



# Philippine Economy: Continuing a Strong Recovery amid Economic Headwinds

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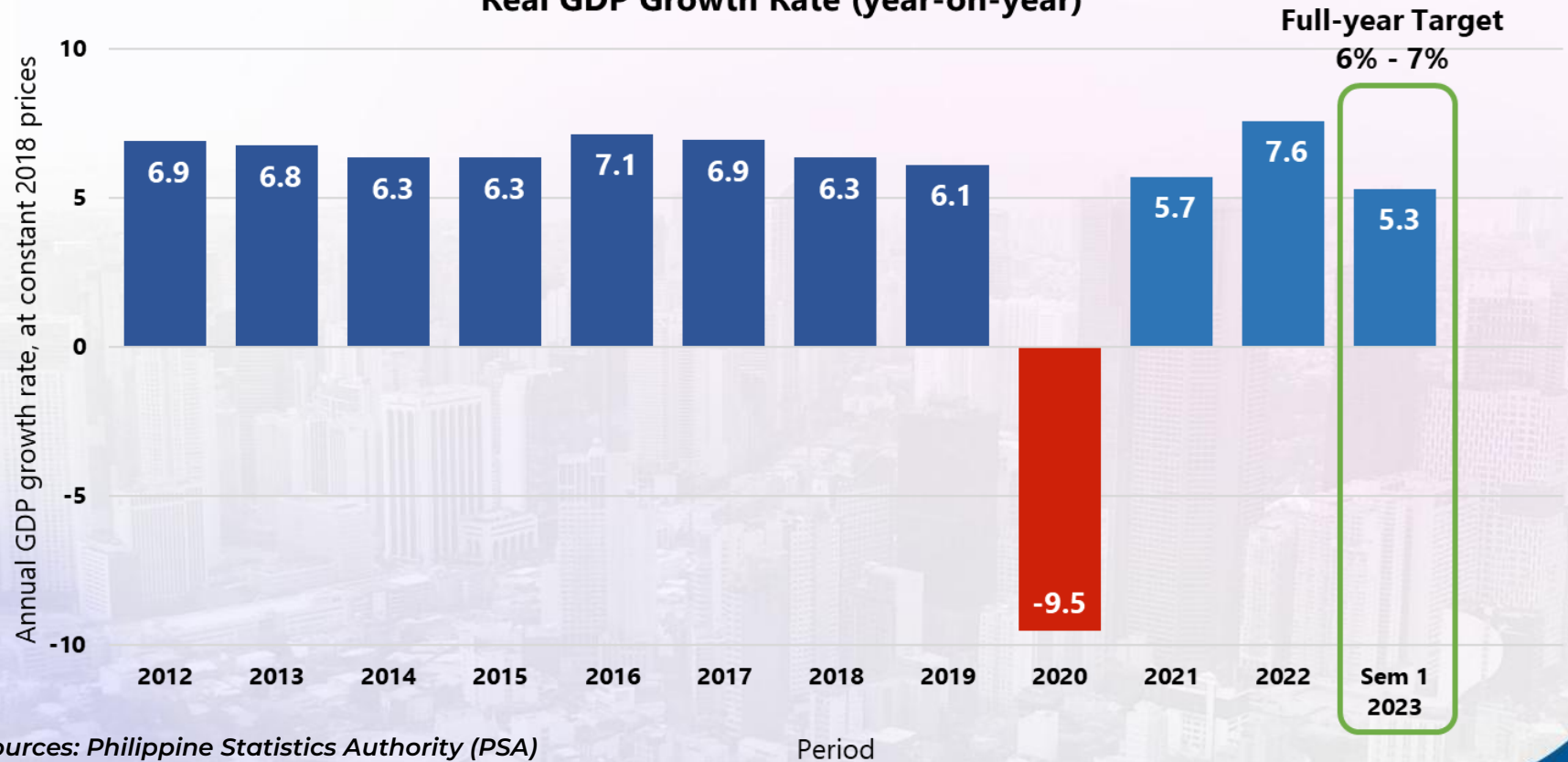
**Standard Chartered Sovereign Investor Forum**

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# The Philippine economy continued to recover underpinned by domestic demand

Real GDP Growth Rate (year-on-year)



Data sources: Philippine Statistics Authority (PSA)

# Labor conditions remain positive as unemployment recorded lower than pre-pandemic levels

August 2023 Employment Situation (year-on-year)

**4.4%** ↓

Unemployment rate

**95.6%** ↑

Employment rate



**64.7%** ↓

Labor force participation rate

**11.7%** ↓

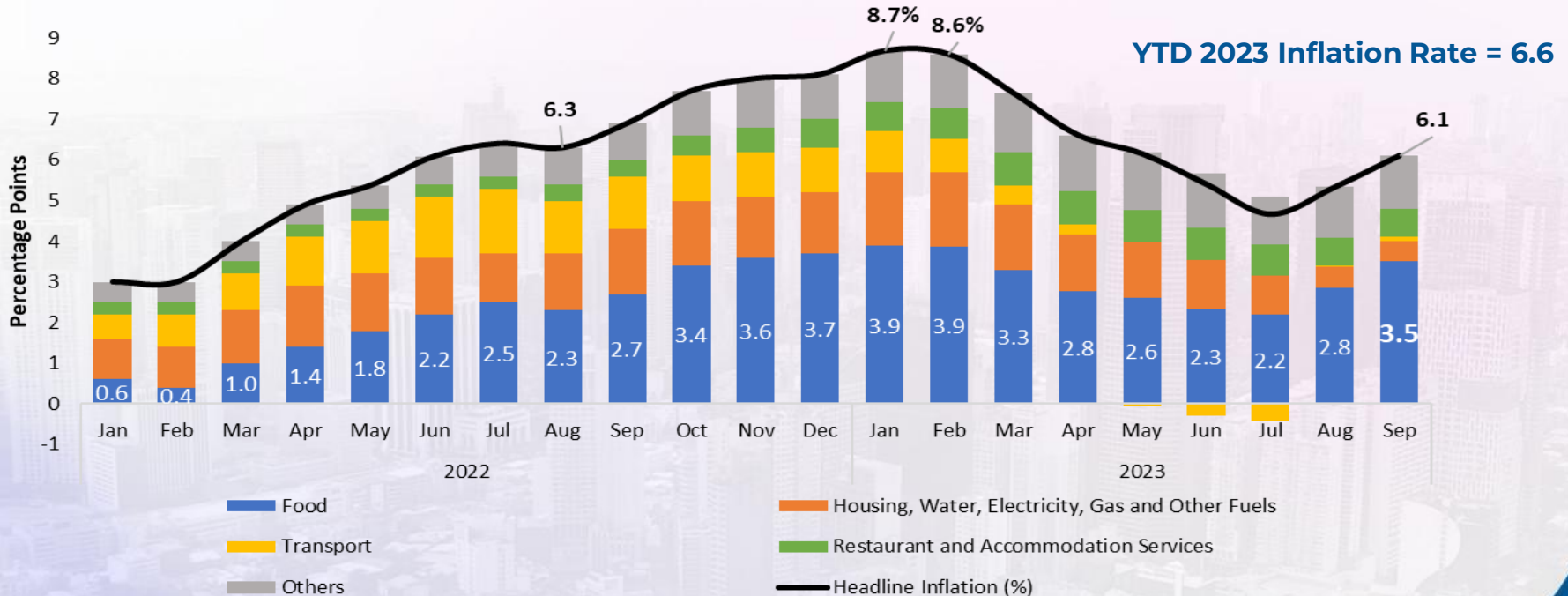
Underemployment rate

# Charting the path to lower inflation: monetary and fiscal policies

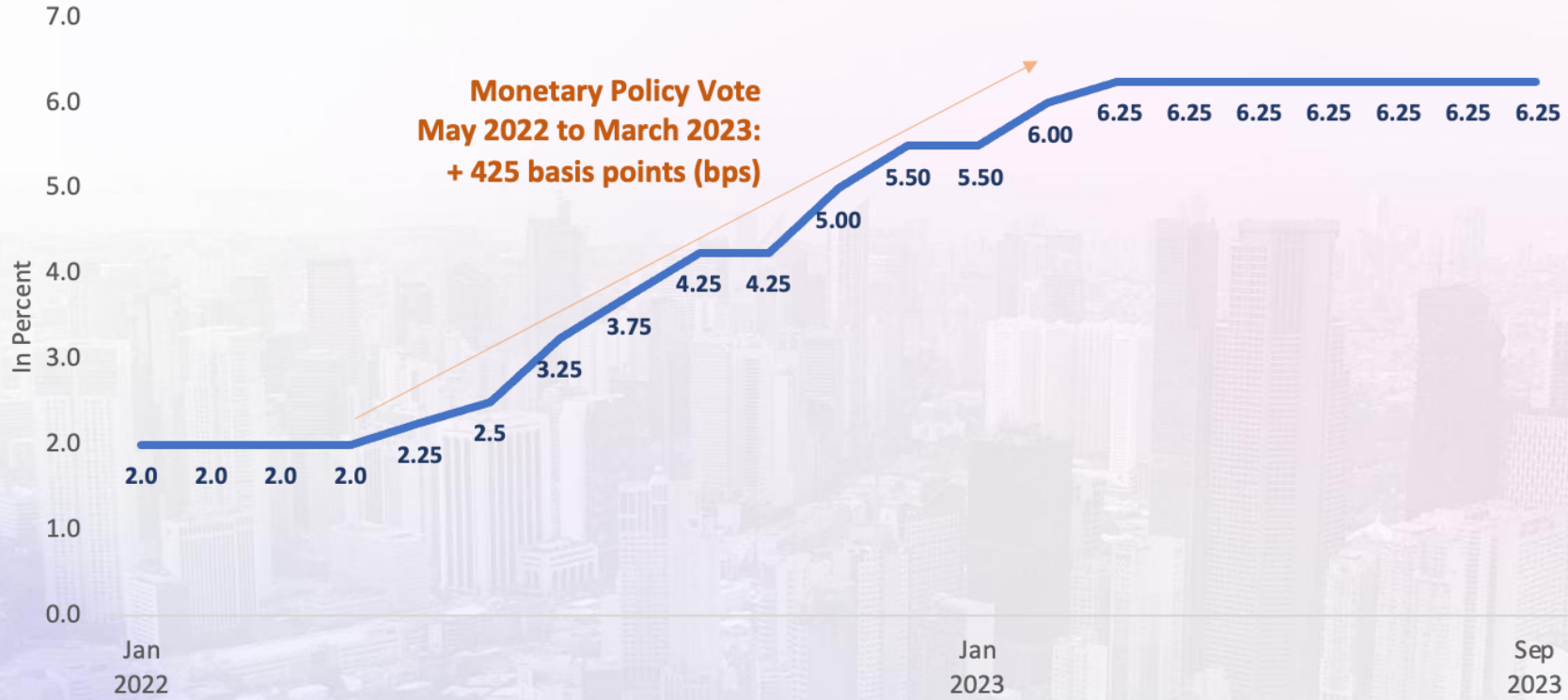


# Headline inflation rose to 6.6 percent in September 2023 but still lower than recent peaks

## Headline inflation and contributors to inflation, January 2022 to September 2023



# Monetary and fiscal policies are aligned



Data source: BSP

# **Stop Inflation Now:** The Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO) is implementing/monitoring measures to mitigate **inflation**.



**Fill the domestic supply gap through timely and adequate importation based on ex-ante supply-demand analysis**



**Monitoring and assessment of market development, including the use of remote sensing technology**



**Fast track the response to address the impact of recent typhoons and the implementation of the El Niño Mitigation and Adaptation Plan**



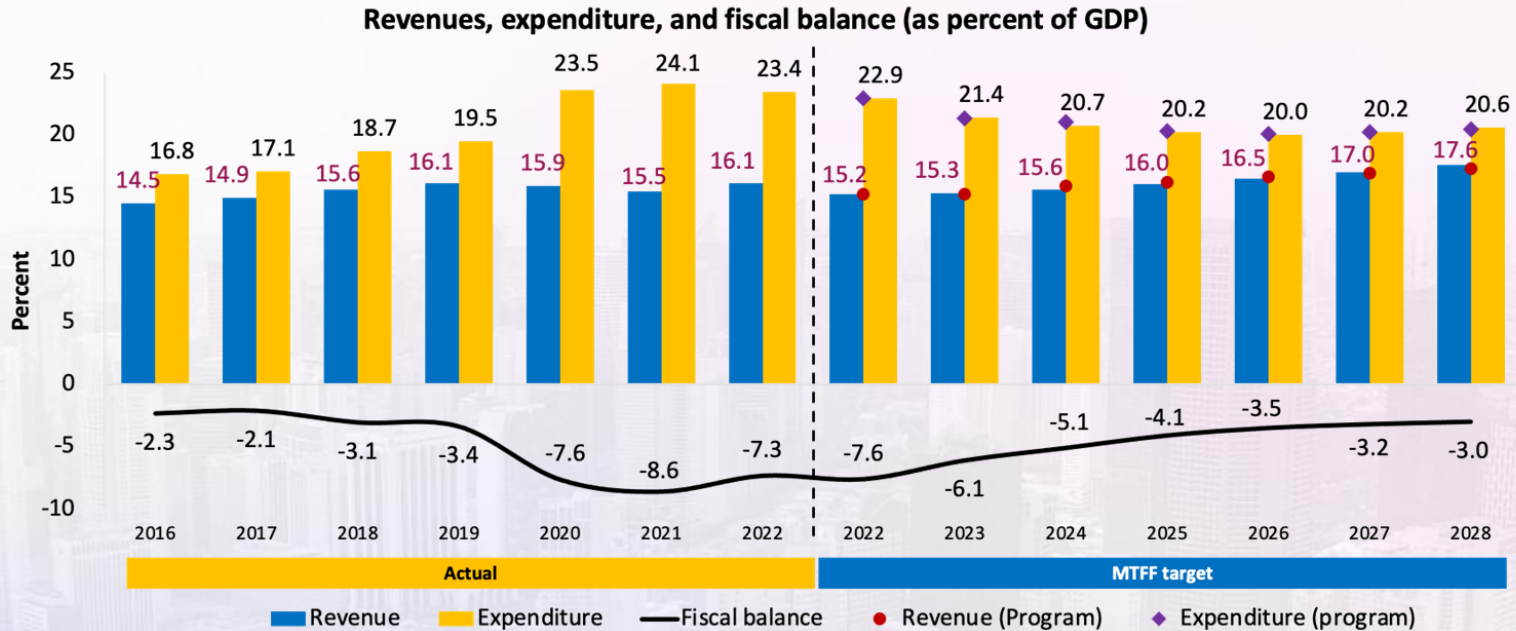
**Protect the vulnerable sector including the transport and the agriculture sector**

**Sound fiscal performance  
provides support to  
growth**





# Fiscal deficit performance widened during the pandemic but was within target in 2022

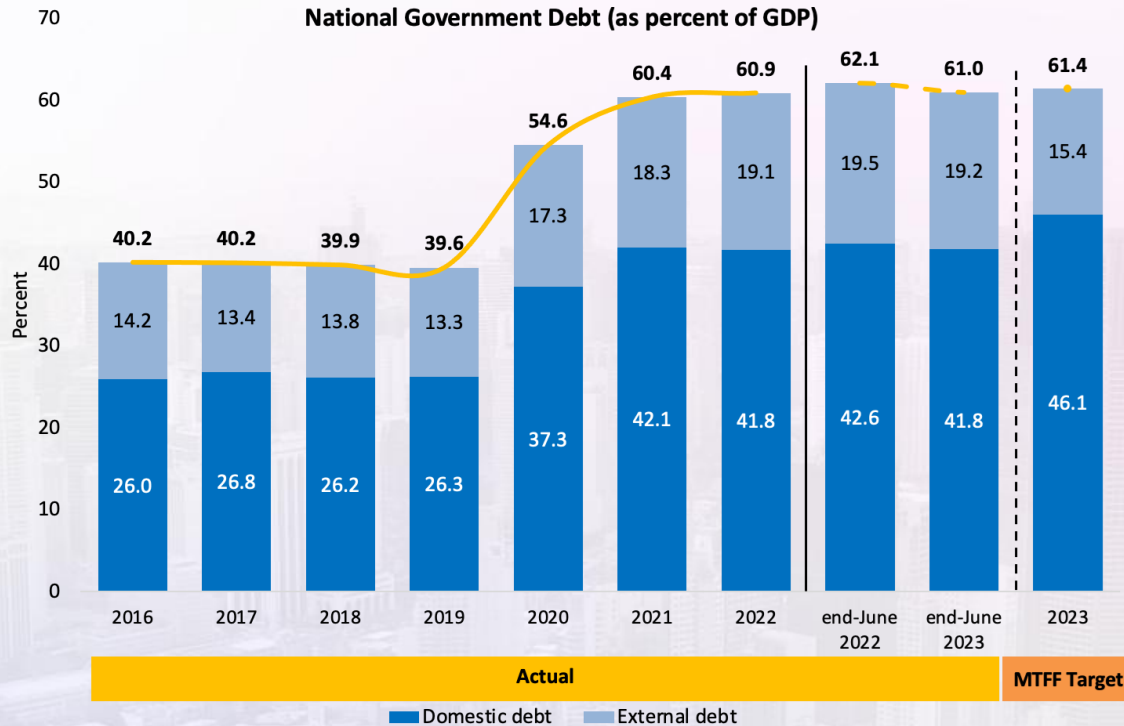


- As of August 2023, the country's fiscal deficit stood at PHP 732.5 billion, a 12.1 percent decline compared to the same period in 2022.
- The NG deficit-to-GDP ratio was at 4.8 percent as of June 2023, within the full-year target of 6.1 percent.

Note: Revenue and tax effort are computed using tax revenues and GDP at current prices.

Sources: BTr, PSA, and MTFF

# The narrowing of the fiscal deficit during the post-pandemic led to stabilization of debt-to-GDP ratio



Data sources: BTr and MTFF

The DOF will continue its prudent debt management, prioritizing domestic financing to mitigate external vulnerabilities.

# We continue implementing the Medium-term Fiscal Framework (MTFF)



# The Medium-Term Fiscal Framework (MTFF) serves as our blueprint to achieve fiscal sustainability while promoting robust economic growth



**Bring down  
debt-to-GDP  
ratio to less than  
60 percent by  
2025**



**Reduce  
deficit-to-GDP  
ratio to  
3.0 percent  
by 2028**



**Maintain high  
investment in  
infrastructure at  
5 to 6 percent of  
GDP annually**

# We will continue to work with Congress in pushing for key reforms crucial to accelerating economic development

## Tax Revenue Measures identified in the MTFF



**Package 4 of CTRP**



**VAT on Digital Service Providers**



**Tax on Pre-mixed Alcohol**



**Excise Tax on Single-Use Plastic Bags**

## Additional measures in support of the MTFF



**Rationalization of the Mining Fiscal Regime**



**Excise Taxes on Sweetened Beverages and Junk Food**



**Motor Vehicles Road Users Tax**

# We will continue to work with Congress in pushing for key reforms crucial to accelerating economic development

## Tax Administration Improvements



**BIR's Digitalization Transformation (DX) Roadmap**



**BOC's Philippine Customs Program (PCMP)**

## Expenditure Reforms in the Pipeline



**Progressive Budgeting for Better and Modernized (PBBM) Governance Bill**



**National Government Rightsizing Program**



**Military and Uniformed Personnel (MUP) Pension Reform Bill**

To support economic momentum, the government is committed to pursue **groundbreaking structural reforms and strategic public investments**



# We are rolling out **197 Infrastructure Flagship Projects (IFPs)** under the *Build Better More Program*



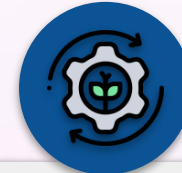
## Physical Connectivity

121 projects  
PHP 6,963.7 billion



## Water Resources

44 projects  
PHP 831.7 billion



## Agriculture

15 projects  
PHP 637.9 billion



## Health

6 projects  
PHP 131.2 billion



## Digital Connectivity

5 projects  
PHP 97.0 billion



## Other Infrastructure

5 projects  
PHP 42.7 billion

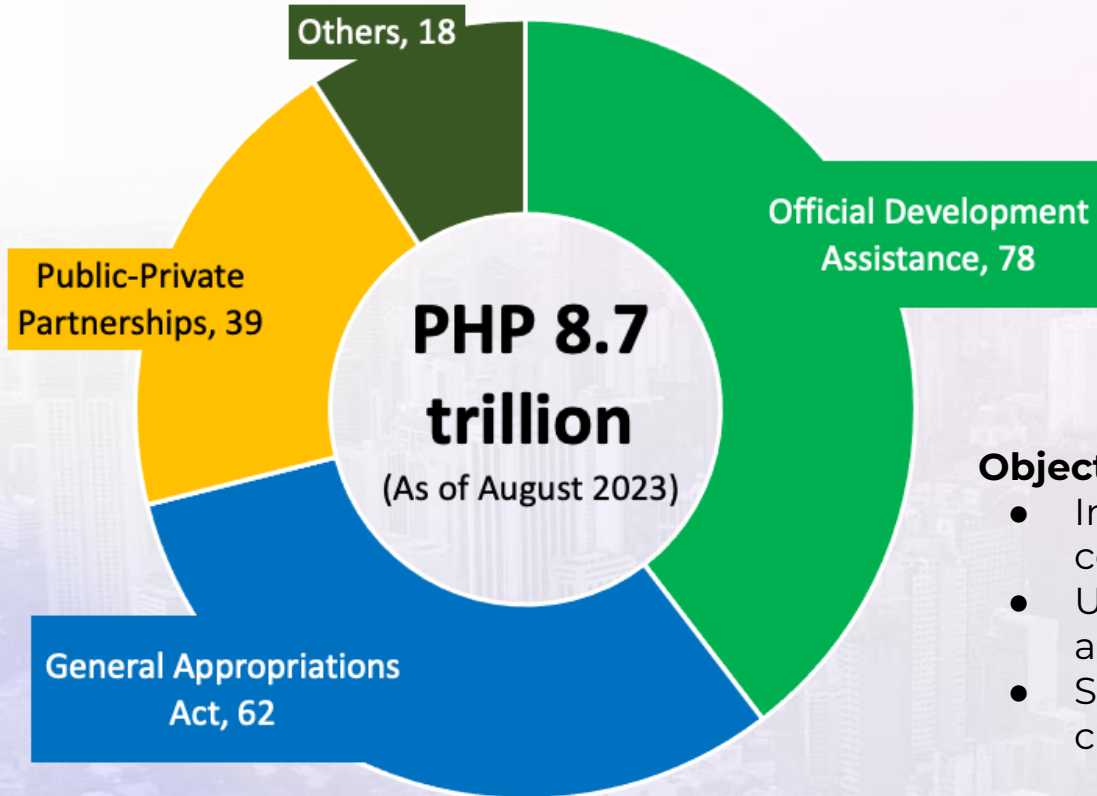


## Power and Energy

1 project  
PHP 10.2 billion



# We are rolling out 197 Infrastructure Flagship Projects (IFPs) under the *Build Better More* Program



## Objectives:

- Improve physical and digital connectivity
- Upgrade health, transport, agriculture, and energy sectors
- Strengthen infrastructure against climate related risks

# The Maharlika Investment Fund (MIF) is Philippines' first-ever sovereign investment fund designed to promote economic development

Attract direct equity investments from local and global funds



Accelerate the implementation of 197 infrastructure flagship projects



Co-financing and knowledge sharing with other sovereign wealth funds



Invest in emerging megatrends (digitalization, ESG, and healthcare)



# The Philippines' robust growth outlook is supported by the positive impact of game-changing structural reforms

**Corporate Recovery and Tax Incentives for Enterprises Act**



**Amendments to the Foreign Investments Act**



**Amendments to the Retail Trade Liberalization Act**



**Amendments to the Public Service Act**



## We are generally on track with medium-term macroeconomic assumptions and external outlook

Indicator	2022 actual	2023 YTD	2023 assumptions	2024-2028 assumptions
Real GDP growth rate (%)	7.6	5.3 (Jan-June)	6.0 - 7.0	6.5 - 8.0
Inflation (%)	5.8	6.6 (Jan-Sept)	5.0 - 6.0	2.0 - 4.0
Exports of goods (%)	5.9	-5.4 (Jan-Jun)	-4.0	5.0
Imports of goods (%)	18.5	-5.3 (Jan-Jun)	-3.0	7.0
OF Cash Remittances (g.r, %)	3.6	2.9 (Jan-Jul)	3.0	3.0 (2024)
BPO Receipts (g.r., %)	9.1	8.0 (Jan-Jun)	9.0	9.0 (2024)
Travel receipts (g.r., %)	595.4	502.0 (Jan-Jul)	100.0	40.0 (2024)
Net FDI (US\$ billion)	9.2	3.9 (Jan-Jun)	8.0	9.0 (2024)

Sources: DBCC-approved macroeconomic assumptions on 9 June 2023, PSA, and BSP



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