



THE SHIP OF STATE HAS BEEN MASTERFULLY STEERED

CARLOS G. DOMINGUEZ
Secretary of Finance

Philippine Economic Briefing
April 5, 2022

An aerial view of a city skyline, likely Manila, Philippines, with a semi-transparent text overlay. The text is centered and reads: "Years from now, when the Philippines brings down its poverty incidence to single-digits, we will look back to the Duterte presidency as the moment when **the country made the turn towards more inclusive growth and prosperity.**"

Years from now, when the Philippines brings down its poverty incidence to single-digits, we will look back to the Duterte presidency as the moment when **the country made the turn towards more inclusive growth and prosperity.**

We delivered 90 percent of the Duterte Administration's Zero-to-Ten Point Socioeconomic Agenda.



Peace and Order Stability



Continue macroeconomic policies



Tax Reform Program



Ease of Doing Business



Rural Development



Security of Land Tenure



Human Capital Development



Build, Build, Build Program



Promote Science and Technology, and Creative Arts



Social Protection Program



Responsible Parenthood and Family Planning

An aerial view of a city skyline, likely Manila, Philippines, with a semi-transparent text overlay. The text is centered and reads: "Under President Duterte's term, the Philippines made the decisive shift from an inward-looking economy to one **ready to compete with the rest of the world.**"

Under President Duterte's term,
the Philippines made the decisive shift
from an inward-looking economy to one
ready to compete with the rest of the world.

We established the Bangsamoro Autonomous Region in Muslim Mindanao and maintained the unrelenting campaign against criminality and terrorism.



PRESIDENTIAL PHOTOS

PRESIDENTIAL PHOTOS

The Ease of Doing Business Act paved the way for efficient delivery of public services and the increased competitiveness of the Philippines' business climate.



**BUSINESS NAME REGISTRATION
AT YOUR FINGERTIPS!**

Ease of Doing Business

REGISTER NOW! →



dti
PHILIPPINES

**HOW TO REGISTER YOUR
BUSINESS IN DTI online?**



The Philippine Identification System Act brings us closer to the goal of achieving e-governance and greater financial inclusion among our people.

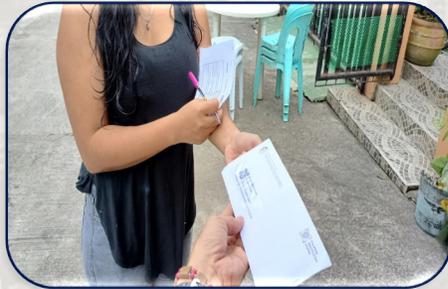
Step 1
House to House
Registration



Step 2
Registration



Step 3
Production and
Card Delivery



61.3 Million
Number of individuals who have registered for the National ID as of March 23, 2022

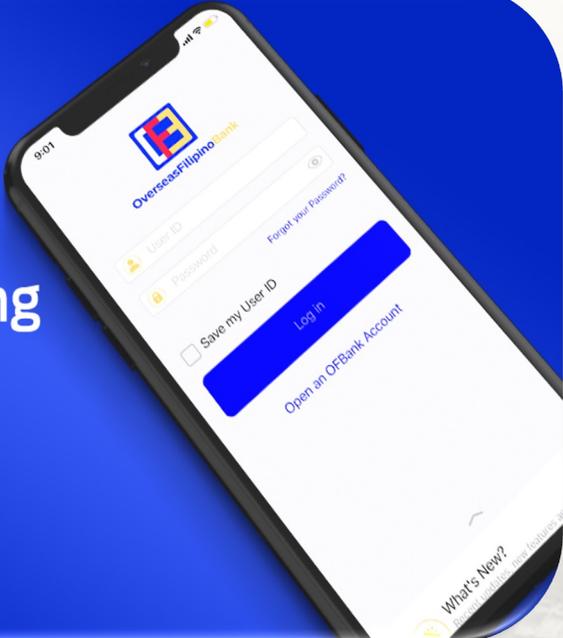
7.7 Million
Number of unbanked registrants successfully provided with bank accounts by the Land Bank of the Philippines as of March 23, 2022

The Overseas Filipino Bank is our first branchless digital-only bank in the country. It now serves overseas Filipinos in 116 countries.



DIGITAL-ONLY BANK
THE FIRST BRANCHLESS PHILIPPINE BANK

Reaching Filipinos Worldwide.



 **OFBank
Mobile Banking**

Download our App!

The Bureau of the Treasury introduced innovative government securities for small individual investors that can be purchased through digital channels.



The Real Estate Investment Trust Act has become a powerful financial instrument for the property development sector and small investors.

REIT Market Capitalization as of March 31, 2022



PHP 68.7 Billion
AREIT, INC.



PHP 28.7 Billion
DDMP REIT, INC.



PHP 35.2 Billion
FILINVEST REIT, CORP.



PHP 73.1 Billion
RL COMMERCIAL REIT, INC.



PHP 46.8 Billion
MREIT, INC.



PHP 17.1 Billion
CITICORE ENERGY REIT, INC.

The Rice Tariffication Act opened the Philippine rice market and lowered the price of our country's staple food for more than 100 million Filipinos.



Rice is **no longer** the main contributor to our overall inflation rate.

Consumers have a **wider variety of rice choices** now.

It provides at least PHP 10 billion each year for mechanization, high-quality seeds, access to credit, and training.

Since the law's effectivity, the Bureau of Customs has collected a total of **PHP 46.6 billion** in rice import tariffs.

The Duterte administration decisively passed and implemented the most comprehensive tax reform program ever in the country.

Signed into Law



**Tax Reform for
Acceleration and
Inclusion Act**



Tobacco Tax Reform



Tax Amnesty



New Sin Tax Reform



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

Pending Congressional Approval



**Property Valuation
Reform**



**Passive Income and
Financial Intermediary
Taxation**

The Tax Reform for Acceleration and Inclusion (TRAIN) Law is a crowning achievement of this administration.

TRAIN Act Key Highlights



Reduced the personal income taxes for 99 percent of our taxpayers



Simplified Estate and Donor's Tax to a single rate of 6%



Expanded the VAT base



Increased the excise taxes of petroleum products and automobiles



Introduced excise tax for sugary sweetened-beverages



Implementation of a fuel marking program

The Duterte government is the only administration in Philippine history that increased excise taxes on sin products three times within one presidential term.



Increased excise taxes
on cigarettes

2017



Increased even higher
taxes on cigarettes, and
new taxes on
e-cigarettes and vapes

2019

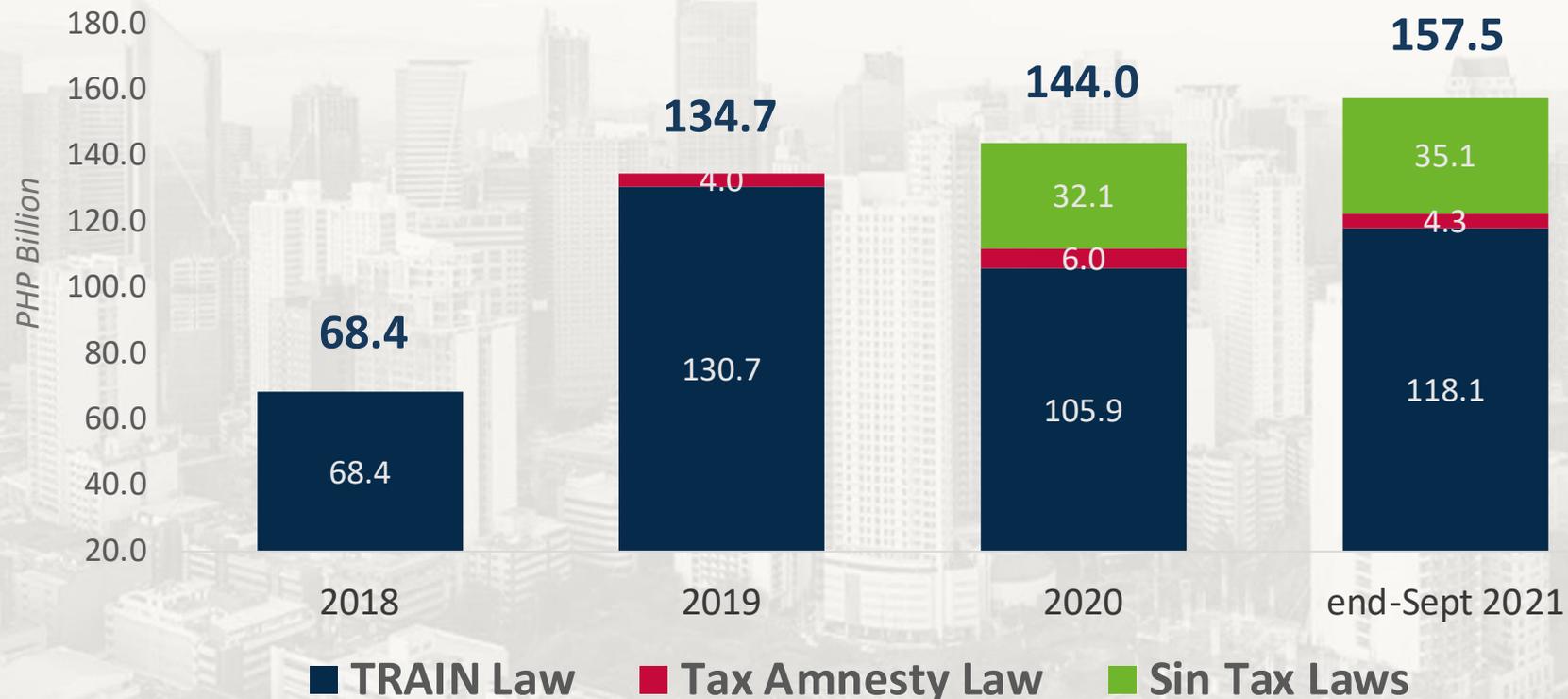


Raised taxes on alcoholic
products, and further
increased taxes on
e-cigarettes

2020

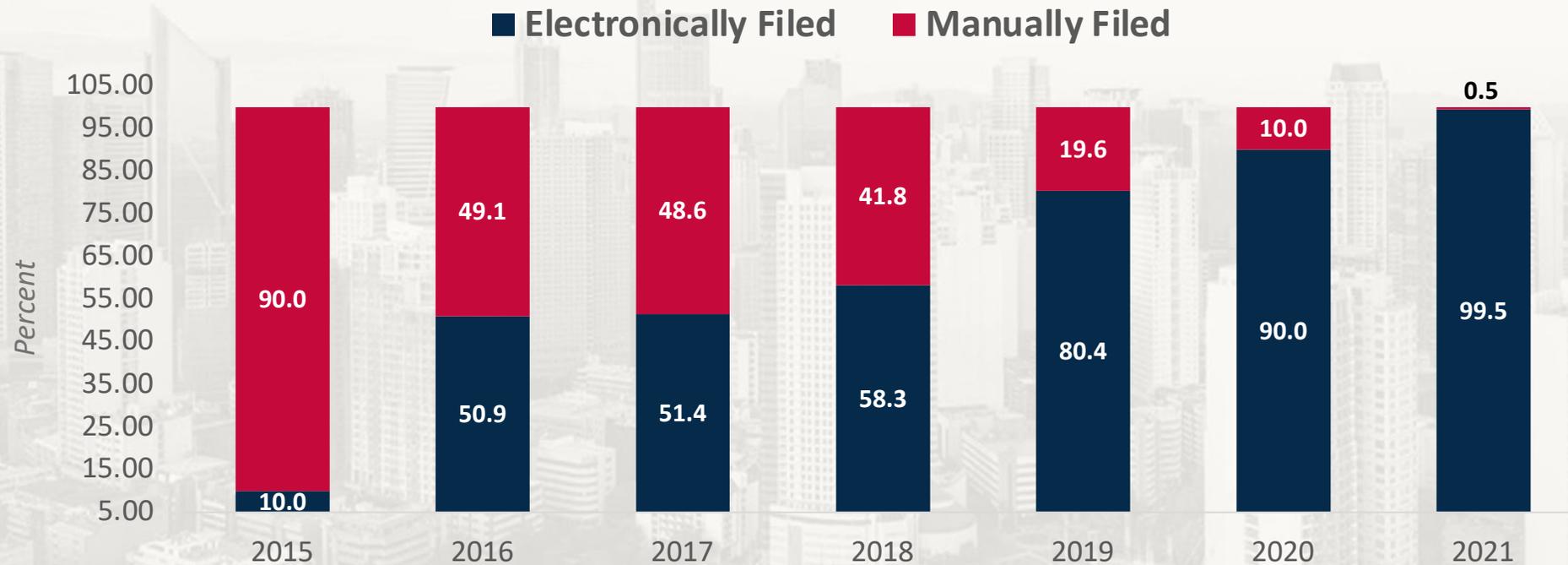
TRAIN and the other enacted packages of the tax reform program enabled the government to raise PHP 504.6 billion in incremental revenues during the first four years of implementation.

*Revenue Performance of Enacted Revenue-Positive Tax Reform Packages
(in PHP Billion)*



To enhance tax administration, we embarked on a comprehensive digitalization program and strengthened tax enforcement.

Manually vs Electronically Filed Annual Income Tax Returns (AITR)



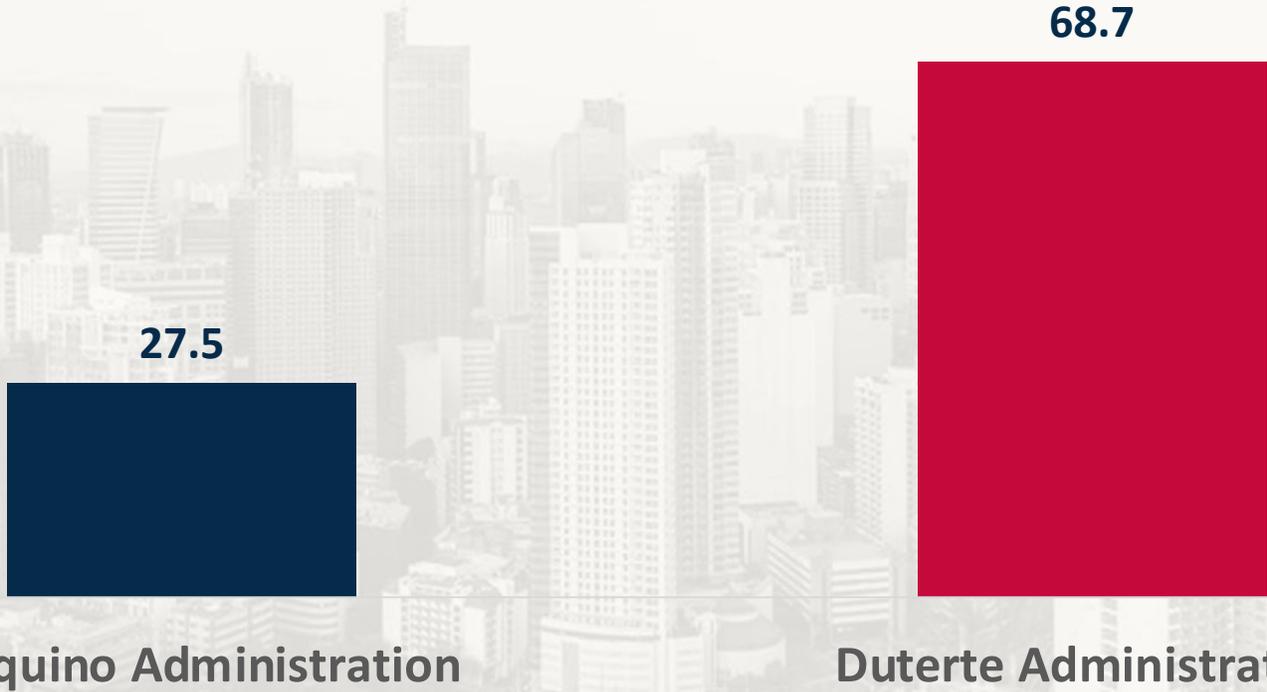
To enhance tax administration, we embarked on a comprehensive digitalization program and strengthened tax enforcement.

Number of Electronic Payment Transactions (in Million)



Our policy of instilling fiscal discipline among our GOCCs allowed us to collect significantly higher dividend remittances.

*Average Annual Dividend Collections
(In PHP Billion)*



Our exemplary financial and debt management brought the country to its historic low debt-to-GDP ratio and the highest-ever revenue effort and credit rating levels.



39.6% of GDP

Lowest-ever debt-to-GDP ratio
achieved in 2019



16.1% of GDP

Two-decade high revenue effort
achieved in 2019



BBB+ to AAA*

Highest-ever credit ratings
achieved since 2019

**Note: China Lianhe Credit Rating Co., Ltd. gave the Philippines an AAA rating in 2018 while S&P upgraded the Philippines' rating to BBB+ in 2019.*

The Philippines' global bond issuances were all met with strong demand, illustrating the high level of confidence of international investors in the Philippines.



USD

2016: USD 2B (25Y, 3.7% Coupon)
2017: USD 2B (25Y, 3.7% Coupon)
2018: USD 2B (10Y, 3.0% Coupon)
2019: USD 1.5B (10Y, 3.75% Coupon)
2020: USD 1B (10Y, 2.5% Coupon)
USD 1.35B (25Y, 2.95% Coupon)
USD 1.25B (10.5Y, 1.65% Coupon)
USD 1.5B (25Y, 2.65% Coupon)
2021: USD 750M (10.5Y, 1.95% Coupon)
USD 2.25B (25Y, 3.2% Coupon)
2022: USD 500M (5Y, 3.23% Coupon)
USD 750M (10.5Y, 3.56% Coupon)
USD 1B (25Y, 4.2% Coupon)



PANDA

2018: CNY 1.5B (3Y, 5% Coupon)
2019: CNY 2.5B (3Y, 3.58% Coupon)



SAMURAI

2018: JPY 107.2B (3Y, 0.4% Coupon)
JPY 6.2B (5Y, 0.5% Coupon)
JPY 40.8B (10Y, 0.99% Coupon)
2019: JPY 30.4B (3Y, 0.2% Coupon)
JPY 21B (5Y, 0.3% Coupon)
JPY 17.9B (7Y, 0.4% Coupon)
JPY 22.7B (10Y, 0.6% Coupon)
2021: JPY 55B (3Y, 0% Coupon)

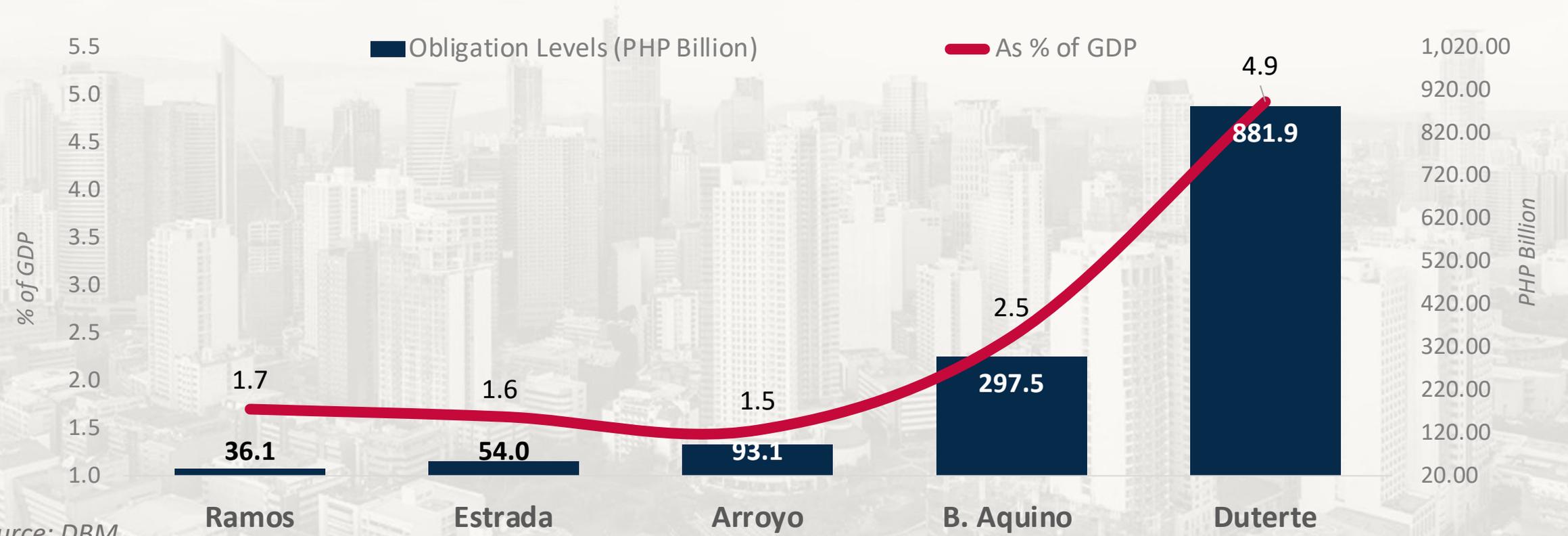


EUR

2019: € 750M (8Y, 0.88% Coupon)
2020: € 600M (3Y, 0% Coupon)
€ 600M (9Y, 0.7% Coupon)
2021: € 650M (4Y, 0.25% Coupon)
€ 650M (12Y, 1.2% Coupon)
€ 800M (20Y, 1.75% Coupon)

Under President Duterte's watch, infrastructure spending dramatically rose to an average of 5 percent of GDP, double the investments of the past four administrations.

*Average Annual Infrastructure Spending Per Administration
Obligation Levels (1992 to 2021)*



Source: DBM
Note: 2019-2020 are cash-based, 2021 is program

Life is now more comfortable as Filipinos can now travel more conveniently with an increasingly expansive and efficient railway system.

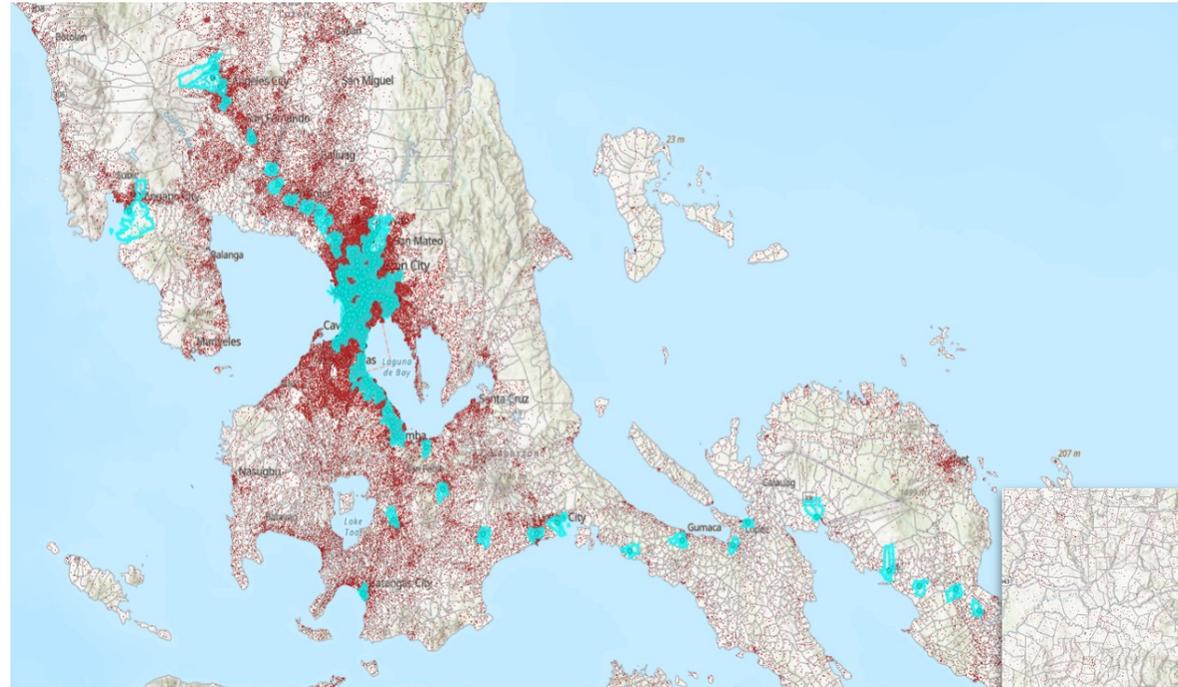
From
77
kilometers

To
1,209
kilometers*

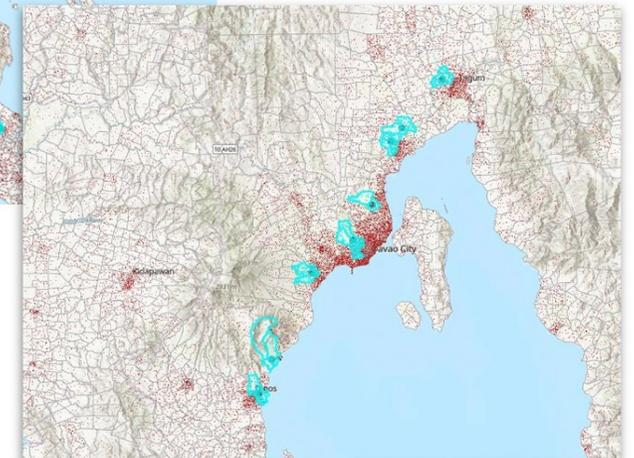
1,545
barangays
reached

10.1
million residents
reached**

Luzon



Davao Region



*Investment approved, financed, awarded, ongoing construction, and/or operational.
**Estimated using Buffer Analysis with 800 m. radial coverage for each railway station.

Life is now more comfortable as Filipinos can now travel more conveniently with an increasingly expansive and efficient railway system.

61

operational stations
in July 2016



LRT-1

20 stations in 2016
8 new stations



LRT-2

11 stations in 2016
5 new stations



MRT-3

13 stations in 2016
+1 Common Station



PNR

17 stations in 2016
+24 stations in 2022



MRT-4

11 new stations



MRT-7

14 new stations



Subway

17 new stations



PNR Clark

16 new stations



PNR Calamba

19 new stations
Source: DOTr



Subic-Clark

2 new stations



PNR Bicol

22 new stations (P1)



Mindanao Rail

8 new stations

+147
=208

stations by 2022*

**Investment approved, financed, awarded, ongoing construction, and/or operational.*

Life is now more comfortable as Filipinos can now travel more conveniently with an increasingly expansive and efficient railway system.

224

**operational train cars
in July 2016**

**+1,162
=1,386**

train cars by 2022*

**Investment approved, financed, awarded, ongoing construction, and/or operational; includes rehabilitated, restored, and operationalized train cars.*



PNR Inka Trains (P.T. Inka)
37 Train Cars
+ 5 Locomotives (Indonesia)
 Contract Dates: 08 Jan. (1x);
 28 May '18 (2x)
 Contract Amount: PHP 2.86 B
 (3 contracts)



MRT-7 (Hyundai Rotem)
108 Train Cars (Korea)
 Concession Date: 18 Aug. 2008
 Contract Amount: PHP 13.9 B



Subway (Sumitomo - J-TREC)
240 Train Cars (Japan)
 Contract Date: 15 Dec. 2020
 Contract Amount: PHP 26.75 B



NSCR Commuter 2 (Sumitomo-J-TREC)
304 Train Cars (Japan)
 Contract Date: 18 Mar. 2022
 Contract Amount: PHP 33.55 B



LRT-1 (Mitsubishi - CAF)
120 Train Cars
 (Spain, Mexico) (JICA)
 Contract Date: 01 Dec. 2017
 Contract Amount: PHP 12.81 B



NSCR Commuter 1 (Sumitomo - J-TREC)
104 Train Cars (Japan)
 Contract Date: 07 Jul. 2019
 Contract Amount: PHP 12.06 B



PNR Bicol (CRRC Zhuzhou)
9 Train Cars (China)
 Contract Date: 11 Aug. 2021
 Contract Amount: PHP 980M



NSCR Airport Exp. (Ongoing Bid Evaluation)
56 Train Cars (Japan)
 Bid Submission: 15 Oct. 2021
 Contract Amount: TBD

Since the Duterte administration took office, it sealed 28 highly concessional loan agreements for flagship infrastructure projects from development partners.

Select Big-ticket Infrastructure Projects



Metro Manila Subway project



New Cebu International Container Port Project



Malolos-Clark Railway Project



Cebu-Mactan Bridge (4th Bridge) and Coastal Road Construction Project



Davao City Bypass Construction Project



Arterial Road Bypass Project



Road Network Development Project in Conflict Affected Areas in Mindanao



EDSA Greenways Project



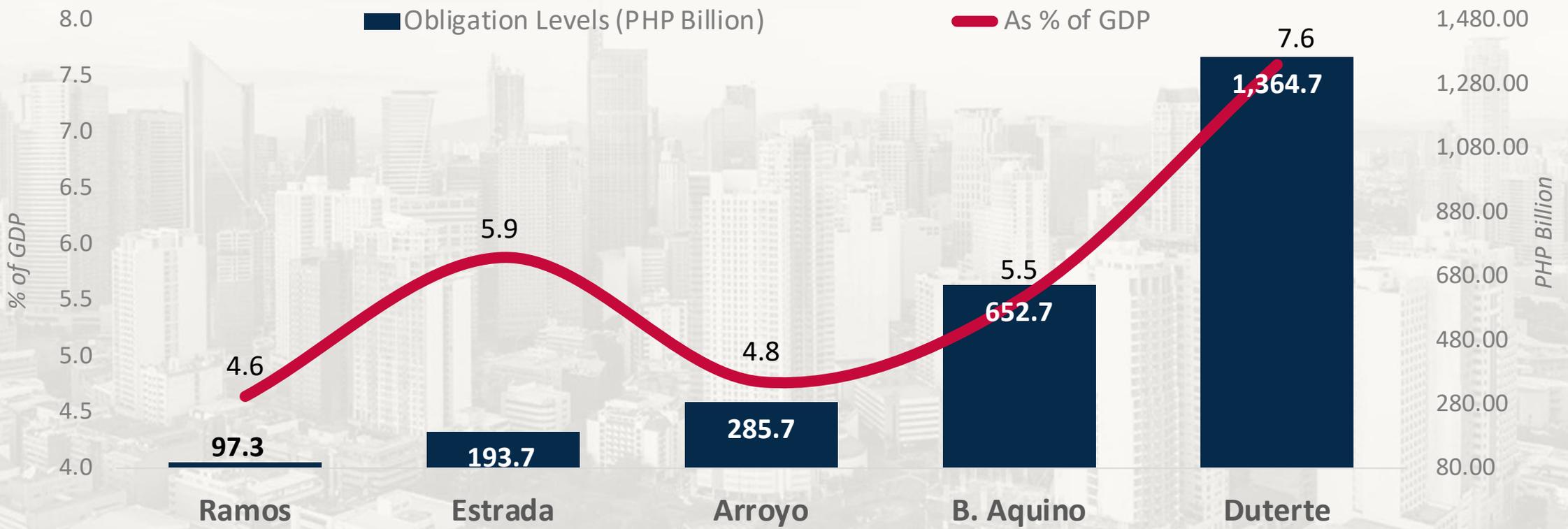
Metro Manila Bus Rapid Transit - Line 1



Pasig-Marikina River Channel Improvement Project

Apart from infrastructure, the Duterte administration also invested heavily in social services to boost human capital development.

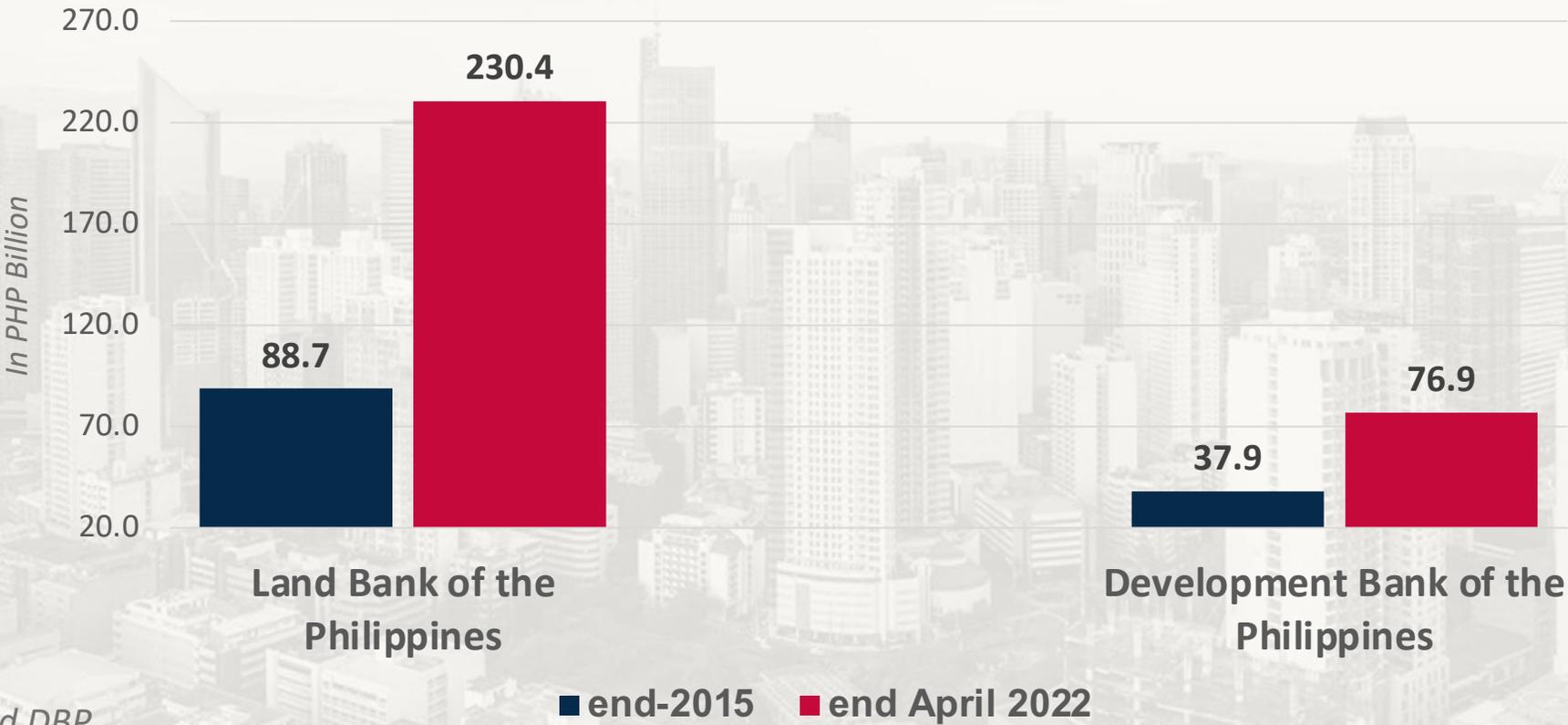
Average Annual Social Services Spending Per Administration Obligation Levels (1992 to 2021)



Source: DBM
Note: 2019-2020 are cash-based, 2021 is program

The Duterte administration has infused the largest amount of capital into the Land Bank of the Philippines and the Development Bank of the Philippines compared with the combined amounts under all past administrations.

Capital Infusion to Government-Owned Banks
(In PHP Billion)



Source: LBP and DBP

The robust capital infusion reinforced Land Bank's financial strength and allowed it to be an effective partner of the government in advancing its development agenda.

Releases from 2016 to January 2022

Agriculture



PHP 243.6 billion
2.3 Million borrowers

LGUs



PHP 102.88 billion
1,111 LGUs

Healthcare



PHP 20.33 billion
121 borrowers

Education



PHP 2.53 billion
185 borrowers

**Power Generation
and Distribution**



PHP 20.08 billion
86 borrowers

Water



PHP 3.51 billion
34 borrowers

Transportation

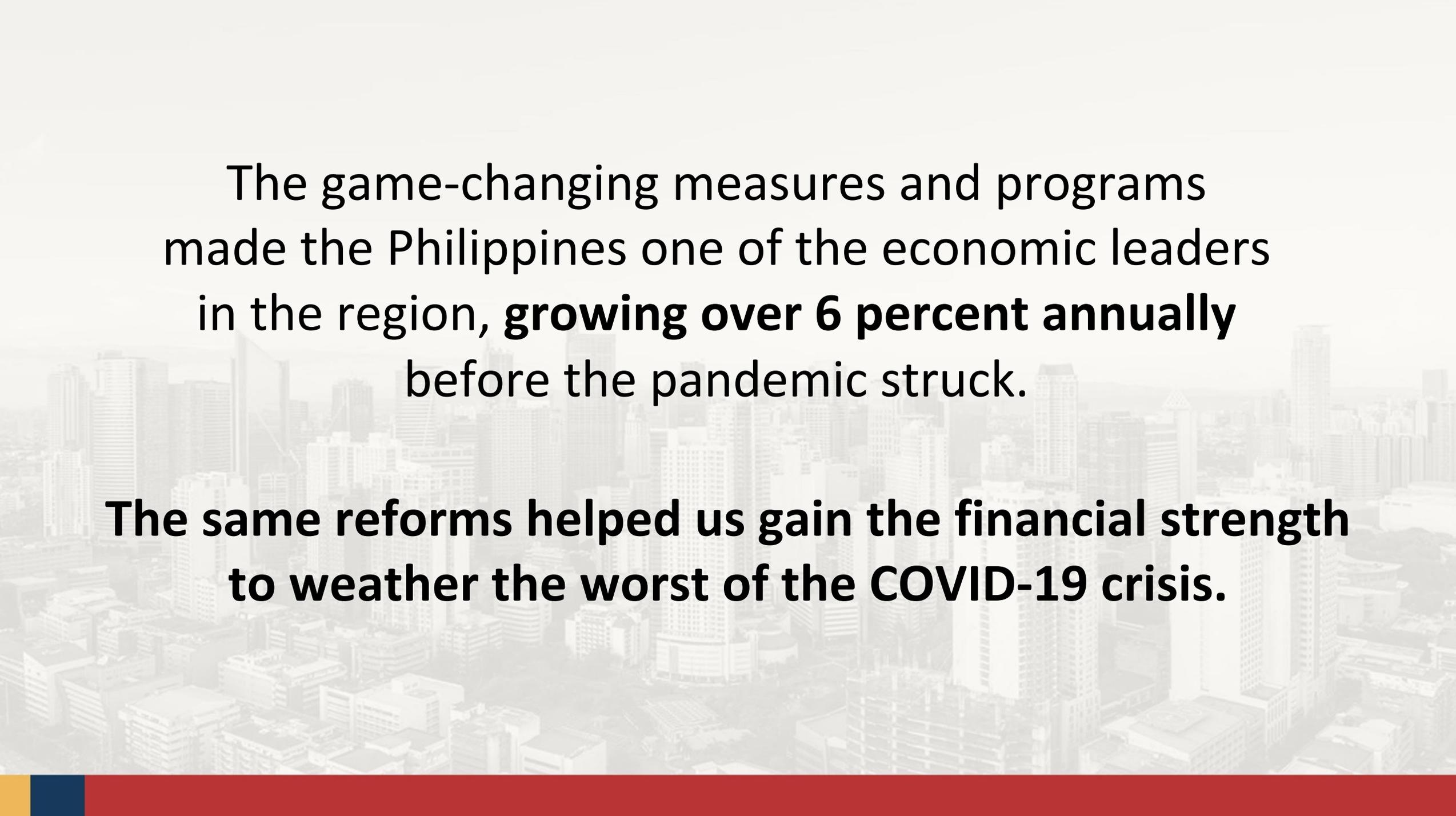


PHP 2.44 billion
1,624 PUV units approved

Housing



PHP 7.60 billion
3,756 borrowers



The game-changing measures and programs made the Philippines one of the economic leaders in the region, **growing over 6 percent annually** before the pandemic struck.

The same reforms helped us gain the financial strength to weather the worst of the COVID-19 crisis.



**Had we not pursued the game-changing reforms on time,
the impact of the pandemic would have been worse.**

**Our 2020 GDP would have plunged deeper
by 13.3 percent instead of 9.6 percent.**

**This just only proves that in any battle or emergency,
preparation is always the best strategy.**

The Duterte Administration's Four-Pillar Socioeconomic Strategy Against COVID-19

PHP 3.0 Trillion (USD 61.6 Billion) or 15.6% of GDP

As of February 7, 2022

PILLAR 1
Emergency support for
vulnerable groups

P648.2 billion
(USD 13.16 billion)



PILLAR 2
Marshalling resources to
fight COVID-19

P227.25 billion
(USD 4.61 billion)



PILLAR 3
Monetary actions to
keep the economy afloat

P1.41 trillion
(USD 28.57 billion)

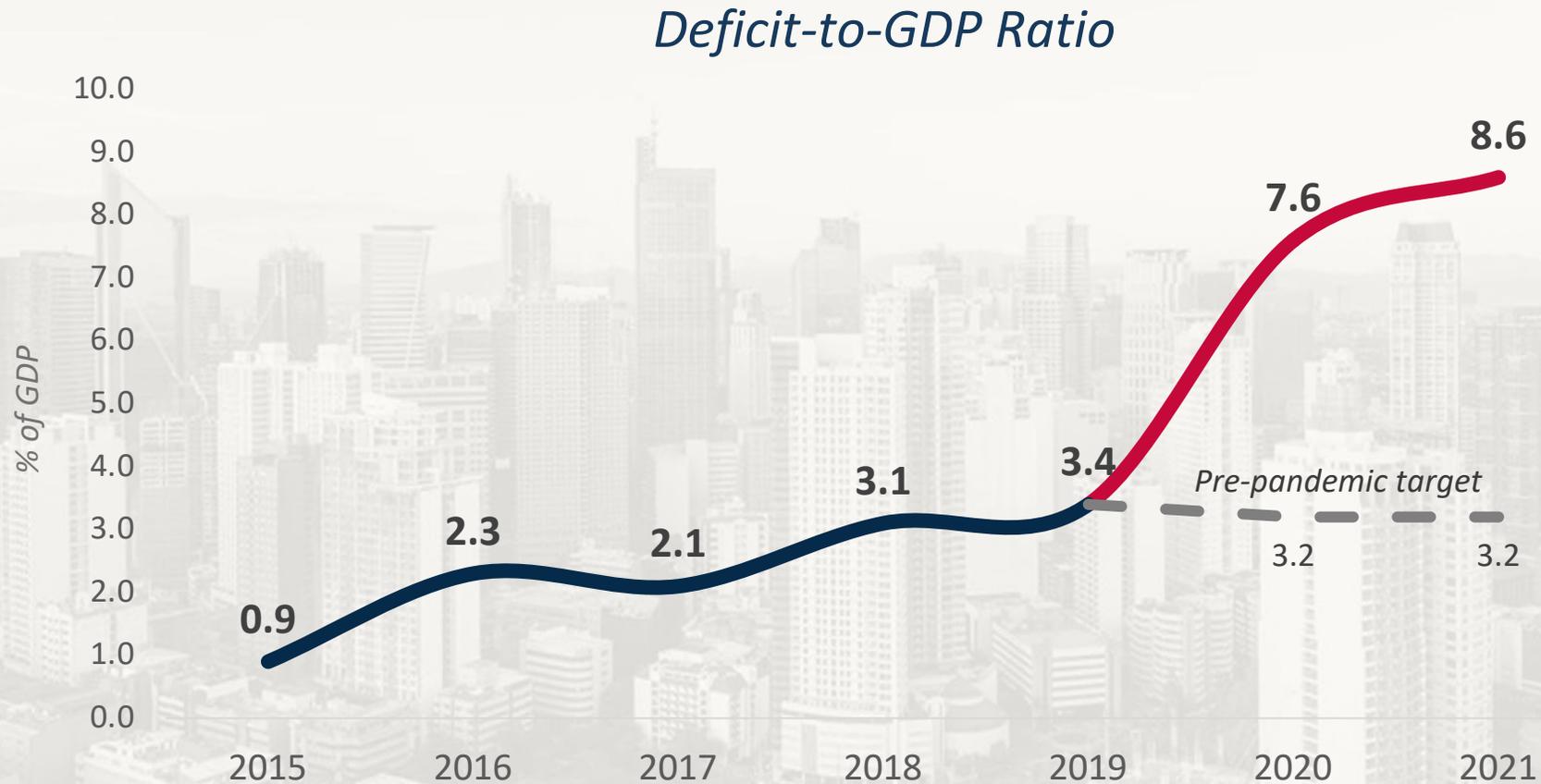


PILLAR 4
An economic recovery
program to create jobs and
sustain growth

P749.98 billion
(USD 15.23 billion)



Our historic low debt-to-GDP ratio allowed a temporary but controlled expansion of our deficit-to-GDP ratio.



We have a prudent strategy to finance our deficit.



Domestic borrowings



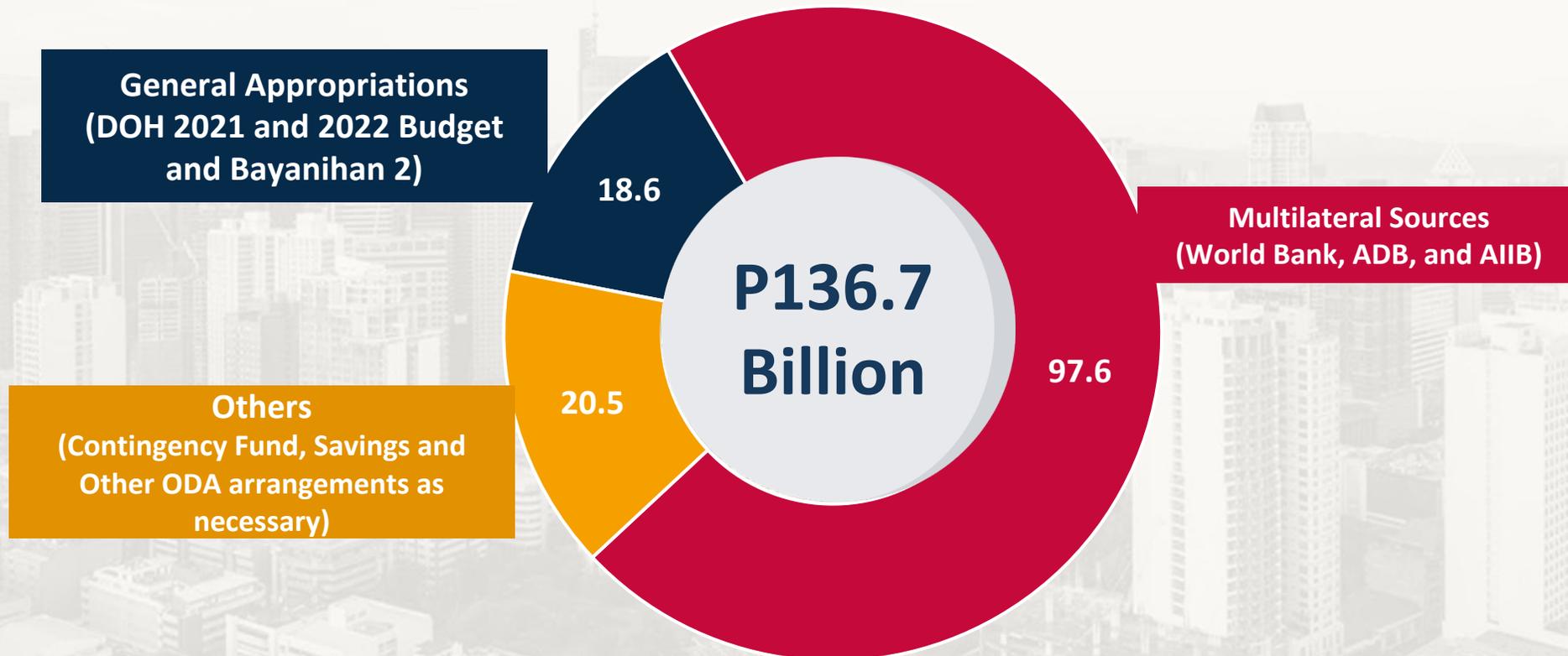
Official Development Assistance



International Capital Markets

Majority of our budget to procure COVID-19 vaccines for our people was sourced from the multilateral banks.

*Breakdown of the COVID-19 Vaccination Program Budget for 2021 and 2022
(In PHP Billion)*



The national government debt remains eminently sustainable--especially taking into account the preserved robust structure of our debt profile.

National Government Debt-to-GDP Ratio



The Philippines was able to maintain all its historic high credit ratings throughout the crisis amidst downgrades among our peers.

Lianhe Credit Rating Co. Ltd.

Affirmation of AAA, Stable Outlook (July 2021)

Japan Credit Rating Agency

Upgrade from BBB+ to A-, Stable Outlook (June 2020)

R&I

Affirmation of BBB+, Stable Outlook, (April 2021)

S&P Global Rating

Affirmation of BBB+ rating, Stable Outlook (May 2021)

Fitch Ratings

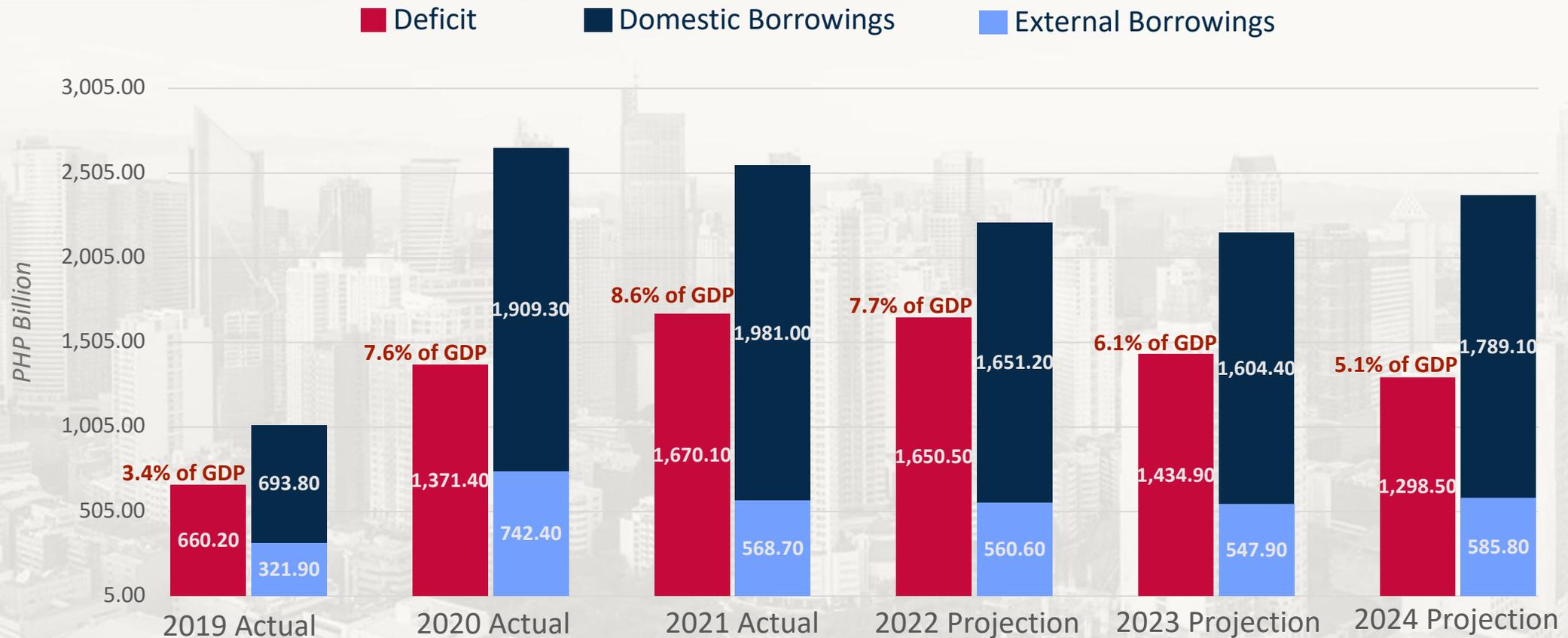
Affirmation of BBB rating, Affirmed Negative Outlook (Feb 2022)

Moody's

Affirmation of Baa2 rating, Stable Outlook (July 2020)

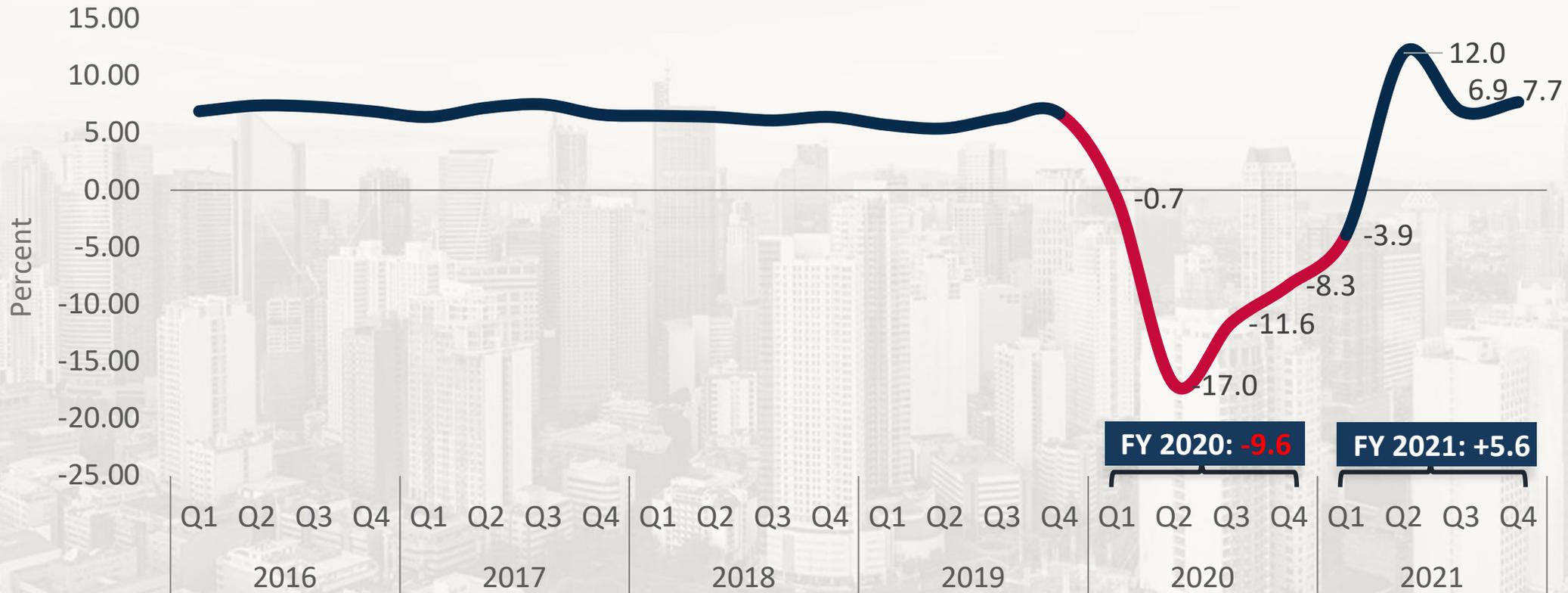
The disruption brought by the pandemic is only temporary. Supported by the rebound of revenue collections, our deficit and borrowings will begin to decline this year.

Financing Requirements vs Borrowings (in PHP Billion)

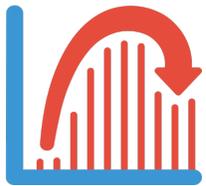


Our strategies in 2021 have culminated in a full-year growth of 5.6 percent, exceeding targets and expectations.

Philippines' Real GDP growth rate (year-on-year)



COVID-19 cases are subsiding rapidly while our vaccination program is proceeding apace. We have relaxed restrictions and fully opened the economy.



Daily new cases are subsiding rapidly

From the peak of 39,000 on January 15, these dropped to around 300 in early April



73.5% of the target population are now fully vaccinated



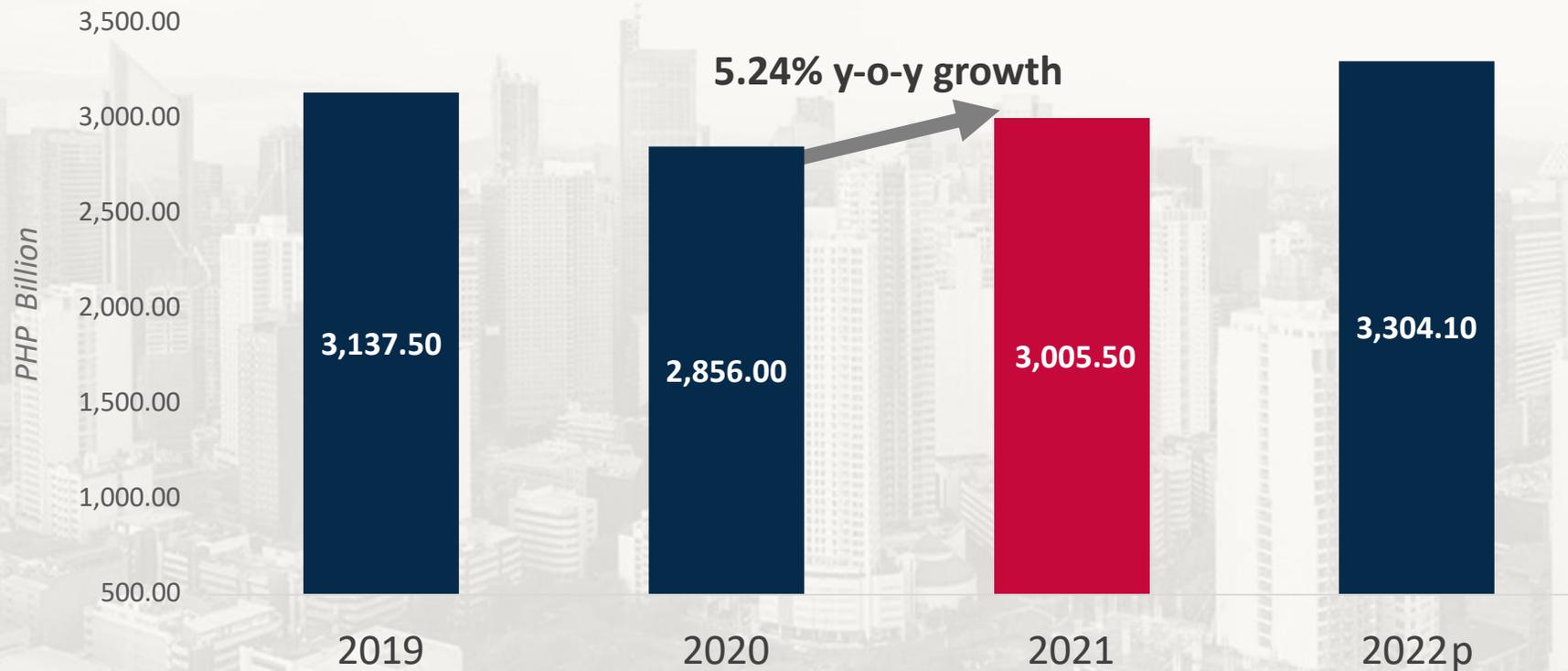
Non-ICU and ICU beds' utilization rates remain low risk at 16.7% and 16.5%, respectively



The Philippines is now classified as low risk for COVID

Our revenue collection has shown signs of rapid recovery, signaling a return to robust economic activity.

Total Revenue Collections (PHP Billion)



The Philippines' total merchandise trade in 2021 already surpassed the pre-pandemic level.

Total Merchandise Trade (in USD Billion)



Overseas Filipinos' remittances remained resilient amid the pandemic.

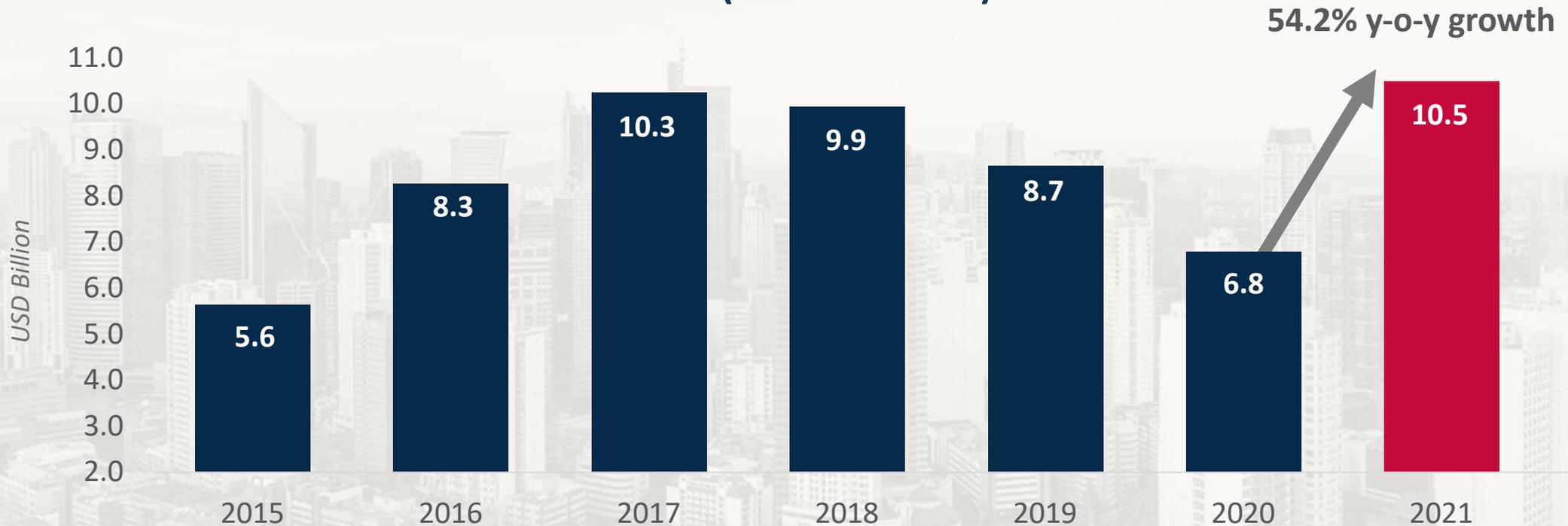
Overseas Filipinos' Cash Remittances (in USD Billion)



Source: BSP

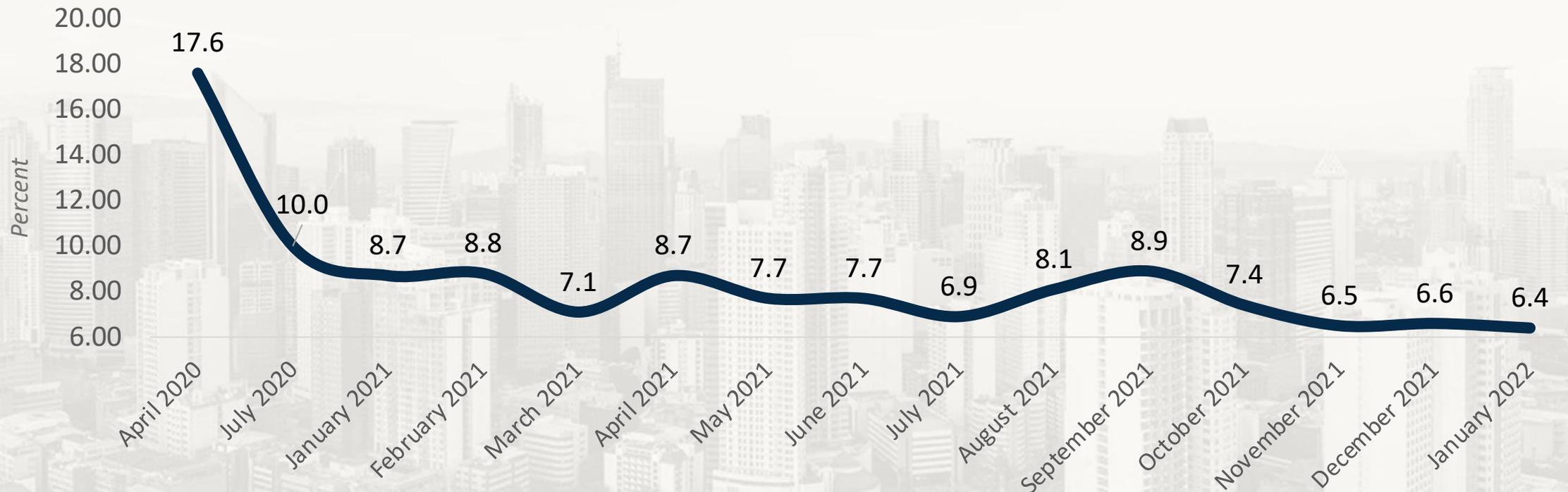
The Duterte administration marked its final full year with an all-time high record of foreign direct investments amounting to USD 10.5 billion.

Net Foreign Direct Investment Inflows (in USD Billion)



The January 2022 unemployment rate is the lowest during the pandemic period.

Unemployment Rates During the Pandemic



Even as the world had been hard hit by the pandemic, our hard-won reforms bolstered our country's ability to recover and rebuild.



Corporate Recovery and Tax Incentives for Enterprises Act



Amendments to the Retail Trade Liberalization Act



Amendments to the Foreign Investments Act



Amendments to the Public Service Act

All of these will facilitate the competitiveness of our industries and services; create more jobs; promote the quality and affordability of our consumer goods; and accelerate economic growth.

The Duterte administration is closely monitoring the Ukraine conflict and it is doing its utmost to mitigate the impact of oil and food price increases on our people.



PHP 41.4 Billion

Unconditional cash grant to the bottom 50% of households



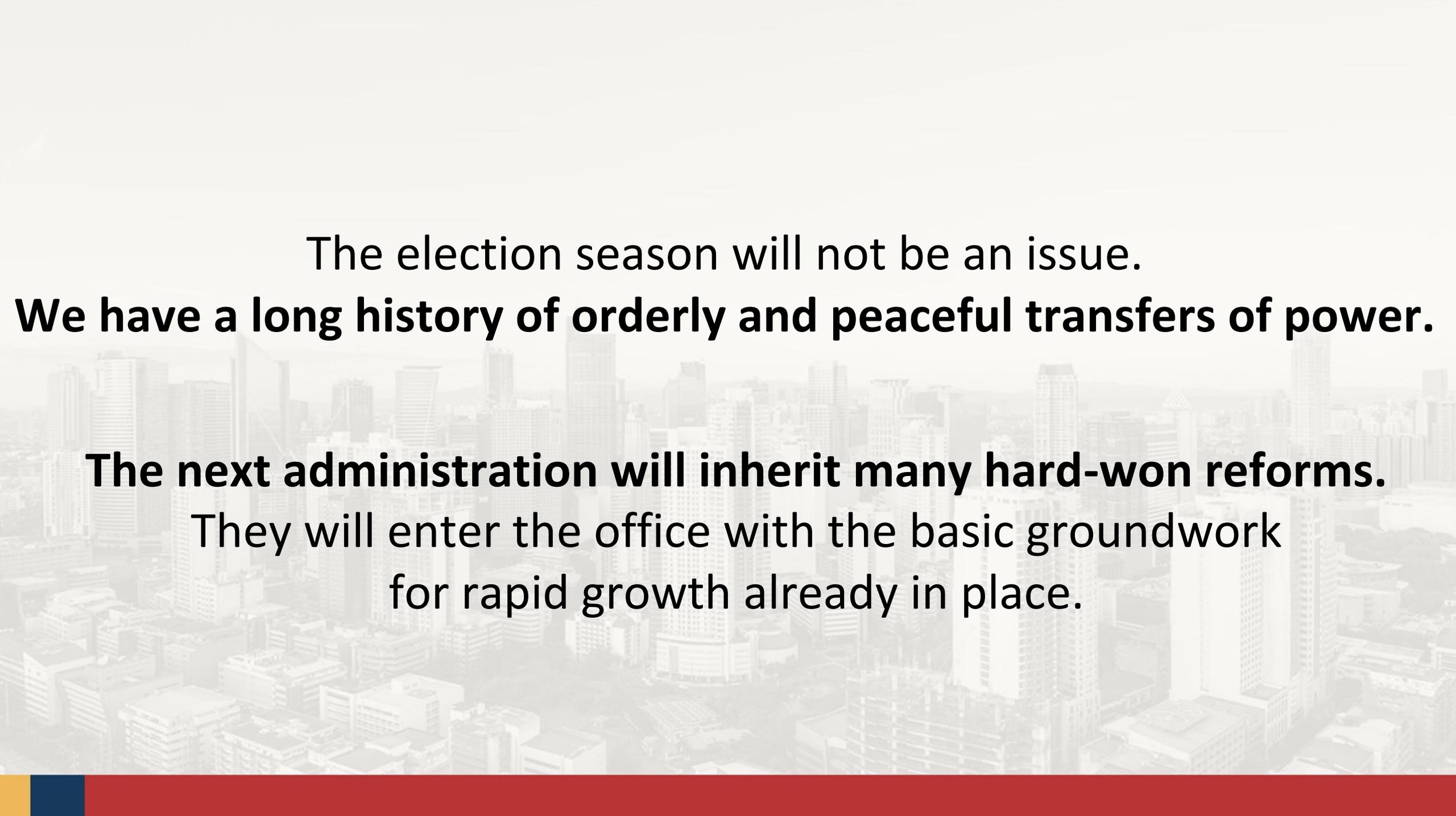
PHP 5.0 Billion

Fuel subsidy program for the transportation sector



PHP 1.1 Billion

Fuel discount program for the small farmers and fisherfolk

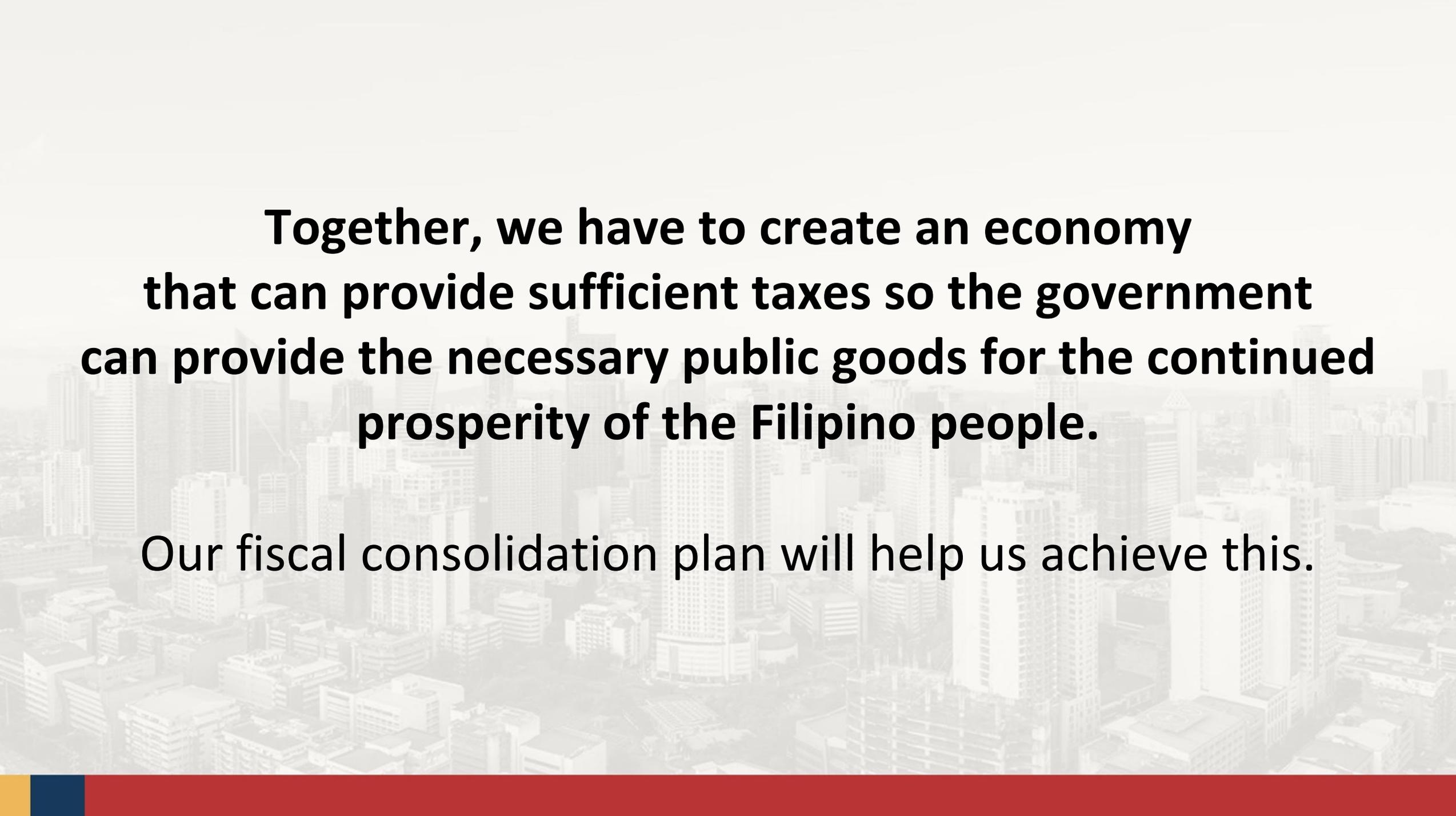


The election season will not be an issue.

We have a long history of orderly and peaceful transfers of power.

The next administration will inherit many hard-won reforms.

They will enter the office with the basic groundwork
for rapid growth already in place.



Together, we have to create an economy that can provide sufficient taxes so the government can provide the necessary public goods for the continued prosperity of the Filipino people.

Our fiscal consolidation plan will help us achieve this.

The Duterte administration will redouble its efforts to grow the economy faster in its remaining months in office to fully recover lost opportunities.

Digitalization and Infrastructure



Continue the ongoing digital reforms

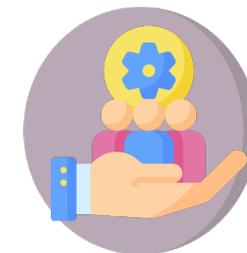


Continue the infrastructure program

Health and People



Strengthen public health capacity



Invest more in our human capital

Remaining Tax Reform Packages



Tax Reform Package 3:
Property Valuation Reform



Tax Reform Package 4: Passive
Income and Financial
Intermediary Taxation

Climate Change Action

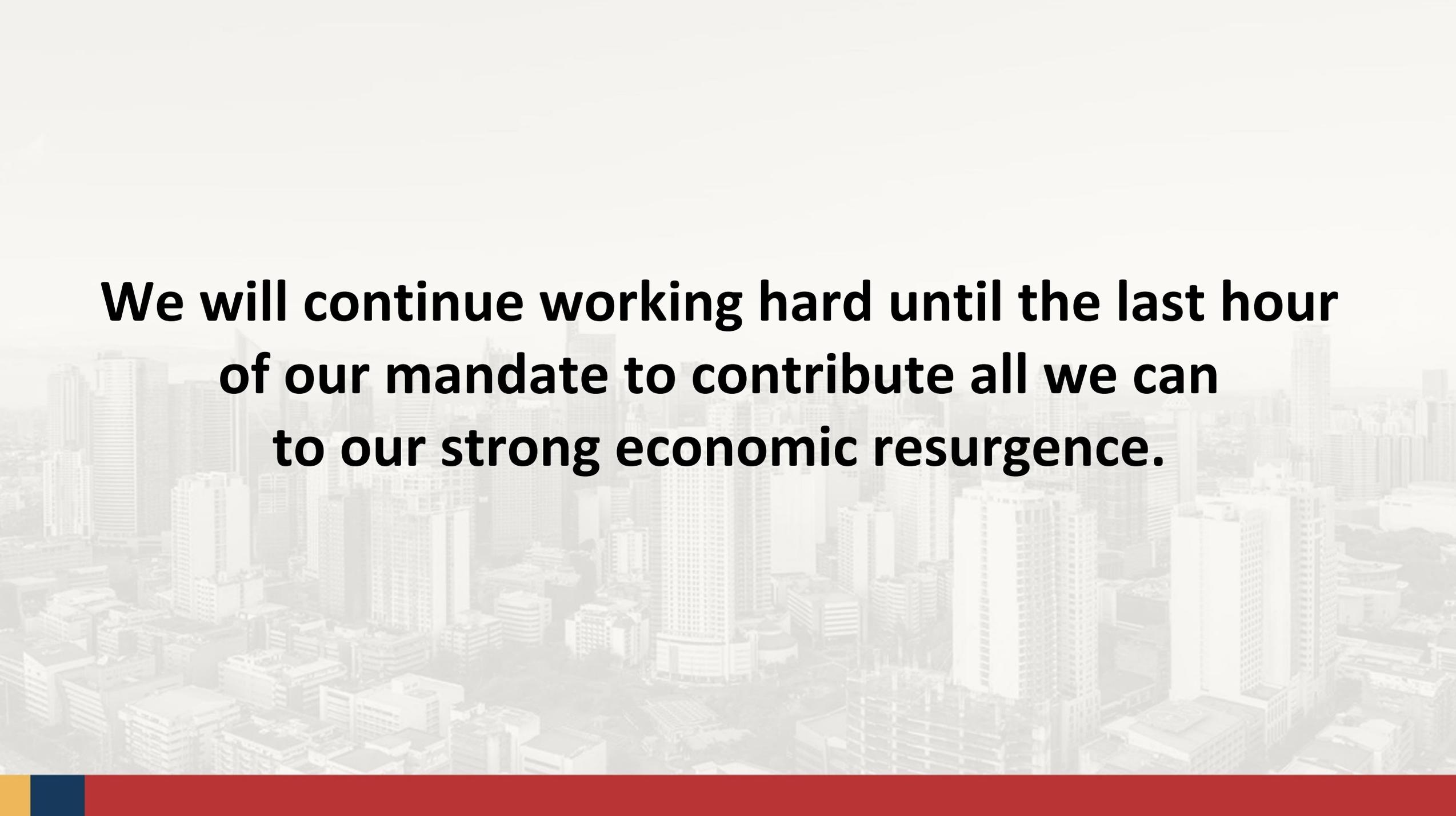


Practical Adaptation and Mitigation
Projects on the Ground

Capital Markets Reform



Capital Market Development
Act of 2021



**We will continue working hard until the last hour
of our mandate to contribute all we can
to our strong economic resurgence.**

“

**The weather today is fine
but waves are high.**

-Admiral Heihachiro Togo

We have sailed through fine and rough weather.

But President Duterte has proven to be
a strong and steady captain of the ship.

The waves may be high,
but the ship of state has been masterfully steered.



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