



Republic of the Philippines

*Economic Recovery Underway;
Long-term Growth Potential Intact*

January 2022

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Key Highlights

I

Socio-Economic Response Framework Against Covid-19

- Rapid, comprehensive and fiscally responsible response to COVID -19
 - Swift enactment of key legislations supports pandemic response
 - Vaccine rollout to support full economic recovery
-

II

Sound Credit Profile

- Ratings affirmation and upgrade a vote of confidence in the economy's resilience and recovery
 - Strong credit profile going into the pandemic
-

III

Long Track Record of Strong Macroeconomic Performance

- 21 years of uninterrupted growth prior to the pandemic
 - Economic recovery gains more traction due to recalibrated approach to managing risks
 - Manageable inflation outlook to help mitigate downside risks to growth and boost market confidence
 - Improved business environment to help boost investments post pandemic
-

IV

Demonstrated External Resiliency

- Manageable balance of payments position
 - Structural current account inflows support the balance of payments
 - Adequate buffers against external headwinds
 - Opportunities for regional trade and investment to support external resilience
-

V

Stable Financial System

- Banking system remains stable and resilient to the crisis
- Relief measures implemented by the BSP help mitigate the impact of COVID-19 crisis

Key Highlights

VI

Sound Government Finances

- Long history of prudent fiscal management created fiscal buffers going into the pandemic
 - Adequate fiscal space to fund emergency initiatives and support economic recovery
 - 2021 and 2022 budgets to support sustainable economic recovery
 - Sustainable debt profile supported by diversified sources of financing
 - Strong bias for domestic sources of financing to minimize FX risks
-

VII

Infrastructure Development for Economic Recovery and Long-Term Growth

- Launched Build, Build, Build Program to improve mobility of goods and people and create jobs
 - Timely implementation of infrastructure flagship projects to fuel economic recovery
 - Closing infrastructure gap to ensure long-term sustainable and inclusive growth
-

VIII

Firm Institutional Foundations Help Propel Structural Reforms

- Strong political will to implement difficult reforms
 - Long track record of purposeful and policy reforms
 - Results of entrenched reforms recognized by third party assessors
-

IX

Environmental, Social and Governance

- Building a sustainable and inclusive future for Filipinos
- Capacitating institutions and fortifying fiscal position to ensure climate and disaster resilience
- Commitment to global effort towards climate and disaster-resilient and low carbon economy
- Proactive approach to disaster risk reduction and climate change adaptation
- Investing in human capital development and improving social inclusion
- Sustainable and green finance in the Philippines and BSP's initiatives
- Enabling regulatory environment and development of digital infrastructure to support financial inclusion
- Strengthened institutions to support transformational reform momentum

Duterte Administration's Key Accomplishments

0-10 Point Development Agenda: Milestones Achieved to Ensure Sustainable and Inclusive Growth

Select Key Accomplishments

Continue Macroeconomic Policies	Institute Progressive Tax Reform	Increase Competitiveness & Ease of Doing Business	Accelerate Infrastructure Spending and Upgrading of Infrastructure	Promote Rural and Value Chain Development
<ul style="list-style-type: none"> ▪ Robust growth of more than 6% prior to the pandemic ▪ Sound government finances ▪ Manageable inflation environment ▪ Manageable external debt ▪ Adequate external liquidity buffers ▪ Stable financial system 	<ul style="list-style-type: none"> ▪ Tax Reform for Acceleration and Inclusion (TRAIN) Law ▪ Sin tax laws ▪ Tax revenues from the implementation of TRAIN and sin tax laws reached PHP177.8bn in 2020 and PHP 153.14bn in Jan-Sep 2021 ▪ Tax amnesty law ▪ Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act - largest fiscal stimulus for businesses in recent history ▪ Tax on Philippine Offshore Gaming Operations (POGOs) ▪ Recorded the highest tax revenue as a percentage of GDP of 16.1% (2019) since 2007 	<ul style="list-style-type: none"> ▪ Ease of Doing Business Law ▪ Anti-Red Tape Authority and Presidential Anti-Corruption Commission ▪ Republic Act (RA) No. 11371 or "Murang Kuryente" Act ▪ Free Wi-Fi for all in more than 11K active sites nationwide ▪ One stop shop for Overseas Filipinos ▪ 5-year Driver's License Validity ▪ 10-year Passport Validity ▪ Establishment of a Green Lane for Securing Permits, Licenses, and Authorizations for the Establishment and Operation of a Bulk Import, Fill, and Finish Local Disease 2019 (COVID-19) Vaccine Manufacturing Facility and for the Registration for Availment of Incentives 	<ul style="list-style-type: none"> ▪ PHP6.7 trillion Build Build Program [PHP 4.7 trillion Infrastructure Flagship Projects] ▪ Doubling of public infrastructure spending e.g., 5.4% of GDP in 2019 ▪ 31,977 kilometers of road ▪ 6,333 bridge projects ▪ 484 Commercial, Social, and Tourism Ports ▪ 233 Airport projects ▪ From 77kms of rail network to 395kms (+695kms under procurement and +119kms to be procured) as of November 2021 ▪ 150,149 classrooms ▪ 12,394 flood mitigation structures. ▪ 497kms of bike lane nationwide ▪ 112 new Land Transportation Offices nationwide ▪ Night rating of airports 	<ul style="list-style-type: none"> ▪ Administrative Order No. 18: Accelerating Rural Progress Through Robust Development Of Special Economic Zones In The Countryside ▪ Rice Competitiveness Enhancement Fund ▪ Over 2.5mn farmers benefitted from Rice Tariffication Law ▪ Act Authorizing the Department of Agriculture to provide direct cash assistance to farmers tilling rice land 2 hectares and below until 2024 ▪ Plant, Plant, Plant Program ▪ Balik Probinsya Program ▪ Sagip Saka Act ▪ Free Irrigation benefitted over 1mn beneficiaries ▪ Barangay Development Program
<p>Peace and Order</p> <ul style="list-style-type: none"> ▪ Anti-Terrorism Law ▪ Bangsamoro Organic Law ▪ Armed Forces of the Philippines (AFP) Modernization Act ▪ 911 Emergency Hotline ▪ Peace in Mindanao ▪ Enhanced Comprehensive Local Integration Program ▪ Anti-illegal drug campaign 				

0-10 Point Development Agenda: Milestones Achieved to Ensure Sustainable and Inclusive Growth

Select Key Accomplishments

Ensure Security of Land Tenure & Address bottlenecks in Land Management	Invest in Human Capital	Promote Science, Technology & Arts	Improve Social Protection Programs	Strengthen Implementation of Responsible Parenthood & RH Law
<ul style="list-style-type: none"> ▪ Aggressive Agrarian Reform Program ▪ 229K hectares of land distributed to over 166k agrarian reform beneficiaries (2016-2019) ▪ PHP75bn coco levy funds returned to coconut farmers ▪ RA No. 11573 or An Act Improving the Confirmation Process for Imperfect Land Titles which simplifies the procedure and requirements in granting land deeds. ▪ BARMM’s Ministry of Agriculture, Fisheries, and Agrarian Reform (MAFAR) granted 507 land titles to 758 agrarian reform beneficiaries across the region, covering a total of 1,590.29 hectares 	<ul style="list-style-type: none"> ▪ Free education benefitted about 2mn learners (2020-2021) ▪ Alternative Learning System (ALS) Act benefitted more than 2mn ALS completers (2016-2020) ▪ Free Technical Vocational Training with over 10mn graduates (2016-2021) ▪ Task Force on Zero Hunger ▪ National School Feeding Program ▪ Government Workers’ Pay Hike ▪ Mental Health Law ▪ OFW Hospital ▪ Department of Migrant Workers Act ▪ Technology for Education, Employment, and Economic Development (Tech4Ed) Project 	<ul style="list-style-type: none"> ▪ Philippine Innovation Act ▪ Innovative Startup Act ▪ Balik Scientist Program ▪ Philippine Space Act created the Philippine Space Agency ▪ Digitalization efforts of the BSP ▪ Digital Cities 2025 program ▪ Advanced Manufacturing Center ▪ Advanced Mechatronics, Robotics and Industrial Automation Laboratory ▪ Metals and Engineering Innovation Centers in 5 regions nationwide ▪ R&D Center for Advanced Batteries ▪ Nutritional Genomics Program ▪ GeoRiskPH: Geospatial Information Management & Analysis Project for Hazards & Risk Assessment in the Philippines 	<ul style="list-style-type: none"> ▪ More than PHP500bn given to Pantawid Pamilyang Pilipino Program (4Ps) beneficiaries (2016-2021) ▪ Magna Carta for the Poor ▪ Universal Health Care ▪ Malasakit Centers assisted about 3mn Filipinos (2019-2021) ▪ Lingap sa Masa Free Medicine and Medical Services ▪ Doktor Para sa Bayan Act ▪ Increased number of public health workers ▪ 30-year extension of power subsidy for the poor ▪ Regulation of Prices in the Retail of Drugs and Medicines ▪ More decent housing for the poor with about 1mn beneficiaries (2016-2021) ▪ 4.7mn displaced workers benefitted from safety-net programs ▪ National ID System 	<ul style="list-style-type: none"> ▪ Attaining and sustaining “zero unmet need for modern family planning” through the strict implementation of the responsible parenthood and Reproductive Health Act, providing funds therefor, and for other purposes ▪ First 1,000 Days Law or “Kalusugan at Nutrisyon ng Mag-Nanay Act” ▪ 105-Day Expanded Maternity Leave Law ▪ National Program on Population and Family Planning ▪ Social Protection Program for Adolescent Mothers and their Children ▪ Landmark passage of RA No. 11596 or “An Act Prohibiting the Practice of Child Marriage”

Socio-Economic Response Framework Against Covid-19

Rapid, Comprehensive and Fiscally Responsible Response to COVID -19

Congress swiftly passed fiscally responsible measures that the government can implement within its means

BAYANIHAN 1 Act

Enacted on 24 March 2020,
expired on 24 June 2020

PHP387.9 bn (US\$7.6 bn)
Total Allotment Releases

- To better respond to the COVID-19 crisis, Congress initially, through **Republic Act (RA) No. 11469** also known as the “**Bayanihan to Heal as One Act**” or **Bayanihan 1**, granted the President the power to adopt emergency measures and to reallocate and realign from regular appropriations and savings on other items in the 2020 National Budget.

BAYANIHAN 2 Act

Enacted on 11 September 2020,
expired on 30 June 2021

PHP140.0 bn (US\$2.7 bn)
Regular Appropriation plus standby
fund worth PHP25.5 bn
(US\$501.0 mn)

- The special powers of the President granted under Bayanihan 1 was extended through **RA No. 11494** also known as the “**Bayanihan to Recover as One Act**” or **Bayanihan 2**
- Meanwhile, RA No. 11519 signed on 29 December 2020 extended the availability of funds appropriated through the Bayanihan 2 until 30 June 2021.
- Provisions were allocated to vulnerable sectors and households, health related programs, businesses, public transport and tourism, and education

Proposed BAYANIHAN 3

Approved on Third Reading at the
House of Representatives in June
2021; transmitted to the Senate

PHP401 bn (US\$7.7 bn)
Proposed Allocation

- **House Bill No. 9411** also known as the “**Bayanihan to Arise as One**” bill or **Bayanihan 3** proposes a stimulus package amounting to PHP401bn.
- Proposed Bayanihan 3 is divided into three phases, with a budget breakdown of PHP165.9bn for Phase 1, PHP186bn for Phase 2, and PHP48.6bn for Phase 3.
- Provisions were allocated for household cash subsidies, wage subsidies and other assistance for national nutrition, cooperatives, basic education, and pension and gratuity fund.

Rapid, Comprehensive and Fiscally Responsible Response to COVID -19

Congress swiftly passed fiscally responsible measures that the government can implement within its means

CREATE ACT

Enacted in March 2021

Corporate Recovery and Tax Incentives for Enterprises Act*

- **Republic Act No. 11534** accelerated the reduction in corporate income tax rate to ease the impact of the pandemic.
- Lowers CIT rate from 30% to 20% for MSMEs and 25% for large corporations
- Immediate reduction in CIT rate is effective starting in July 2020 for domestic and foreign corporations, and January 2021 for foreign nonresident corporations
- Also provides for performance-based, targeted and time-bound tax incentives for new investment and firms replacing a decentralized system of tax incentive provision by individual ministries and agencies

FIST Act

Enacted on 16 February 2021

Financial Institutions Strategic Transfer Act

- **Republic Act No. 11523** strengthens the financial sector by allowing banks and financial institutions to efficiently dispose of their non-performing assets (NPAs) and non-performing loans (NPLs) to asset management firms, known as FIST corporations (FISTC), thereby enabling banks to extend credit to more sectors
- FIST law can possibly free up PHP1.19tn worth of loans from the sale by banks of their NPAs
- Expected to improve banking system's NPL ratio of the banking system by 0.6 to 5.8 percentage points for 2021 to 2025

GUIDE Bill

Pending in Congress

Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act (House Bill No. 7749)

- Approved on third reading at the House of Representatives on 9 February 2021. Pending in various committees at the Senate
- Seeks to expand the loan assistance, rediscounting and other credit facilities of government financial institutions, Development Bank of the Philippines (DBP) and Land Bank of the Philippines (Landbank), to help MSMEs cope with the effects of COVID-19. The bill directs:
 - DBP to expand capital stock to PHP100bn from PHP35bn
 - Landbank and DBP to invest in or enter into a joint venture agreement in creating a special holding company meant to assist in rehabilitating Strategically Important Companies (SIC) to remain solvent
- Provides PHP10bn to GFIs to create SICs, of which PHP7.5bn for Landbank and PHP2.5bn for DBP

* Please see slide 68 for more details on CREATE Law
Source: Department of Finance, Bangko Sentral ng Pilipinas

Rapid, Comprehensive and Fiscally Responsible Response to COVID -19

Congress swiftly passed fiscally responsible measures that the government can implement within its means

	Bayanihan 1	Bayanihan 2	Regular Funds*	Total
Allotment Releases (in PHP bn)	387.93	214.12	88.21	690.26
Obligations (in PHP bn)	369.08	204.07	64.82	637.97
<i>Obligation Rate (%)</i>	<i>95.14</i>	<i>95.30</i>	<i>73.49</i>	<i>92.42</i>
Disbursements (in PHP bn)	357.85	190.20	21.98	570.03
<i>Disbursement Rate (%)</i>	<i>96.96</i>	<i>93.21</i>	<i>33.91</i>	<i>89.35</i>

- As of 30 September 2021, released allotments from Bayanihan 1 and Bayanihan 2 funds, including Regular funds amounted to PHP690.26bn** or around US\$14.13bn***.

* FY 2020 and 2021 General Appropriation Act

**Figures may not add up due to rounding

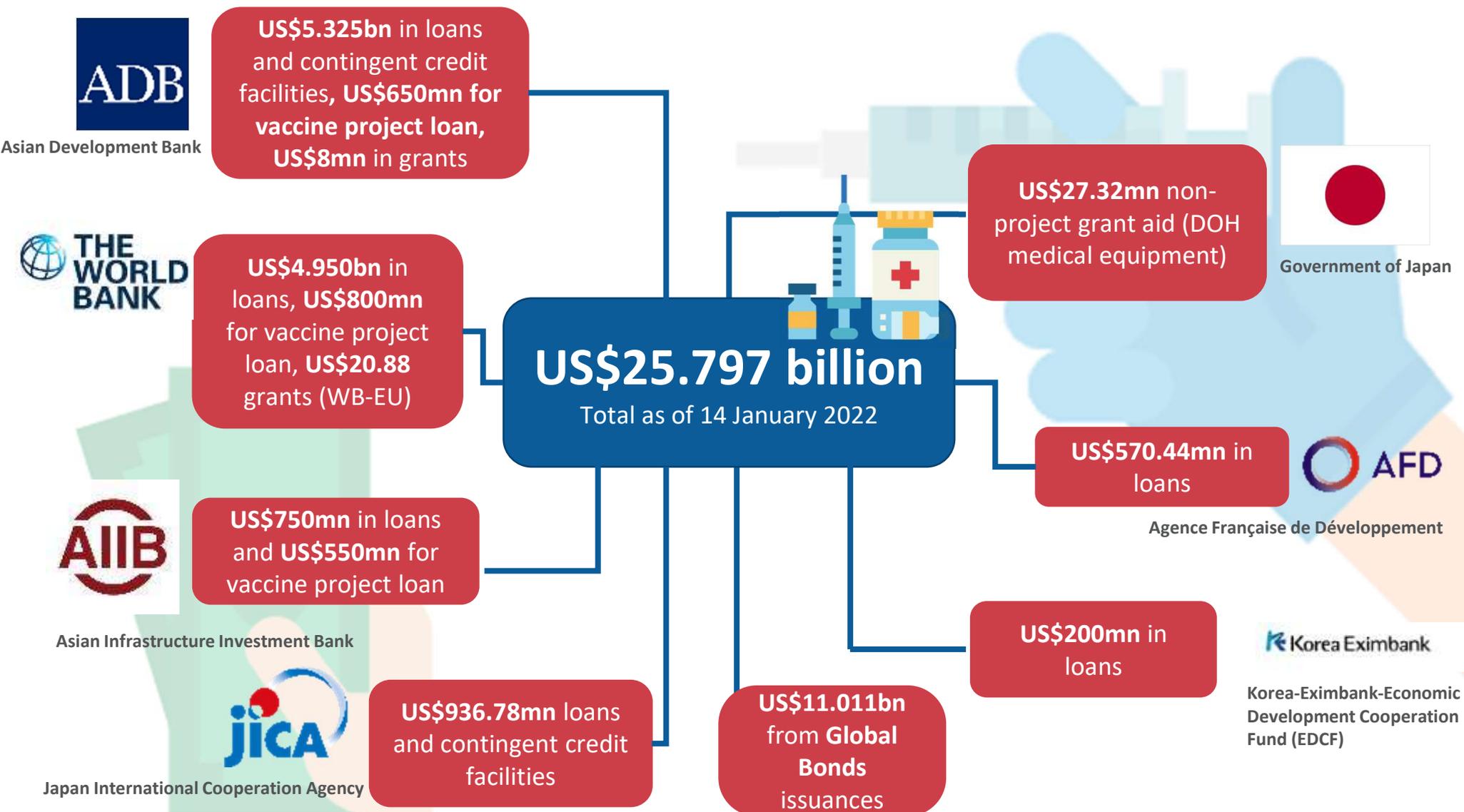
***Forex used is PHP/US\$ = 48.86 (Average from 1 Jan –30 Sept 2021)

Note: Under Bayanihan 2, the government was authorized to realign and generate savings for COVID-19 response measures

Source: Department of Budget and Management

Rapid, Comprehensive and Fiscally Responsible Response to COVID -19

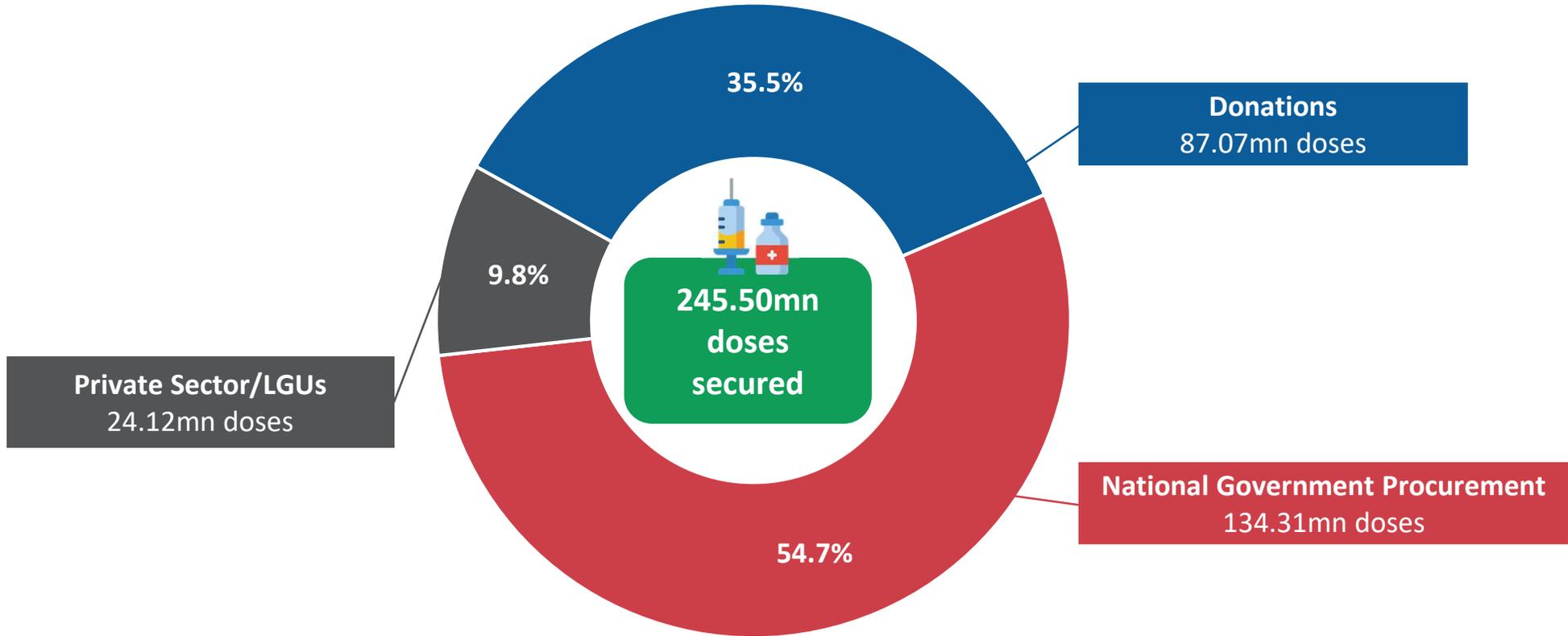
Financing secured from development partners and commercial markets to support COVID-19 response efforts



Stable Vaccine Supply Supporting Inoculation Efforts

Secured Vaccines

Summary of Vaccine Doses Secured by Source (as of 13 January 2022)



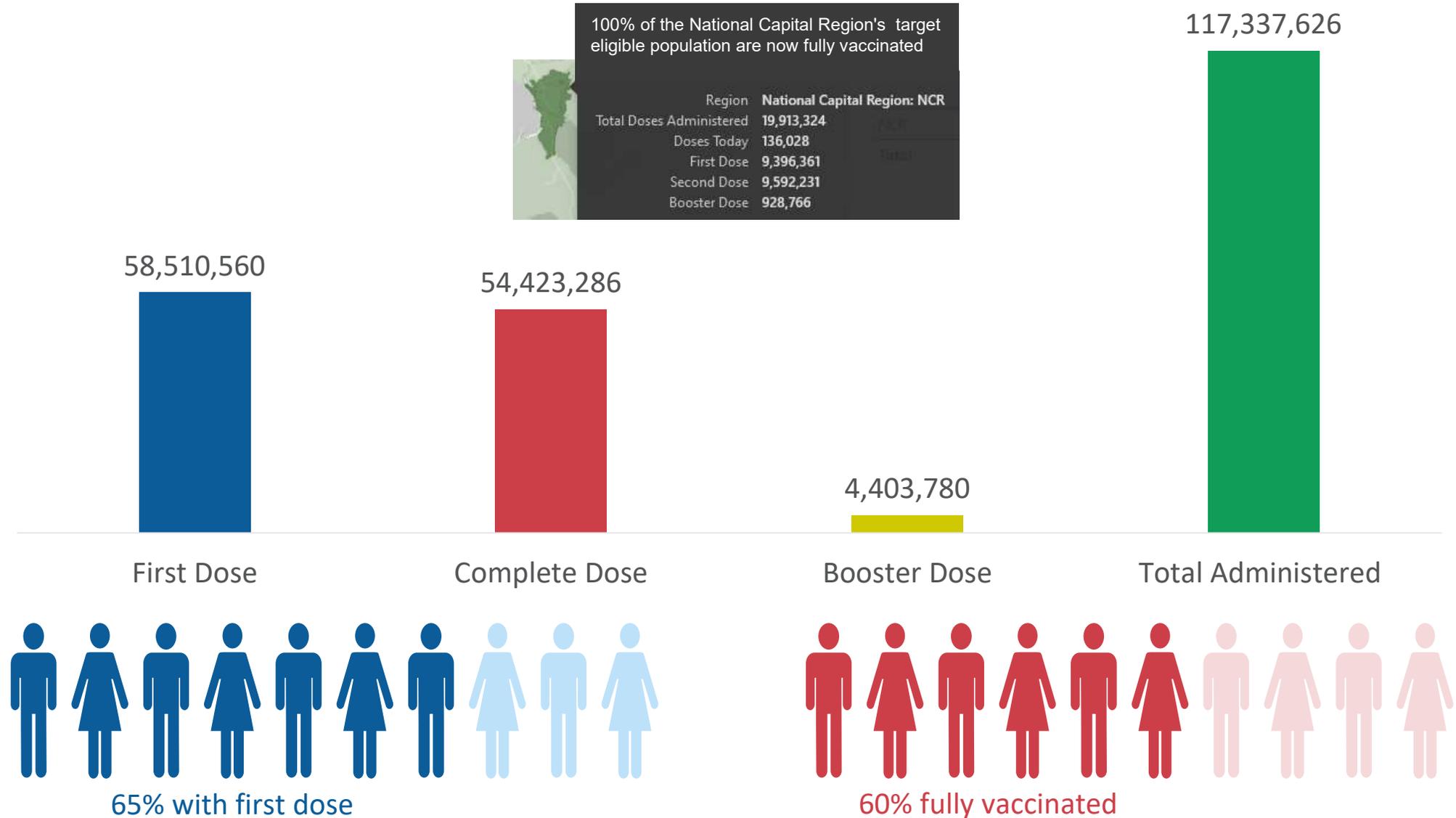
Improved Vaccination Rate to Support Full Economic Recovery

National COVID-19 Vaccination Rollout

As of 13 January 2021

100% of the National Capital Region's target eligible population are now fully vaccinated

Region	National Capital Region: NCR
Total Doses Administered	19,913,324
Doses Today	136,028
First Dose	9,396,361
Second Dose	9,592,231
Booster Dose	928,766



Successful Management of Delta Wave Signals Country's Preparedness to Handle New Wave

Philippine Covid-19 Situation
(7-day rolling average as of 15 January 2022)



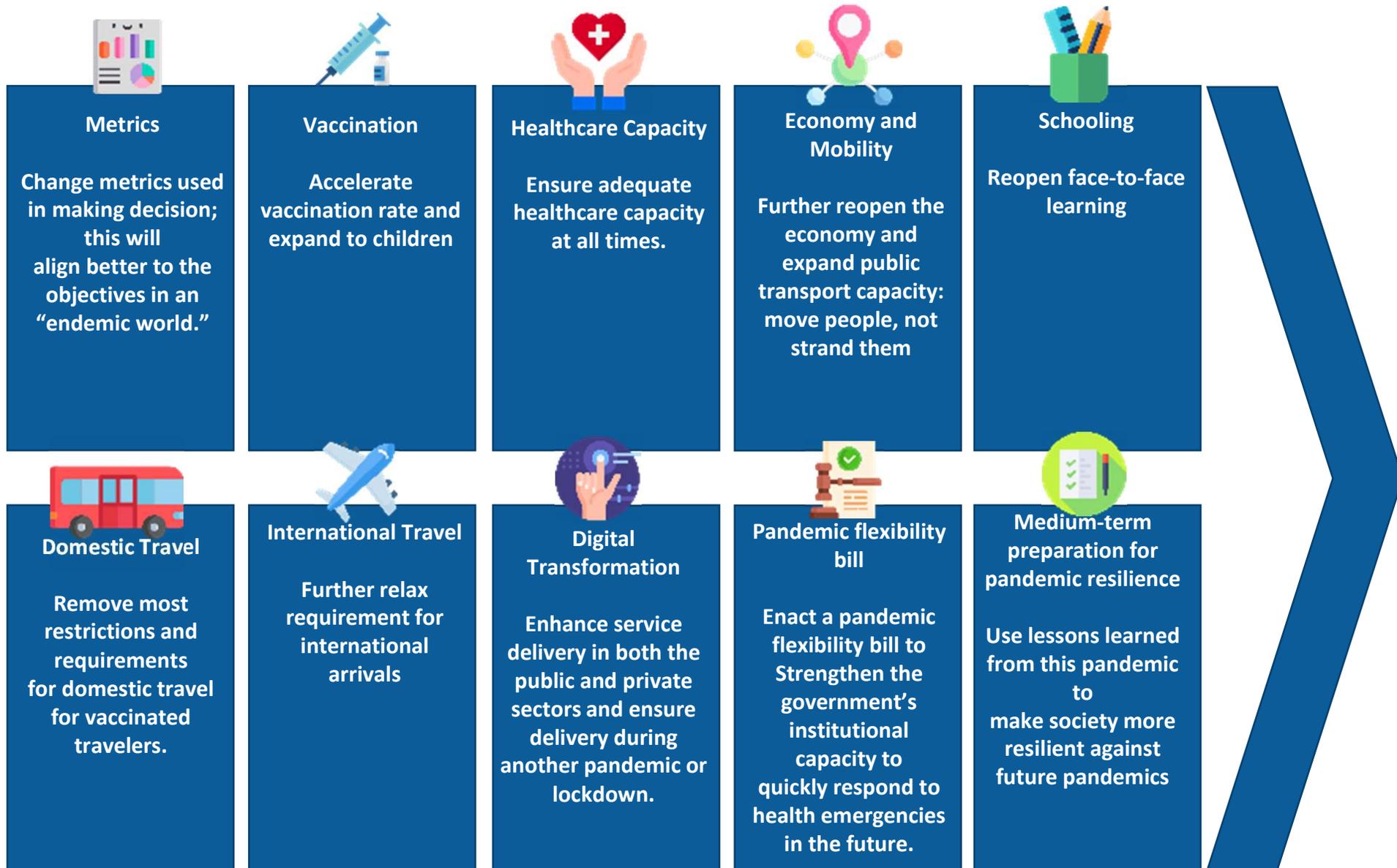
Wave in April 2021
(Alpha Variant)

Wave in August 2021
(Delta Variant)

Current Wave
(Omicron Variant)

Mild and Asymptomatic Cases (%)	98.8	97.3	98.2
Hospital Bed Occupancy Rate (%)	53.5	67.5	48.7

Proposed 10-point Policy to Accelerate and Sustain Economic Recovery



Sound Credit Profile



Strong Credit Profile Going into the Pandemic

Metric	2016	2017	2018	2019	2020	2021
Credit Rating						
▪ Moody's	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable
▪ S&P	BBB/stable	BBB/stable	BBB/positive	BBB+/stable	BBB+/stable	BBB+/stable
▪ Fitch	BBB-/positive	BBB/stable	BBB/stable	BBB/stable	BBB/stable	BBB/negative
▪ R&I	BBB/stable	BBB/stable	BBB/stable	BBB/stable	BBB+/stable	BBB+/stable
▪ JCR	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/positive	A-/stable	A-/stable
Real GDP Growth Rate (%), 2018 prices	7.1	6.9	6.3	6.1	-9.6	4.9 (Q1-Q3)
GDP Per Capita (US\$), current prices	3,108	3,153	3,280	3,512	3,323	3,579*
GNI Per Capita (US\$, current prices)	3,453	3,501	3,629	3,864	3,579	3,649*
Inflation Rate (2012 = 100) (%)	1.3	2.9	5.2	2.5	2.6	4.5
Fiscal Balance/GDP (%)	-2.3	-2.1	-3.1	-3.4	-7.6	-8.3 (Jan-Sep)
Tax Revenue/ GDP (%)	13.1	13.6	14.0	14.5	14.0	14.8 (Jan-Sep)
National Government Interest Payments/ Revenues (%)	13.9	12.6	12.3	11.5	13.3	14.5 (Jan-Nov)
General Government Debt/GDP (%)	33.2	34.9	34.4	34.1	48.1	NA
Gross International Reserves (US\$ bn)	80.7	81.6	79.2	87.8	110.1	108.9 (end-Dec)
Import Cover (months) ^{1/}	8.8	7.8	6.9	7.6	12.6	10.3
Overseas Filipinos' Cash Remittances (US\$ bn)	26.9	28.1	28.9	30.1	29.9	28.4 (Jan-Nov)
Foreign Direct Investments (US\$ bn)	8.3	10.3	9.9	8.7	6.6	8.1 (Jan-Oct)
Current Account/GDP (%)	-0.4	-0.7	-2.6	-0.8	3.6	-0.9 (Jan-Sep)
External Debt/GDP (%)	23.5	22.3	22.8	22.2	27.2	27.3 (end-Sep)

^{1/} 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 Edition concept.

NA Not Available

*annualized GDP

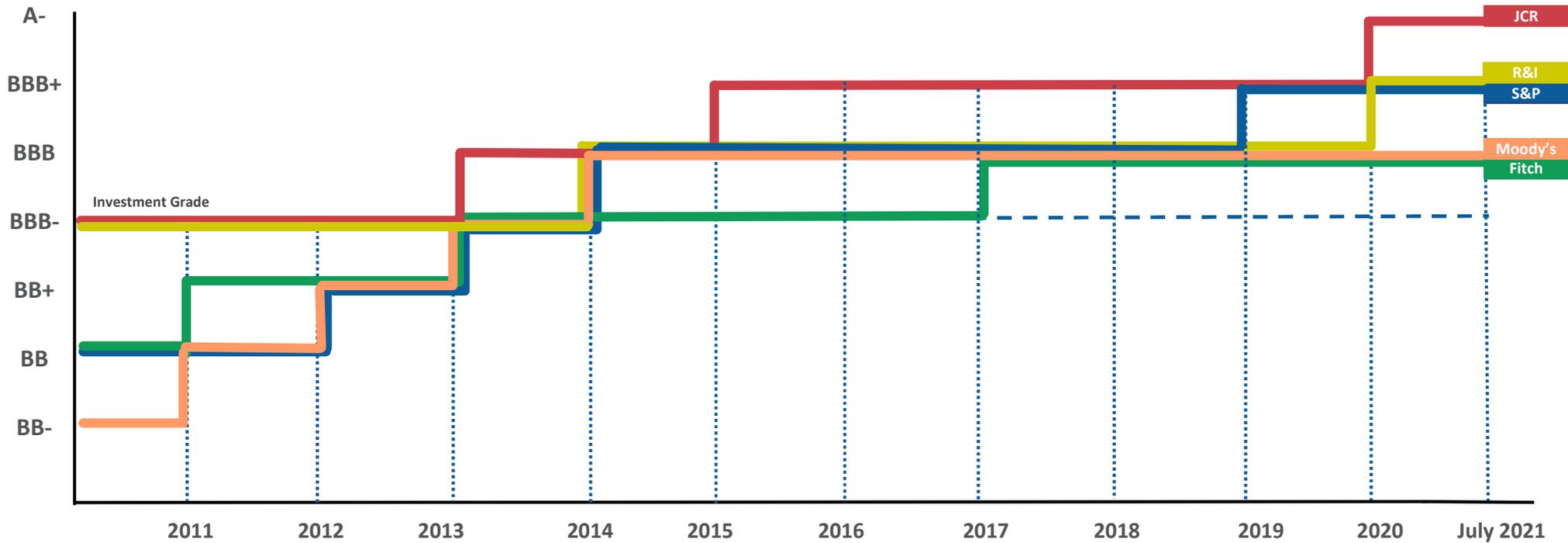
Source: BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR)

Ratings Affirmations and Upgrades: A Vote of Confidence in the Philippine Economy

The potential impact of COVID 19 and the government’s policy responses are key considerations of credit rating agencies

JCR	Affirmed at A-/Stable – Sep 2021
R&I	Affirmed at BBB+/Stable – Apr 2021
S&P	Affirmed at BBB+/Stable – May 2021
Fitch	Affirmed at BBB/ revised outlook to Negative – Jul 2021
Moody’s	Affirmed at Baa2/Stable – Jul 2020

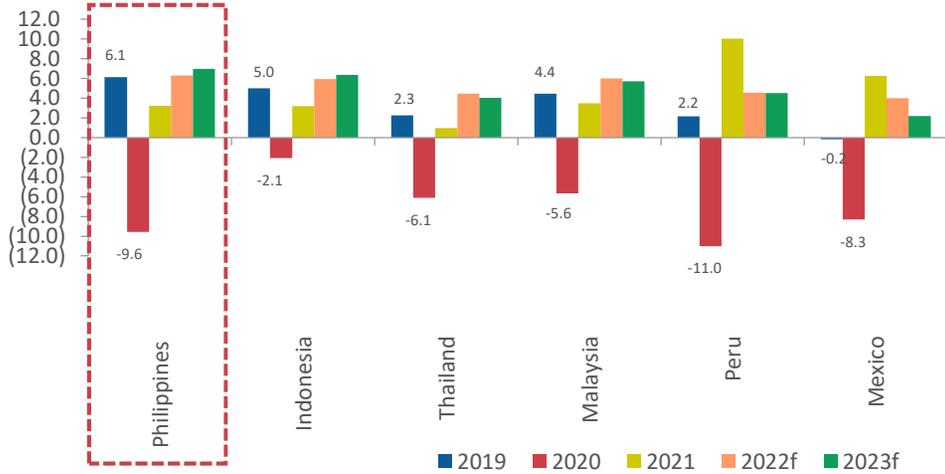
The Philippines’ Rating History



ROP's Credit Rating is Well-placed Even Among Higher-rated Peers

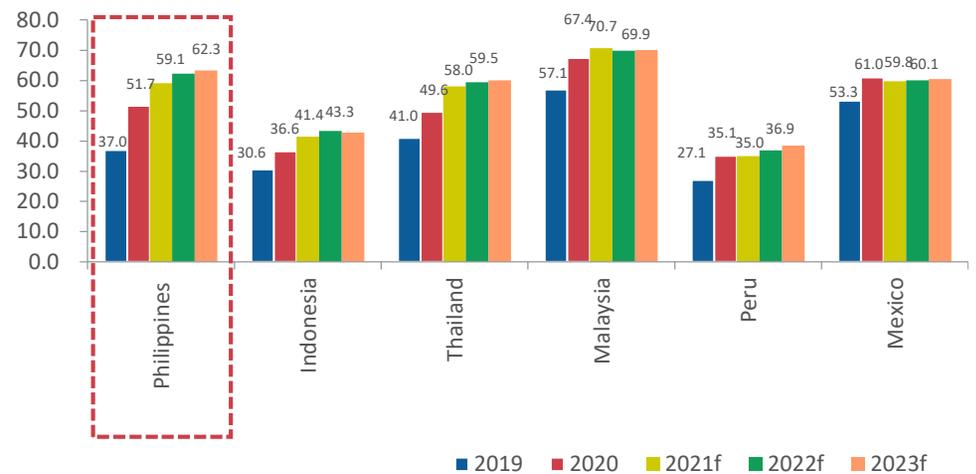
Growth outlook among the highest

GDP growth (%)



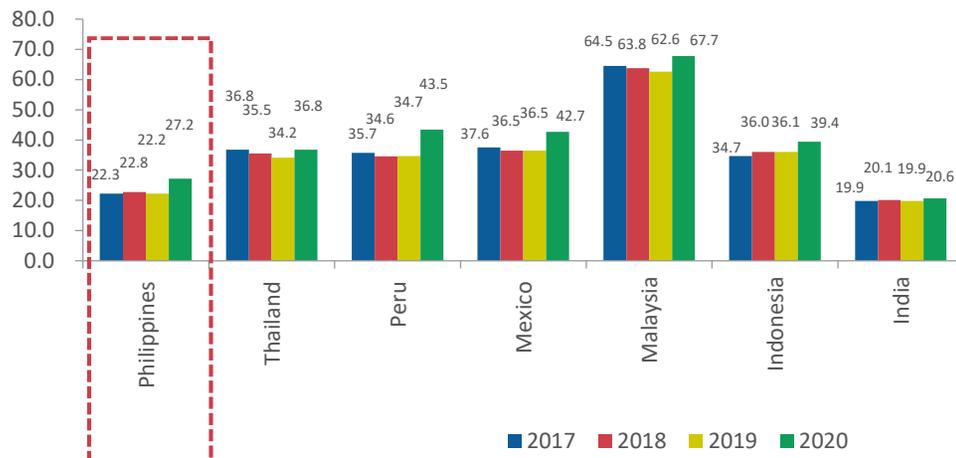
Debt burden remains manageable

General Government gross debt (% of GDP)



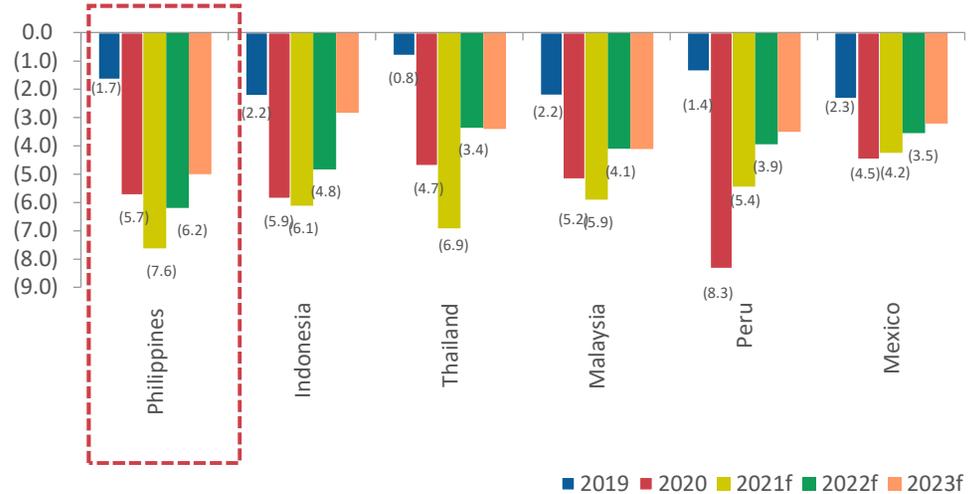
Low external debt

External Debt (% of GDP)

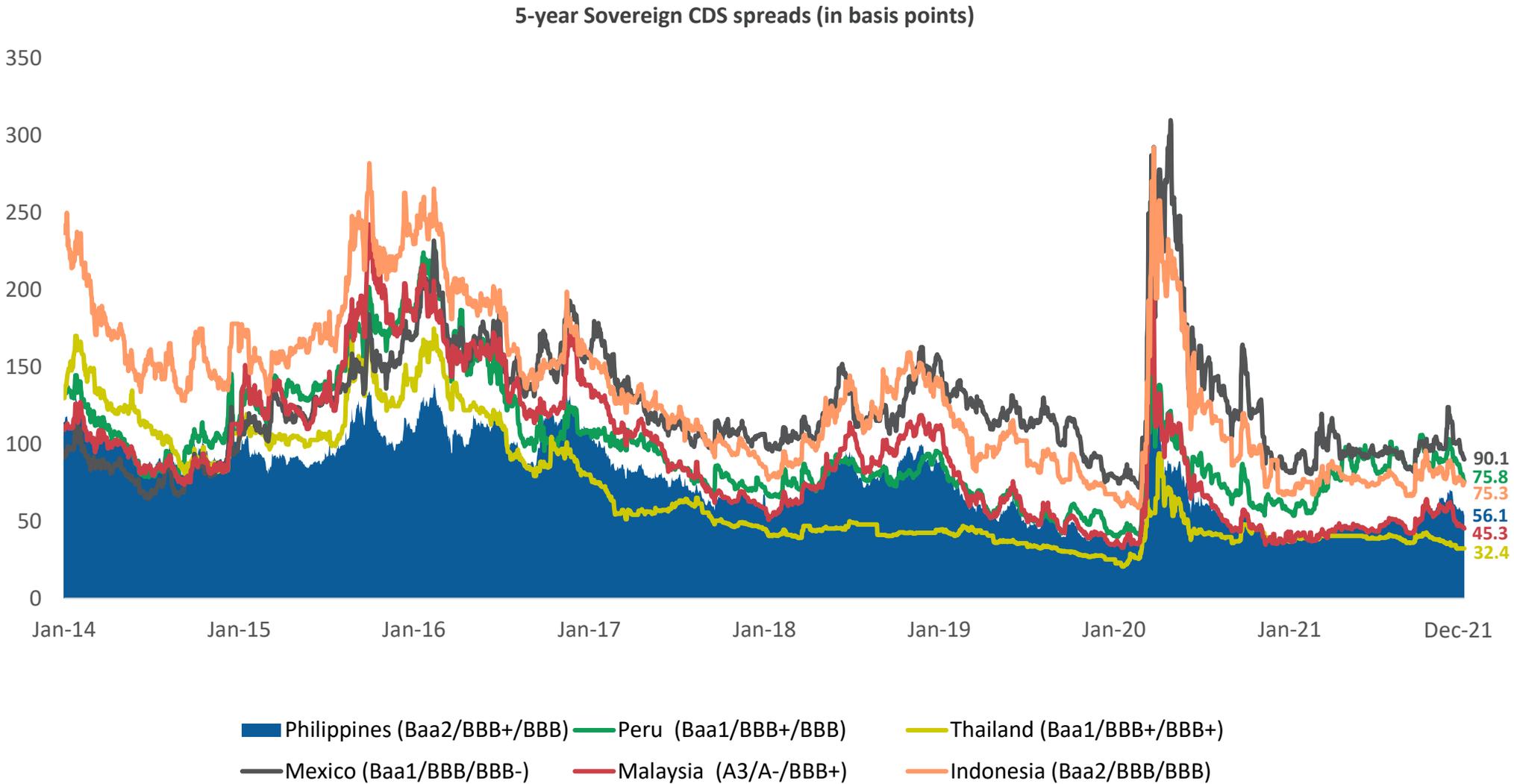


Sound fiscal position going into pandemic

General Government fiscal balance (% of GDP)



Investors Recognize the Philippines' Sound Credit Quality



Rating: Moody's/S&P/Fitch ratings as of 31 December 2021
 Source: Bloomberg (Data as of 31 December 2021)

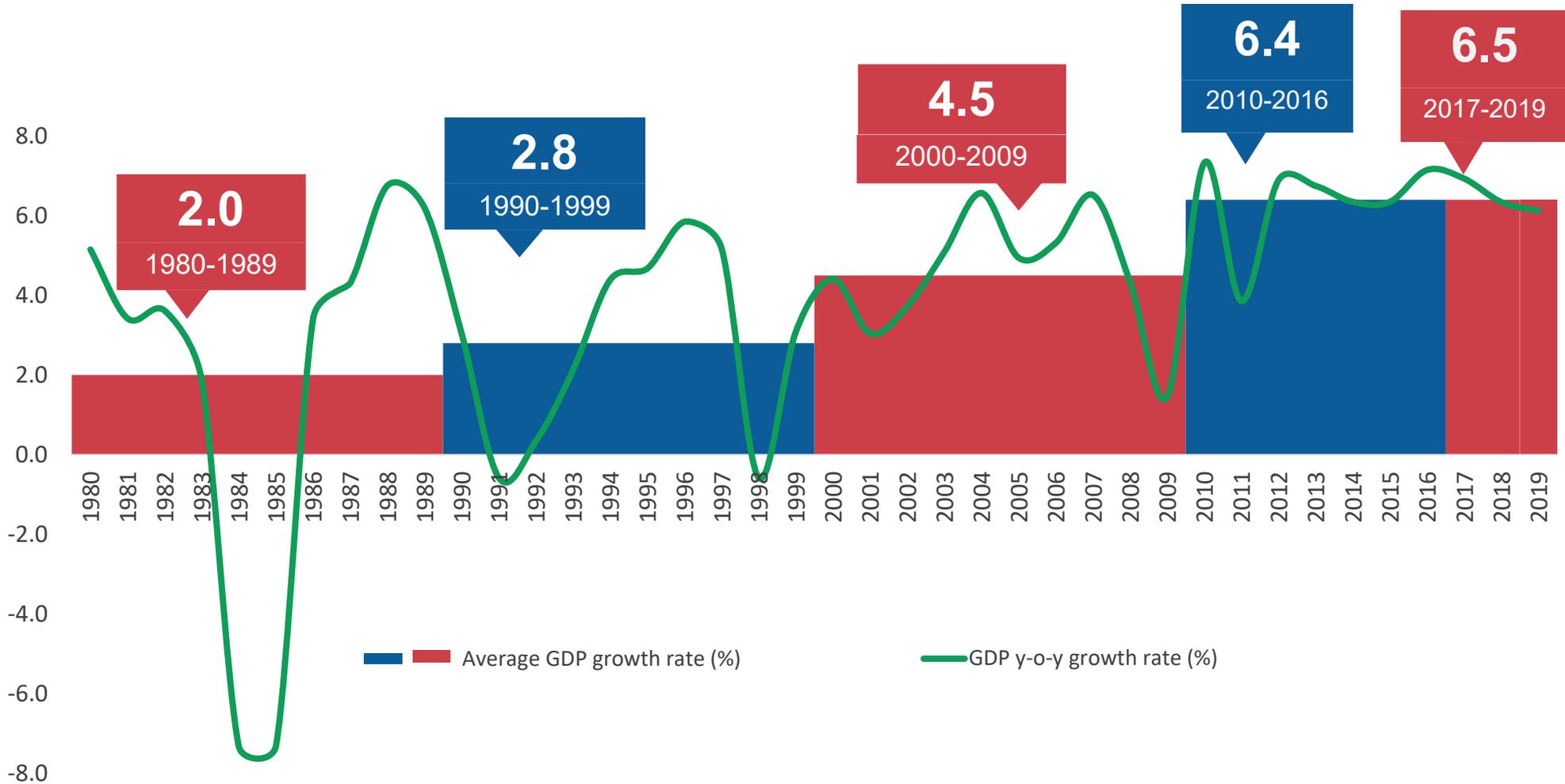
Long Track Record Of Strong Macroeconomic Performance



21 Years of Uninterrupted Growth Prior to the Pandemic

Long history of structural reforms boosted economic growth

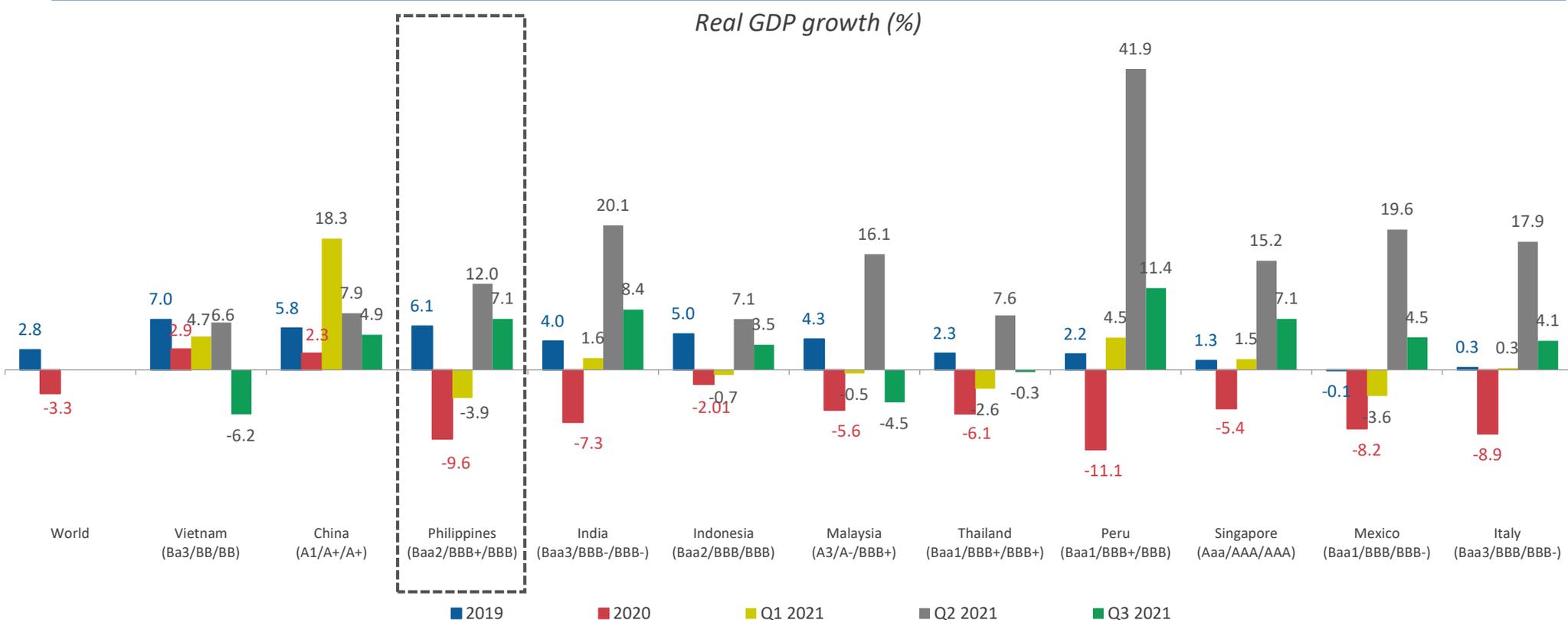
Real GDP growth (%)



Source: Philippine Statistics Authority(PSA), NEDA
 Note: GDP figures from 1980-2000 use 2000 as base year while 2001-2019 use 2018 as base year

Pandemic Weighs Heavily on Economies

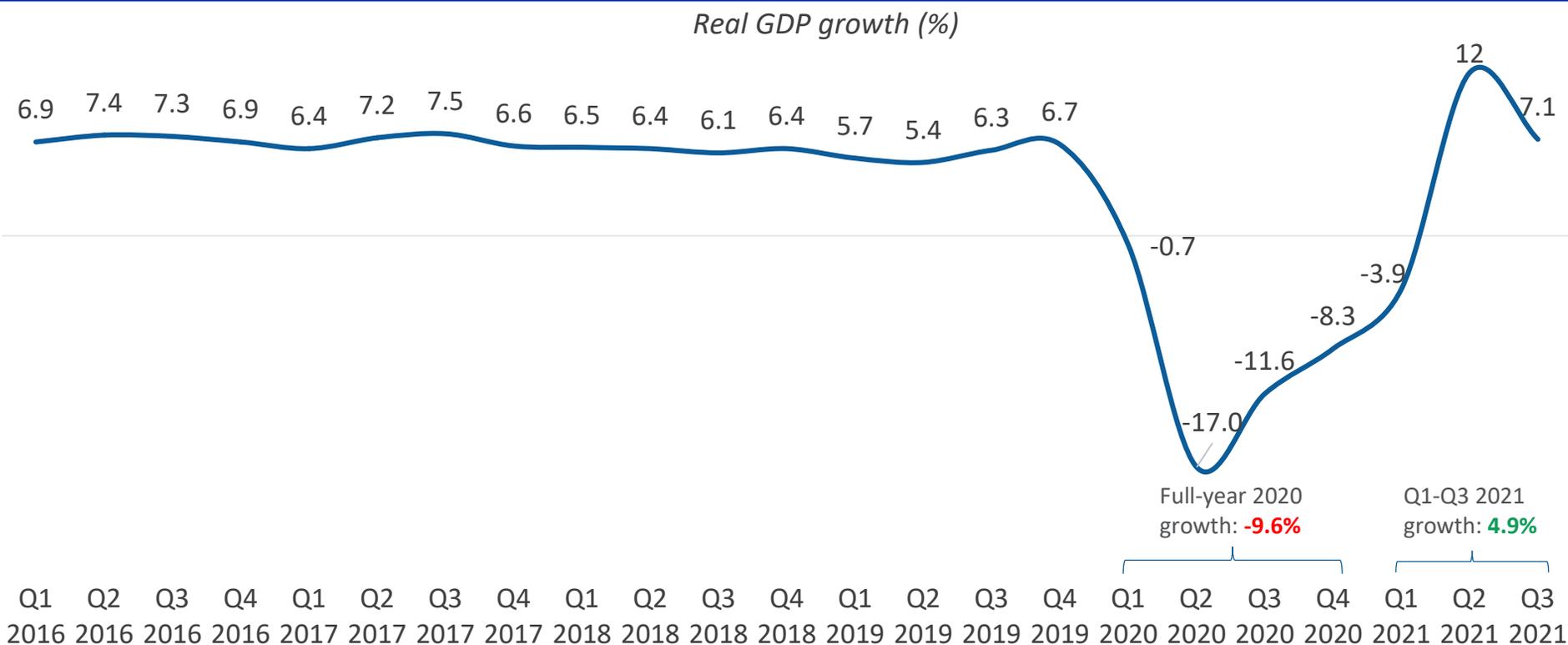
GDP growth of select peer economies



- Shocks dragged down 2020 growth: decline in tourism and trade due to the global pandemic starting February; implementation of the strictest form of community lockdown in Luzon, Cebu and Davao from March to May to save lives and contain the virus; and a return to strict lockdown in Metro Manila and nearby areas for two weeks in August; as well as natural disasters i.e., Taal volcano eruption in January and strong typhoons in Q4 2020, and the African swine flu

Economy Bounced Back to Positive Territory in Q2 2021

Economic recovery further gained traction on better risk management in balancing COVID 19 related restrictions and improving health and economic outcomes

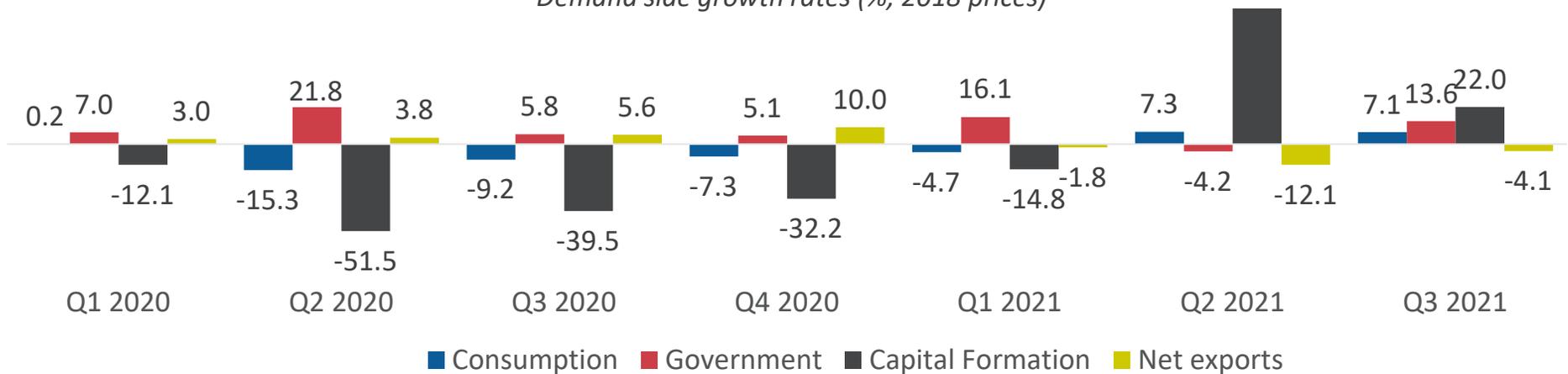


- The robust performance in Q3 2021 showed continued expansion of most sectors as a result of careful balancing in addressing health risks from COVID-19 and the need to restore jobs and incomes of the people.
- Economic recovery is central to the government's agenda and top priority will be laying the foundation for a COVID-19 resilient society that can live with the virus. Economic growth will get a boost from the 2021 and 2022 budgets, the Build, Build, Build program, the implementation of the Corporate Recovery and Tax Incentives for Enterprises or CREATE law, and the acceleration of the government's vaccination program. All these will help attract investments, push up growth potential, and create more and better jobs.

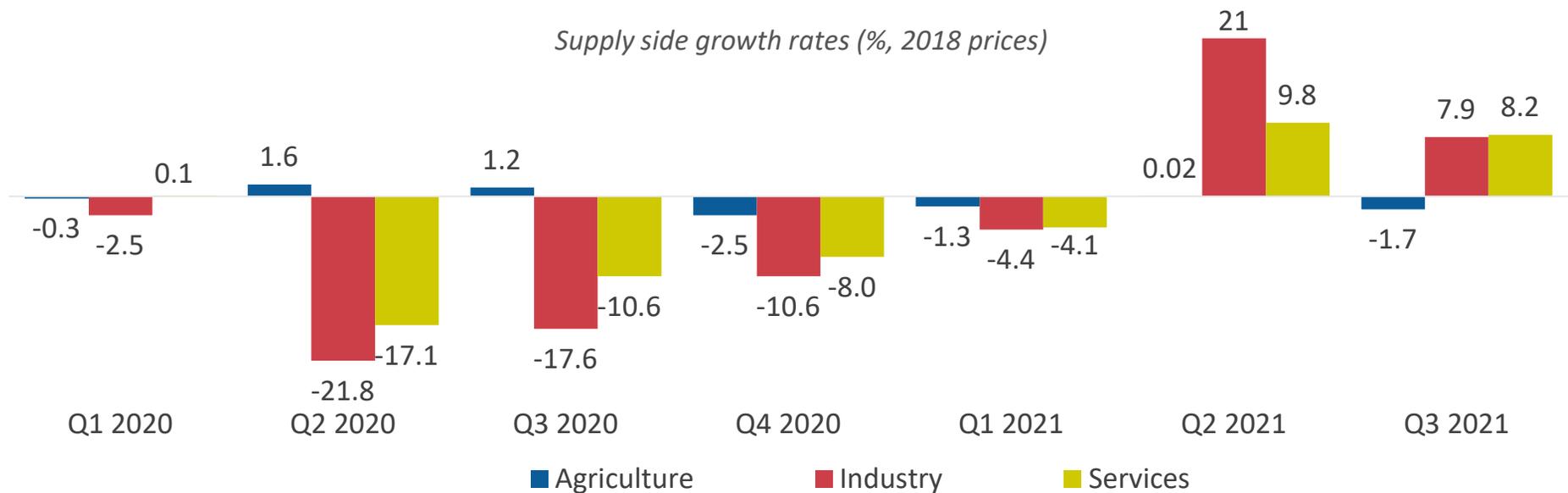
Economy Bounced Back to Positive Territory; Recovery Underway

Private consumption, investments, industry and services recovered significantly, a signal of improving consumer and business confidence

Demand side growth rates (% , 2018 prices)



Supply side growth rates (% , 2018 prices)



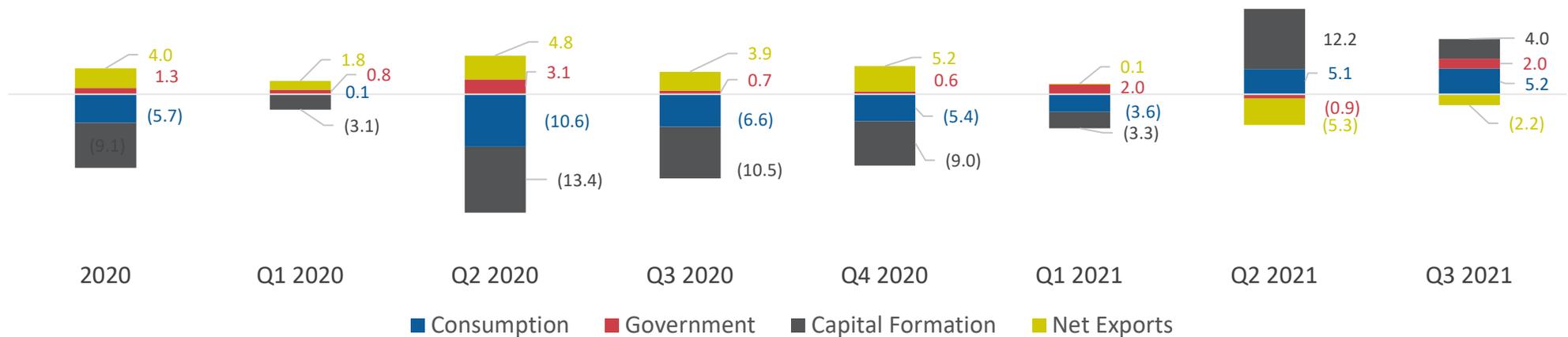
Sources: NEDA, PSA National Accounts; Note: Numbers may not add up due to rounding
PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

Economy Bounced Back with Most Sectors Contributing Positive Growth in Q3 2021

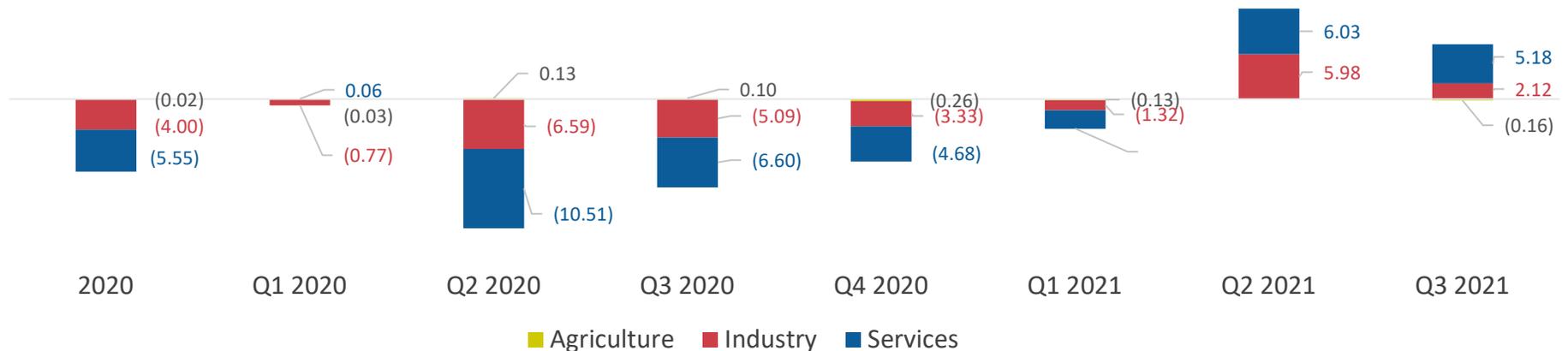
Most economic sectors improved highlighting gains from the government's risk-based approach to dealing with the virus/ COVID-19 pandemic

GDP breakdown by component

Contribution to growth: demand side (% , 2018 prices)



Contribution to growth: supply side (% , 2018 prices)

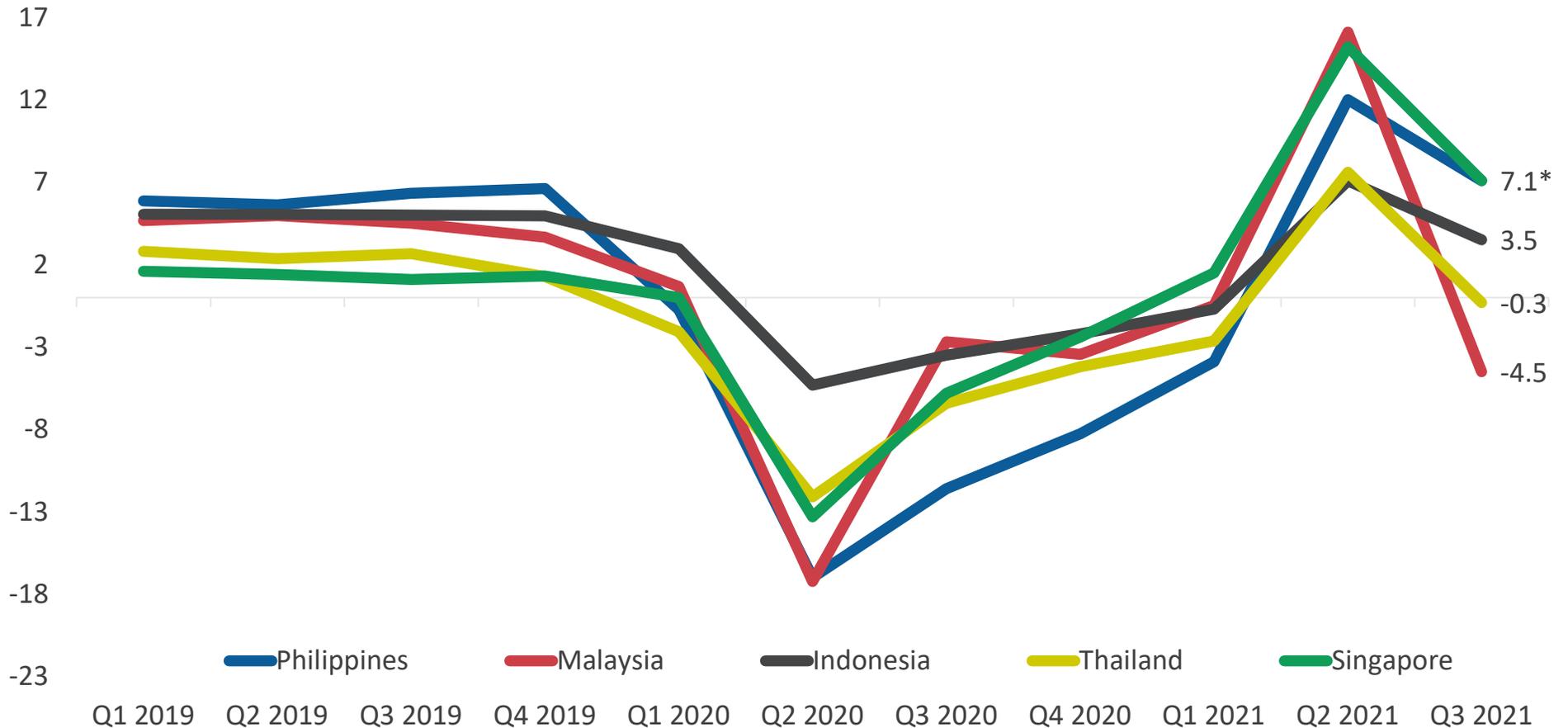


Source: PSA National Accounts; Note: Numbers may not add up due to statistical discrepancy and/or rounding
PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

Philippines Economic Performance is at Par with the Region

The Philippines' Q3 2021 GDP growth is tied with Singapore as the highest among ASEAN 5 economies

GDP growth (%)

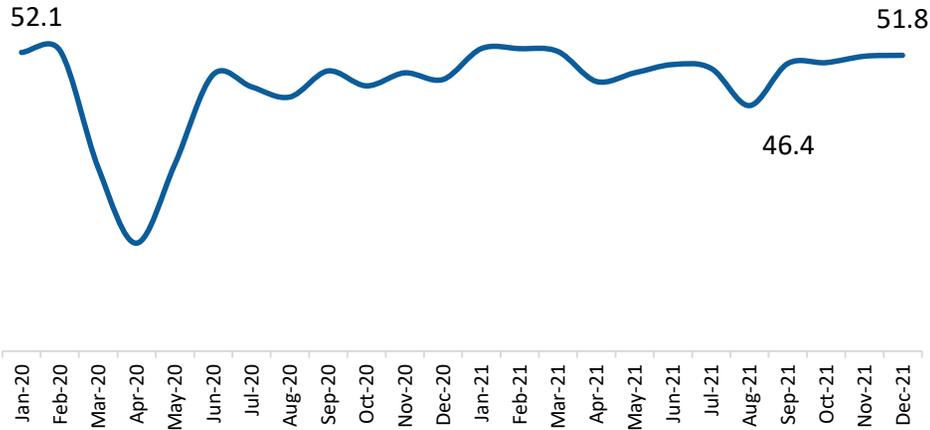


*Philippines and Singapore both grew by 7.1% in Q3 2021
Source: CEIC, Bloomberg

Growth Recovery Gaining Traction

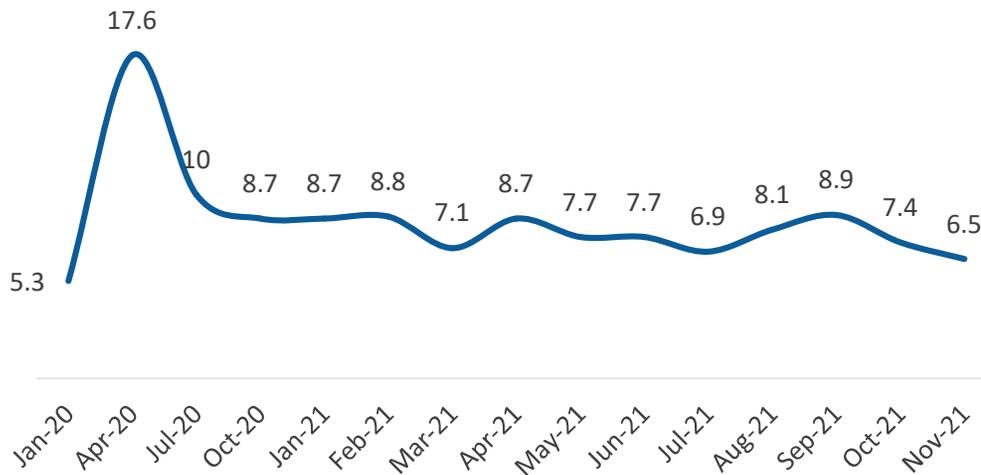
Four consecutive months of expansion mode at latter part of 2021

IHS Markit Philippines Manufacturing Purchasing Managers' Index (PMI)



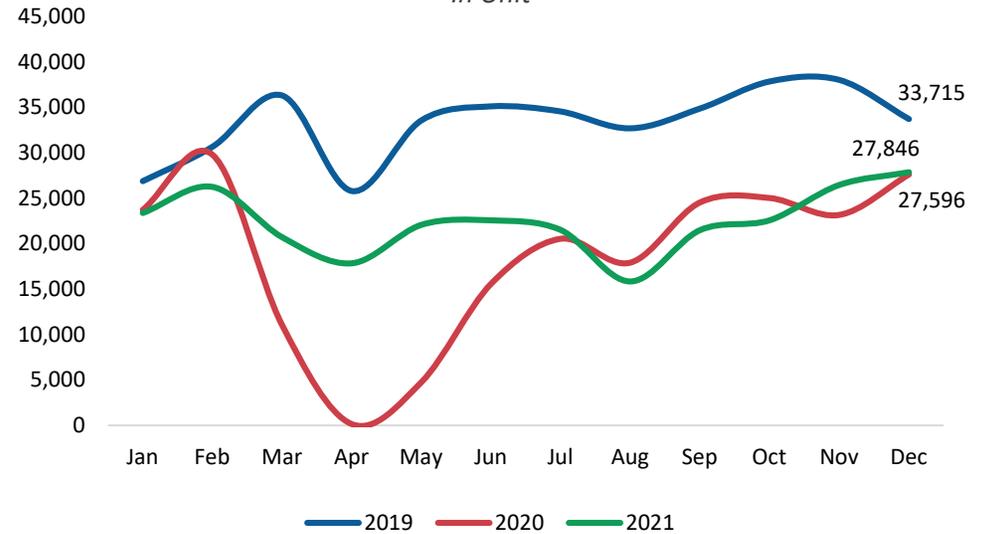
Employment situation improves

Unemployment rate (%)



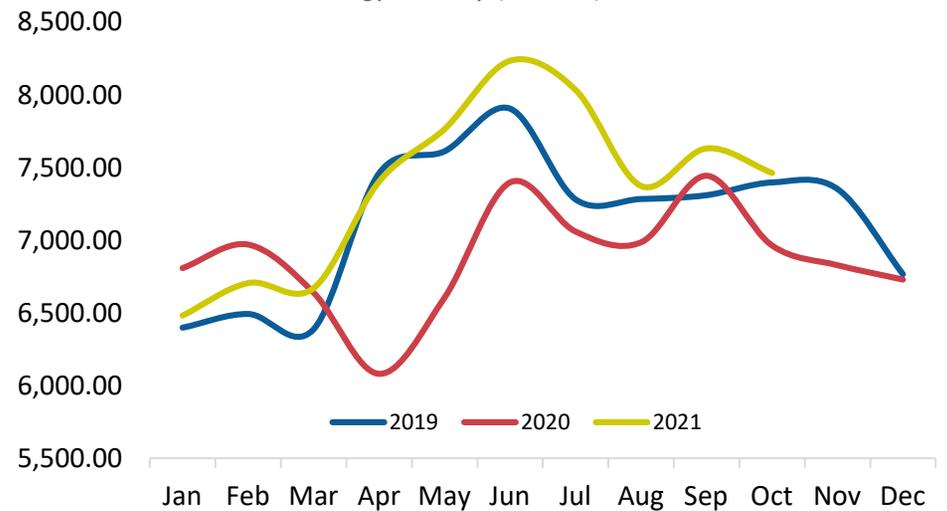
Humming back to life: Motor vehicle sales continue to recover

In Unit



Higher energy delivery

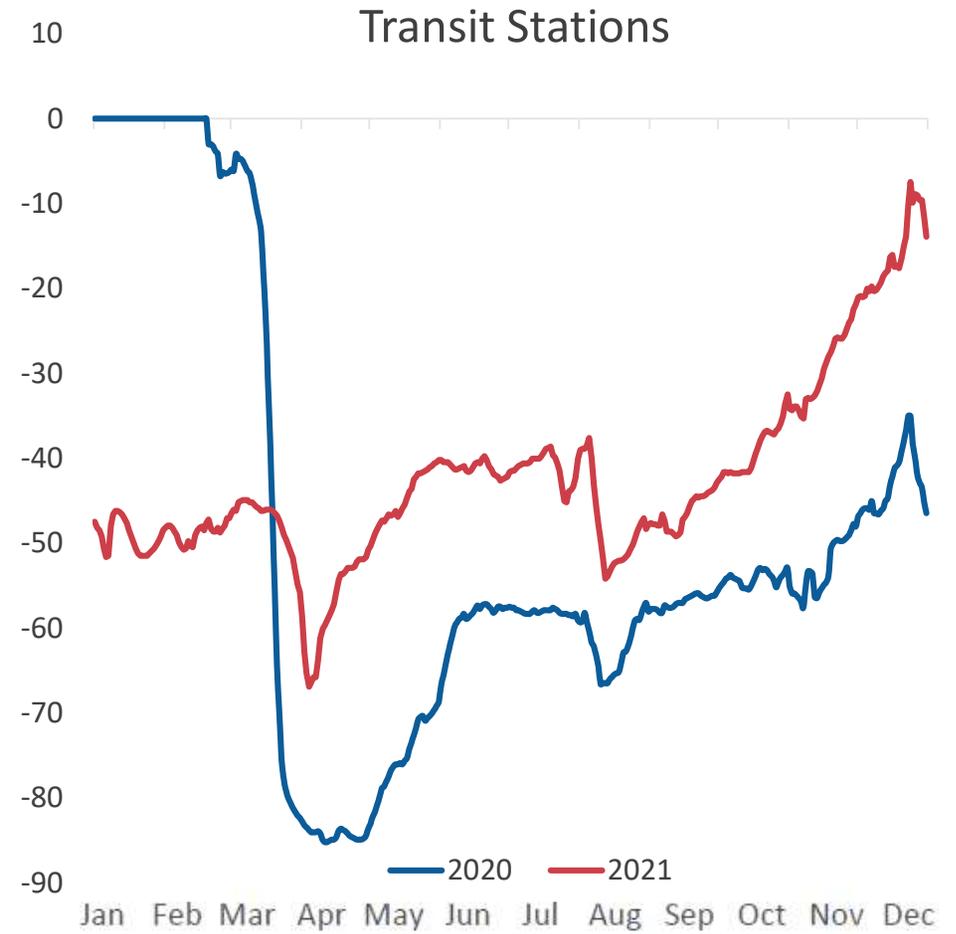
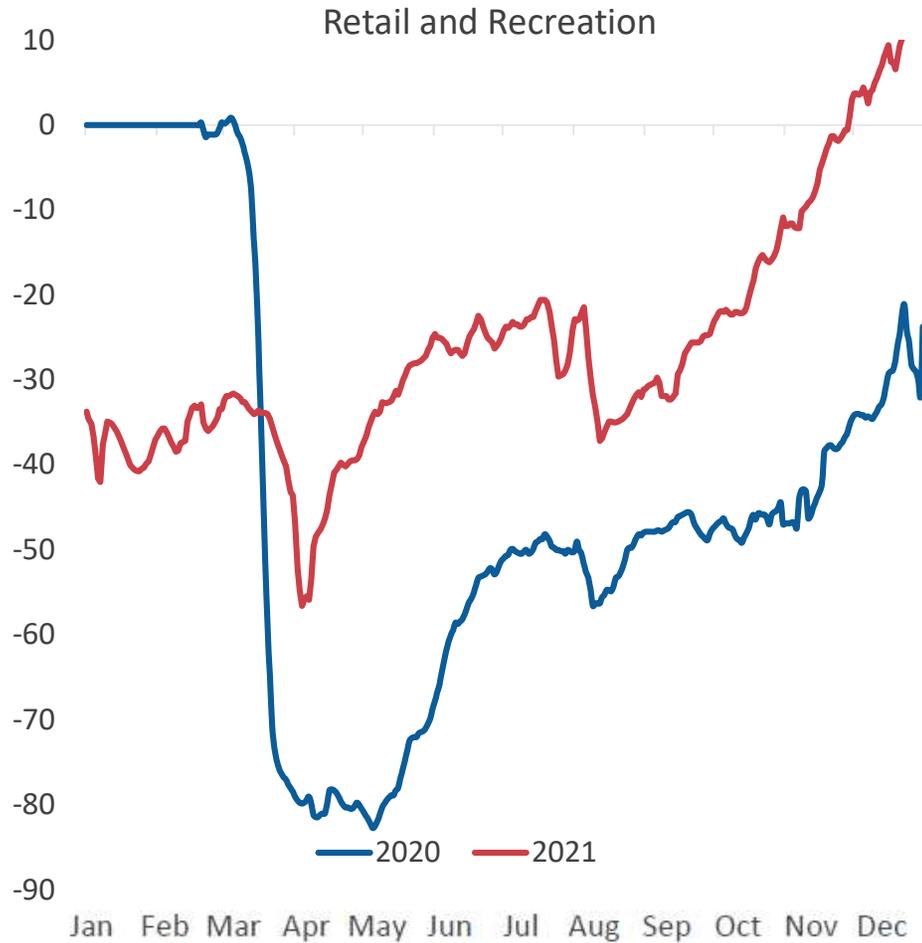
Energy delivery (in GWh)



Mobility Data Shows Strong Improvement

Significant improvements in the Philippines' mobility data

Google Mobility Indices for the Philippines



Drivers of Economic Recovery

Risk-based approach to community quarantines and balancing health and economic outcomes to expedite economic recovery



Passage of priority legislative measures:

- GUIDE*
- Amendments to Public Service Act, Retail Trade Liberalization Act, and Foreign Investments Act



Safe re-opening of the economy, while strictly adhering to health protocols



Acceleration of vaccination program



Full implementation of the recovery packages (e.g., 2021 and 2022 budgets, Build Build Build Program, CREATE, and FIST)

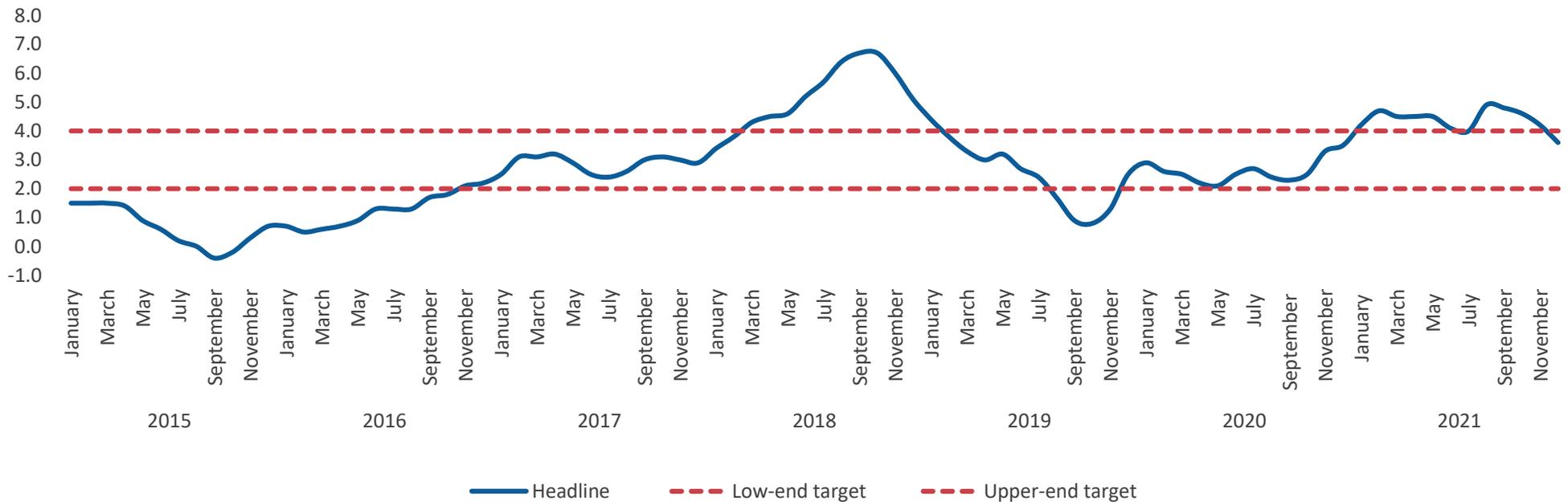
*Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act
Source: NEDA

Manageable Inflation Outlook to Help Mitigate Downside Risks to Growth and Boost Market Confidence

Manageable inflation environment

Headline CPI (yoy, %), 2012=100

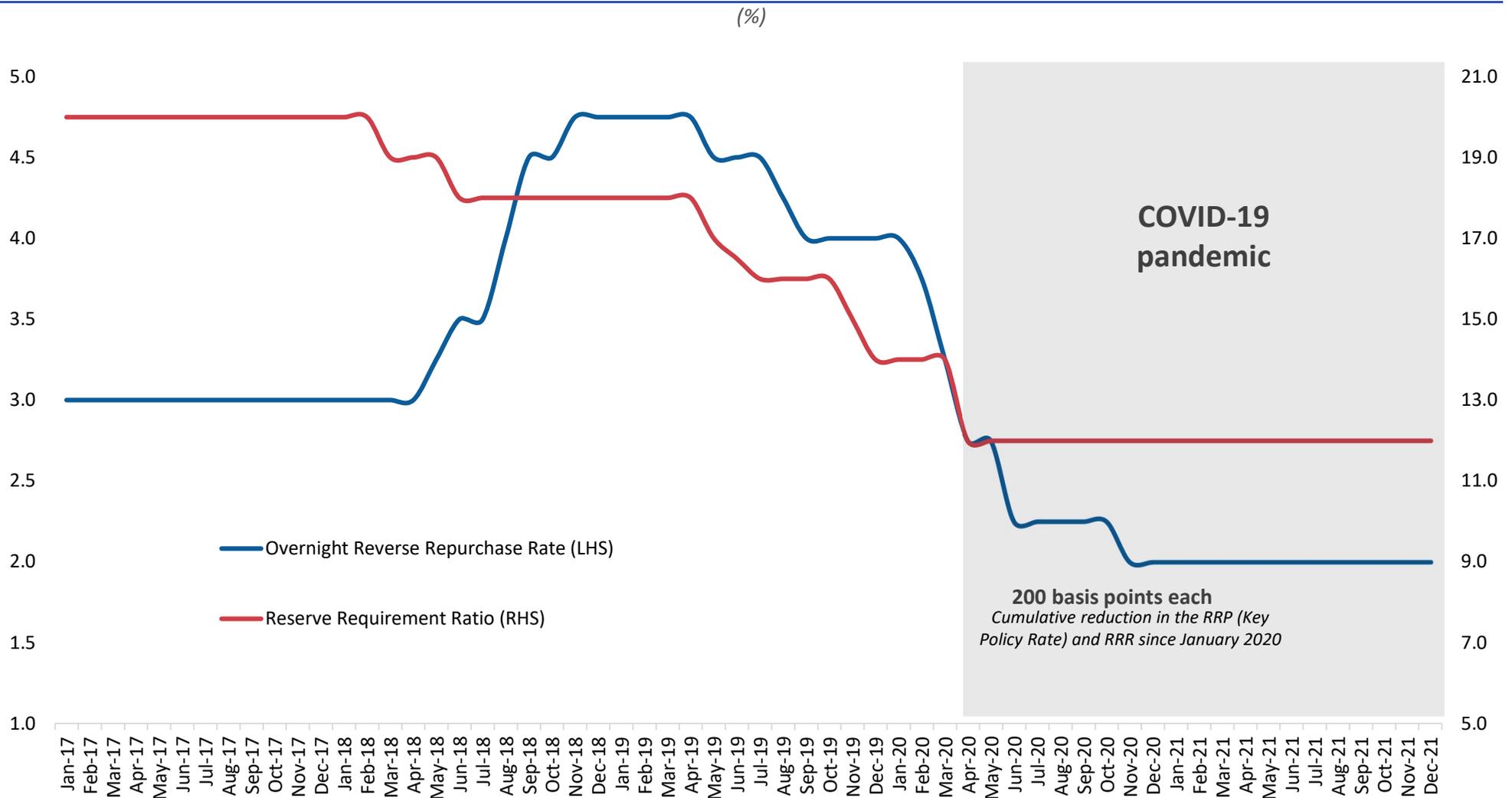
Latest:
3.6 (Dec 2021)
4.5 (FY 2021)



- In December 2021, inflation decelerated to 3.6% from 4.2% the previous month. Year-to-date 2021, inflation averaged 4.5%.
- The BSP stands ready to maintain its accommodative monetary policy stance to support the economy’s recovery while also guarding against any emerging risks to its price and financial stability mandate.

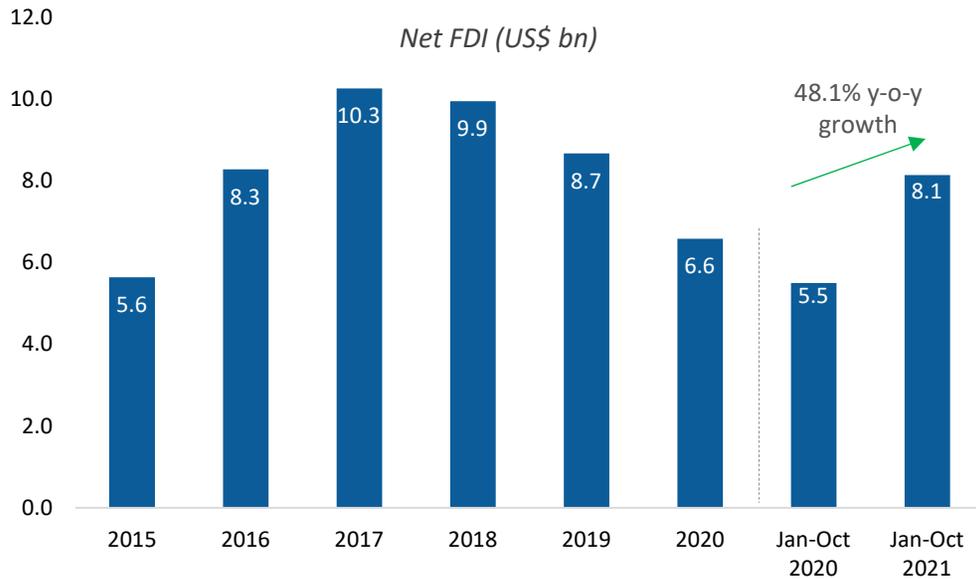
Accommodative Monetary Policy Stance Supports Sustainable Economic Recovery

Overnight Reverse Repurchase Rate vis-à-vis Reserve Requirement Ratio

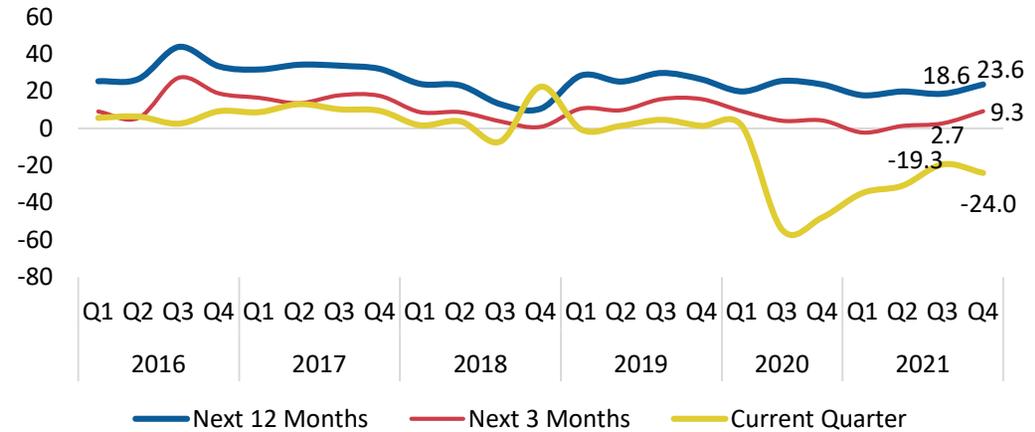


Favorable Prospects for Sustained Investment Flows

Net FDI inflows continued its growth momentum indicative of confidence in economic recovery and long-term growth prospects



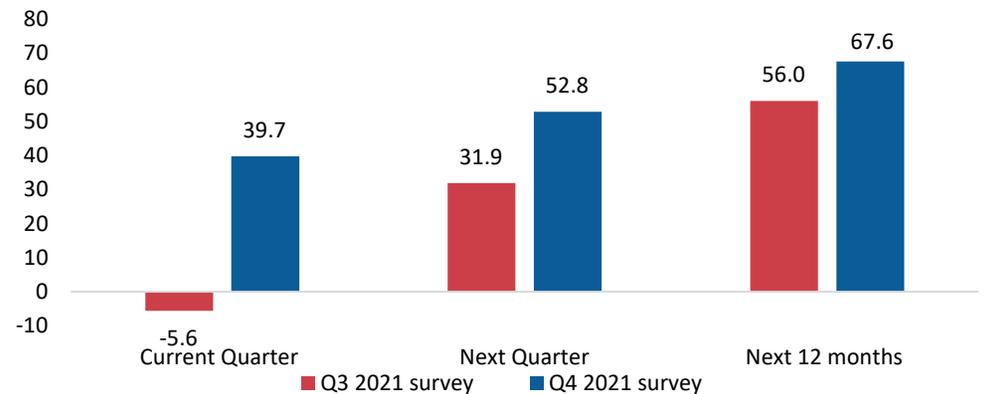
Consumer confidence more optimistic for Q1 2022 and the next 12 months*



Investments pledges continued in 2020 at height of the pandemic (PHP bn)



Business confidence turns optimistic in Q4 2021, and more buoyant for Q1 2022 and the next 12 months*



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

Note:
* The Business Expectations Survey (BES) is a quarterly survey of firms drawn at random from the list of Top 7,000 Corporations ranked based on total assets in 2016 from the Bureau van Dijk database. Meanwhile, the Consumer Expectations Survey (CES) is a quarterly survey of a random sample of about 5,000 households in the Philippines.
* 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.
* Next 12 months outlook was only included in BES Q3 survey of 2019

Improving the Business Environment through Strategic Policy Reforms

More investment activities opened to 100% foreign ownership

EO No. 65 (s. 2018) or 11th Regular Foreign Investment Negative List (RFINL)

- Internet businesses, excluded from mass media
- Teaching at higher education levels provided the subject being taught is not a professional subject (i.e., included in a government board or bar examination)
- Training centers that are engaged in short-term high-level skills development that do not form part of the formal education system
- Adjustment companies, lending companies, financing companies and investment houses, wellness centers

100% Foreign Ownership for Large-Scale Geothermal Exploration, Development, and Utilization Projects

In January 2021, the Department of Energy issued the guidelines on the third Open and Competitive Selection Process in the awarding of Renewable Energy (RE) Service Contracts which allows 100% foreign ownership on large-scale geothermal projects (initial investment of about US\$50mn capitalization). This is expected to lead to more opportunities for RE to figure prominently in the Philippines' energy future.

Select legislations and policies to improve government efficiency



Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (R.A. No. 11534) of 2021

Lowens the corporate income tax from 30% to 25% and sets a more competitive and level-playing field for businesses through modernization and improvement of the fiscal incentive system for different investors which are performance-based, targeted, time-bound and transparent. This is expected to be a game-changer for investment environment. *(Detailed provisions are provided on slide 68 of the fiscal section)*



An Act Authorizing the President to Expedite the Processing and Issuance of National and Local Permits, Licenses, and Certifications in Times of National Emergency (RA No. 11517) of 2020

Makes it easier for business owners and ordinary citizens to apply for government documents and ensures prompt delivery of public services especially during the COVID-19 pandemic



Revised Corporation Code of the Philippines Act (RA No. 11232) of 2019

Improves ease of doing business (EODB) by instituting significant changes to the legal framework for the registration and operation of private corporations, aligning the corporate setting with international best practices



Energy Virtual One-Stop Shop Act (RA No. 11234) of 2019

Streamlines the permitting process of power generation, transmission, and distribution projects to reduce the cost of doing business in the country, and encourage investors



Seal of Good Local Governance Act (RA No. 11292) of 2019

Institutionalized the incentive program for local government units to improve service delivery and help create a business climate conducive to investments and growth



National Identification System Act (RA No. 11055) of 2018

Provides a valid proof of identity for all citizens and resident aliens as a means of simplifying public and private transactions in line with the government's drive to curtail bureaucratic red tape

Demonstrated External Resiliency

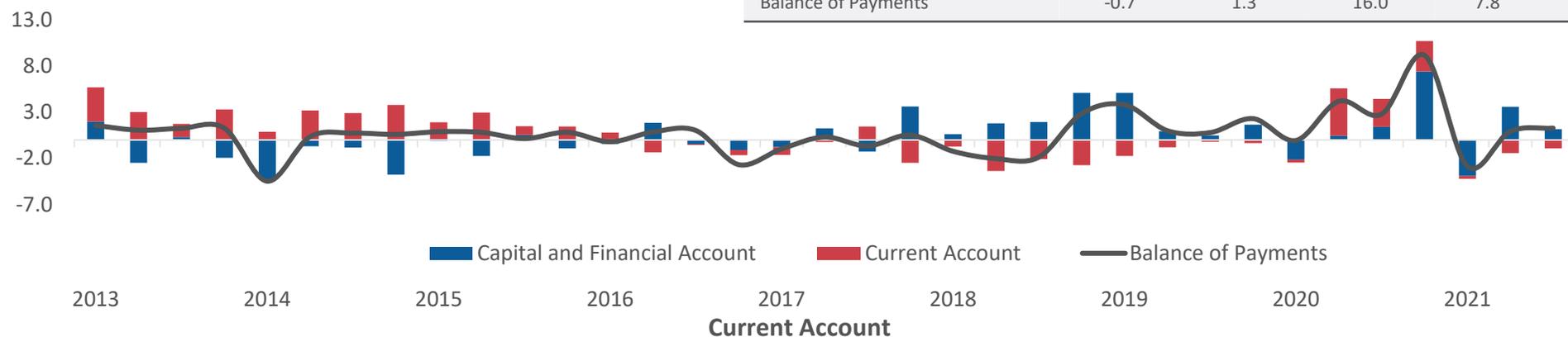
IV

Manageable Balance of Payments Position

Balance of Payments

Balance of Payments Components – Quarterly (US\$ bn)

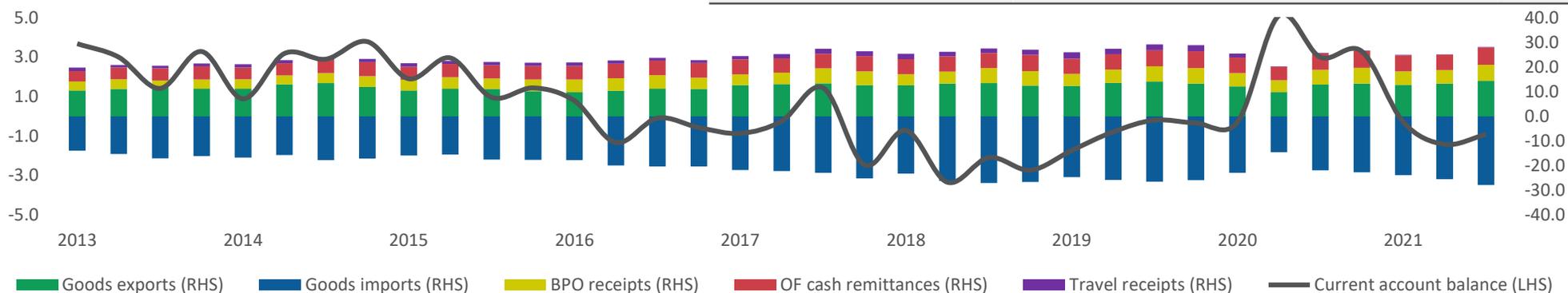
	Jan-Sep 2021	Q3 2021	2020	2019	2018
Capital and Financial Account	0.8	1.2	7.1	8.2	9.4
Current Account	-2.6	-0.9	11.1	-3.0	-8.9
Balance of Payments	-0.7	1.3	16.0	7.8	-2.3



Current Account

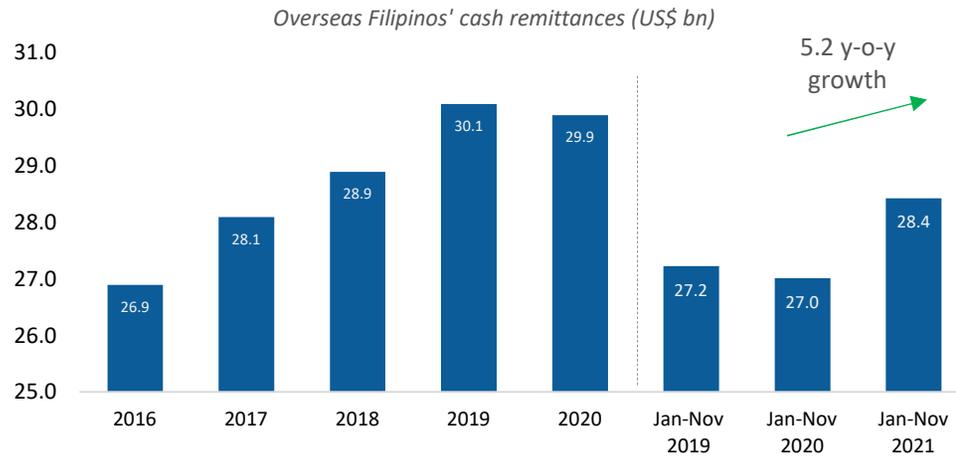
Current account components – Quarterly (US\$ bn)

	Jan-Sep 2021	Q3 2021	2020	2019	2018
Current Account /GDP (%)	-0.9	-1.0	3.1	-0.8	-2.6

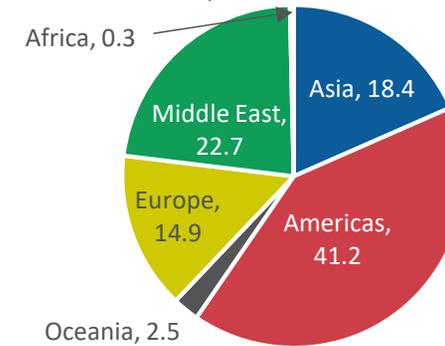


Structural Current Account Inflows Support the Balance of Payments

Overseas Filipinos' remittances flows resilient amidst the pandemic



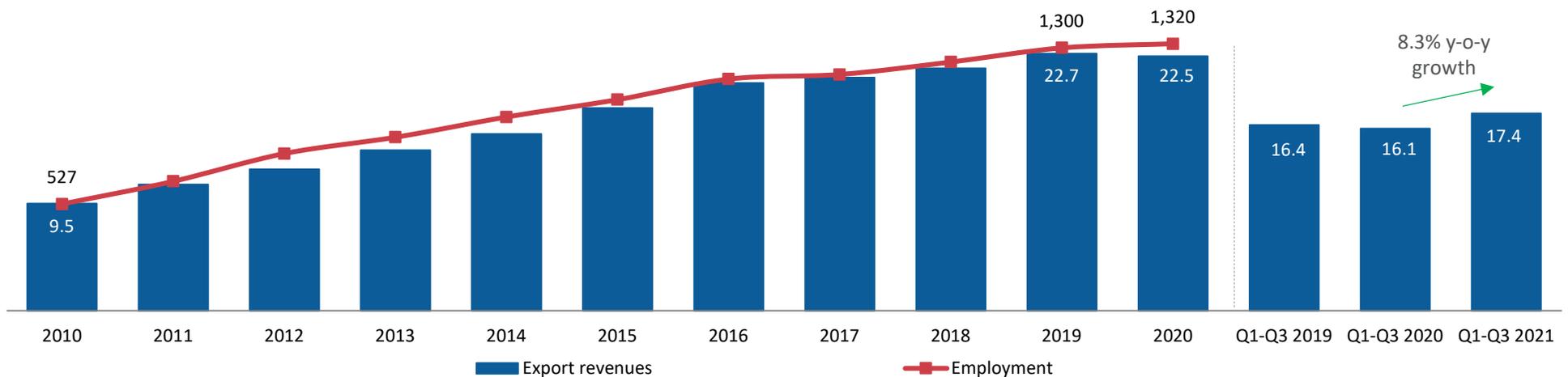
Overseas Filipinos' cash remittances by source 2012- 2020 average (% share to total)



Note: Remittances through correspondent banks 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 is in the U.S.

BPO remains a strong driver of employment and export revenues

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

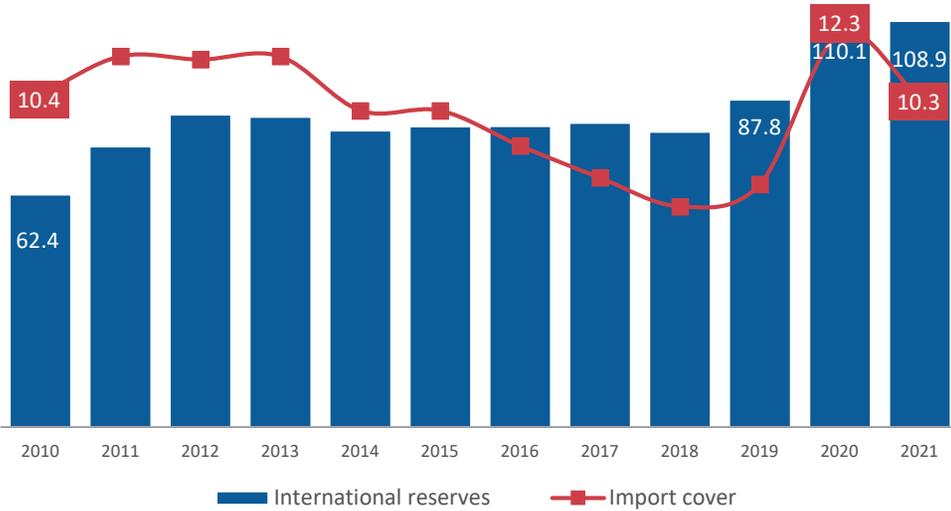


Note: BPO revenues are lodged under technical, trade-related, and other business services and computer services (BOP concept); BPO employment data is from IT and Business Process Association of the Philippines (IBPAP)
Sources: BSP, Department of Tourism (DOT), IBPAP

Adequate Buffers Against External Headwinds

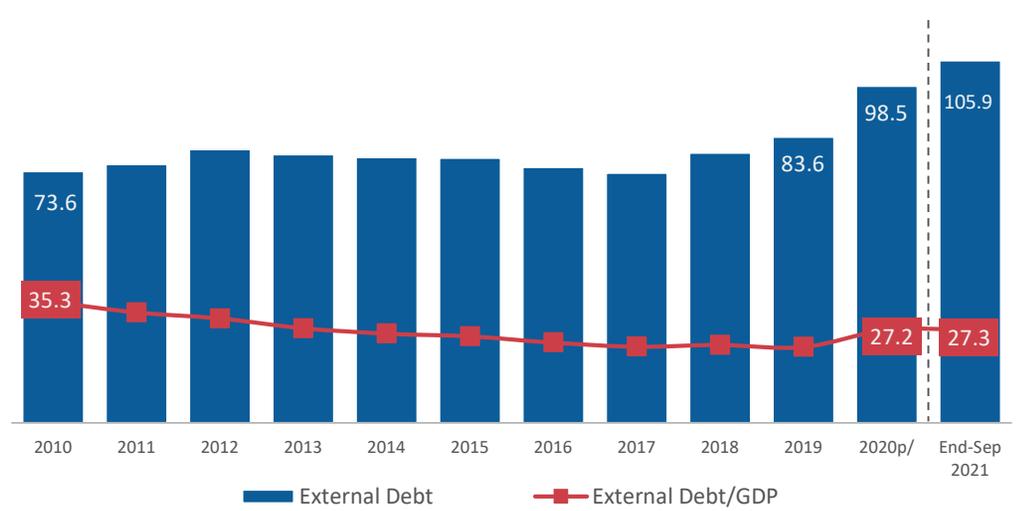
Hefty level of reserves

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



Low external debt/GDP ratio underscores the health of external finances

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

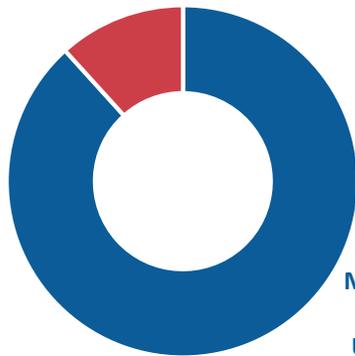


Favorable external debt profile

(as of end-September 2021)

External Debt by Maturity

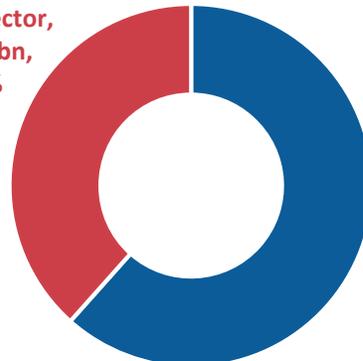
Short-term
US\$12.4bn,
11.7%



Medium and Long-term,
US\$93.6bn,
88.3%

External debt by borrower

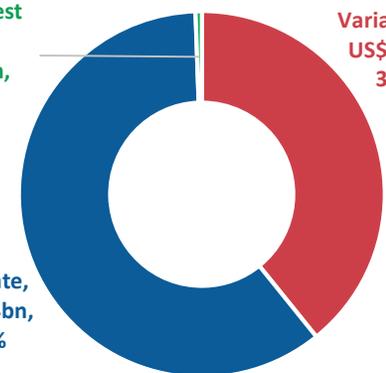
Private Sector,
US\$40.7bn,
38.4%



Public Sector,
US\$65.2bn,
61.6%

External debt by interest type

Non-interest bearing,
US\$0.5bn,
0.5%



Fixed rate,
US\$56.4bn,
60.3%

Variable rate,
US\$36.7bn,
39.2%

Opportunities for Regional Trade and Investment to Support External Resilience



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
- Placed at the crossroads of international shipping and airlines
- Reachable within 3-4 hours by plane within Asia

Philippines' Foreign Trade Agreements (FTA)

- **US:** 70% of Philippines exports enter 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** comprised of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand 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

Opportunities for Regional Trade and Investment to Support External Resilience



Regional Comprehensive Economic Partnership (RCEP)

- RCEP is an FTA between the ASEAN member states (i.e., Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand, Singapore, and Vietnam) and its FTA partners (i.e., Australia, China, Japan, New Zealand, and South Korea).
- Creates a more business-friendly environment, encouraging closer integration of economies, and providing a more stable and predictable rules-based system of trade in the region
- RCEP member countries constitute, as of 2019, 28.2% of the world's GDP; 23.6% of global inward FDI; and 29.7% of the world's population

Expected Benefits of RCEP to Philippines

- Philippine Institute for Development Studies (PIDS) research found that Philippines and Vietnam are the top gainers of RCEP deal.
- Based on the PIDS study^{1/}, RCEP is expected to increase the Philippines' GDP by 2%
- RCEP would open markets for 92% of Philippine 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

- Another research also show that RCEP would improve the country's trade balance by as much as US\$128.2mn, increase overall welfare by US\$541.2mn, contribute 1.93% real GDP growth, and lower poverty incidence by 3.62% in 2031. ^{2/}

^{1/}Presented by PIDS Senior Research Fellow Dr. Francis Mark A. Quimba during an event hosted by DTI on 22 September 2021

^{2/} Dr. Caesar Cororaton , a Research Fellow at the Virginia Polytechnic Institute and State University (USA) and a Visiting Scholar at the De La Salle University

(DLSU), December 2021

Source: DTI, BSP

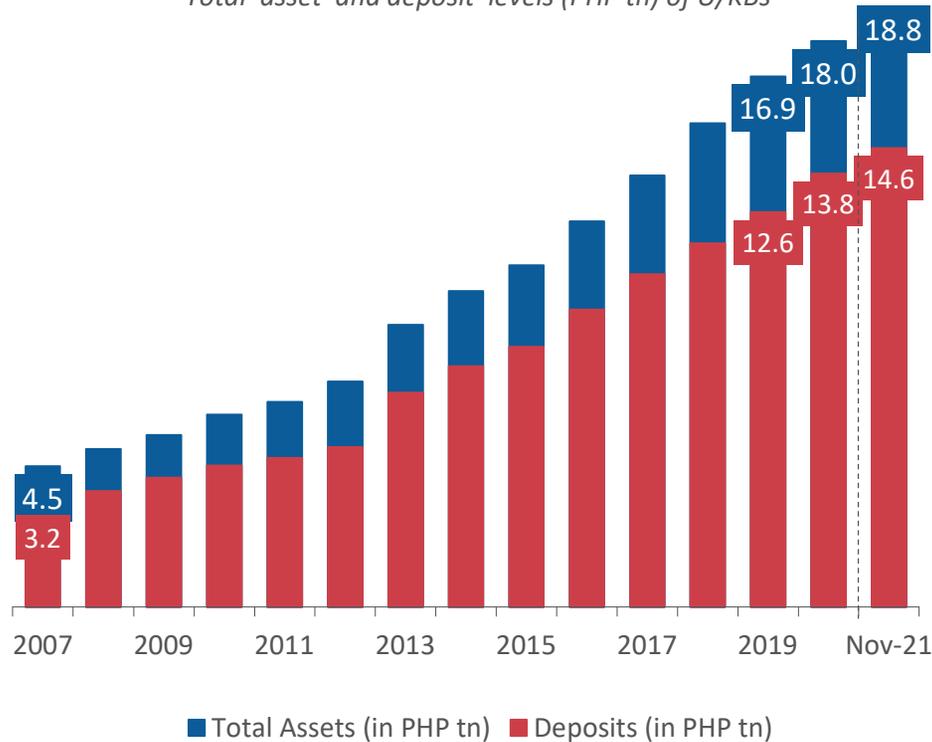
Stable Financial System



Banking System Remains Stable and Resilient to the Crisis

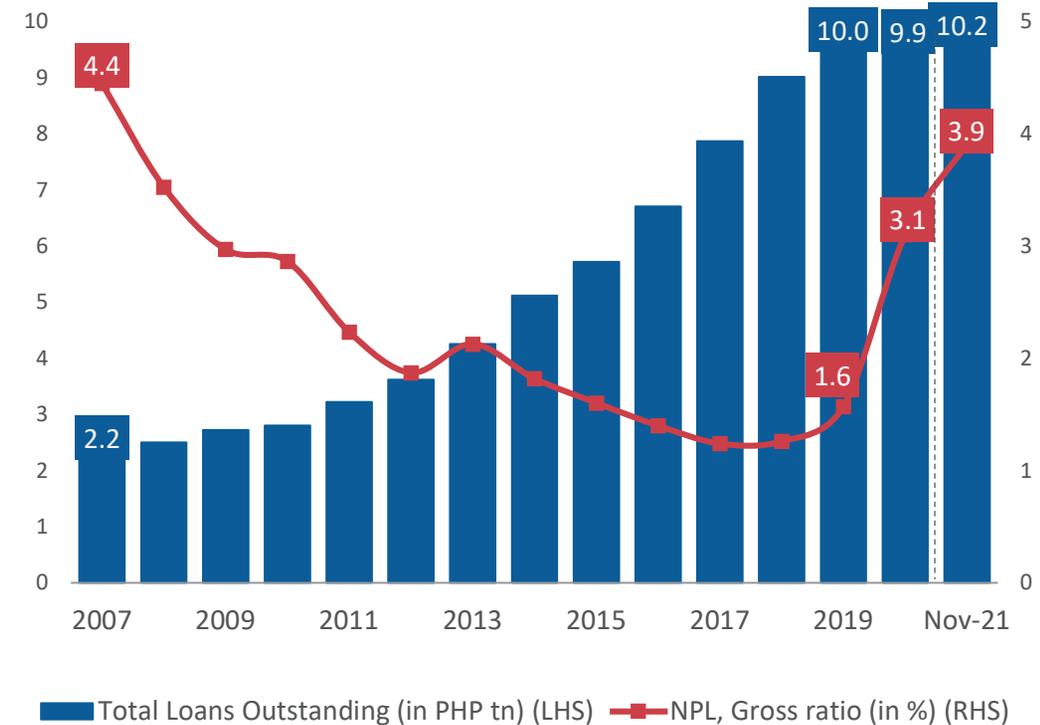
Modest asset growth

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



Loan portfolio remains satisfactory

Total loans outstanding (PHP tn) and non-performing loans (NPL) ratio (%) of U/KBs

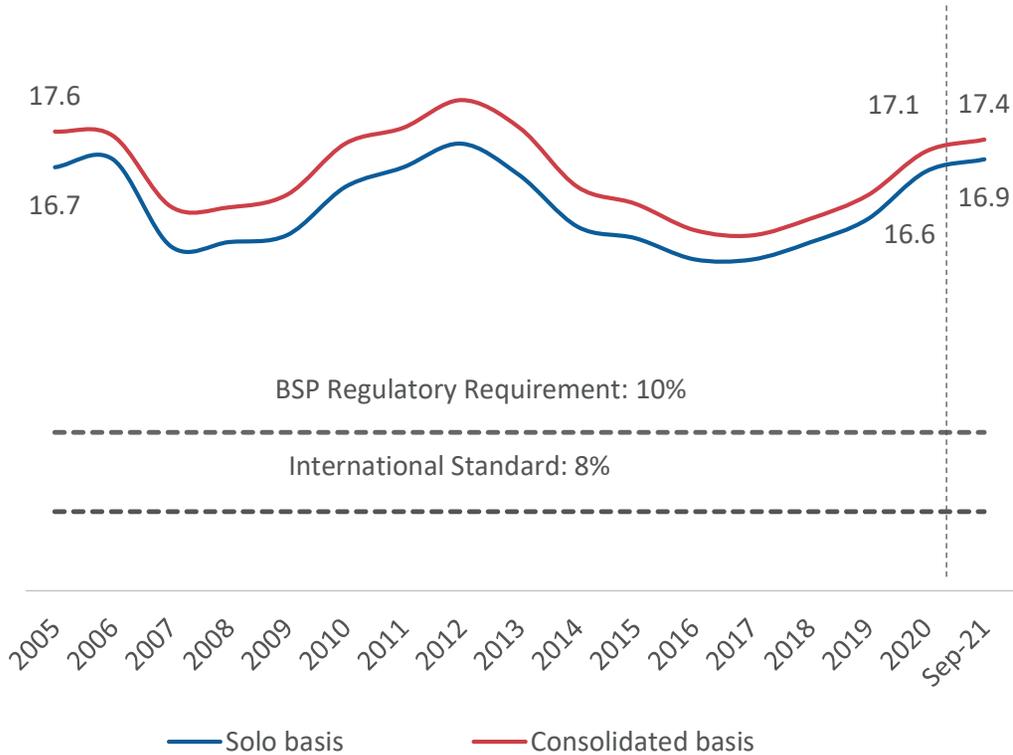


- Bank assets continued to grow primarily due to expansion of funds channeled to lending and investment activities and sourced from deposits, bond issuance and capital infusion
- Amid the pandemic, loan quality remained manageable with NPL significantly lower than the levels during the Asian Financial Crisis
- The passage of Financial Institutions Strategic Transfer Act (FIST) will ensure that financial institutions are able to maintain their financial health to cushion the adverse economic impact of the health pandemic. This law is expected to reduce the banking system's NPL ratio by 0.6 to 5.8 percentage points for 2021 to 2025

Banking System Remains Stable and Resilient to the Crisis

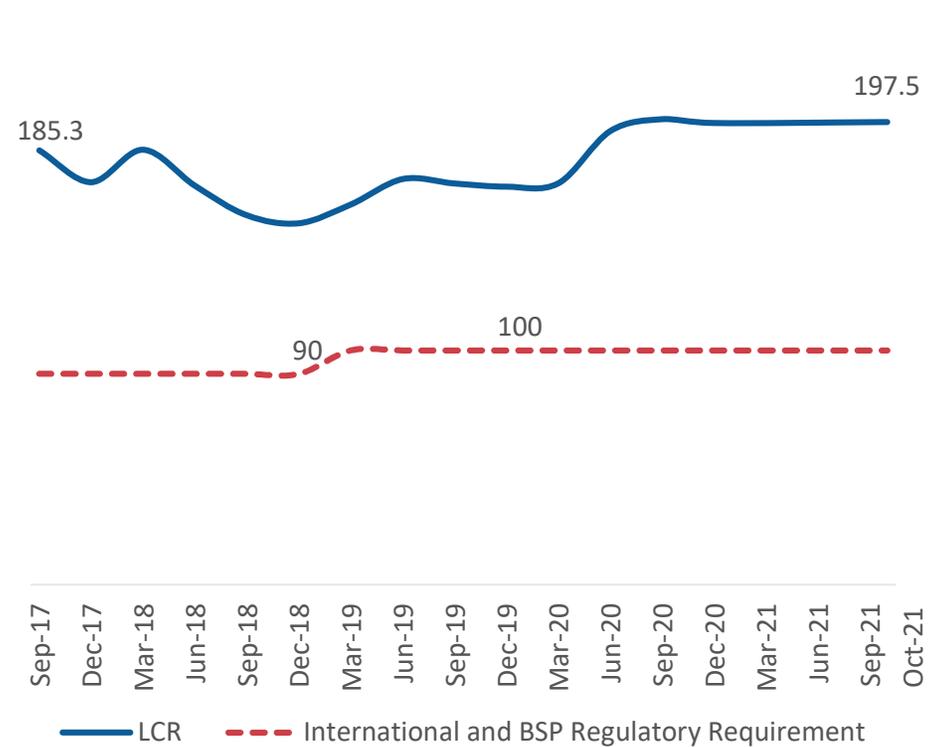
Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



Strong liquidity position shows ability to fund requirements during shocks

Liquidity coverage ratio (LCR) (%) of U/KBs



- Banks remained well-capitalized as the CARs of the UB/KB industry on solo and consolidated bases are well-above the minimum thresholds set by the BSP at 10% and the Bank for International Settlements (BIS) at 8%.
- Banks maintained sufficient buffers to meet liquidity and funding requirements with liquidity coverage ratio (LCR) above international norms

BSP Key Relief Measures to Mitigate the Impact of COVID-19 Crisis

Extend Financial Relief to Borrowers

- Excluded some loans from past due and non-performing classification
- Staggered booking of allowance for credit losses
- Provided grace period on settlement of outstanding obligations or restructuring of rediscounted loans
- Issued temporary cap/ceiling on interest rates of credit card receivables

Incentivize Lending

- Reduced credit risk weights of loans granted to MSMEs
- Assigned zero-percent risk weight to some guaranteed loans
- Allowed loans to some large corporations and to MSMEs as alternative reserve requirement compliance, but with limits
- Deferred implementation of revised risk-based capital framework
- Reduced minimum liquidity ratio
- Temporarily relaxed limits, i.e., increased borrowing limit of pawnshops, and single borrower limit (SBL)
- Allowed use of capital and liquidity buffers
- Non-sanction in case of foreign banks' SBL breach

Promote Continued Access to Financial Services

- Relaxed KYC requirements
- Suspended fees and charges on use of online banking platforms
- Temporarily waived fees i.e., on application to provide Electronic Payments and Financial Services (EPFS), on PhilPaSS fund transfer transactions

Support Continued Financial Services Delivery

- Waived notarization requirement for certifications (bank report)
- Provided relief measures on mark-to-market of investments
- Relaxed penalties on reserve requirement deficiencies
- Relaxed notification requirements
- Extended the transition period for the implementation of the interest rate risk in the banking book
- Extended the implementation timeline of the certification requirements for UITF marketing personnel

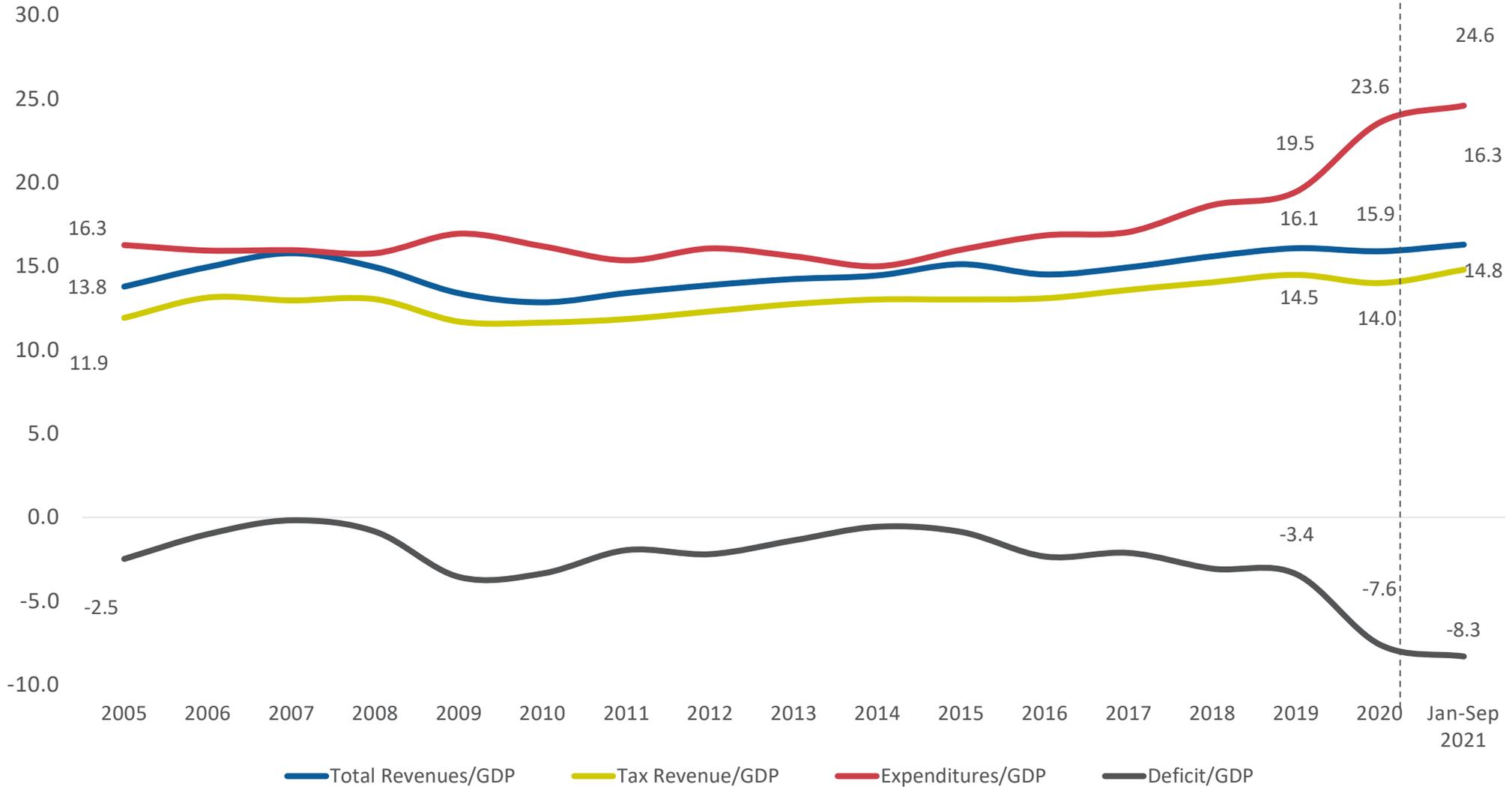
Sound Government Finances

VI

Facing the Global Health Crisis from a Position of Fiscal Strength

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

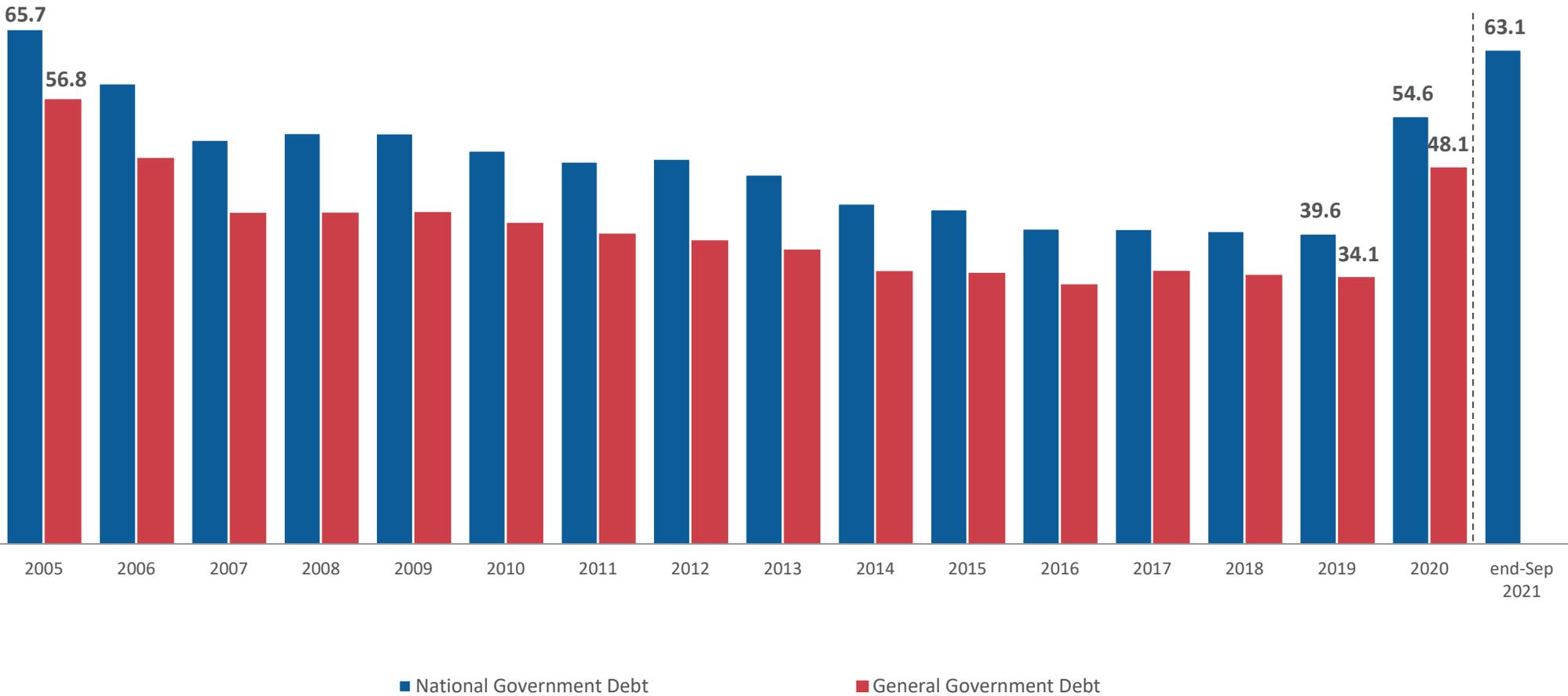
National Government (NG) Expenditure, Revenue, Tax Revenue and Deficit (% of GDP)



Facing the Global Health Crisis from a Position of Fiscal Strength

Keeping debt position within the prescribed bounds of fiscal viability

Government debt (% of GDP)



Sources: DOF, Bureau of the Treasury

Ample Fiscal Space to Fund Emergency Initiatives and Support Economic Recovery

Enhanced tax collection efficiency due to tax administration reforms and TRAIN lend support to funding critical initiatives to combat the pandemic

Particulars	Actual	Program*	Actual	Program**	Actual	Budget Assumption
	2019	2020	2020	2021	Jan-Sep 2021	2022
	PHP bn					
Revenues	3,137.5	2,853.4	2,856.0	2,881.5	2,237.1	3,304.1
<i>% of GDP</i>	16.1	15.7	15.9	14.8	16.3	15.3
Tax Revenues***	2,827.8	NA	2,504.4	2,714.8	2,026.6	3,139.6
<i>% of GDP</i>	14.5	NA	14.0	13.9	14.8	14.6
Non-tax Revenues	308.8	NA	351.3	166.2	210.3	164.5
<i>% of GDP</i>	1.6	NA	2.0	0.9	1.5	0.8
Expenditures	3,797.7	4,233.7	4,227.4	4,737.1****	3,376.2	4,954.6
<i>% of GDP</i>	19.5	23.3	23.6	24.3	24.6	23.0
Surplus/(-Deficit)	-660.2	-1,380.3	-1,371.4	-1,855.6	-1,139.1	-1,650.5
<i>% of GDP</i>	-3.4	-7.6	-7.6	-9.5	-8.3	-7.7

- The 2021 fiscal program shows slight increase in revenue collections (conservative estimate) and the expenditure program and an elevated but manageable budget deficit of 9.5% on the back of strong government fiscal support to contain COVID-19 and to restart the economy.
- The Philippines is expected to return to fiscal consolidation (i.e., to reduce deficit and debt stock accumulation) in the medium term when the adverse impact of the pandemic abates and the economy gets back to its pre-pandemic growth path, given its strong track record of revenue improvement and prudent expenditure management

Source: DBM, BTr, DOF, Budget of Expenditures and Sources of Financing (BESF) 2022 <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2022/A2.pdf>

TRAIN refers to Tax Reform for Acceleration and Inclusion Act

NA- not available

* As approved during the 3 December 2020 Development Budget Coordination Committee Meeting

** As approved during the 14 December 2021 Development Budget Coordination Committee Meeting

***Includes revenues from approved Comprehensive Tax Reform Program (CTRP) measures and projected impact of CREATE

**** Includes continuing appropriations under 2020 budget and Bayanihan 2

The Government's Budgetary Response to the Pandemic

Focusing on containing the spread and mitigating the effects of the Covid-19 while reopening the economy

2021 National Budget

- The 2021 national budget of PHP4.506tn is 9.9% higher than the PHP4.100tn 2020 budget. This is equivalent to 22.5% of GDP.
- Signed by the President on 28 December 2020. The swift enactment of the budget enables early implementation of the expenditure program

Expenditure Directions

- As laid out in NEDA Report *"We Recover as One"*, the budget will focus on containing the outbreak, cushioning its impact on vulnerable groups, and adapting to the post-pandemic life to ensure economic recovery.
- **Reset:** Addressing the pandemic: resetting priorities and integrating a well-planned and well-executed pandemic response, health issues that have existed and continue to put millions of Filipinos at risk everyday will continue to be addressed.
- **Rebound:** To stimulate economic recovery, the flagship Build, Build, Build Program of the Duterte Administration will continue to be implemented in 2021.
- **Recover:** Adapting to the post-pandemic life includes implementing programs on food security, industry and livelihood, social protection, education, good governance, law, public order, and safety, and environment and disaster risk resiliency.

Budget Priorities

Industry and Livelihood



- Expand Shared Service Facilities and Regional Inclusive Innovation Centers
- Assist MSMEs thru the MSME Resiliency Program and other capacity building projects
- Promote the Balik Probinsya program

Health



- Improve healthcare system by establishing more health facilities and purchasing hospital equipment
- Sustain funding for regular health programs
- Ensure sufficient and efficient deployment of health care workers
- Sustain budget for PhilHealth indigent members

Infrastructure



- Prioritize crucial and shovel-ready projects under the Build, Build, Build Projects to focus on health related-facilities and digital infrastructure
- Construct and enhance logistics and
- Road infrastructure

Food Security



- Ensure unhampered movement of agricultural goods and services thru efficient transport and logistics system
- Intensify provision of support services and farm machineries and equipment to farmers and agri-based enterprises

Governance



- Fast-track implementation of the Philippine Identification System
- Invest in ICT for online and remote government operations and continue support for DICT programs
- Conduct capacity building and continuous learning Programs, including use of e-learning platforms and digital upskilling

2022 National Budget

Theme: *Sustaining the Legacy of Real Change for Future Generations*

- The FY 2022 General Appropriation Act (GAA) of **PHP5.024tn** is the last budget of the Duterte administration signed on 30 December 2021 . This is **11.5% higher than the 2021 budget and equivalent to 23.3% of GDP**.

Spending Priorities

Building Resilience Amidst the Pandemic:

Continuously subsidizing health insurance premium of indigent families and senior citizens and implementing measures to combat the spread of the COVID-19 virus, further strengthening the capacity of the healthcare sector and improve medical infrastructure and investing in medical research and development

- Major programs: National Health Insurance Program, Prevention, Detection, Isolation, Treatment and Reintegration (PDITR) strategy, Human Resources for Health Program, Health Facilities Enhancement Program, COVID-19 R&D efforts of the Department of Science and Technology, establishment of the Virology Science and Technology Institute of the Philippines and appropriations for COVID-19 booster shots

Sustaining the Momentum Towards Recovery:

Providing essential funding support, especially to the most vulnerable groups, to foster socioeconomic recovery

- Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program, Emergency Repatriation Program and Reintegration Services Program to safeguard and support displaced workers affected by COVID-19 pandemic
- Social protection programs such as Pantawid Pamilyang Pilipino Program, Protective Services for Individuals and Families in Difficult Circumstances, and Sustainable Livelihood Program to safeguard the poor and the vulnerable;
- Universal Access to Quality Tertiary Education Act, Basic Education Learning Continuity Plan, Computerization Program for the education sector

Continuing the Legacy of Infrastructure Development:

Continuously investing in the Build, Build, Build Program to boost economic recovery and provide a modernized public transport system

- **PHP1.18tn, equivalent to 5.3% of GDP***, is proposed in the budget for infrastructure development. Major programs include Network Development Program, Flood Management Program, and Rail and Land Public Transportation Program

* This figure does not include continuing appropriations; Based on 2022 National Expenditure Program
Source: DBM

Consistently Strong Investor Appetite for ROP's Issuances

Highlights of Transaction ¹			
Feb 2016	Jan 2017	Jan 2018	Mar 2018
<ul style="list-style-type: none"> 1st trade coming out of EM Asia in 2016 Concurrent execution of one-day accelerated switch tender offer Lowest-coupon by ROP at 3.7% for a 25-year debt 	<ul style="list-style-type: none"> 1st US\$ Transaction under the Duterte Presidency Coupon of 3.7%; priced at a tight 66.7 bps spread over U.S. Treasuries – the lowest ever achieved by the ROP for 25 years 	<ul style="list-style-type: none"> Benchmark issue of 10-year debt concurrent with 1-day accelerated switch tender offer All time low coupon for ROP at 3.0% for 10-year debt; at a very tight 37.8 bps spread over U.S. Treasuries 	<ul style="list-style-type: none"> 1st ASEAN sovereign to issue Panda with an “Exceptional tight debut”, according to International Financing Review RMB1.46bn with 3-yr tenor Priced at 5.0% with a spread of 35bps above benchmark
Aug 2018	Jan 2019	May 2019	May 2019
<ul style="list-style-type: none"> 1st time after almost 20 years that ROP issued Samurai bonds on a standalone basis ROP sold JPY154.2bn Japanese samurai bonds in 3 tenors JPY107.2bn priced 0.38% for 3Y with a spread of 25bps, JPY6.2bn at 0.54% for 5Y with a spread of 35bps, JPY40.8bn at 0.99% for 10Y with a spread of 60bps 	<ul style="list-style-type: none"> 1st emerging market sovereign US\$ bond issuance in 2019 US\$1.5bn of 10-year dollar-denominated global bonds Coupon of 3.75% at 110bps over US Treasury 	<ul style="list-style-type: none"> ROP's return to European capital market after 13 years with offering of EUR750mn of 8-yr global bonds Priced at EUR Midswaps +70bps vs. +294bps in 2006 	<ul style="list-style-type: none"> ROP's 2nd Panda bond issuance amounting to RMB2.5bn with 3-yr tenor Priced at 3.58% with a spread of 32bps above benchmark

¹At time of issuance
Source: Bureau of the Treasury; Bloomberg L.P.

Consistently Strong Investor Appetite for ROP's Issuances

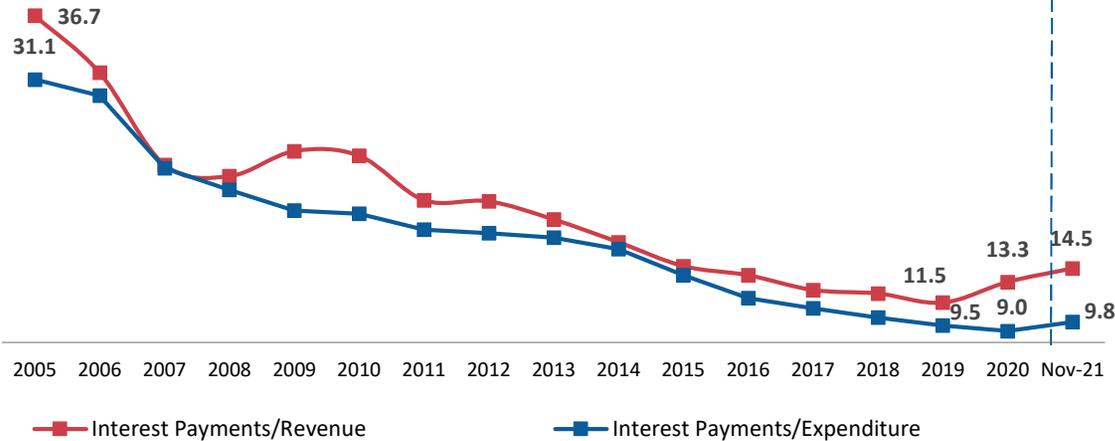
Highlights of Transaction ¹			
Aug 2019	Jan 2020	Apr 2020	Dec 2020
<ul style="list-style-type: none"> ROP's successful return to the Samurai bond market with a record JPY92bn transaction on its 4-tranche bond offering Priced at 0.18% for 3Y, 0.28% for 5Y, 0.43% for 7Y, and 0.59% for 10Y, with a spread of 23bps, 33bps, 44bps and 53bps, respectively 	<ul style="list-style-type: none"> Issued first-ever zero-coupon euro bonds, and lowest coupon euro-denominated bonds Sold a dual tranche EUR1.2bn bond which consists of a EUR600mn 3Y zero coupon bond at a re-offer yield of 0.133% and EUR600mn 0.70% 9Y bond at a re-offer yield of 0.752% 	<ul style="list-style-type: none"> 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 180bps and 169bps, respectively 	<ul style="list-style-type: none"> ROP successfully offered the largest bond historically and achieved the tightest yield for both ROP 10-year and 25-year bucket The dual tranche offering was comprised of US\$1.25bn 10.5-year notes priced at T+70bps (1.648%) and US\$1.5bn 25-year notes priced at 2.650%
Mar 2021	Apr 2021	June 2021	Oct 2021
<ul style="list-style-type: none"> ROP successfully returned to the Samurai market with JPY55bn first-ever zero-coupon bond transaction The 3-year Samurai tranche was priced at 21bps above benchmark, the tightest spread since ROP's return to the market 	<ul style="list-style-type: none"> 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 75bps, 105bps, and 135bp, respectively. 	<ul style="list-style-type: none"> ROP issued a US\$3bn dual tranche global bonds comprised of US\$750mn 10.5-year notes priced at T+60bps (1.95%) and US\$2.25bn 25-year notes priced at 3.25% with a coupon of 3.20% 	<ul style="list-style-type: none"> ROP successfully raised US\$1.6bn via 5-year and 10-year first-ever retail onshore dollar bonds 5-year bonds had a coupon rate of 1.375%, while the 10-year bonds fetched a 2.25% coupon

¹At time of issuance
Source: Bureau of the Treasury; Bloomberg L.P.

Sustainable Debt Profile Supported by Diversified Sources of Financing

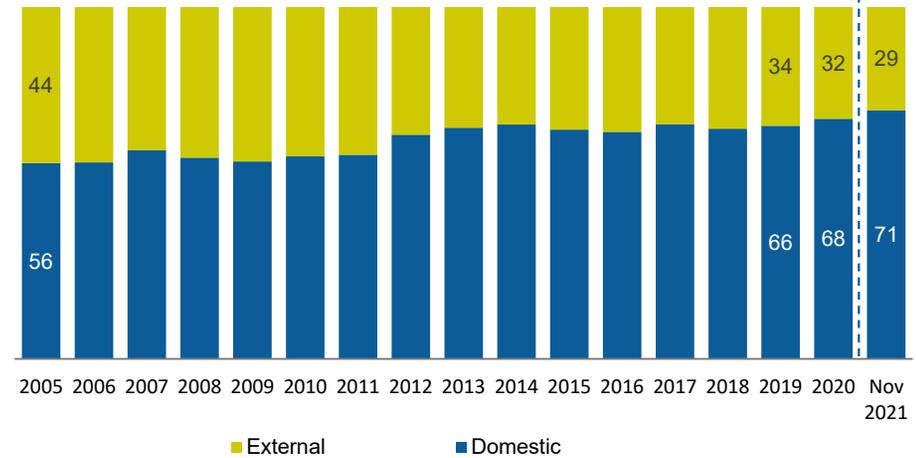
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space

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



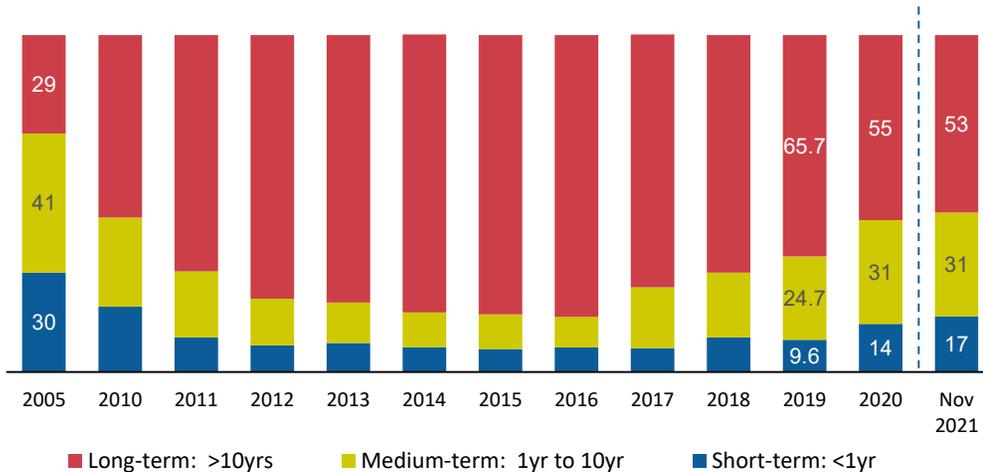
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)

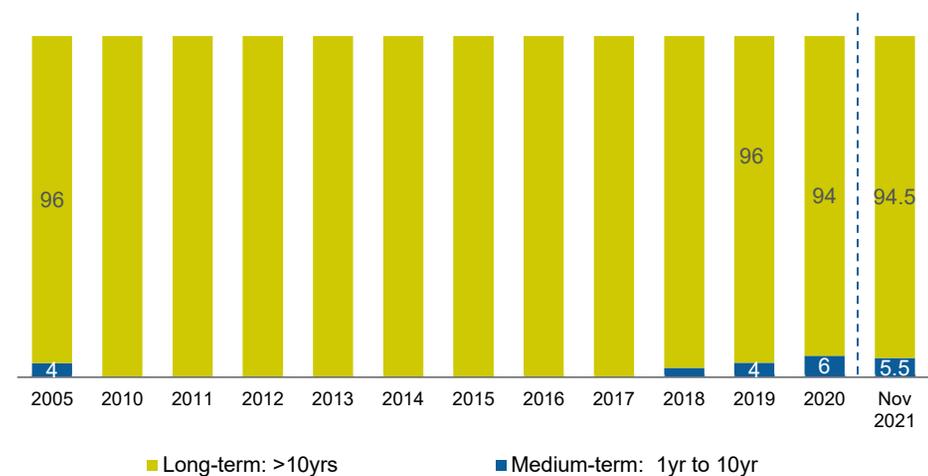


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)*



External debt breakdown (%)



*Part of ST debt in Q1 2021 is the P540 billion advances from BSP that will be repaid within 2021
 Unless otherwise indicated, graphs pertain to National Government (NG) Outstanding debt
 Source: Bureau of the Treasury

Strong Bias for Domestic Sources of Financing to Minimize FX Risks

Strategic Financing Program								
Particulars	2015	2016	2017	2018	2019	2020	2021 Program	2022 Budget Assumption
	(PHP bn)							
Gross Borrowing	609.6	507.0	901.7	897.6	1,015.8	2,652.5	3,072.4	2,472.8
External	189.5	149.5	168.1	303.1	321.9	742.4	581.4	560.6
<i>Program Loans</i>	72.0	35.6	35.1	80.4	78.2	375.2	183.7	126.7
<i>Project Loans</i>	28.2	18.8	33.4	34.0	58.0	49.1	58.2 ^{a/}	80.4 ^{a/}
<i>Bonds and other inflows</i>	89.4	95.1	99.6	188.7	185.7	318.1	339.5 ^{b/}	353.5
Domestic	420.1	357.5	733.5	594.5	693.8	1,910.1 ^{c/}	2,491.0 ^{c/}	1,912.2
<i>Treasury Bills</i>	-17.3	23.5	26.4	179.9	-8.1	463.3	50.0	52.0
<i>Fixed Rate T-bonds</i>	437.4	334.0	707.1	414.5	702.0	1,446.8 ^{d/}	1,901.0 ^{e/}	1,860.2 ^{e/}
Financing Mix (Domestic: External)	69:31	71:29	81:19	66:34	68:32	72:28	81:19	77:23

Note: Figures may not add up due to rounding

^{a/} Based on BTr estimates of disbursements

^{b/} Based on actual peso proceeds of issued bonds and BTr estimate of remaining issuance for 2021

^{c/} Includes net proceeds from Repurchase Agreement and Provisional Advances. In 2020, short term (ST) Borrowing from BSP was fully repaid within the year

^{d/} Excludes PHP88,564 million proceeds used for bond exchange exercise

^{e/} Includes agrarian reform bonds

Source: Bureau of the Treasury, DOF, DBM BESF 2022 <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2022/D1.pdf>

Major Tax Reforms Showing Good Results; Providing Critical Support to Government's Pandemic Response

TRAIN and Sin Tax Collections

Tax Measure	FY 2020			Jan-Sept 2021	
	Revised Program (in PHP billion)	Actual (in PHP billion)	Program vs Actual (in %)	Program (in PHP billion)	Actual (in PHP billion)
TRAIN Law	96.9	105.7	9.0	157.94	118.08
Sin Tax Laws	28.8	32.1	11.4	43.11	35.06

Major Tax Reforms Support Expansionary Fiscal Policy

Package 1A: RA No. 10963 Tax Reform for Acceleration and Inclusion (TRAIN)

- TRAIN was first implemented on 01 January 2018
- Seeks to correct structural weaknesses in the current tax system to make it simpler, fairer, and more efficient and to generate stable revenue stream to upgrade infrastructure and reduce poverty. It includes mitigating measures designed to redistribute some of the gains to the poor

99% of population is expected to benefit from income tax cuts and tax exemption

30% of revenues earmarked for social protection programs, e.g., cash transfers for the poorest 10mn households and social welfare card

70% of the incremental revenues to develop the country's infrastructure

- Revenue collection reached PHP130.65bn in 2019 and PHP105.7bn in 2020



Lowered personal income tax (PIT) - PIT exemptions for the first PHP250,000 taxable income and significant PIT cuts for other tax brackets



Increased excise tax on automobiles, petroleum products and tobacco products



Expanded the value-added tax base



Introduced excise tax on sugar-sweetened beverages and cosmetic excise tax of 5%



Simplified estate and donor's tax to 6% flat rate

Major Tax Reforms Support Expansionary Fiscal Policy

Package 1B: Republic Act No. 11213 or “Tax Amnesty Act”

- Involves granting an amnesty on all unpaid estate tax, other internal revenue taxes and tax on delinquencies imposed by the national government for 2017 and prior years. Signed by the President into law on 14 February 2019. The government collected a total of PHP4.03bn from this measure in 2019. The bill extending the amnesty to June 2023 is awaiting the signature of the President.

Tax amnesty on delinquencies

Salient Features of Tax Amnesty Act

Estate tax amnesty

Covers estate of decedents who died before 31 Dec 2017

6%

Tax rate based on decedent’s total net estate

PHP5,000

Minimum tax amnesty rate if the value of the allowable deductions exceeds the value of the gross estate

Covers all national internal revenue taxes collectible by the BIR and the BOC for year 2017 and prior years with tax amnesty rate falling under the delinquencies below:

40%

of tax assessed on final delinquencies

50%

of tax assessed on tax cases subject to final judgements of court

60%

of tax assessed on pending criminal cases

100%

of basic tax assessed for withholding tax agents who withheld taxes but failed to remit to BIR

Republic Act No. 11346 or “Increasing Excise Tax on Tobacco Products, Heated Tobacco Products and Vapor Products”

- An act increasing excise taxes on tobacco products, imposing excise tax on heated tobacco and vapor products and increasing penalties for violations of provisions on excise tax. Tax collections from RA No. 11346 are earmarked for Universal Health Care. Signed by the President on 25 July 2019



Major Tax Reforms Support Expansionary Fiscal Policy

Package 2+: Republic Act No. 11467 or “Increasing sin taxes (i.e., excise tax on alcohol, heated tobacco products and e-cigarettes) for Universal Health Care (UHC)”

- An act increasing the excise taxes on alcohol, heated tobacco, and vapor products to generate funds for the government’s universal health care program. It was signed into law on 22 January 2020. Revenue collection from sin taxes law amounted to PHP32.1bn in 2020. For

	Imposes a 22-percent ad valorem tax on top of the specific tax per proof liter of distilled spirits	Specific Tax 2020 PHP42.0	2021 PHP47.0	2022 PHP50.0	2023 PHP59.0	2024 PHP66.0	2025 6.0% Increase per year effective 2025
	Excise tax on beer and fermented products with a PHP 2 increase every year until 2024	2020 PHP35.0	2021 PHP37.0	2022 PHP39.0	2023 PHP41.0	2024 PHP43.0	2025 6.0% Increase per year effective 2025
	New excise tax schedule for heated tobacco products per pack:	2021 PHP25.0	2022 PHP27.5	2023 PHP30.0	2024 PHP32.5	2025 5.0% Increase per year effective 2025	
	Vapor products classified as nicotine salt will have an excise tax	2021 PHP37.0	2022 PHP42.0	2023 PHP47.0	2024 PHP52.0	2025 5.0% Increase per year effective 2025	
	Tax on freebase or classic nicotine vape will be increased to:	2021 PHP45.0	2022 PHP50.0	2023 PHP55.0	2024 PHP60.0	2025 5% Increase per year effective 2025	
	Puts specific tax of PHP50 per liter on all wines starting 2020 and increases by 6% every year starting 2021.						

Major Tax Reforms to Improve Tax Governance and Attract Desirable Investments

Republic Act No. 11534: Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act

- Package 2 of the Comprehensive Tax Reform Program aims to provide immediate relief for business affected by COVID-19 crisis and attract highly desirable investments. It was signed by the President on 26 March 2021. Salient features are as follows:

I. LOWER TAXES

- ✓ Lower CIT rate from 30% to 20% for small and medium corporations (with net taxable income of PHP5 million and below, and with total assets of not more than PHP100mn)
- ✓ Lower CIT rate from 30% to 25% for large corporations; Foreign non-resident corporations subject to 25% rate effective 1 January 2021
- ✓ Lower percentage tax from 3% to 1% for small businesses (gross sales or receipts under PHP3mn (effective 1 July 2021 to 30 June 2023)
- ✓ Lowered minimum CIT from 2% to 1% (effective 1 July 2021 to 30 June 2023)
- ✓ Lower CIT rate from 10% to 1% for non-profit hospitals and educational institutions (effective 1 July 2020 to 30 June 2023)
- ✓ Tax-exempt foreign dividends received by domestic corporations, subject to reinvestment of earnings

II. FISCAL INCENTIVES

- ✓ Up to 17 years of incentives (4-7 years of income tax holiday + 10 years of special corporate income tax, *i.e.*, 5% tax on gross income earned, or enhanced deductions) for exporters
- ✓ Up to 12 years of incentives (4-7 years of income tax holiday + 5 enhanced deductions) for domestic market enterprises
- ✓ Performance-based enhanced deductions:
 - depreciation allowance for assets acquired for production of goods and services (additional 10% for buildings and additional 20% for machineries and equipment)
 - 50% additional deduction on labor, domestic input and power expenses
 - 100% additional deduction for research and development and training expense
 - Reinvestment allowance for the manufacturing industry—up to 50% of reinvested profit allowed as a deduction within 5 years from reinvestment
 - net operating loss not yet offset from gross income for the first 3 years of operations can be carried over as a deduction from gross income within the next 5 years following the loss

III. COUNTRYSIDE DEVELOPMENT

- ✓ Additional 3 years of income tax holiday for registered enterprises that will fully relocate outside of NCR
- ✓ Additional 2 years of income tax holiday for registered enterprises in areas recovering from disasters or conflict

IV. COVID-19, HEALTH INCENTIVES and OTHER TAX RELIEF

- ✓ VAT exemption and duty-free importation of prescription medicines for diabetes, high cholesterol and hypertension beginning 1 January 2020; for cancer, mental illness, tuberculosis and kidney diseases beginning 1 January 2021; VAT and duty-free importation of COVID-19 vaccines, VAT-free importation and sale of COVID-19 medicines and PPE components beginning 1 January 2021 to 31 December 2023
- ✓ VAT exemption, duty-free importation, printing or publication of books, newspaper, magazine, journal including digital or electronic format

Corporate Recovery and Tax Incentives for Enterprise (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 percent) and 5-percentage points reduction for all other corporations (from 30 to 25 percent)

Provided 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.

Projects granted with tax incentives by the Fiscal Incentives Review Board (as of November 2021)

Project	Location	Description of Activity	Tax Incentive Granted	Estimated project cost (in PHP bn)
Mass housing	Leganes, Iloilo	New developer of economic and low-cost housing	4 years income tax holiday (ITH) and tax exemption on importations	1.4 (US\$28mn)
Cement Manufacturer 1	Porac, Pampanga	Cement producer expanding operations	2 years ITH, 5 years of enhanced deduction, and duty exemption on importations	3.1 (US\$61mn)
Cement Manufacturer 2	Calatagan, Batangas	New cement producer	6 years ITH, 5 years of enhanced deduction, and duty exemption on importations	24.9 (US\$491mn)
Rail operations of subway project	Makati City, Metro Manila	Construction, operation, management, and maintenance of rail project	4 years ITH, 5 years enhanced deductions, and duty exemption on capital equipment, raw materials, spare parts, or accessories	80.1 (US\$1.6bn)

Major Tax Reforms to Improve Tax Governance and Attract Desirable Investments

Remaining Tax Reforms in the Pipeline

Package 3: Real Property Valuation Reform

- Involves reforms in property valuation to make the system more equitable, efficient and transparent by adopting international standards and rationalizing valuation process, establishing single valuation base for taxation, recentralizing approval of schedule of market values (SMVs) back to the Secretary of Finance, establishing a comprehensive database, among others.
- Designed to be revenue neutral for the National Government but revenue positive for local government units.
- Approved on third and final reading in the Lower House. Transmitted to the Senate.

Package 4: Passive Income and Financial Intermediary Taxation Reform (PIFITA)

- Aims to make passive income and financial intermediary taxes simpler, fairer, more efficient, regionally more competitive with salient features as follows:
 - (i) 15% final withholding tax on interest income regardless of currency, maturity, issuer, and other differentiating factors;
 - (ii) 15% uniform tax on passive income such dividends and capital gains
 - (iii) 5% gross receipt tax (GRT) rate on banks, quasi banks, and certain non-bank financial intermediaries (FIs)
 - (iv) 2% of the premium for pre-need, pension, life, and HMO insurance
 - (v) Removal of initial public offering (IPO) tax
 - (vi) Rationalization of Documentary Stamp Tax (DST)
- Designed to be revenue neutral but is initially projected to bring in additional PHP1.7bn in revenue in 2020 and PHP0.2bn in 2021 based on a 70 percent tax efficiency rate*. Revenue collections will start to taper off in the latter years as the unified and lower tax rates are expected to be fully in place.
- Approved on 3rd and final reading in the Lower House. Ongoing committee deliberations in the Senate.

Infrastructure Development for Economic Recovery

VII

Build Build Build Program to Close Infrastructure Gap

Build, Build, Build (BBB) Program to improve mobility of goods and people and create jobs

- Launched in April 2017, the Build Build Build (BBB) Program is the Duterte Administration's centerpiece program anchored on the government's commitment to a responsive regional development. The program aims to spread economic activities from urban centers toward the countryside



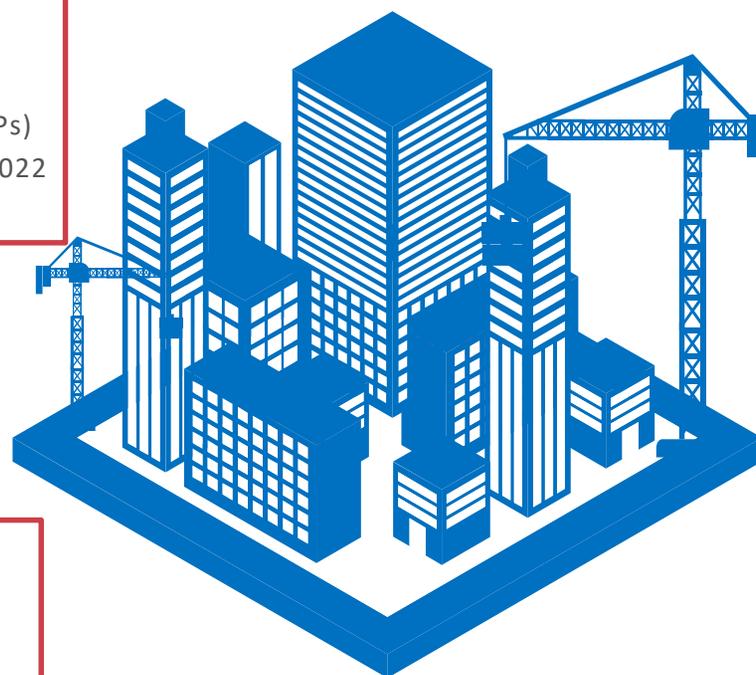
5,586

Infrastructure programs/activities/projects (PAPs) under Chapter 19^{1/} of the 2017-2022 Public Investment Program (PIP)



PHP 6.7 trillion

Total project cost of the 5,586 Infrastructure PAPs



112 (PHP 4.7 trillion)

Updated Infrastructure Flagship Projects^{2/} (IFP)

Status of IFP Implementation

9 completed as of 2021 amounting to PHP97.8bn^{3/}

16 for completion by 2022 amounting to PHP278.0bn

87 for completion by 2023 and beyond amounting to PHP4,311.4bn

Source: NEDA, BBB Presentation by BCDA as of August 2020

^{1/} Under Chapter 19; updated as of 20 December 2019

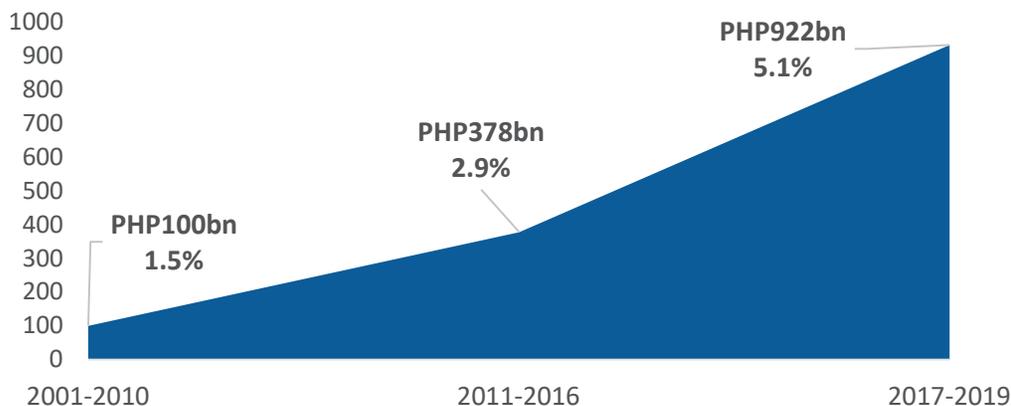
^{2/} In May 2021, the list of IFPs was recalibrated to prioritize projects such as digital technology, health infrastructure, and flood control projects, among others. The revised list does not include completed projects that were part of previous lists of IFPs approved in 2017, 2019, and 2020.

^{3/} Includes the National Irrigation Sector Rehabilitation and Improvement Project (NIS RIP), target completion date of which is subject to change and confirmation of NIA.

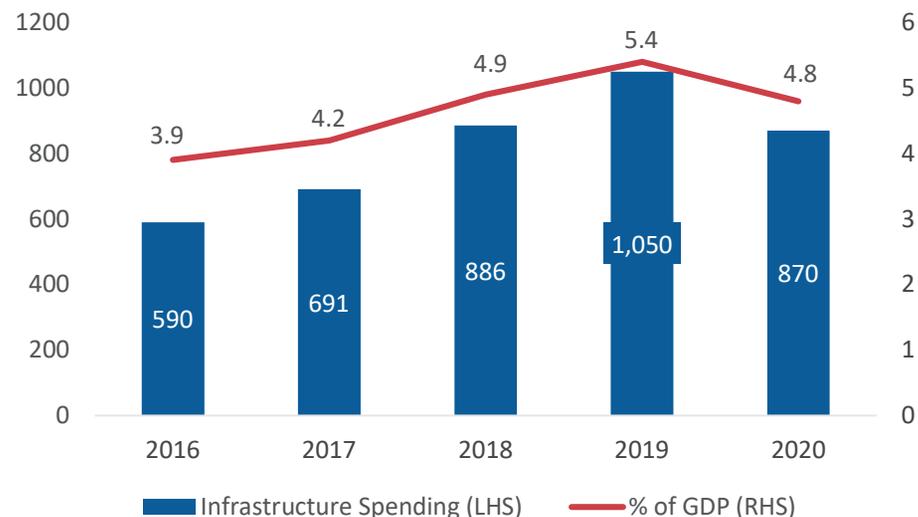
Build Build Build Program to Close Infrastructure Gap

Doubling of average infrastructure spending under the current administration

Infrastructure spending¹ (average in PHP bn, % of GDP)



Infrastructure spending² actual and program (PHP bn, % of GDP)



The Government's massive infrastructure program is key to economic recovery. The infrastructure development program will help ensure the country's sustainable, robust and inclusive growth.

- Increased infrastructure investment and efficiency in budget utilization
 - In 2020, actual infrastructure spending reached PHP869.5bn or 4.8% of GDP
 - As of October 2021, infrastructure disbursements^{3/} had increased to PHP884.3bn or 31.4% higher than the PHP672.7bn disbursements during the same period last year.
 - The government remains firmly committed to accelerating the implementation of the BBB Program while balancing the need to support critical programs and projects to address the COVID-19 pandemic.

1/ Obligation basis

2/ Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

3/ Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

Source: NEDA as of February 2020, DBM

Delivering Results to Close the Infrastructure Gap

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

No. of completed projects under the Duterte Administration



233

Airport Projects*



6,333

Bridges



484

Commercial, Social,
and Tourism Ports



31,977

Kilometers of Roads

Long-term multiplier effects expected from infrastructure spending



6.5 Million
Jobs generated

- **Poverty reduction** – BBB supports the goal of reducing poverty incidence to 14% by 2022
 - The infrastructure program of the government boosts employment. BBB generated 6.5 mn jobs from the road, bridge, flood-control and other infrastructure-related projects nationwide from 2016-2020

*includes new airports, capacity expansion, rehabilitation and night rating upgrades of airports, among others.
Source: DPWH, DOTr

Timely Implementation of Infrastructure Flagship Projects to Fuel Economic Recovery

IFPs to help bring down the costs of production, improve rural incomes and encourage countryside investments

**112 Projects
PHP4.7tn**

- In May 2021, the list of infrastructure flagship projects was recalibrated to include additional projects on digital technology, transport and mobility projects, disaster resilience and health infrastructure projects
- 76 projects or more than half of the projects included in the IFP are under Transport and Mobility to improve connectivity between business districts and rural areas leading to better supply chain connectivity, development of industries, efficient movement of goods and services and a more efficient labor mobility. These will lead to higher overall productivity of the economy.

**Transport and
Mobility**

**76 projects
PHP4.3tn**

**Urban Development
and Renewal**

**12 projects
PHP156.4bn**

Water

**10 projects
PHP84.9bn**

Power and Energy

**2 projects
PHP20.1bn**

**Information and
Communication
Technology**

**8 projects
PHP106.0bn**

Health

**4 projects
PHP46.4bn**

Select infrastructure flagship projects by category

1. New Manila International Airport
2. North South Commuter Railway Extension [PNR North 2, PNR South Commuter]
3. Metro Manila Subway Project Phase 1

1. Ambal Simuay River and Rio Grande de Mindanao River Flood Control Projects
2. Pasig-Marikina River Channel Improvement Phase IV
3. New Clark City Phase 1

1. National Irrigation Sector Rehabilitation and Improvement Project (NIS RIP)
2. Malitubog-Maridagao Irrigation Project
3. Chico River Pump Irrigation Project

1. Agus-Pulangi Rehabilitation Project
2. Agus 3 Hydroelectric Power Project (225 MW)

1. Digital Transformation Centers (Upgraded "Tech4ED" Project)
2. Philippine Identification System
3. Safe Philippines Project Phase 1

1. Health System Enhancement to Address and Limit (HEAL) COVID-19 Project
2. Philippines COVID-19 Emergency Response Project
3. University of the Philippines – Philippine General Hospital
4. Cancer Center PPP Project
5. Virology Science and Technology Institute of the Philippines

Source: NEDA

Firm Institutional Foundations Help Propel Structural Reforms

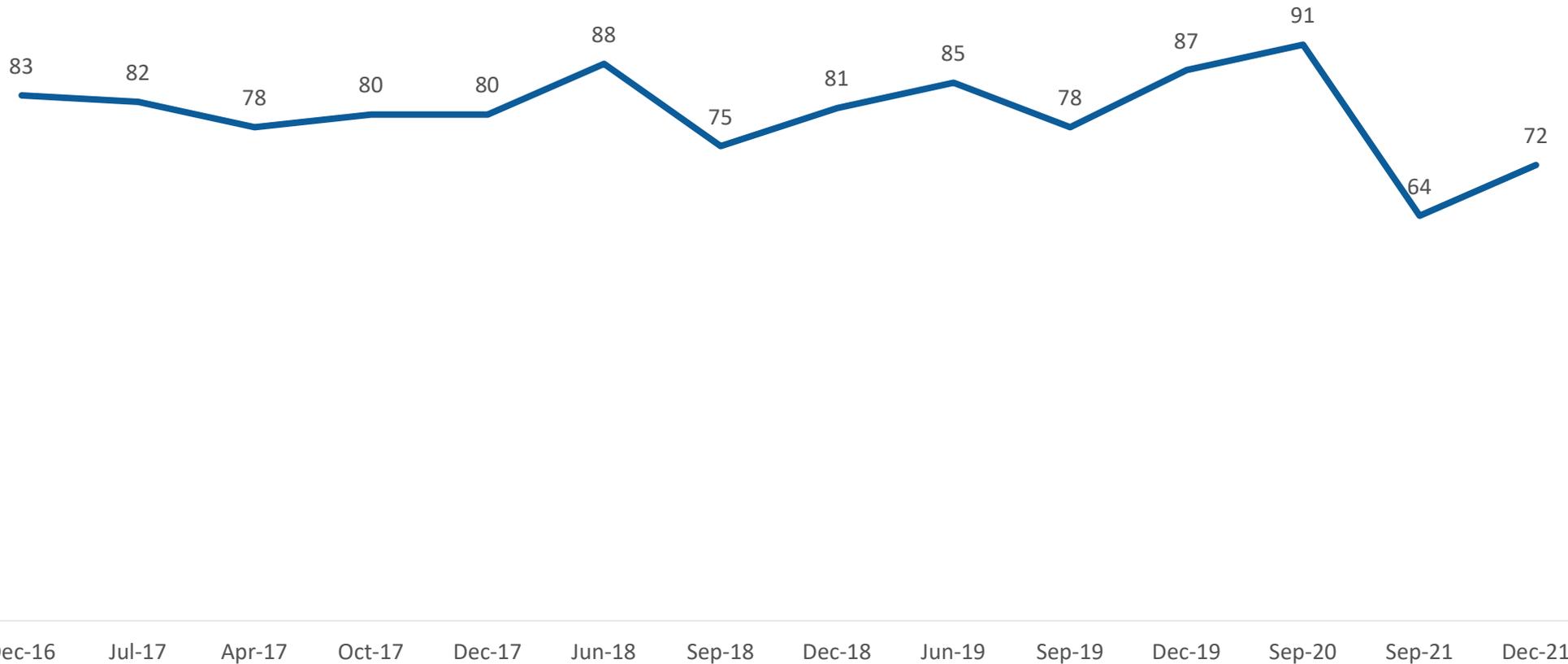
VIII

Strong Political Will to Implement Game-Changing Reforms; Political Capital has been Judiciously Deployed

- The President's latest performance rating improved in December 2021, defying the historical trend among outgoing Philippine presidents.
- This shows a strong political base evident across all social status or class. The president's genuine concern for the poor manifests in the latest survey where the approval rating of the President among Class E was at 76%, while 72% for Class D and 71% among Class ABC.
- His effective leadership in dealing with the crisis gained new support those who are undecided decreased to 17% in December 2021 compared to 23% in September 2021. Consequently, those who disapprove also decreased by 2 percentage points in the same period.

Pulse Asia Research Inc.'s Performance Ratings of President Rodrigo Duterte (2016-2021)

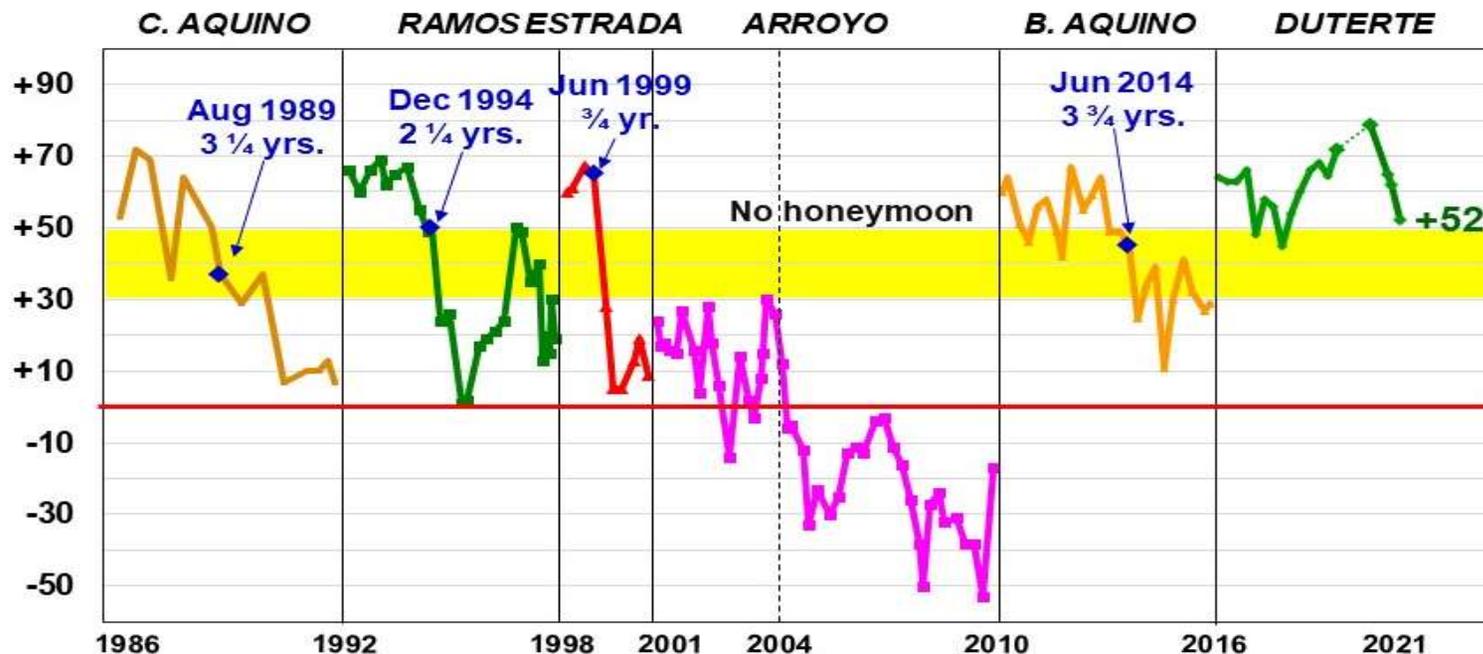
(in %)



Strong Political Will to Implement Game-Changing Reforms; Political Capital has been Judiciously Deployed

Social Weather Survey Net Satisfaction Ratings of Philippine Presidents

(May 1986 to September 2021)



- In the latest Social Weather Stations (SWS) survey released in September 2021, gross satisfaction with the President settled at +52 or “very good” under the polling station’s classification.
- Among Philippine presidents that served since 1986, President Duterte recorded the highest net satisfaction rating approaching the end of his term and remained at honeymoon levels throughout his term of office.

SWS explained that there are multiple reasons for the high satisfaction rating of the President and the most important factor that explains his satisfaction rating appears to be the perception of his character.

- His strong base support stuck with him so far regardless of economic and other developments.
- People surveyed were also satisfied with the National Administration’s overall management and policies related to helping the poor and the campaign against illegal drugs.
- People also relate and are attracted to some aspects of the President’s character, particularly his decisiveness and diligence.



Sustaining Transformational Reforms Towards Inclusive Growth

Key Bills on Economic Liberalization

For signature of President Duterte

Amendments to Foreign Investment Act (Senate Bill No. 1156)

Amendments to Foreign Investment Act, which seeks to allow “practice of professions” by foreigners in the Philippines and to reduce the mandatory number of local hires by foreign investors.

To attract more foreign investments, encourage transfer of technology, and generate more jobs for Filipinos by:

- Excluding practice of professions from the coverage of the foreign investment negative list; and
- Allowing foreign investors to set up and own 100% of micro and small domestic enterprises provided that if: 1) they involve advanced technology as determined by the Department of Science and Technology; or 2) they are endorsed as startup or startup enablers by the lead host agencies; or 3) employ at least 15 direct employees, majority of which are Filipinos; and with minimum paid in capital of US\$100,000 and a registered foreign enterprise employing foreign nationals and enjoying fiscal incentives shall implement an understudy or skills development program ensuring the transfer of technology or skills to Filipinos
- Reducing the minimum employment requirement from 50 to 15 direct hires

For Bicameral Conference

Amendments to Public Services Act (SB No. 2094)

Amendments to Public Service Act, which seeks to lift limits on foreign equity in certain sectors currently considered “public utility.”

To attract foreign investments and create jobs by:

- Expanding the definition of public services to include sectors such as telecommunication and transportation, and
- Lifting foreign ownership restrictions in public services

To encourage competition by attracting more investments, thereby lowering prices, and improving quality of public service delivery by increasing applicable penalties for failure to comply with terms and conditions of order, decisions, or regulations. These can benefit all consumers

RA No. 11595
Signed on 6 January 2022

Amendments to the Retail Trade Liberalization Law

Amendments to Retail trade Liberalization Law, which seeks to lower the required paid-up capital for foreign retailers from the current US\$2.5 million.

To encourage foreign direct investments in retail sector by:

- Relaxing requirements and lowering minimum paid-up capital from US\$2.5mn to US\$200,000; and
- Removing the US\$250,000 paid-up capital per store in high-end or luxury products, among others.

Sustaining Transformational Reforms Towards Inclusive Growth

The Government is committed to utilizing resources and deploying its immense political capital to make real, lasting reforms that would redound to a comfortable life for every Filipino

2021 Common Legislative Agenda (CLA) for the 18th Congress

Priority measures

- Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act
- Package 3 of Comprehensive Tax Reform Package (CTRP) or the Valuation Reform Act
- Package 4 of CTRP or the Passive Income and Financial Intermediary Taxation Act (PIFITA)
- Amendments to the Public Service Act
- Amendments to the Foreign Investments Act
- Rural Agricultural and Fisheries Development Financing System Act (Agri-Agra)
- Creating a Medical Reserve Corps Act
- Creating a Disease Prevention and Control Authority Act
- Imposing Amusement Tax on Digital Platform and Offshore Betting Stations of Licensed Cockpits
- Strengthening Local Government Participation in National Development by Increasing the Share of Local Government Units in the National Internal Revenue Taxes

CLA bills

- Creating a Department of Disaster Resilience Act
- Creating a Boracay Island Development Authority Act
- Creating a Unified System of Separation, Retirement and Pension of the Military and Uniformed Personnel Act
- National Land Use and Management Act
- Internet Transactions Act
- Magna Carta for Barangay Health Workers Act
- National Housing Development Act
- Expanded Solo Parents Welfare Act
- Amending/Repealing RA No. 10192, or the Continuing Professional Development Act of 2016
- Reviving the Death Penalty by Lethal Injection for Crimes specified under the Comprehensive Dangerous Drugs Act of 2002

6th and Final SONA Priority Bills

- e-Governance Bill
- Creation of the Virology Institute of the Philippines
- Mandatory Evacuation Center Act
- Act Providing Free Legal Assistance to Any Officer or Enlisted Personnel of the Armed Forces of the Philippines and the Philippine National Police on Any Charge Before the Prosecutor's Office, Court or Any Competent Body Arising From an Incident or Incidents Related to the Performance Of Official Duty

Select priority measures already passed into law

- RA No. 11518 - General Appropriations Act (GAA) for Fiscal Year (FY) 2021
- RA No. 11523 - Financial Institutions Strategic Transfer (FIST) Act
- RA No. 11521 - Amendments to the Anti-Money Laundering Act
- RA No. 11524 - Coconut Farmers' and Industry Trust Fund Act
- RA No. 11534 - Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
- RA No. 11589 - Modernizing the Bureau of Immigration Act
- RA No. 11590 - Establishing the Tax Regime of Philippine Offshore Gaming Operators (POGO)
- RA No. 11595 - Amendments to the Retail Trade Liberalization Act
- RA No. 11641 - Creating a Department of Overseas Filipinos Act

Environmental, Social and Governance



AmBisyon Natin 2040: Building a Sustainable and Inclusive Future for Filipinos

- The Philippine government aims to lay down solid foundation for more inclusive and transformative growth, a high-trust and resilient society, and a globally competitive knowledge economy

Strategic Framework of the Philippine Development Plan 2021 forms a solid bedrock that promotes increased ESG standards

Enhancing social fabric; regaining people's trust in public institutions and cultivate trust in fellow Filipinos

- Greater trust in public institutions; people-centered, clean and efficient government
- Swift and fair administration of justice
- Greater awareness and respect for cultural diversity

Inequality-reducing transformation

- Greater economic opportunities and access to these opportunities, particularly for disadvantaged subsectors and people groups
- Reduction of vulnerability of Individuals as well as communities which involves building resilience to lower exposure to hazards, mitigating the impact of the risks, and accelerating recovery if and when the risk materializes.
- Acceleration of human capital development

Increasing growth potential; maintaining macroeconomic stability, putting in place a strategic trade and fiscal policy, and enhancing access to financial services

- Increased adoption of technology for production and greater innovation especially in research and development
- Improvement of population management and awareness thus maximizing demographic dividend
- Providing balanced and strategic development of infrastructure, while ensuring ecological integrity and a clean and healthy environment

ESG considerations are front and center of the targets under the Philippine Development Plan 2021 of the Duterte Administration



- Philippine economy to be an upper middle income economy by 2022;
- Per capita income growth rate will increase from 4.1% in 2015 to 5.0-6.0% in 2021-2022



- A high level of human development



- Inclusive growth manifested by lower overall poverty rate from 23.5% in 2015 to 15.5-17.5% in 2021; the initial target of 14.0% by 2022 is still achievable



- More resilient individuals and communities



- Unemployment rate had been reduced from 5.4% in 2016 to 5.1% in 2019; primarily due to impact of the pandemic unemployment target is revised to 7.0-9.0% in 2021-2022



- Greater trust in government and society



- Greater drive for innovation among Filipinos

Climate Change Strategy

- The Philippine government is cognizant that inadequate and inefficient infrastructure and weak logistic networks will increase the impact of climate change on communities and the economy and risk undermining the country's potential growth. Therefore, the government has prioritized initiatives to help make communities safer and more resilient to the impacts of climate change and natural disasters.
- The Philippines submitted on 15 April 2021 its Nationally Determined Contribution (NDC) to the UN Framework Convention on Climate Change, committing to reduce the projected carbon emission by 75% by 2023

Signatory to the Paris Agreement in 2017

- Implementation of RA No. 9729 or the Climate Change Act of 2009
- Adoption of National Framework Strategy on Climate Change
- Concurrence of Senate of the instrument signifying the Philippines' accession to the Paris Agreement
- Embodied policies on building resiliency in the Philippine Development Plan (PDP) 2017-2022
- Green Jobs Act (RA No. 10771)
- Department of Human Settlements and Urban Development Act (RA No. 11201)



2017-2022 Updated Philippine Development Plan (PDP) Strategies to deal with natural hazards and human-induced shocks

- Provide rapid assistance and insurance for farmers and fisherfolks
- Promote proactive disaster preparedness among individuals
- Promote disaster-resilient infrastructure
- Ensure the safety of disaster victims
- Establish a menu of social protection programs to be implemented during disasters and emergencies
- Continue building the capacities of disaster risk reduction and management (DRMM) stakeholders and improve coordination services

Strong institutional capacity elevates climate and disaster resiliency

- Creation of institutions to provide broader multi-stakeholder participation and integrate climate change mitigation and adaptation in legislation, policies, strategies, projects and programs
 - Cabinet Cluster on Climate Change Adaptation and Mitigation
 - CCC tasked to coordinate, monitor and evaluate climate change programs and action plans
 - National Disaster Risk Reduction and Management Council
 - Program Management Office for earthquake resiliency
- Priority Legislative Agenda towards safe, adaptive and resilient communities proposes the creation of:
 - Department of Disaster Resilience Management
 - Department of Water Resources
 - Water Regulatory Commission

Limiting impact of natural disasters on fiscal accounts

- Access to climate financing to help mitigate the impact of climate change on government's balance sheet I
 - ROP accessed a total funding support of US\$570.9mn from the Global Environment Facility – covering 110 projects since 1991.
 - ROP secured approval of its first climate fund proposal of US\$10mn from Green Climate Fund under the UN Framework Convention on Climate Change (UNFCCC) in November 2019.
 - 2020 loan financing to help strengthen the Philippine government's capacity to address disaster risks, respond to and recover from natural disasters :
 - US\$500mn for Third Risk Management Development Policy Loan (World Bank)
 - US\$600mn for Promoting Competitiveness and Enhancing Resilience to Natural Disasters Development Policy Loan (World Bank)
 - US\$500 for Disaster Resilience Improvement Program (Asian Development Bank)
 - ROP signed a €250mn loan agreement with France's development agency (Agence Française de Développement) to support the decentralization of disaster risk reduction and climate change management to the local government units.
- 2021 budget for disaster resilience
 - PHP232.8bn climate change adaptation and mitigation expenditure of which select programs as follows:
 - PHP20bn for National Disaster Risk Reduction and Management Fund1 (NDRRMF)
 - PHP6.37bn for Quick Response Fund
 - PHP1.785bn for Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) operations (e.g., weather and climate, flood forecasting and warning program, research and development)

¹NDRRMF is the budget appropriation for (a) disaster risk reduction or mitigation, prevention; (b) preparedness; (c) relief; and (d) recovery and reconstruction

*Representative Concentration Pathway –a greenhouse gas concentration trajectory adopted by the International Panel on Climate Change (IPCC)

Source: NEDA, CCC, Department of Budget and Management (DBM), Presidential Communications Operations Office (PCOO), Moody's

Commitment to Global Effort Towards Climate and Disaster-Resilient and Low Carbon Economy

The government commits to strengthen global effort to fight the climate crisis



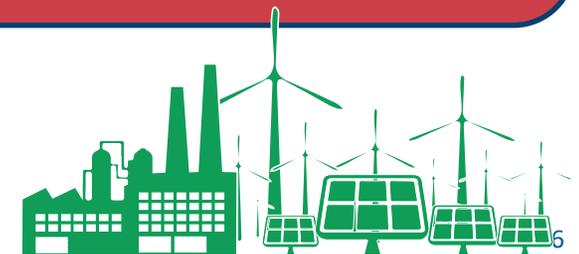
President Duterte has approved the country's first Philippine Nationally Determined Contribution (NDC), which sets a 75-percent greenhouse gas (GHG) emission reduction and avoidance by 2030, as part of the Philippines' commitment to the Paris Agreement on Climate Change.



On 15 April 2021, the Philippines submitted its first official NDC to the United Nations Framework Convention on Climate Change (UNFCCC) as its contributions to achieve the goals of the Paris Agreement, particularly in limiting global warming to well below two degrees Celsius above pre-industrial levels or further to 1.5 degrees Celsius.



- The NDC represents the country's goal of modernizing and pursuing low carbon and resilient development for the agriculture, waste, industry, transport and energy sectors over the 2020-2030 period.
- The NDC will be the country's tool to upgrade the economy by adopting modern and low carbon technologies and approaches that would help mitigate the climate crisis for resilient economy and sustainable growth.
- The country's climate change mitigation actions include enhanced access to climate finance, technology development and transfer, and capacity building, especially on the implementation of the policies and measures on and the uptake of circular economy and sustainable consumption and production practices.



Commitment to Global Effort Towards Climate and Disaster-Resilient and Low Carbon Economy

The government leads in undertaking national climate change mitigation and adaptation projects

The Philippines has shifted global discussions on climate change from focusing on general scientific findings to undertaking practical actions that may be immediately undertaken on the ground.



Put together a group of experts to prepare and execute localized action plans



Launched the Sustainable Finance Roadmap and Sustainable Finance Guiding Principles to encourage public and private investment in green projects



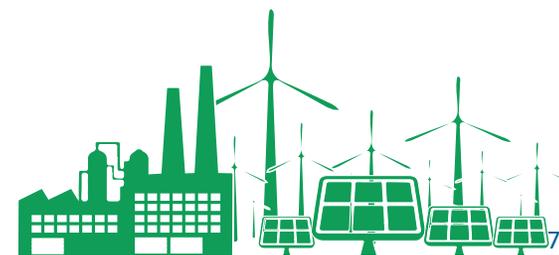
Currently pushing for a law banning single-use plastic



Embarking on a project with ADB to accelerate the PH's transition to clean energy

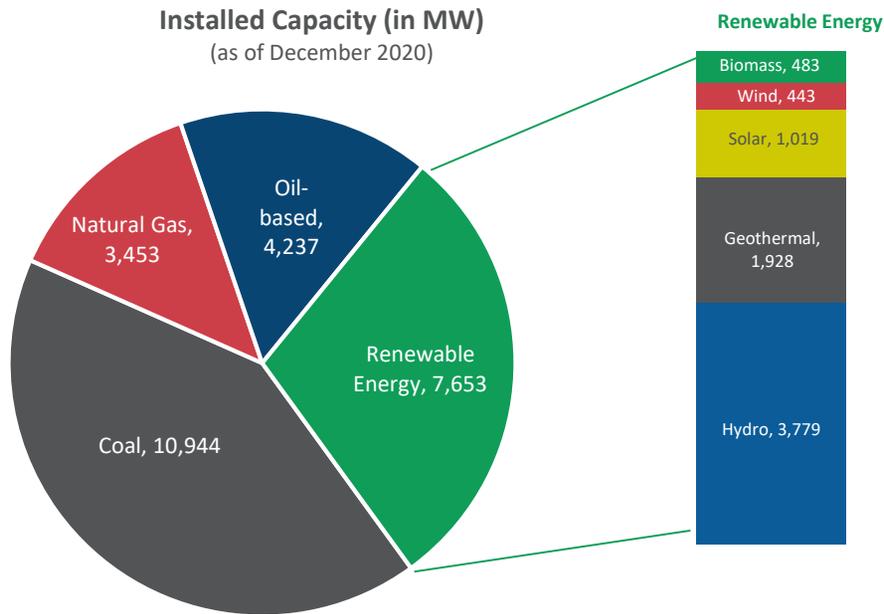


Adopted a sustainable finance framework for the issuance of PH's first-ever sovereign green bonds



Proactive Approach to Disaster Risk Reduction and Climate Change Adaptation

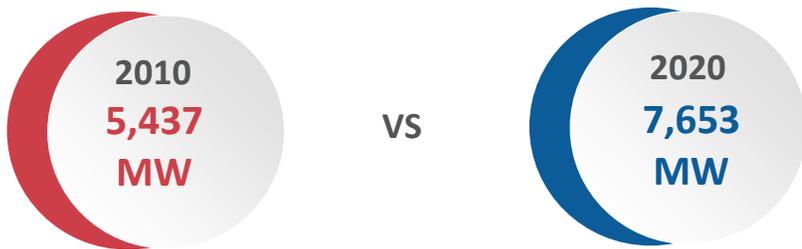
The government through its various initiatives is committed to enhance renewable energy capacity



National Renewable Energy Program (NREP)

- In accordance with the **Renewable Energy Act of 2008 (R.A. No. 9513)**, the Department of Energy (DOE) led the formulation of the NREP
- The NREP provides a foundation for the development of the country's renewable energy resources through promoting investments in the renewable energy sector, and advancing related technologies.
- In 2018, the country's renewable energy capacity was 7.23 GW and based on the outlook the country is expected to have around 50.48 GW renewable installed capacity by 2040
- DOE has declared a moratorium on endorsement for greenfield coal power plants in order to promote sustainable energy sources

41% increase in Total Installed RE Capacity since 2010



Proactive Approach to Disaster Risk Reduction and Climate Change Adaptation

Select projects to ensure the country's water supply and enhance response to disasters

Water Security

The government ensures continuous supply of water through conservation and regulation of water resources and construction of infrastructure projects which are vital to ensure adequate water supply in the future.

Luzon

- Angat Water Transmission Improvement Project (Completed) – PHP3.3bn
- Wawa Bulk Water Supply Project – PHP20bn
- Balog-Balog Multipurpose Project Phase II, Tarlac – PHP13.4bn
- New Centennial Water Source - Kaliwa Dam Project – PHP 12.2bn
- Aqueduct No. 7 Project – PHP 7.4bn
- Chico River Pump Irrigation Project – PHP4.4bn
- Lower Agno River Irrigation System Improvement Project, Pangasinan – PHP3.5bn

Visayas

- Jalaur River Multipurpose Project - Stage II, Iloilo – PHP11.2bn

Mindanao

- Malitubog-Maridagao Irrigation Project – PHP 5.4bn

Nationwide

- Water District Development Sector Projects (ADB-WDDSP) – PHP 4.2bn
- National Irrigation Sector Rehabilitation and Improvement Project (NIS RIP) – PHP3.1bn

National Water Programs

Program	January 2013 to June 2016		July 2016 – June 2021	
	Completed Sub-Projects	Household Beneficiaries	Completed Sub-Projects	Household Beneficiaries
Sagana at Ligtas na Tubig para sa Lahat (SALINTUBIG) Program. Provides potable water supply systems to waterless municipalities, barangays, health centers, and resettlement sites	410	137,258	2,160	1,120,000
Assistance to Municipalities – Water Supply. Provides financial subsidy to municipalities for the implementation of priority programs and projects, including water supply projects	1,442	636,610	3,814	1,980,000

12,394

Flood Mitigating Structures completed under the Duterte administration

Flood Management

Luzon

- Metro Manila Flood Management Project, Phase I – PHP23.5bn
- Cavite Industrial Area Flood Management Program – PHP9.9bn
- Pasig-Marikina River Channel Improvement Phase IV – PHP33.1bn
- Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in the Low-Lying Areas of Pampanga Bay – PHP6.2bn

Mindanao

- Ambal Simuay River and Rio Grande de Mindanao River Flood Control Projects – PHP39.2bn
- Flood Risk Improvement and Management Project - Cagayan De Oro River – PHP8.5bn

Nationwide

- Flood Risk Management Project (FRIMP) in Cagayan, Tagoloan, and Imus Rivers – PHP7.5bn

Proactive Approach to Disaster Risk Reduction and Climate Change Adaptation

Other government initiatives on climate change

Air Quality

- ROP committed to the 21st United Nations Convention on Climate Change to limit global temperature rise to 2 degrees celsius through national climate adaptation and mitigation programs
- **Green, Green, Green Program** of the Department of Budget and Management to assist 145 cities develop open public spaces, making life livable
- Promotion of renewable sources and technologies in both the power and non-power sectors and the regulation of the exploration, development and utilization of renewable energy sources
 - In 2019, 2.6mn tons oil equivalent were saved through energy efficiency and conservation program which avoided the release of 5.6mn tons of carbon dioxide equivalent



Environment and Natural Resources

- **Green Force**, a collaboration with the Department of Finance, the Bangko Sentral ng Pilipinas and other key government agencies to embark on the development of a principle-based taxonomy to champion the promotion of sustainability agenda in the financial system
- **Strengthening Multi-Hazard, Impact-Based Forecasting and Early Warning Systems** to be ahead of the curve in pre-empting risk events. Deemed to make warning messages understandable, especially people residing in high-risk areas
- Launching of HazardHunterPH by the Department of Science and Technology, a GeoRiskPH Platform web application used to generate assessment reports on user's location with information on seismic (earthquake), volcanic and hydro-meteorological hazards. Provided hazard assessment reports to land developers and property owners
- **Climate Information for Agriculture** – Philippine Astronomic, Geophysical and Astronomical Services Administration (PAGASA) releases a Ten-Day Regional Agri-Weather Information that helps farmers make well-informed decision in light of potential disruptive weather conditions
- **Department of Agriculture's Adaptation and Mitigation Initiative in Agriculture or AMIA** - development of new planning tools towards climate-ready crop management systems and science-based interventions to assist stakeholders (farmers and fisher folks, private sector)
- **National Color-Coded Agricultural Guide Map** – to identify the crops that are most suitable in agricultural parcels, and overlays soil properties, elevation, rainfall pattern, temperature and the projected climate-induced multi-hazards
- **Sustained the National Greening Program** which aims to reduce poverty, attain food security, and conserve and protect the country's biodiversity and forests
- **Sustainable tourism** with continued rehabilitation of Boracay Island towards a productive, inclusive and climate-resilient economy
- Pursued **Manila Bay Rehabilitation Program** for a massive clean-up of rivers and esteros in the city, relocation of informal settlers residing in danger zone



Investing in Human Capital Development and Improving Social Inclusion

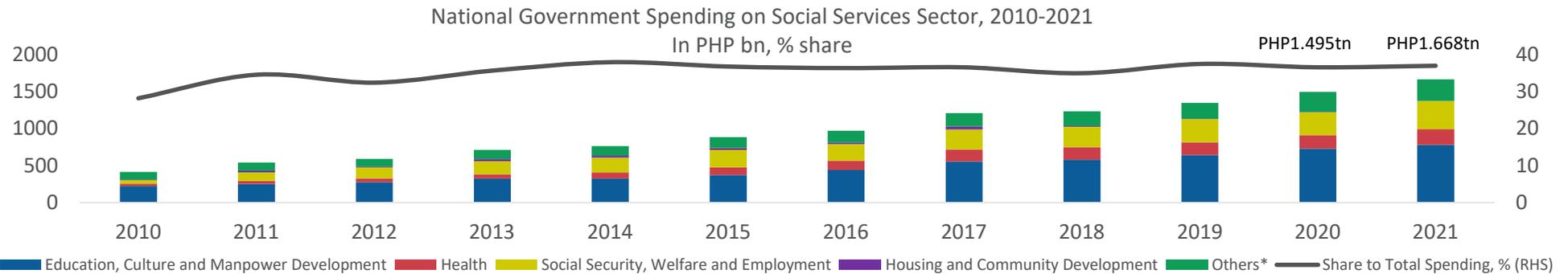
PDP Strategies to accelerate human capital development

- **Nutrition and health for all improved**
Care at all life stages guaranteed; access through functional service delivery ensured; health financing sustained

- **Income-earning ability increased**
Employability improved; productivity improved; labor mobility and income security enhanced

- **Lifelong learning opportunities for all ensured**
Quality, accessible, relevant, and liberating basic education for all achieved; quality of higher and technical education and research for equity and global competitiveness improved

The national government is committed to uplifting the lives and livelihoods of its citizens and expanding the economy's productive capacity



Milestone legislations to reduce poverty, promote social inclusion, and build stable conditions for sustained inclusive economic growth

Below are select critical and historic policy interventions

- RA No. 10931 Universal Access to Quality Tertiary Education Act (2017)
- RA No. 10969 Free Irrigation Service Act (2018)
- RA No. 11037 National Feeding Program (2018)
- RA No. 11210 105-Day Expanded Maternity Leave Law (2019)
- RA No. 11223 Universal Health Care Act (2019)
- RA No. 11228 An Act providing mandatory Philhealth coverage for all persons with disability (2019)
- RA No. 11291 Magna Carta for the Poor (2019)
- RA No. 11463 Malasakit Centers Act (2019) or One Stop Shops in All DOH Hospitals
- RA No. 11371 Affordable Electricity Act (2019)
- RA No. 11230 Tulong Trabaho Act (2019) or the Act Instituting a Philippine Labor Force Competencies Competitiveness Program and Free Access to Technical-Vocational Education and Training
- RA No. 11058 Occupational Safety and Health Standards Act (2018)
- RA No. 11510 Alternative Learning System Act (2020)
- RA No. 11055 Philippine Identification System Act or PhilSys

Sources: NEDA, DBM, BESF various years, PCOO, PNA

*includes Land Distribution under the Comprehensive Agrarian Reform Program, Other Social Services, and Subsidy to LGUs

Targeted spending on social services

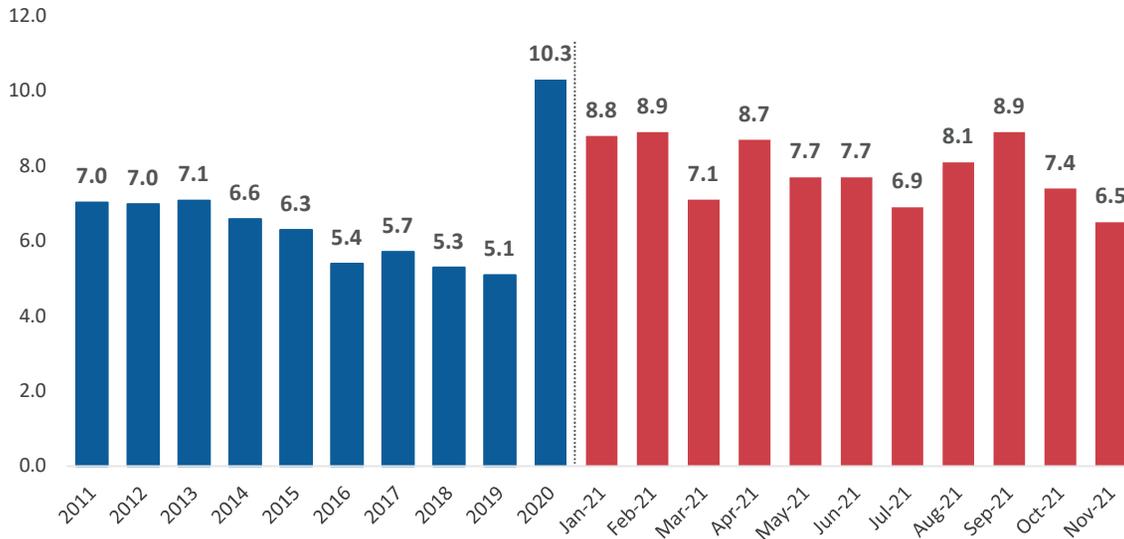
Major social safety programs include among others:

- Conditional Cash Transfer program which is institutionalized during this Administration provides cash assistance for health and education outcomes benefiting over 4.3mn registered households. As of July 2021, a total PHP38.4bn has been paid to 4Ps households. Over 24k families have graduated from the program from Jan 2020 to 8 Jun 2021 which means that these households were already self-sufficient (i.e., the family-beneficiary already have enough income at the time of graduation; is able to cope with daily needs; and has achieved the first two levels of Social Worker Development Indicators, Survival and Subsistence levels)
- Unconditional Cash Transfer Program released a total of PHP43.4bn to 9.2mn qualified beneficiaries in 2018-2019
- Expanded Social Pension Program benefiting over 2.8mn indigent senior citizens;
- Socialized and low-cost housing under the Building Adequate, Liveable, Affordable, Inclusive Filipino Communities Program which has already benefited over 650,000 families

Investing in Human Capital Development and Improving Social Inclusion

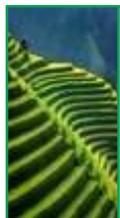
Targeted social reforms bearing fruit

Reopening of the economy ease unemployment



Economic resilience and quick government action cushion jobs market

- As economic indicators show ingrained resilience and capacity to rebound as quickly as the relaxation of restrictions. Incomes and jobs were restored to the economy.
- The labor market continued to show encouraging signs of steady progress with the total number of employed persons (45.5mn) exceed pre-pandemic levels since February this year resulting to a net job creation of 3.0mn. Unemployment rate declined to 6.5% in Nov 2021 from a high of 17.6% in April 2020
- The government was also very quick to respond with providing safety net for formal and informal workers including returning OFWs under Bayanihan to Recover as One Act (Bayanihan II). Based on the report on the implementation of Bayanihan II, 2.9mn affected workers were assisted with PHP15.7bn worth of social amelioration.



Comprehensive Agrarian Reform Program

The Administration has distributed a total of 229,289 hectares of land to 166,217 poor and landless farmers nationwide



Malasakit Centers

As of December 2021, there are 149 Malasakit Centers or one-stop help centers in all government-run hospitals nationwide to provide efficient medical and financial assistance



Pantawid Pamilyang Pilipino Program

- Budget increased to PHP106.8bn in 2021 covering 4.22mn beneficiaries
- 585,125 household beneficiaries nationwide exited from the 4Ps in 2020 due to improvement in well-being



Free Education

- Granted scholarships to 1.53 million students
- Provided PHP8bn free tuition to SUCs for Academic Year (AY) 2017 - 2018, which benefitted 900K Filipino students
- Free higher education beneficiaries increased by 36.3% (435K) while the Tertiary Education Subsidy beneficiaries increased by 62.7% (1.6 million) in AY 2020-2021

Investing in Human Capital Development to Improve Social Inclusion

“ A second chance education program that is not second-class. ”

Ensuring no learner is left behind

Equitable access to education and personal future sustainability

- President Duterte signed RA No. 11510 otherwise known as Alternative Learning System Act (ALSA) on 23 December 2020.
- ALSA institutionalized the program of the current administration called Alternative Learning System (ALS) Program which provides support to ensure that more out-of-school youth and adults (OSYA) will be able to have access to quality basic education
- The Department of Education partnered with the Committee on Education chaired by Senator Sherwin Gatchalian in the upper house and Representative Roman Romulo in the lower house to make ALSA possible

Objectives of ALS

Address	Address basic learning needs of out-of-school children in special cases and adults including indigenous people
Guarantee	Guarantee equitable access for all learners including those who are in unreached, underserved, conflict-affected communities and communities in emergency situations
Promote	Promote lifelong learning anchored on ALS K-12 Basic Education Curriculum
Hire, capacitate and deploy	Hire, capacitate and deploy ALS teachers, community ALS implementors and learning facilitators
Design	Design specialized program for learners with disabilities
Develop	Develop nonformal and informal education approaches and strategies to deliver ALS
Raise	Raise the level of literacy
Strengthen	Strengthen nonformal education programs

Salient Features of the Law

- All ALS programs are free of charge
- Creation of Bureau of Alternative Education (BAE) as focal office under DepEd for ALS.
- BAE’s powers and functions include policy formulation; curriculum development; learning program delivery; development of learning materials; establish minimum quality standards; promote and ensure certification and accreditation of learners; partner with other government agencies, LGUs, and the private sector ensuring access to educational opportunities for learners; coordinate with various agencies and industries for skills development
- Tax exemption for any donation, contribution or grant, in cash or services for ALS
- Transportation and teaching aid allowance for ALS teachers and community ALS implementors

ALS programs’ nonformal education implementation ranges from, but not limited to the following:

- Basic literacy program
- Accreditation and equivalency program
- Indigenous peoples education program
- Academic-focused bridging programs
- Functional education and literacy programs



Learning modalities:

- Modular instruction
- Online, digital, mobile learning
- Face-to-face learning sessions and tutorials
- Radio and television-based instruction
- Blended learning or a combination of various modalities
- Workshops, simulations and internship
- Provision of inclusive and safe learning environment



Sustainable and Green Finance in the Philippines and BSP's Initiatives

BSP's Approach and Initiatives

- **Enabling Regulations:** Sustainable Finance Framework or Circular No. 1085 issued in April 2020 on sustainability principles on corporate governance; risk governance; credit risk management; operational risk management. The BSP has given local banks a 3-year transition period to reorient their strategies and operations towards sustainable finance initiatives including incentivizing loans for borrowers who adhere to environmental principles
- **Creation of a Green Force,** a BSP collaboration with the Department of Finance and other key agencies to facilitate mobilization of funds toward green and sustainable projects. It will embark on the development of principles-based taxonomy and oversee the implementation of the Sustainable Finance Roadmap.
- The BSP has implemented initiatives in championing sustainability in the financial system such as: 1) Conducting capacity building and awareness of supervised financial institutions and BSP supervisors; 2) Issuing of enabling ESG-related regulations; 3) Launching of the Sustainable Central Banking Program internally; and 4) collaborating with other government agencies for a whole-of-nation approach to sustainable finance.
- BSP is now a member of the Network for Greening the Financial System (NGFS) to enhanced the role of financial sector in managing climate and environment-related risks and mobilize capital to support the transition towards a sustainable economy

PH Compliant with the ASEAN Green Bonds Standards for Eligibility of Green Projects

- Securities and Exchange Commission approved the “Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standards” to improve awareness and appetite for green financing and enable local issuers to tap into the global green bond market. Eligible projects are: renewable energy, pollution prevention and control, environmentally sustainable management of natural resources and land use, clean transportation, climate change adaptation and green buildings
- BSP invested US\$550mn in the Green Bond Fund of the Bank for International Settlements to promote environmental sustainability and green finance, as well as, diversify the gross international reserves

Select Private Sector Initiatives to Help Mobilize Investments in Green Projects

AC Energy - Jan 2019	Rizal Commercial Banking Corp - Feb 2019	Bank of the Philippine Islands (BPI) - Aug 2019	Arthaland Corp. – Feb 2020	AC Energy - July 2020	Manila Water - July 2020	AC Energy - Nov 2020	Energy Development Corp. – Jun 2021	Solar Philippines Tarlac Corp. – Nov 2021
▪ US\$225mn to scale up renewable energy investments in Asia-Pacific	▪ PHP15bn First bank to issue a Green PHP Bond	▪ CHF100mn First to issue CHF green bonds from the Philippines at 2Y interest-free for green projects	• PHP3bn ASEAN Green Bonds for eligible green projects	▪ US\$60mn for renewable investments in transition to low carbon portfolio	▪ US\$500mn single largest green, social bond issued by a private water utility in Asia to finance green and social projects	▪ US\$300mn fixed-for-life green perpetual bond for green projects on solar, wind, and geothermal energy	▪ PHP5bn 3 and 5 years Fixed Rate ASEAN Green Bonds for the expansion of Mindanao 3 Binary Project and geothermal projects	▪ PHP4.2bn issuance of green bonds to refinance a PHP2.2bn loan used for the construction and expansion of its 100 megawatt solar plant.

- Development Bank of the Philippines has activated its Green Financing Program to assist strategic sectors, industries and local government in adapting environment-friendly processes and technologies through financing and technical assistance

Enabling Regulatory Environment and Development of Digital Infrastructure to Support Financial Inclusion

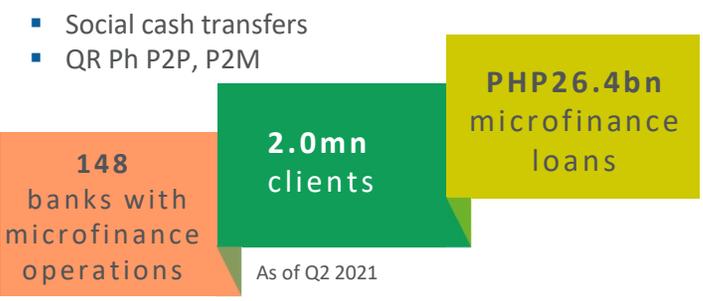
Ensuring inclusive access to finance, including the unserved and vulnerable sectors, at a secured and cost-efficient way through a market-enabling financial and digital infrastructure



National Strategy for Financial Inclusion (NSFI) Framework underpins efforts of the government and private sector toward the shared vision for financial inclusion in the country



- **National Payment System Act** provides the comprehensive legal and regulatory framework for an efficient retail payment system
- **Creation of the Operationalization of the Payments and Currency Management Sector** in the Bangko Sentral ng Pilipnas (BSP) to ensure a well-functioning payments and cash ecosystem to facilitate economic activity and financial inclusion
- **Philippine Identification System (PhilSys)** as a national digital ID to promote financial inclusion by addressing oft-cited account opening barriers by the unbanked and making onboarding more cost efficient
- The BSP approved an **Agricultural Value Chain Financing (AVCF)** framework to improve agri-entrepreneurs' access to finance by shifting the focus of lending from individual farmers and fisher folks to the whole value chain
- **Credit Surety Fund** that aims to give MSMEs access to non-collateral bank financing
- **Credit Risk Database** in partnership with Japan International Cooperation (JICA) which uses financial and non-financial data to build statistical models to predict creditworthiness of MSMEs
- **Credit Information System** to promote risk-based lending and address information asymmetry thereby reducing cost of credit assessment process



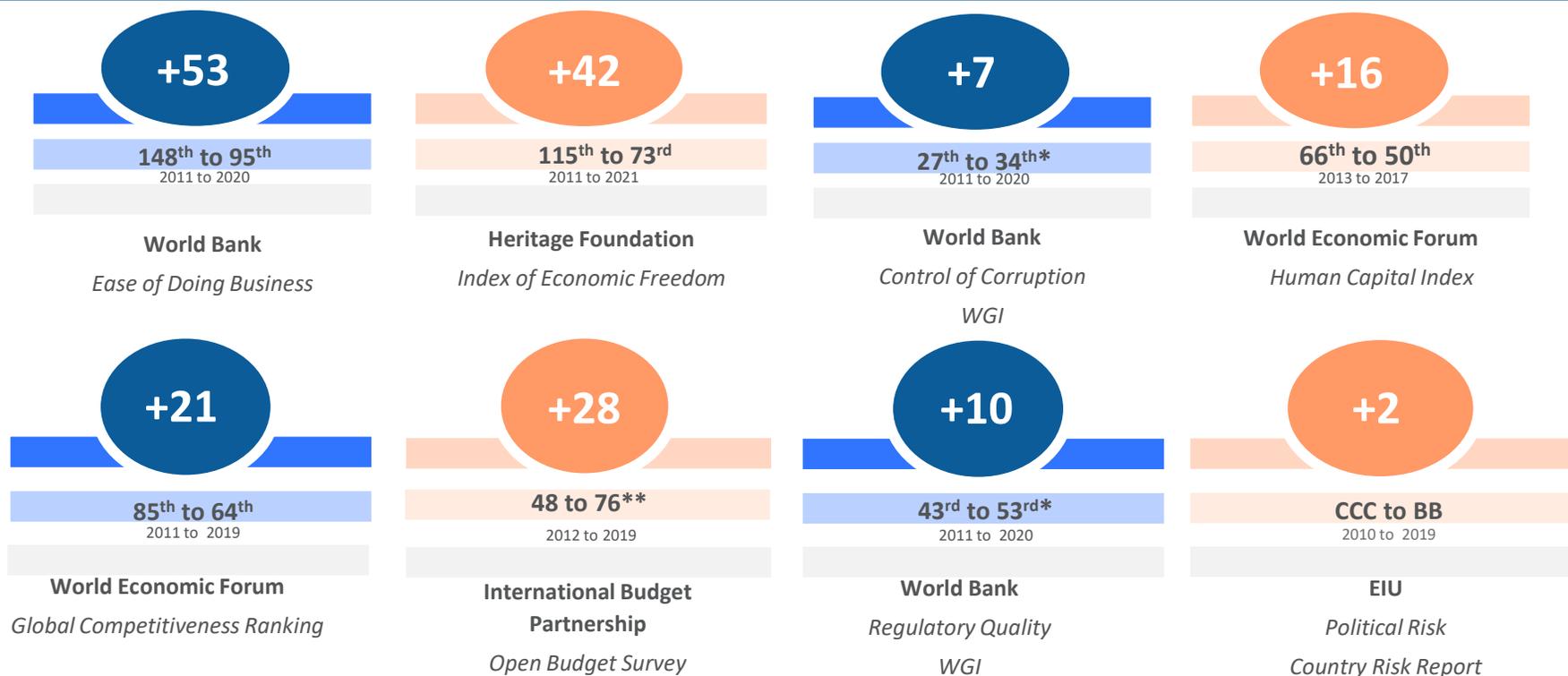
- Digital Literacy Programs
- Consumer Protection Framework
- Financial education in partnership with private sectors and government agencies
- Financial education to potentially reach approximately 1.9mn fisherfolk nationwide, 28,000 firefighters, and 220,000 policemen

Microfinance initiative	Total Amount (PHP mn)	
	Q2 2020	Q2 2021
Microenterprise loans	21,201.7	22,672.4
Microfinance Plus	930.2	861.2
Micro-Agri Loans	1,127.1	1,041.2
Housing Microfinance Loans	1,553.7	1,516.1

Source: BSP

Strengthened Institutions to Support Transformational Reform Momentum

Results of entrenched reforms are positively recognized by various independent third-party assessors



Stamping out corruption and improving government services are paramount to ease of doing business



Citizens can request for information and assistance on government frontline service procedures, and report commendations, appreciation, complaints, and feedback.



Established to oversee the implementation of the national policy against red tape

The President's drive against corruption in government is relentless. Several officials have been ordered to tender resignation due to issues of corruption.



Created thru EO No. 43, the Presidential Anti-Corruption Commission (PACC) is mandated to fight and eradicate graft and corruption in the different departments, bureaus, offices, and other government instrumentalities to ensure public officials and employees are worthy of public trust.

*Percentile rank ** Score out of 100
Source: Various third-party annual ranking reports, PIA, PNA

The Investor Relations Office



Promoting the Philippine economy at home and abroad

The IRO undertakes a range of initiatives to build awareness among domestic and international investment audiences around the Government's economic reform program, promote specific investment opportunities in the Philippines and facilitate information exchange and dialogue between key economic policy decision-makers in the Government 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 website, www.iro.ph, to provide a wide range of easily accessible information about the Philippines' economic performance and the government's economic policies

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