private Partnership (PPP) Code of the Philippines

*“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 on 23 December 2023.
- The Implementing Rules and Regulations (IRR) took effect on 6 April 2024

Access RA 11966 through the QR code below:



#### Key Reforms

- 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).
- 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.
- ✓ PPP projects costing PHP15bn(US\$263.2mn) and above (previously above PHP300mn/US\$5.3mn) will need the approval of the NEDA Board.
- 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

**Material Adverse Government Action (MAGA)** refers to any act of the government which the Private Partner has no knowledge of, or could not be reasonably expected to have had knowledge of, prior to the effectivity of the PPP contract, and that occurs after the effectivity of the PPP contract, other than an act which is authorized or permitted under the PPP contract, which (1) specifically discriminates against the sector, industry, or project, and (2) has a significant negative effect on the ability of the Private Partner to comply with any of its obligations under the approved PPP contract. MAGA may include unanticipated regulatory risks. (Section 3, Item V of the PPP Code)



# VIII. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

Broader private sector participation

Status of PPP projects as of 15 October 2024

### PPP Projects under Implementation

52 Solicited Projects  
PHP1.1tn (US\$19.0bn)

150 Unsolicited Projects  
PHP2.1tn (US\$36.6bn)

12 Projects for verification of  
procurement mode  
PHP406.5bn (US\$7.1bn)

### PPP Projects in the Pipeline

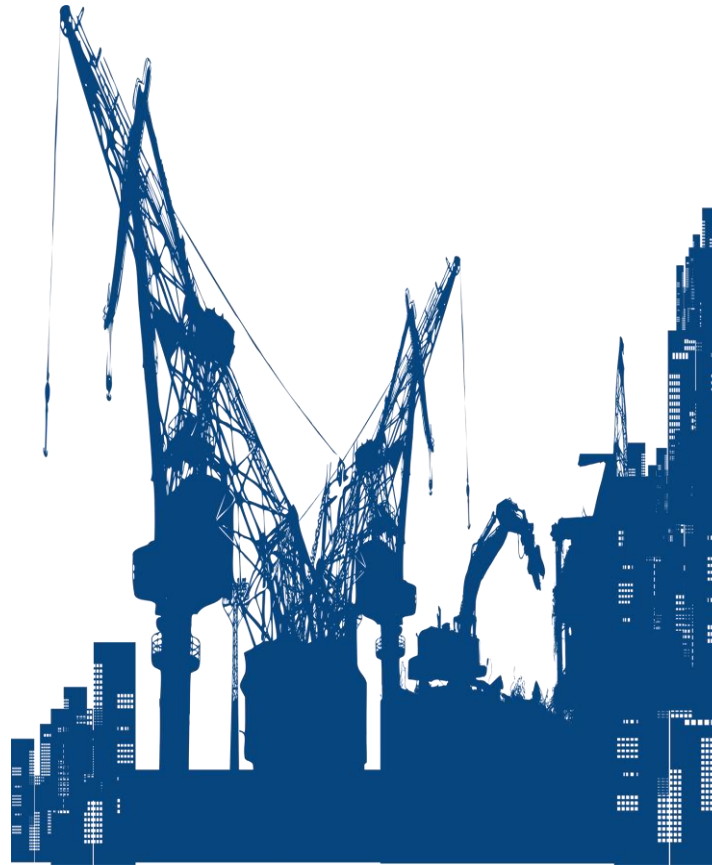
95 Solicited Projects  
PHP1.1tn  
(US\$18.7bn)

78 Unsolicited Projects  
PHP2.1tn  
(US\$36.9bn)

### Concluded PPP Projects

36 Solicited Projects  
PHP251.4bn  
(US\$4.4bn)

7 Unsolicited Projects  
PHP43.9bn  
(US\$0.8bn)



#### 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 the median (PHP57/US\$1) of the US\$/PHP forecast based on 188th DBCC Meeting last 27 June 2024

# IX. Outlook

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

Particulars	Actual			Assumptions/Projections				
	2021	2022	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	5.7	7.6	5.5	6.0 – 7.0	6.5 – 7.5	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0
Inflation Rate (%)*	3.9	5.8	6.0	3.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0
Growth of goods export (%)**	12.5	6.4	(4.1)	4.0	6.0	6.0	6.0	6.0
Growth of goods import (%)**	30.5	19.0	(5.0)	2.0	5.0	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
Net Foreign Direct Investments (US\$ bn)**	12.0	9.4	8.9	10.0	10.5	N/A	N/A	N/A
Current Account Balance (% of GDP)**	(1.5)	(4.5)	(2.6)	(1.5)	(1.1)	N/A	N/A	N/A

### Growth Drivers

- **Household Consumption:** Easing inflation supported by the government's supply-side measures; improving 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.
- **Agriculture, Forestry and Fishery:** Modernization of the agriculture and agri-business sectors; building the sector's resilience to natural disasters
- **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:** Integrating micro, small, and medium enterprises (MSMEs) and attracting foreign investments through the Regional Comprehensive Economic Partnership (RCEP); pursuing alternative trade agreements.
- **Industry:** National Housing for the Filipino Program to boost growth in construction and related industries (e.g., manufacturing, mining & quarrying, electricity, gas and water); manufacturing due to Industry 4.0 strategy
- **Services:** Improving outlook for tourism; growing demand for offshoring work in IT-BPM sector; digitalization of businesses

Source: NEDA, 188th DBCC Approved Macroeconomic Assumptions for FY 2023-2028 (27 June 2024)

\*Inflation rate assumptions were approved in the DBCC meeting on 27 June 2024; \*\*Projections approved by Monetary Board on 13 June 2024; N/A – Not available

# X. Seasoned Technocrats and Professionals to Steer Economic Transformation

## Members of the Marcos, Jr. Administration's Economic Team



**Frederick D. Go**  
Special Assistant to the President  
Investment and Economic Affairs

Former Chairman, Vice-Chairman, President, CEO, and/or Director of 6 listed companies and over 100 private companies. Previously served as Presidential Adviser



**Ralph G. Recto**  
Secretary  
Finance

Former Socioeconomic Planning Secretary; seasoned legislator, having held key leadership positions in the Senate and Congress



**Dr. Eli M. Remolona, Jr.**  
Governor  
Bangko Sentral ng Pilipinas

Former Regional Head of the Bank for International Settlements and with extensive work experience at Federal Reserve Bank of New York



**Dr. Arsenio M. Balisacan**  
Secretary  
Socioeconomic Planning

Former Anti-trust Chief, Socioeconomic Planning Secretary under B. Aquino administration

Former central bank Assistant Governor and Budget Undersecretary



**Amenah F. Pangandaman**  
Secretary  
Budget and Management

Former DTI Undersecretary for the MSME Development Group; seasoned entrepreneur



**Ma. Cristina Aldeguer-Roque**  
Acting Secretary  
Trade and Industry



# XI. 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

### Contact Information

For more information about the Investor Relations Group or the Philippine economy, please contact:

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