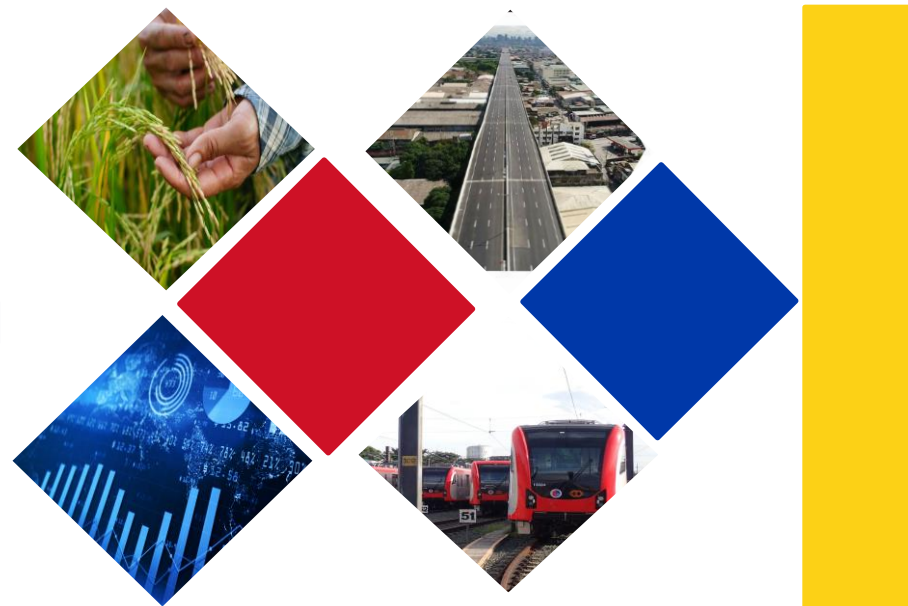




# Republic of the Philippines

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

January 2025



## Key Highlights

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# I. Six-Year Game Plan for Economic Transformation

## Charting a More Inclusive and Resilient Economy

The Marcos Jr. administration's medium term macroeconomic and fiscal objectives



GDP Growth in (%)

- 6.0% - 6.5% for 2024
- 6.0% - 8.0% for 2025 - 2028

Poverty Rate in (%)

- 9.0% by 2028

Deficit-to-GDP in (%)

- 3.7% by 2028

Debt-to-GDP in (%)

- 56.3% by 2028

Country Income Status

- Upper middle-income status by 2025

Infrastructure Spending-to-GDP (%)

- 5.0% - 6.0% for 2024-2028

# I. Six-Year Game Plan for Economic Transformation

## Philippine Development Plan 2023-2028

*8-point agenda for the near term to protect purchasing power and mitigate socioeconomic scarring*

### Protect the purchasing power of families

- Ensure food security
- Reduce transport and logistics cost
- Reduce energy cost

### Reduce vulnerability and mitigate scarring from COVID-19 pandemic

- Ensure capacity of healthcare in case of surges
- Strengthen social protection
- Address learning losses

### Ensure sound macroeconomic fundamentals

- Improve bureaucratic efficiency and sound fiscal management
- Ensure a resilient and innovative financial sector

### Create more jobs

- Promote investments
- Improve infrastructure
- Ensure energy security

### Create quality jobs

- Increase employability
- Enhance the digital economy
- Advance R&D and innovation

### Create green jobs

- Pursue a green and blue economy
- Establish livable and sustainable communities

### Ensure a level playing field

- Strengthen market competition
- Reduce barriers to entry and limits to entrepreneurship

### Uphold public order and safety, peace, and security

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

## II. Sound Credit Profile

Metric	2017	2018	2019	2020	2021	2022	2023	2024
<b>Credit Rating</b>								
▪ Moody's	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable
▪ S&P	BBB/stable	BBB/positive	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/positive
▪ Fitch	BBB/stable	BBB/stable	BBB/stable	BBB/stable	BBB/negative	BBB/negative	BBB/stable	BBB/stable
<b>Real GDP Growth Rate (%), 2018 prices</b>	6.9	6.3	6.1	(9.5)	5.7	7.6	5.5	5.8 (Q1-Q3)
<b>GDP Per Capita (US\$), PPP concept (current prices)</b>	8,068	8,651	9,217	8,456	9,101	10,407	11,281	12,153 (Annualized)
<b>Inflation Rate <sup>2/</sup> (%), 2018 prices</b>	2.9	5.2	2.4	2.4	3.9	5.8	6.0	3.2
<b>Fiscal Balance/GDP (%)</b>	(2.1)	(3.1)	(3.4)	(7.6)	(8.6)	(7.3)	(6.2)	(5.1) (Q1-Q3)
<b>Tax Revenue/ GDP (%)</b>	13.6	14.0	14.5	14.0	14.1	14.6	14.1	14.9 (Q1-Q3)
<b>National Government Interest Payments/ Revenues (%)</b>	12.6	12.3	11.5	13.3	14.3	14.2	16.4	17.2 (Jan-Nov)
<b>General Government Debt/GDP (%)</b>	34.9	34.4	34.1	48.1	53.4	54.2	53.6	N/A
<b>Gross International Reserves (US\$ bn)</b>	81.6	79.2	87.8	110.1	108.8	96.1	103.7	106.8 (end-Dec) <sup>1/</sup>
<b>Import Cover (months) <sup>3/</sup></b>	7.8	6.9	7.6	12.3	9.7	7.2	7.6	7.5 (end-Dec) <sup>1/</sup>
<b>Overseas Filipinos' Cash Remittances (US\$ bn)</b>	28.1	28.9	30.1	29.9	31.4	32.5	33.5 <sup>1/</sup>	28.3 (Jan-Oct) <sup>1/</sup>
<b>Foreign Direct Investments (US\$ bn)</b>	10.3	9.9	8.7	6.8	12.0	9.5	9.1 <sup>1/</sup>	7.7 (Jan-Oct) <sup>1/</sup>
<b>Current Account/GDP (%)</b>	(0.7)	(2.6)	(0.8)	3.2	(1.5)	(4.5)	(2.7) <sup>1/</sup>	(3.9) (Jan-Sep) <sup>1/</sup>
<b>External Debt/GDP (%)</b>	22.3	22.8	22.2	27.2	27.0	27.5	28.7 <sup>1/</sup>	30.6 (end-Sep) <sup>1/</sup>

<sup>1/</sup>Preliminary data

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

<sup>3/</sup>Number of months of average imports of goods and payment of services and primary income that can be financed by reserves. Starting 2005, data are based on IMF's Balance of Payments and International Investment Position Manual, 6<sup>th</sup> Ed concept.

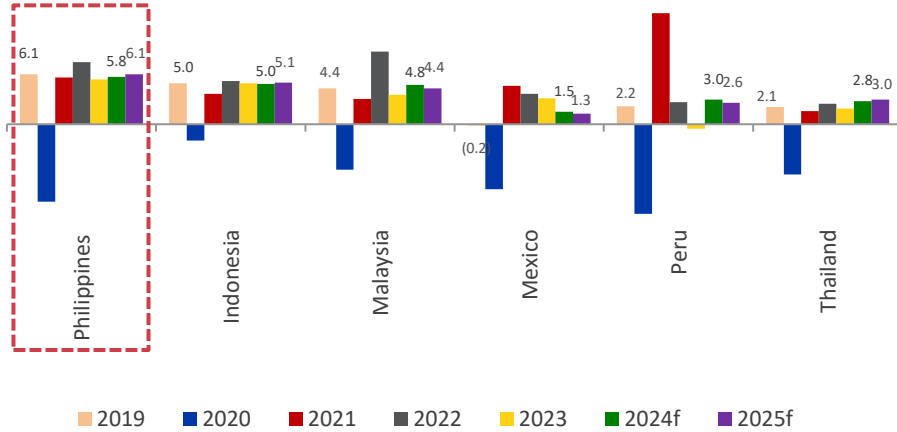
Source: Philippine Statistics Authority (PSA), BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

# II. Sound Credit Profile

## Competitive Even Among Higher-Rated Peers

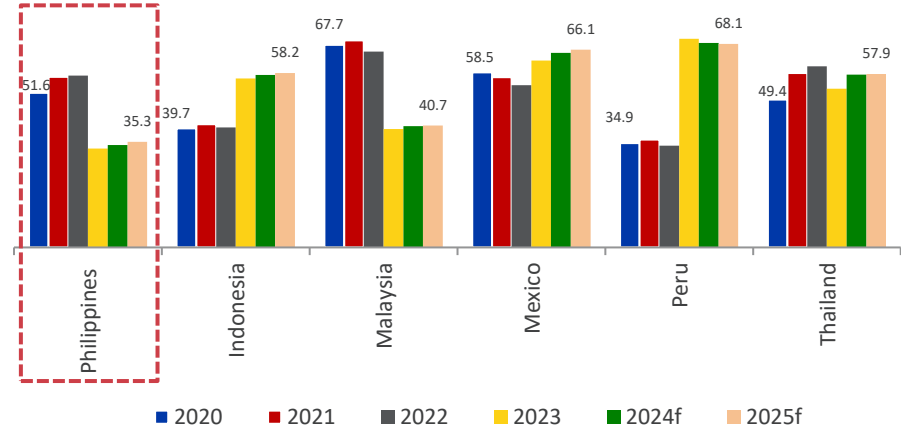
Highest growth performance among peers

GDP growth (%)



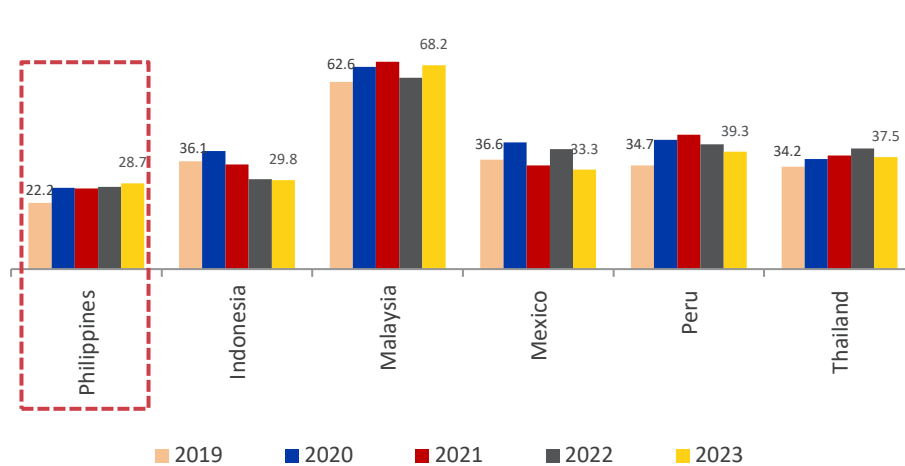
Debt burden remains manageable

General Government gross debt (% of GDP)



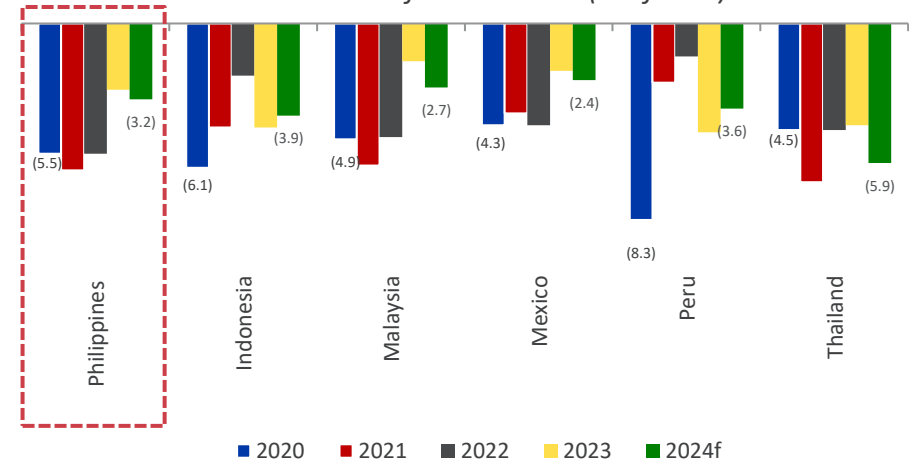
One of the lowest external debt ratio among peers

External Debt (% of GDP)



Sound fiscal position post-pandemic

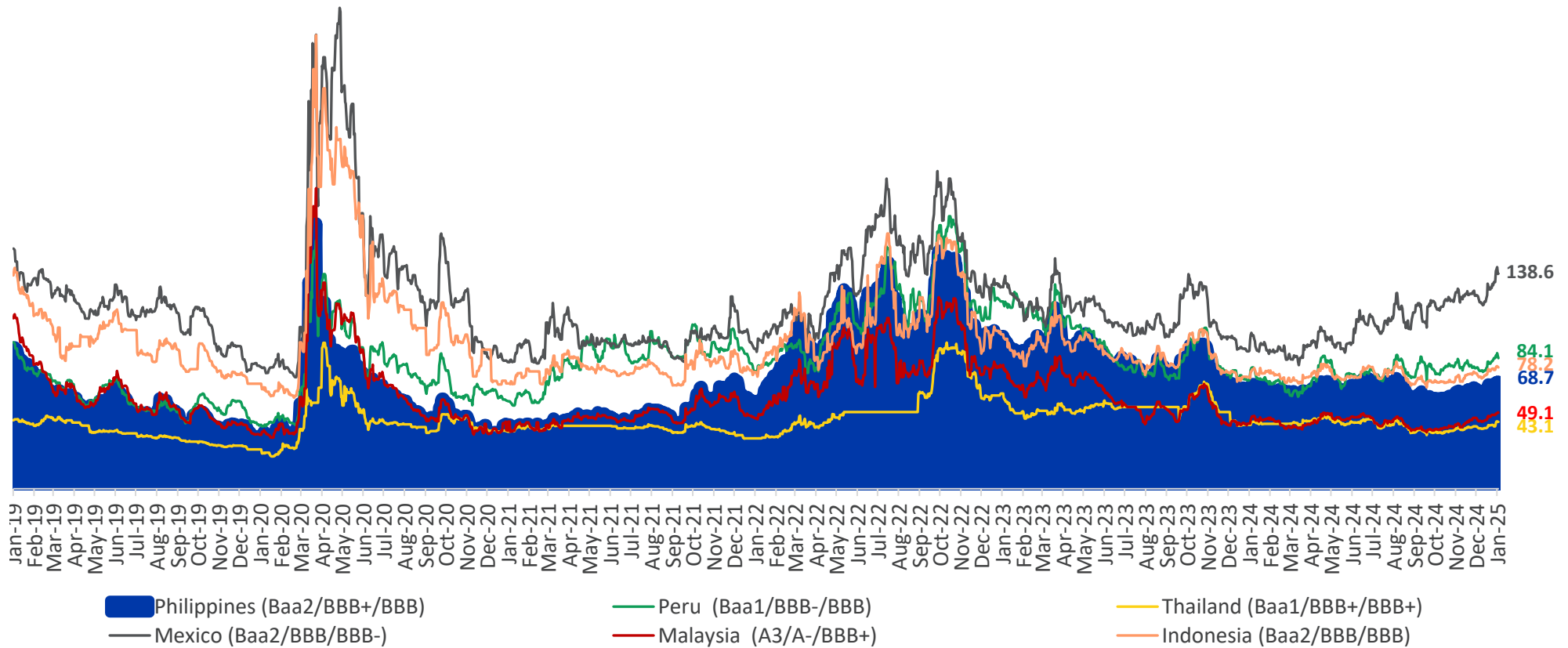
General Government fiscal balance (% of GDP)



# II. Sound Credit Profile

## Investor Confidence in the Philippines' Sound Credit Quality

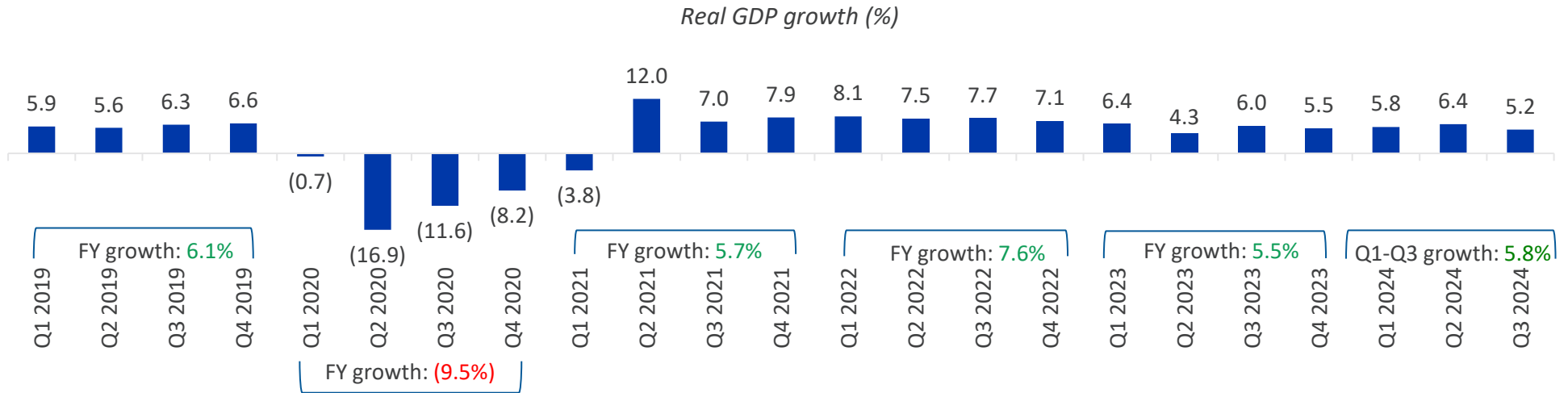
5-year Sovereign CDS spreads (in basis points)<sup>1/</sup>



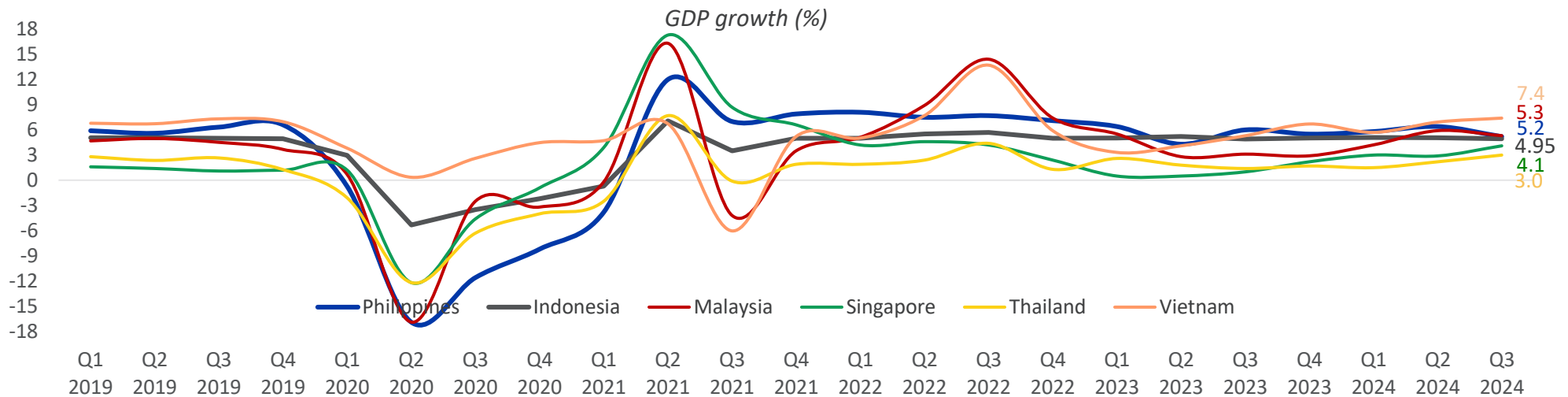
<sup>1/</sup> Data as of 3 January 2025, 6:00 pm  
 Rating: Moody's/S&P/Fitch ratings  
 Source: Bloomberg

# III. Sustained Robust Growth and Reform Momentum

## Roadmap for robust growth anchored on sound macroeconomic fundamentals



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



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

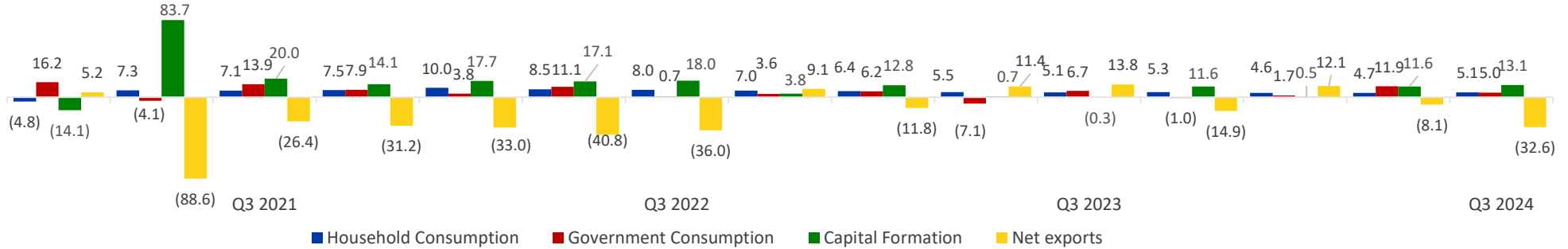
Note: GDP figures use 2018 as base year



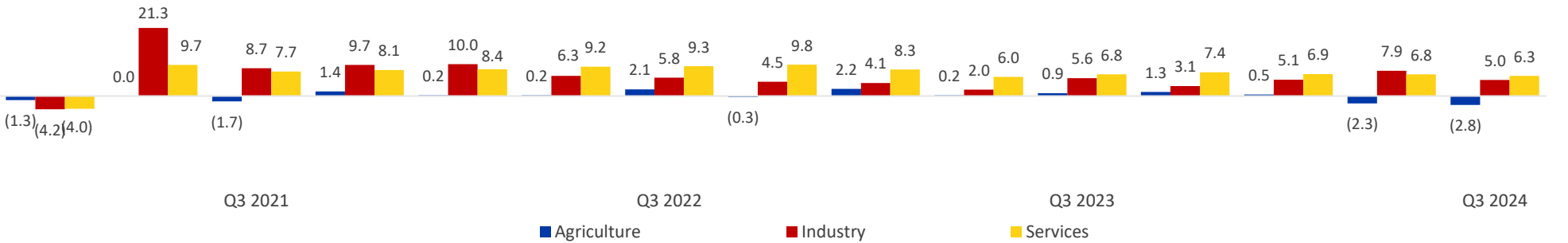
# III. Sustained Robust Growth and Reform Momentum

## Sustained domestic demand driven by household consumption and investments

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

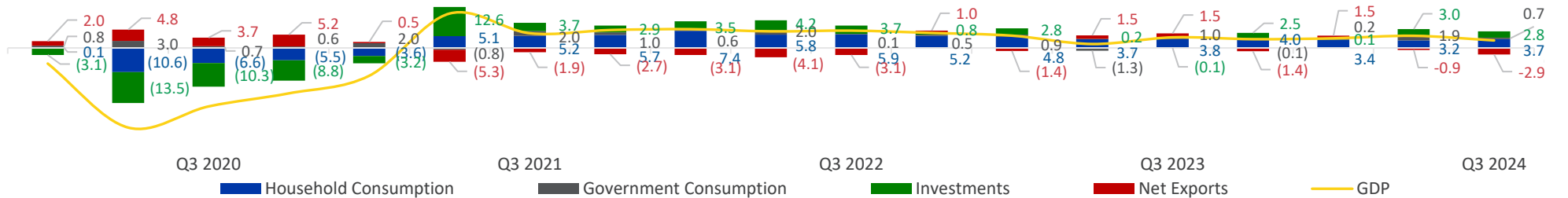


Supply-side growth rates (% , Constant 2018 prices)



## Robust domestic demand fuels economic growth

Contribution to GDP growth (% , Constant 2018 prices)



Sources: NEDA, PSA

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

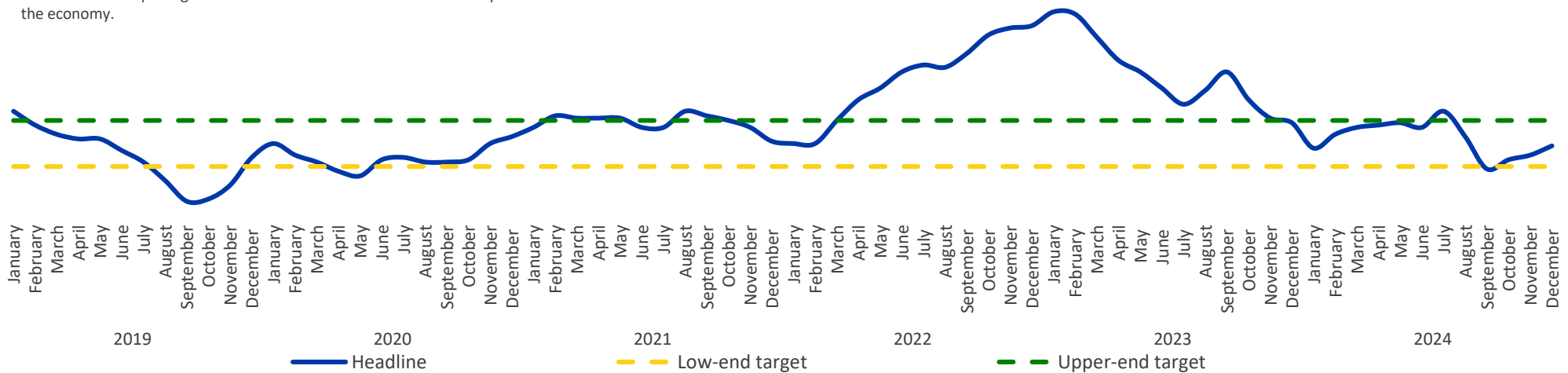
# III. Sustained Robust Growth and Reform Momentum

## Manageable inflation environment

Headline CPI (yoy, %), 2018 = 100

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

**Latest<sup>1/</sup>:**  
2.9% (Dec 2024)  
3.2% (2024)



- The Philippines' average headline inflation rate falls within target range in 2024.** Meanwhile, headline inflation rose to 2.9% in December 2024 owing to faster increases of rent and energy prices. Food inflation was unchanged in December 2024 as easing rice inflation offset the increase in vegetables and meat inflation.
- BSP reduced policy rate by 25 basis points to 5.75% in December 2024.** Easing cycle started in August 2024. The balance of risks to the inflation outlook continues to lean to the upside; due largely to potential upward adjustments in transport fares and electricity rates. Impact of lower import tariffs on rice remains main downside risk to inflation.
- Inflation projected to remain within target over policy horizon.** Risk adjusted inflation forecasts as of December 2024 vs. October 2024  
 2025: 3.4% vs. 3.3%  
 2026: 3.7% vs. 3.7%

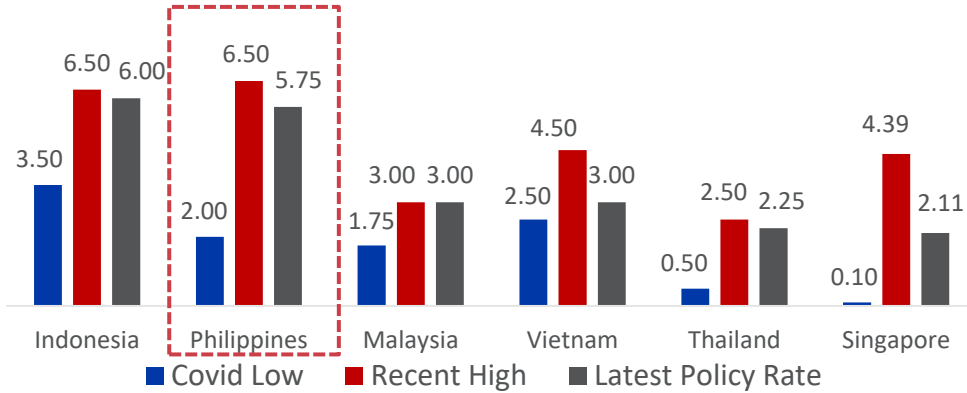
<sup>1/</sup> preliminary data as of 07 January 2025

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

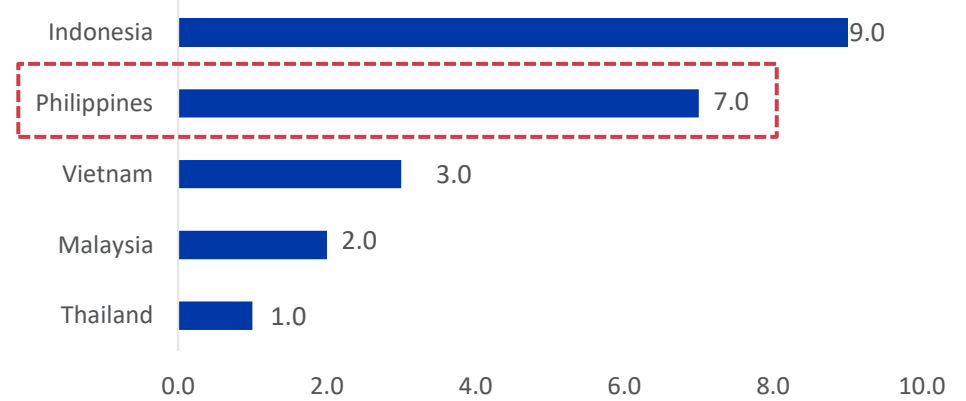
# III. Sustained Robust Growth and Reform Momentum

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

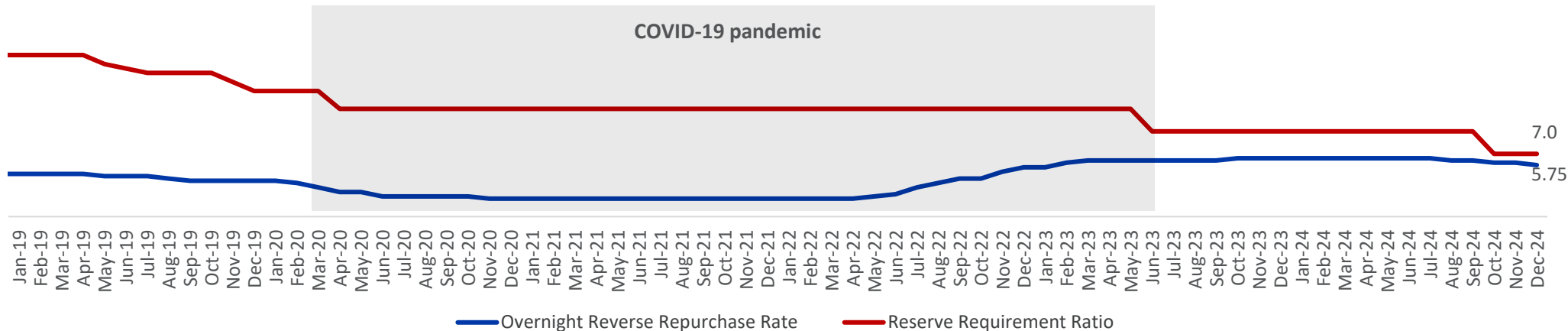
Central Bank Policy Rates (%)



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



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



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

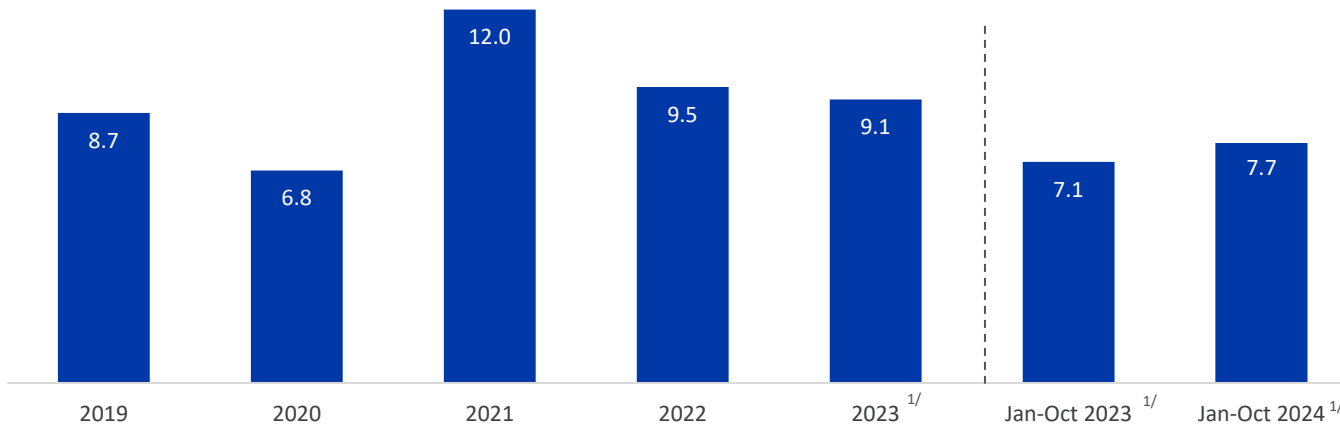
Source: BSP, CEIC, Central Bank Websites

# III. Sustained Robust Growth and Reform Momentum

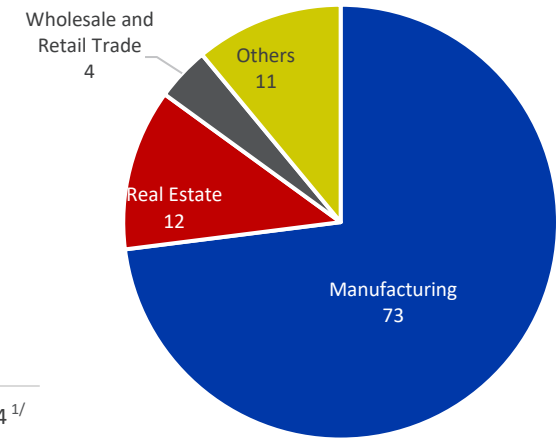
## Sustained Investment Flows

Continued inflows indicate confidence in long-term growth prospects

Net FDI (US\$ bn)

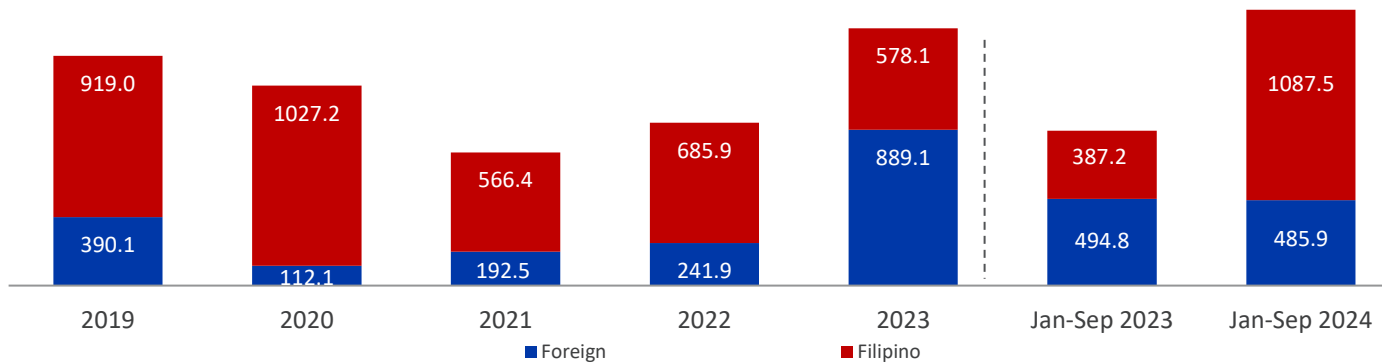


Top Industries for FDI<sup>2/</sup>  
(% share, Jan-Oct 2024)



Foreign investment pledges reached PHP486bn in the first three quarters of 2024

(PHP bn)



Countries with the highest investment pledges in Q1-Q3 2024  
(PHP bn)

Switzerland	286.8
South Korea	74.0
Netherlands	41.0

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

Source: BSP, PSA




<sup>1/</sup> Preliminary data

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

# III. Sustained Robust Growth and Reform Momentum

## Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

### Amendments to Foreign Investments Act [Republic Act (RA) No. 11647]

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

# III. Sustained Robust Growth and Reform Momentum

## Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

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

#### Amended Public Service Act

100% foreign ownership of:



Telecommunications



Airports



Railways



Shipping



Expressways

Allowed up to 40%:



Distribution of electricity



Transmission of electricity



Petroleum and petroleum products transmission or distribution systems



Water pipeline distribution systems and wastewater pipeline systems



Seaports



Public utility vehicles

#### Amended Retail Trade Liberalization Law

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

Assistance to small manufacturers by providing PH goods and services access to global stores



Designation of a store space as Filipino section

Utilization of locally sourced raw materials in the production of goods



Implementation of other arrangements that will promote locally manufactured products

Use of locally made packaging materials, such as bags, boxes, or containers



#### Amended IRR of Renewable Energy Act

100% foreign ownership in exploration, development, and utilization of:



Hydro



Ocean/Tidal



Solar



Wind

# III. Sustained Robust Growth and Reform Momentum

## Modernizing Industries and Expanding Growth to the Regions

### Strategic Investment Priority Plan (Approved in 2022)

#### Progression of Incentives Based on Industry Tiers

Tier I	Location	Incentives for Exporters	Incentives for Domestic Market
<b>Activities listed in the 2020 Investment Priorities Plan</b> <ul style="list-style-type: none"> <li>• All qualified manufacturing activities</li> <li>• Innovation driver</li> <li>• Infrastructure and logistics</li> <li>• Inclusive business models</li> <li>• Renewable energy, among others</li> </ul>	National Capital Region (NCR)	4 years of Income Tax Holiday (ITH), 10 years of Enhanced Deductions (ED)/ Special Corporate Income Tax (SCIT)	4 years of ITH, 5 years of ED
	Metropolitan areas or areas contiguous and adjacent to NCR	5 years of ITH, 10 years of ED/SCIT	5 years of ITH, 5 years of ED
	All other areas	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED

Tier II	Location	Incentives for Exporters	Incentives for Domestic Market
<b>Promote a competitive and resilient economy and to fill in gaps in the Philippines' industrial value chains</b> <ul style="list-style-type: none"> <li>• Green ecosystems</li> <li>• Health-related activities</li> <li>• Defense-related activities</li> <li>• Industrial value-chain gaps</li> <li>• Food security-related activities</li> </ul>	NCR	5 years of ITH, 10 years of ED/SCIT	5 years of ITH, 5 years of ED
	Metropolitan areas or areas contiguous and adjacent to NCR	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED
	All other areas	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED

Tier III	Location	Incentives for Exporters	Incentives for Domestic Market
<b>Accelerate the transformation of the economy primarily through the application of research and development and attraction of technology investments</b> <ul style="list-style-type: none"> <li>• Research and development activities, adopting advance digital production technologies of fourth industrial revolution</li> <li>• Highly technical manufacturing and production of innovative products and services</li> <li>• Establishment of innovation support facilities</li> </ul>	NCR	6 years of ITH, 10 years of ED/SCIT	6 years of ITH, 5 years of ED
	Metropolitan areas or areas contiguous and adjacent to NCR	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED
	All other areas	7 years of ITH, 10 years of ED/SCIT	7 years of ITH, 5 years of ED



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

# III. Sustained Robust Growth and Reform Momentum

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

**Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act (RA 12066, S. 2024)**

**CREATE Act (RA 11534, S. 2021)**

**Ease of Doing Business:** Simplifies local taxation and clarifies the process for VAT and duty incentives, expands support non-registered exporters and high value domestic market enterprises

**Improves Tax Regime:** Lowers corporate income tax to 20% from 25%, double power expense deductions, and adds a 50% deduction for tourism and trade fairs; Net operating loss carry-over (NOLCO) deductions within 5 years; extends maximum period of incentives to 27 years

**Efficient Approval Process:** Increases the investment capital approval threshold for investment promotion agencies to PHP15bn from PHP1bn, requiring only larger projects to go through the FIRB

### Largest fiscal stimulus for enterprises in the country's history

*Provides an estimated US\$2bn of tax relief annually to corporate sector to sustain employment or use for investments*

### Provides hefty corporate income tax rate cuts

*Tax cut for MSMEs (from 30% to 20%) and for all other corporations (from 30% to 25%)*

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

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

### Projects granted with tax incentives by the Fiscal Incentives Review Board (FIRB)

56 projects as of 31 May 2024 with total investment capital amounting to PHP873.9bn\*

- mass housing
- operations of a subway project
- operations of a domestic roll-on/roll-off vessel
- connectivity facilities for high-speed broadband services
- industrial zone operation
- telecommunications and telecom infrastructure
- Liquefied Natural Gas (LNG) storage and a regasification facility
- data center expansion
- manufacturing of semiconductors
- hotel accommodation
- general hospital
- electric vehicle charging stations
- manufacturing of cement, steel bars, semiconductors, motor vehicles, trailers and semi-trailers, solar wafer cells, wire harness of automobile projects
- manufacturing and assembly of reducer gears for robotic application and home appliances
- production of canned meat products, dressed chicken, personal care products, among others.

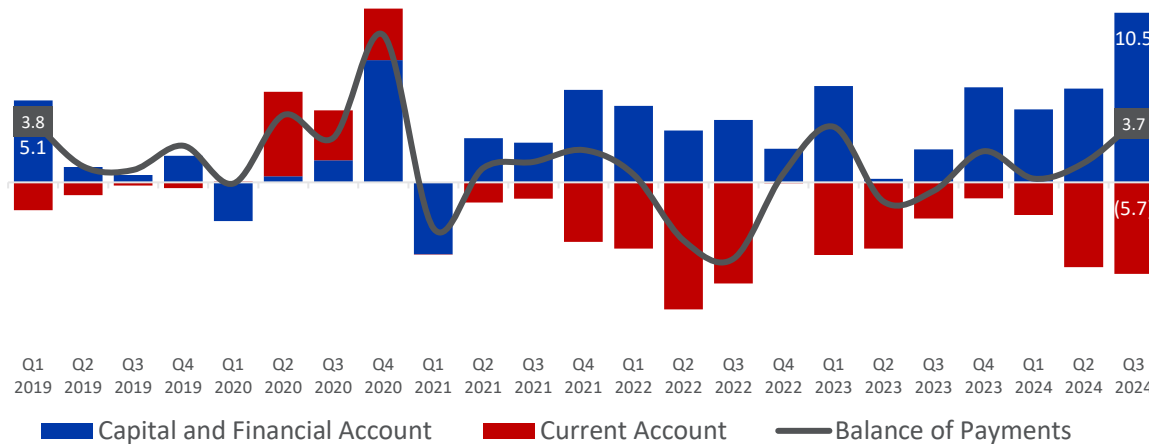


# IV. Favorable External Position

## Manageable Balance of Payments Position

### Balance of Payments

Balance of Payments Components (US\$ bn)

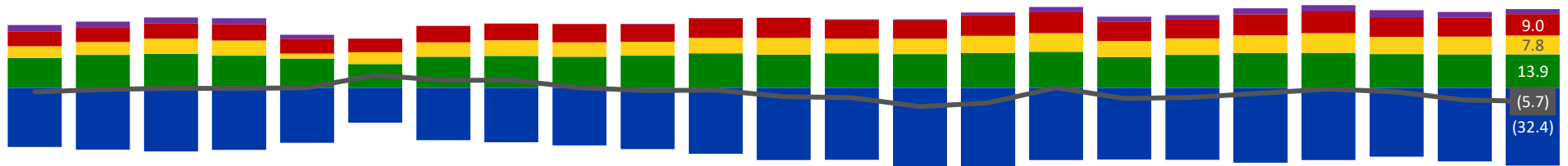


	2019	2020	2021	2022	2023 <sup>1/</sup>
Capital and Financial Account	8.2	7.0	6.5	13.9	14.1
Current Account	(3.0)	11.6	(5.9)	(18.3)	(11.8)
Overall Balance of Payments Position	7.8	16.0	1.3	(7.3)	3.7

### Current Account

Current account components (US\$ bn)

	2019	2020	2021	2022	2023 <sup>1/</sup>
Current Account /GDP (%)	(0.8)	3.2	(1.5)	(4.5)	(2.7)



Q1 2019 Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021 Q3 2021 Q4 2021 Q1 2022 Q2 2022 Q3 2022 Q4 2022 Q1 2023 Q2 2023 Q3 2023 Q4 2023 Q1 2024 Q2 2024 Q3 2024

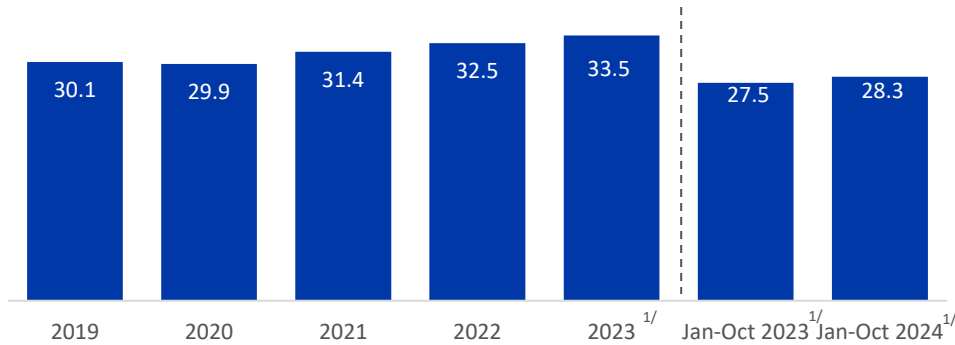
<sup>1/</sup> Preliminary  
Source: BSP

# IV. Favorable External Position

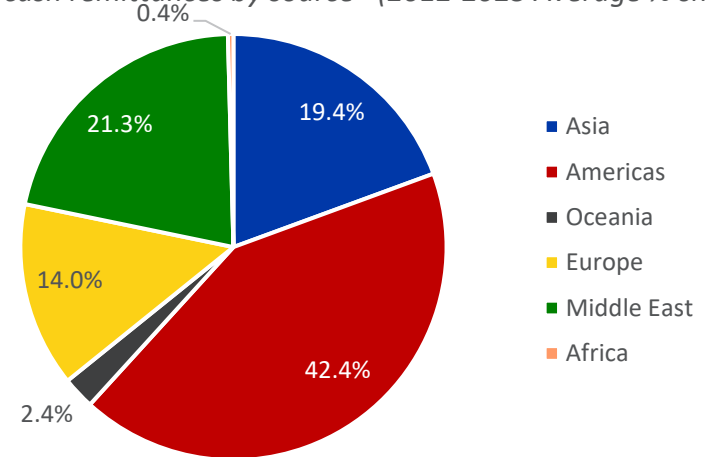
## Structural Current Account Inflows Support the Balance of Payments

Remittance flows remain resilient

OFs' cash remittances (US\$ bn)



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



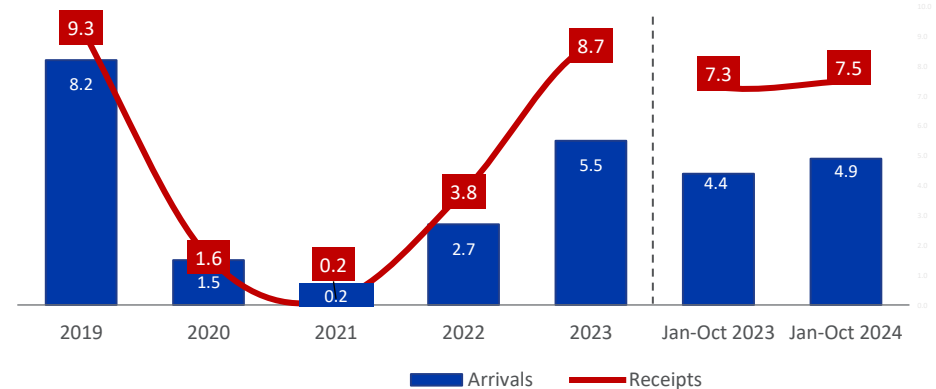
### BPO remains a strong driver of employment, export revenues

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



### Tourism industry posts strong rebound post-pandemic

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



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

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

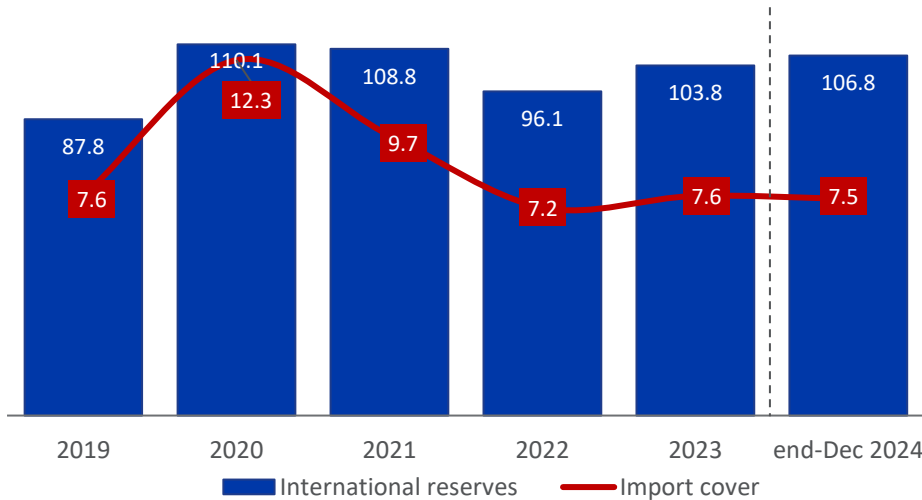
\*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

# IV. Favorable External Position

## Adequate Buffers Against External Headwinds

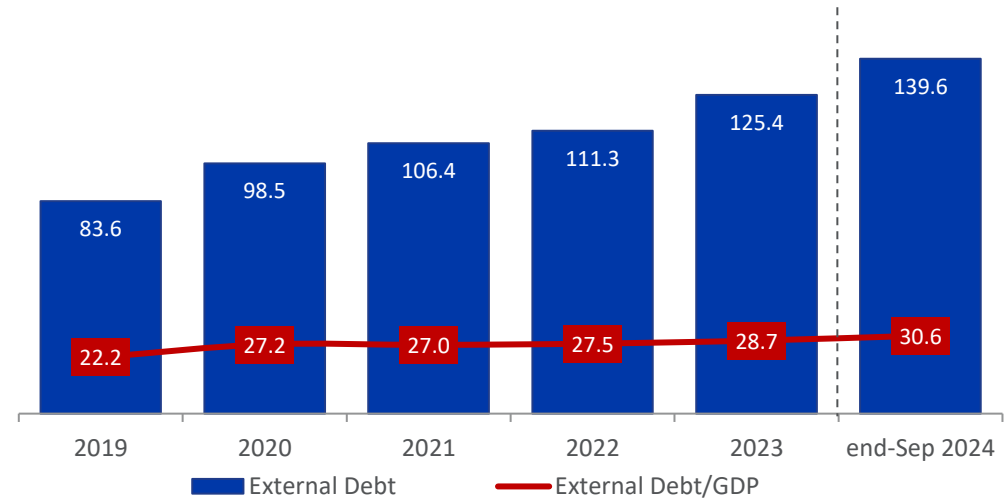
### Hefty level of reserves

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



### Prudently managed external debt

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

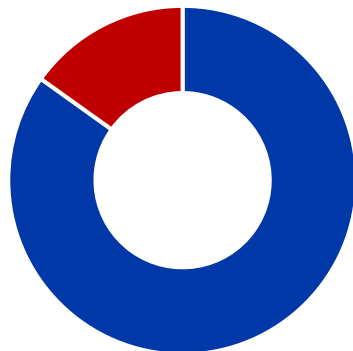


### Favorable external debt profile

(as of end-Sep 2024)

#### External Debt by Maturity

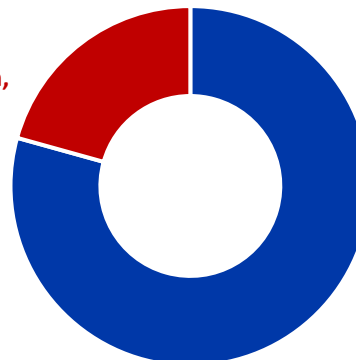
Short-term  
US\$21.1bn,  
15.1%



Medium and long-term,  
US\$118.5bn,  
84.9%

#### External Debt by Borrower

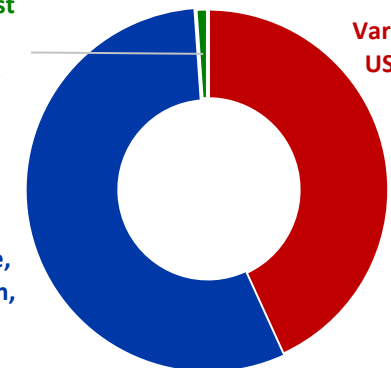
Banking System,  
US\$28.9bn,  
20.7%



Non-Banking System,  
US\$110.8bn,  
79.3%

#### External Debt by Interest Type

Non-interest bearing,  
US\$1.4bn,  
1.1%



Fixed rate,  
US\$66.0bn,  
55.7%

Variable rate,  
US\$51.2bn,  
43.2%

# IV. Favorable External Position

## Opportunities for Regional Trade, Investment to Support External Accounts

### Philippines: A strategic point of access to key markets



*Critical entry point to over 680mn people in the ASEAN Market*

*Natural gateway to the East-Asian economies*

*Situated at the crossroads of international shipping and air lanes*

*Reachable within 3-4 hours by plane within most countries in Asia*

### Philippines' Foreign Trade Agreements (FTA)



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



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



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



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



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



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

### Regional Comprehensive Economic Partnership (RCEP)

*Ratified by the Philippines on 21 February 2023 and entered into force on 02 June 2023*

*Philippine Institute for Development Studies (PIDS) research found that Philippines and Vietnam are the top gainers of RCEP deal*

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

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

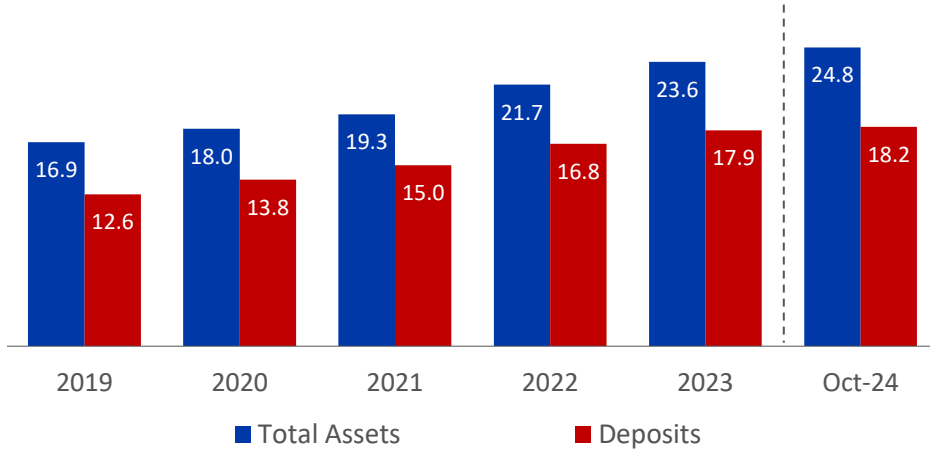
*Improves levels of market access; provides a specific chapter for MSMEs; includes simplified and business-friendly customs procedure for trade; enhances cooperation on e-commerce*

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

# V. Sound and Stable Banking System

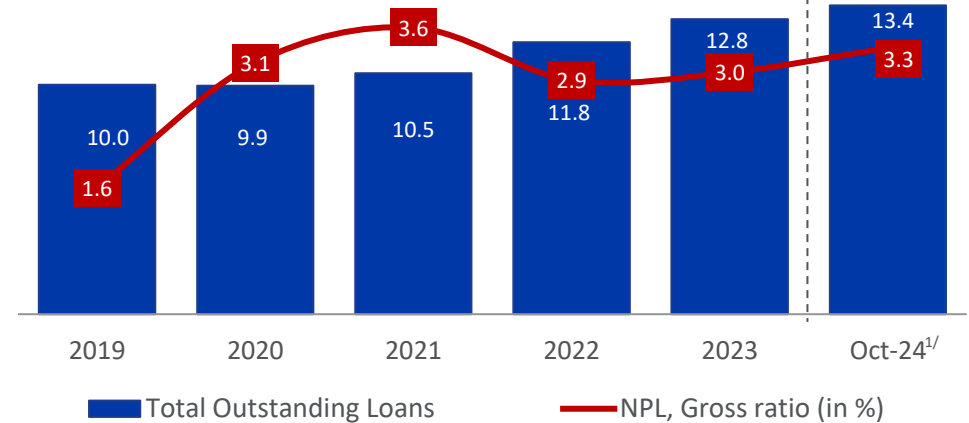
## Strong asset expansion funded mostly by deposits

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



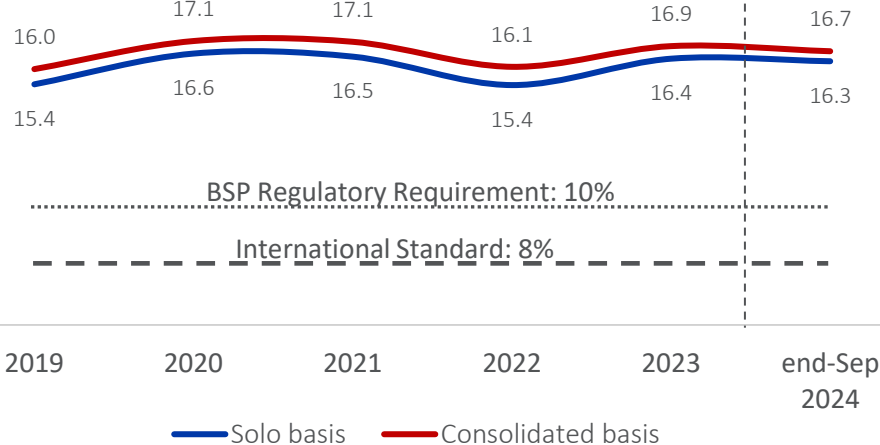
## Improving loan demand while keeping asset quality manageable

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



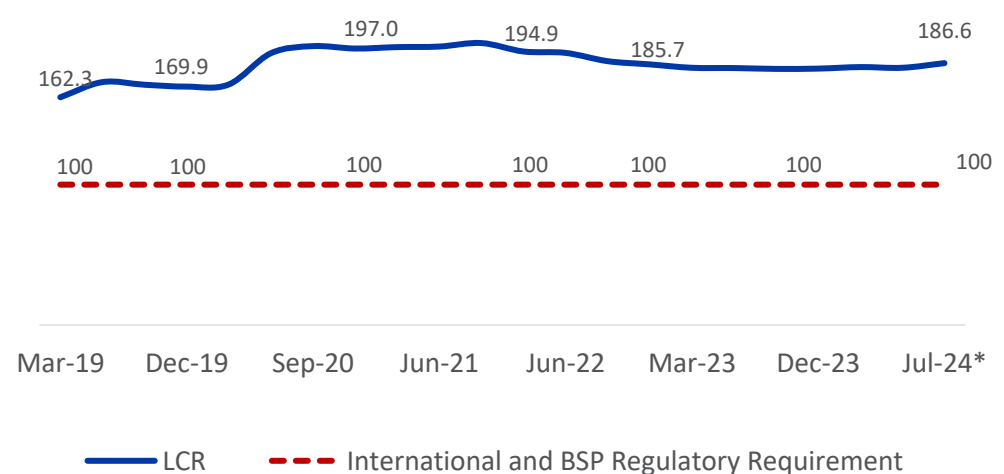
## Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



## Strong liquidity position to fund requirements during shocks

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



1/ Preliminary  
Source: BSP  
Note: U/KBs – Universal and Commercial Bank

# V. Sound and Stable Banking System

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

- RA 11054, Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)
- IRR of Article XIII, Sections 32 and 34 of RA 11054, Joint Circular on the Establishment of the Shari'ah Supervisory Board in BARMM
- RA 11211, An Act Amending RA 7653, The New Central Bank Act
- RA 11439, An Act Providing for the Regulation and Organization of Islamic Banks
- RA 11840, An Act Amending RA 3591, The Philippine Deposit Insurance (PDIC) Charter

### Prudential regulations provide an enabling regulatory environment and a level playing field for Islamic Banking

- Guidelines on Establishment of Islamic Banks (IBs) and Islamic Banking Units (IBUs), Circular No. 1069, Series of 2019
- Shari'ah Governance Framework for IBs and IBUs, Circular No. 1070, Series of 2019
- Guidelines on Management of Liquidity Risk by IBs and IBUs, Circular No. 1116, Series of 2021
- Guidelines for Reporting Islamic Banking and Finance Transactions/Arrangements, Circular No. 1139, Series of 2022
- Modified Minimum Capitalization of Conventional Banks with IBU, Circular No. 1173, Series of 2023



#### Islamic Finance Opportunities

- Two (2) Islamic banking players operating in accordance with Shari'ah principles
- Promotes financial inclusion
- Targets unbanked regions
- Nationwide capacity-building programs and awareness campaigns have increased engagement with potential new players

# VI. Strong Foundation for Digital Payments

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

- RA 11127, National Payment Systems Act (NPSA)
- RA 11211, Amendments to the New Central Bank Act empowers BSP to oversee payment and settlement systems
- RA 12010, Anti-Financial Account Scamming Act combats financial cybercrimes

### Regulatory approach

- *Registration and licensing framework of digital banks and virtual asset service providers. Monetary Board lifted moratorium on grant of new digital banking licenses starting 1 January 2025; allowed maximum of 10 digital banks*
- *Adoption of Payment System Oversight Framework (PSOF), sets out a risk-based oversight approach over payment systems and financial market infrastructures*
- *Regulatory Sandbox Framework, fosters an enabling environment for responsible innovation on inclusive digital financial ecosystem*
- *Consumer protection and digital literacy*

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

#### Digital Payments Streams

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



#### Digital Finance Infrastructure

- *National ID System – PhilSys, PhilPaSS<sup>plus</sup>, Open banking*



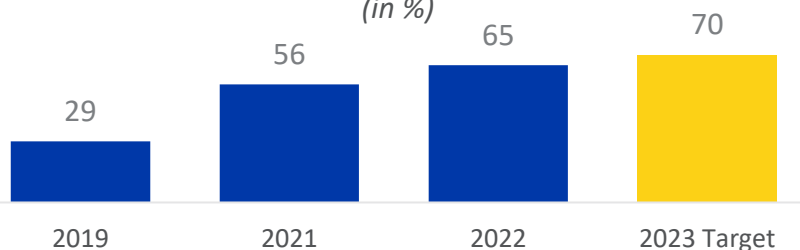
#### Digital Governance Standards

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



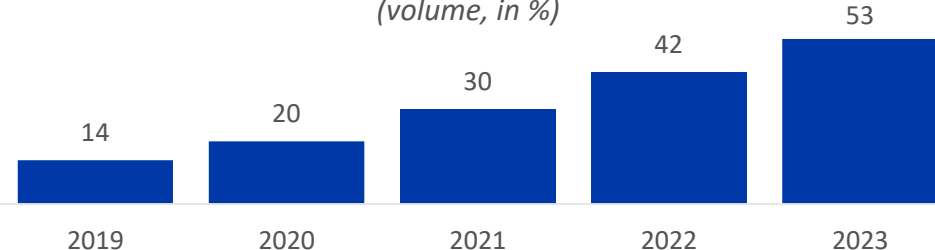
#### Share of Filipino Adults with Transaction/ Formal Accounts

(in %)



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

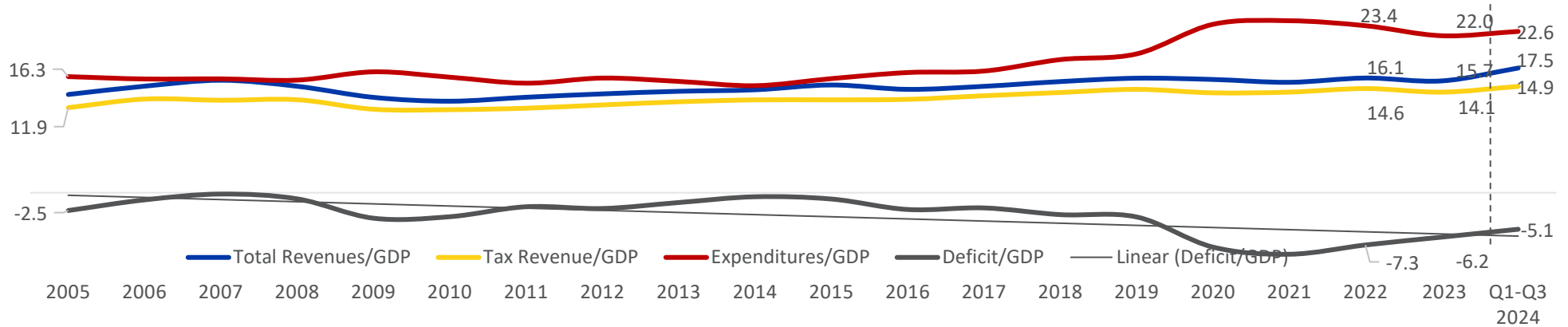
(volume, in %)



# VII. Sound Government Finances

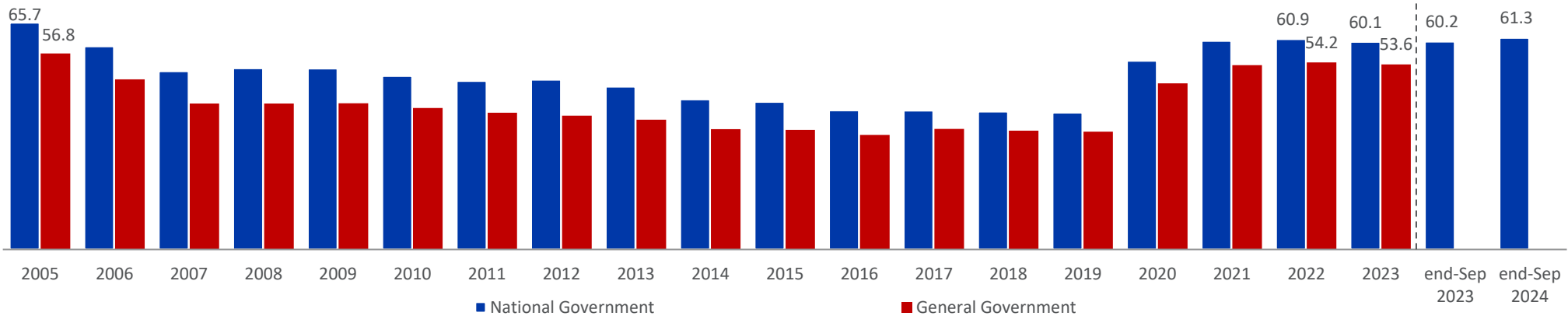
## Long history of prudent fiscal management strengthens government's financial position

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



## Debt remains manageable, fiscally viable through prudent and strategic debt management

Government debt (% of GDP, current)



Sources: DOF, Bureau of the Treasury



# VII. Sound Government Finances

Enhanced tax collection efficiency due to implementation of comprehensive tax and administration reforms is a pillar for recovery

	Actual	Actual	Actual	Actual	Actual	Actual	Outlook	Program			
	2019	2020	2021	2022	2023	Jan-Nov 2024	2024	2025	2026	2027	2028
<b>Particulars</b>	PHP bn										
<b>Revenues</b>	3,137.5	2,856.0	3,005.5	3,545.5	3,824.1	4,104.3	4,382.7	4,644.4	5,063.2	5,627.5	6,249.6
<i>% of GDP</i>	16.1	15.9	15.5	16.1	15.7	17.5 (Jan-Sep)	16.5	16.2	16.2	16.6	17.0
<b>Tax Revenues</b>	2,827.7	2,504.4	2,742.7	3,220.3	3,429.3	3,549.1	NA	NA	NA	NA	NA
<i>% of GDP</i>	14.5	14.0	14.1	14.6	14.1	14.9 (Jan-Sep)	NA	NA	NA	NA	NA
<b>Non-tax Revenues</b>	309.6	351.3	262.5	325.1	394.2	555.3	NA	NA	NA	NA	NA
<i>% of GDP</i>	1.6	2.0	1.4	1.5	1.6	2.6 (Jan-Sep)	NA	NA	NA	NA	NA
<b>Expenditures</b>	3,797.7	4,227.4	4,675.6	5,159.6	5,336.2	5,281.2	5,907.5	6,182.1	6,540.1	7,027.0	7,621.5
<i>% of GDP</i>	19.5	23.5	24.1	23.4	22.0	22.6 (Jan-Sep)	22.3	21.5	20.9	20.7	20.7
<b>Surplus/(Deficit)</b>	(660.2)	(1,371.4)	(1,670.1)	(1,614.1)	(1,512.1)	(1,176.9)	(1,524.8)	(1,537.7)	(1,476.8)	(1,399.5)	(1,371.9)
<i>% of GDP</i>	(3.4)	(7.6)	(8.6)	(7.3)	(6.2)	(5.1) (Jan-Sep)	(5.7)	(5.3)	(4.7)	(4.1)	(3.7)

- Growth-enhancing fiscal consolidation remains a priority. Declining deficit path to reach 3.7% in 2028 reflecting gradual increase in revenues supported by legislative measures including recently enacted VAT on Digital Services Act and tax administration reforms. Government to relax privatization rules to allow sale of idle assets. Review existing fees and charges to improve non-tax revenue collection.
- The Philippines to leverage on strong track record of revenue improvement and prudent expenditure management to return to fiscal consolidation (i.e., reduce deficit and debt stock accumulation) in the medium-term.

N/A – Not Available

Source: DBM, BTr, DOF, Medium-Term Fiscal Program approved during 189<sup>th</sup> DBCC Meeting on 2 December 2024, BESF 2025

# VII. Sound Government Finances

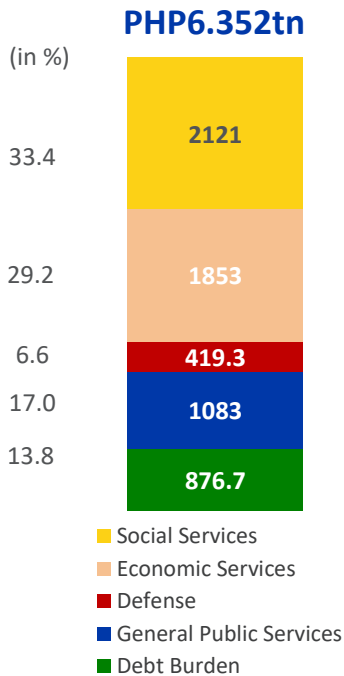
## 2025 National Budget

### Agenda for Prosperity: Fulfilling the Needs and Aspirations of the Filipino People

- PHP6.326tn<sup>1/</sup> National Budget signed into law 30 December 2024. Aligned with Philippine Development Plan 2023-2028. 9.7% higher than 2024 budget and equivalent to about 22% of GDP.

#### 2025 National Expenditure program (NEP), PHP bn and % share

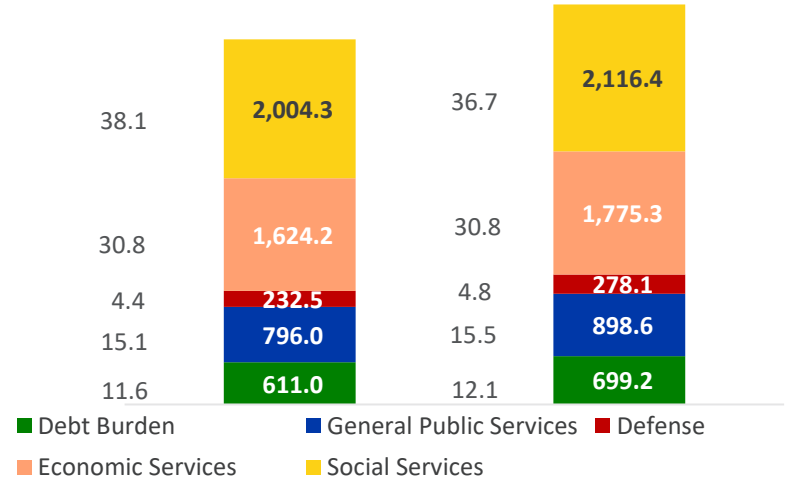
#### 2025 Priority Sectors based on NEP in PHP bn



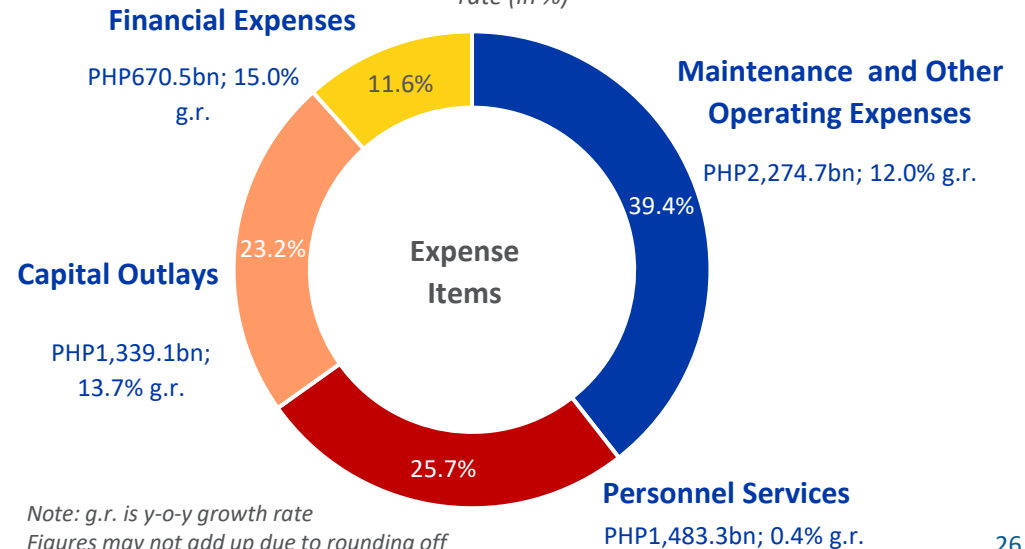
Education	977.6
Public Works	900.0
Health	297.6
Interior and Local Government	278.4
Defense	256.1
Social Welfare	230.1
Agriculture	211.3
Transportation	180.9
Judiciary	63.6
Justice	40.6

## 2024 General Appropriations Act (GAA) by Sector, PHP bn and % share

2023 GAA (in %) **PHP5.268tn** VS 2024 GAA (in %) **PHP5.768tn**



2024 GAA by Expense Class, PHP bn, % Share and growth rate (in %)



Note: g.r. is y-o-y growth rate  
Figures may not add up due to rounding off

<sup>1/</sup> based on signed GAA  
Source: DBM

# VII. Sound Government Finances

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

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



#### EUR2.1bn

April 2021

Largest and first triple-tranche euro offering

- EUR650mn 0.250% (MS+75bps) Notes due 2025
- EUR650mn 1.200% (MS+105bps) Notes due 2033
- EUR800mn 1.750% (MS+135bps) Notes due 2041



#### US\$3.0bn

June 2021

Dual-tranche global bonds comprising

- US\$750mn priced at T+60bps (1.950%) Notes due 2032
- US\$2.25bn priced at 3.250% with a coupon of 3.200% Notes due 2046



#### US\$2.25bn

March 2022

US\$2.25bn first triple tranche Global Bonds, including 25Y notes issued under the Sustainable Finance Framework, marking ROP's debut on Environmental, Social and Governance (ESG) Global Bonds offering

- US\$500mn priced at T+90bps (3.229%) Notes due 2027
- US\$750mn at T+125bps (3.556%) Notes due 2032
- US\$1bn sustainability bonds at 4.200% Notes due 2047



#### JPY70.1bn

April 2022

First Sustainability samurai bond multi-tranche offering with an ESG label across all four tranches (tenors: 5, 7, 10, 20)

- JPY52bn priced at 0.760% (YMS+60bps) Notes due 2027
- JPY5bn at 0.950% (YMS+70bps) Notes due 2029
- JPY7.1bn at 1.220% (YMS+85bps) Notes due 2032
- JPY6bn at 1.830% (YMS+115bps) Notes due 2042



#### US\$2.0bn

October 2022

Triple-tranche Global Bonds, including 25Y sustainability bonds under the new administration. ESG Bonds comprises 37.5% of the US\$2.0bn global issuance.

- US\$500mn priced at T+120bps (5.170%) Notes due 2027
- US\$750mn priced at T+185bps (5.609%) Notes due 2034
- US\$750mn sustainability bonds priced at 6.100% (5.950%) Notes due 2047



#### US\$3.0bn

January 2023

Triple-tranche Global Bonds, including a 25Y sustainability notes marking the Republic's 4<sup>th</sup> G3 ESG bond offering

- US\$500mn priced at T+105bps (4.625%) Notes due 2028
- US\$1.25bn priced at T+145bps (5.000%) Note due 2033
- US\$1.25bn sustainability bonds priced at 5.500% Notes due 2048



#### US\$1bn

November 2023

US\$1bn maiden 5.5Y dollar Sukuk utilizing real estate assets under Ijara and Wakala, together with a Commodity Murabaha aspect

- Priced at T+80bps with a profit rate of 5.045% Certificates due 2029



#### US\$2.0bn

May 2024

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

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



#### US\$2.5bn

August 2024

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

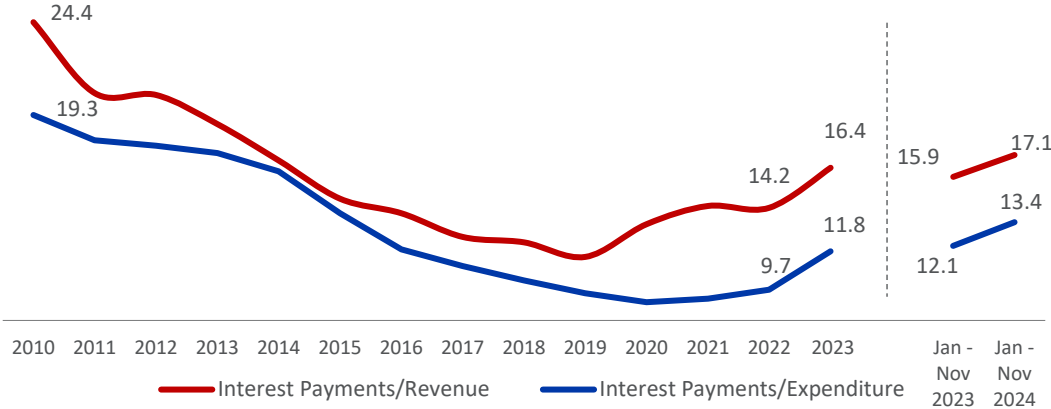
- US\$500mn priced at T+75bps Notes due 2030
- US\$1.1bn priced at T+95bps Notes due 2035
- US\$900mn priced at 5.175% Notes due 2049

# VII. Sound Government Finances

## Sustainable Debt Profile Supported by Diversified Sources of Financing

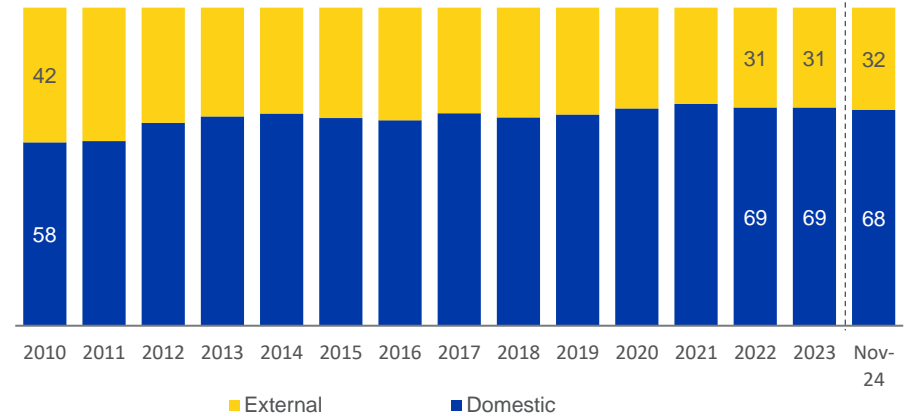
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space

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



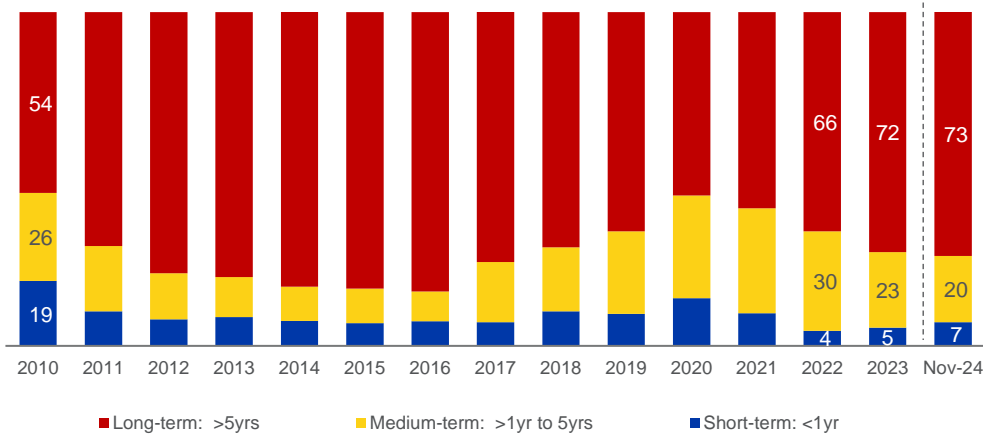
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)\*

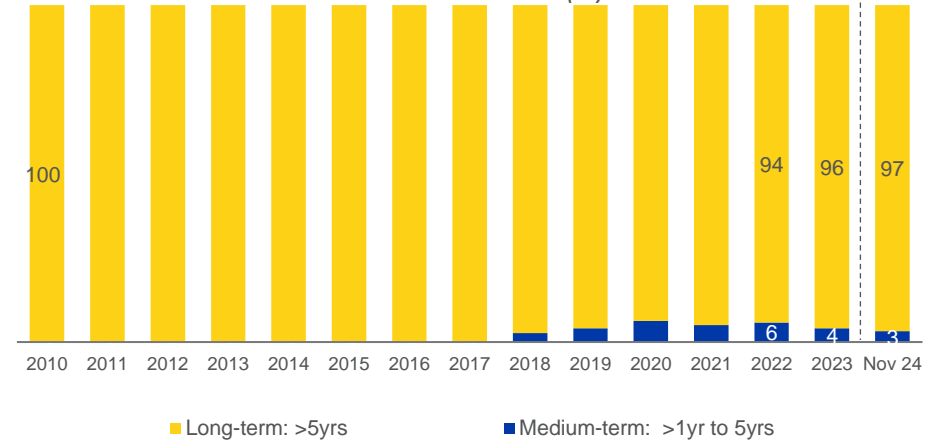


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)\*



External debt breakdown (%)\*



Source: Bureau of the Treasury  
\*National Government Outstanding Debt

# VII. Sound Government Finances

## Strong Bias for Domestic Sources of Financing to Minimize FX Risks

### Strategic Financing Program

Particulars	2015	2016	2017	2018	2019	2020	2021	2022	2023 <sup>a/</sup>	2024 Program	2025 Program
	(PHP bn)										
<b>Gross Borrowing</b>	609.6	507.0	901.7	897.6	1,015.8	2,652.5	2,549.7	2,163.5	2,193.3	2,570.0	2,545.9
<b>External</b>	189.5	149.5	168.1	303.1	321.9	742.4	568.7	520.1	559.0	646.1	507.4
<i>Program Loans</i>	72.0	35.6	35.1	80.4	78.2	375.2	166.1	136.6	204.3	306.6	236.1
<i>Project Loans</i>	28.2	18.8	33.4	34.0	58.0	49.1	110.2	120.7	135.9	68.7 <sup>b/</sup>	73.6 <sup>b/</sup>
<i>Bonds and other inflows</i>	89.4	95.1	99.6	188.7	185.7	318.1	292.3	262.8	219.0	270.8 <sup>c/</sup>	197.6
<b>Domestic</b>	420.1	357.5	733.5	594.5	693.8	1,910.1	2,010.6	1,643.4	1,634.2	1,923.9	2,037.6
<i>Treasury Bills</i>	(17.3)	23.5	26.4	179.9	(8.1)	463.3	(153.3)	(385.8)	54.1	51.1	60.0
<i>Fixed Rate T-bonds</i>	437.4	334.0	707.1	414.5	702.0	1,446.8	2,163.9	2,029.2	1,599.4	1,872.9	1,977.6
<b>Financing Mix (Domestic: External)</b>	<b>69:31</b>	<b>71:29</b>	<b>81:19</b>	<b>66:34</b>	<b>68:32</b>	<b>72:28</b>	<b>78:22</b>	<b>76:24</b>	<b>75:25</b>	<b>75:25</b>	<b>80:20</b>

Note: Figures may not add up due to rounding off

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

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

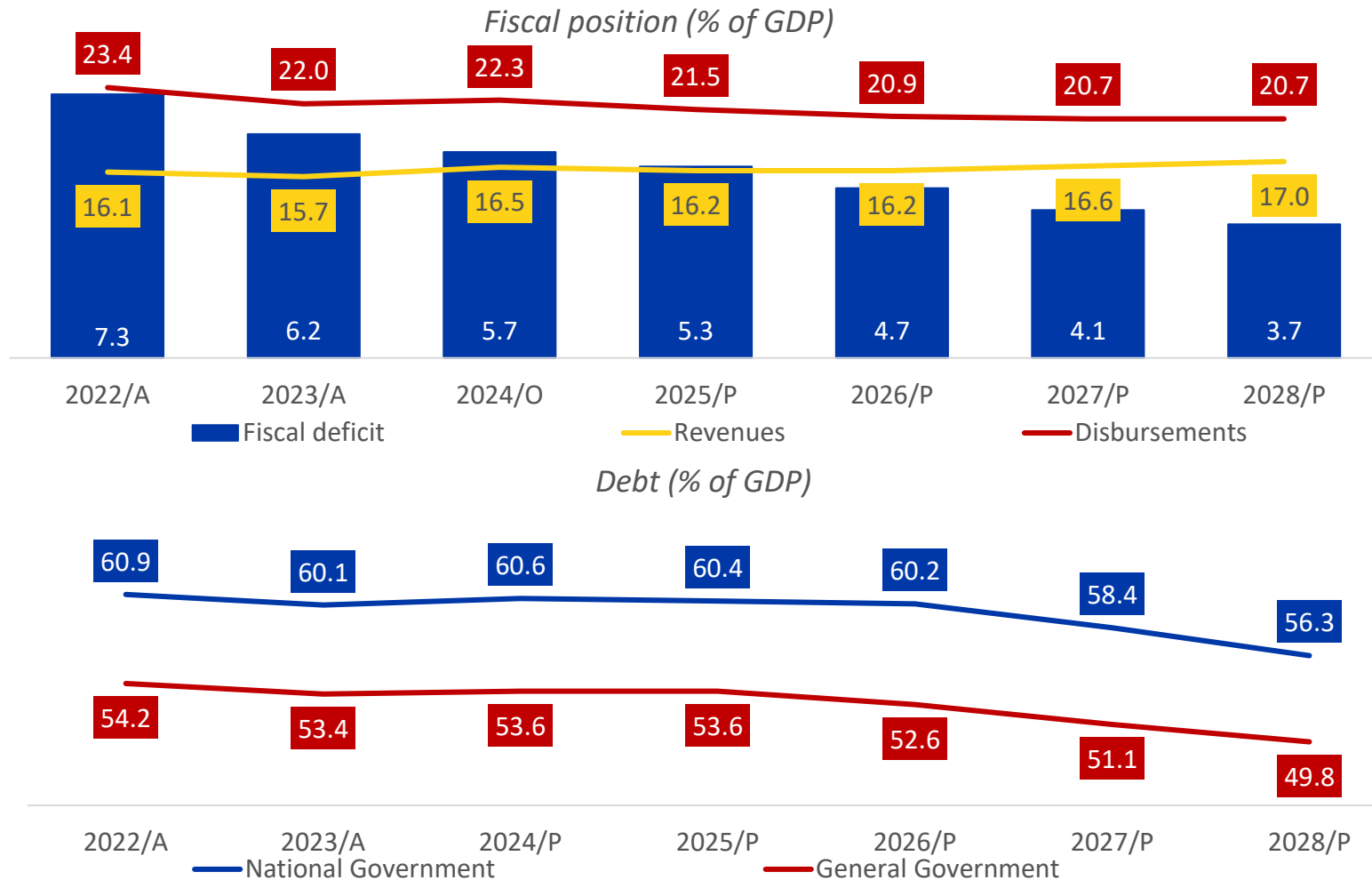
<sup>c/</sup> Based on actual peso proceeds of completed issuance as of end-June 2024 and estimated peso equivalent of remaining issuance program

Source: Bureau of the Treasury, DBM BESF 2025

# VII. Sound Government Finances

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

### Medium-Term Fiscal Framework Targets



Source: Medium-Term Fiscal Program Approved during the 189<sup>th</sup> DBCC Meeting on 2 December 2024, BTR

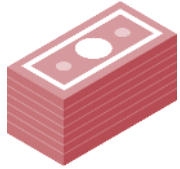
A/ Actual; O/Outlook; P/Program

Note: GG debt estimates are unofficial estimates of the BTR

# VII. Sound Government Finances

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

Serves as blueprint to guide the consolidation process:



Reduce the fiscal deficit



Promote fiscal sustainability



Enable robust economic growth

### Priority Measures under the Framework



**1. Promote efficient tax administration through digitalization**

- *Ease of Paying Taxes Act (RA 11976)*



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

- *VAT on Digital Service Providers (RA 12023)*



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

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



**4. Pursue remaining tax reform packages**

- *Package 3: Real Property Valuation Reform (RA 12001)*
- *Package 4: Passive Income and Financial Intermediary Taxation Reform (PIFITA)*



**5. Other measures**

- *Rationalization of fiscal mining regime*
- *Motor Vehicles Road Users tax*

# VII. Sound Government Finances

## Maharlika Investment Fund (MIF) (RA 11954)

- Preserves and uses government financial assets to generate optimal returns to support infrastructure development agenda, create jobs, promote investments, foster technological transformation, strengthen connectivity, achieve energy, water and food security, and poverty reduction efforts
- Promotes efficient intergenerational management of wealth



### ALLOWABLE INVESTMENTS

- Cash, foreign currencies, metals, and other tradeable commodities
- Fixed income instruments issued by sovereigns, quasi-sovereigns, and supranationals
- Domestic and foreign corporate bonds
- Listed or unlisted equities, whether common, preferred, or hybrids
- Islamic investments, such as Sukuk bonds
- Joint Ventures or Co-Investments; Mergers and Acquisitions
- Mutual and Exchange-traded Funds invested in underlying assets
- Real estate and infrastructure projects toward national priorities
- Programs and projects on health, education, research and innovation
- Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors
- Other investments with sustainable and development impact aligned with the investment policy



### SAFEGUARDS

- Financial reporting in accordance with relevant International Financial Reporting Standards and principles; compliance with Santiago Principles
- Audit Committee composed of Board members to oversee internal and external audits of MIC
- Internal audit independent from management of MIC
- External audit by internationally recognized auditing firm
- Examination and audit by Commission on Audit
- Joint Congressional Oversight Committee, composed of seven (7) members each from House of Representatives and Senate

- Promotes development through investments in key sectors; obtain optimal absolute return on investments (ROI) and financial gains; ensure profitability, liquidity, safety/security of investments
- Funds sourced from Maharlika Investment Corporation (MIC), which governs and manages MIF to generate ROI

### GOVERNANCE

- Governed by **Board of Directors (BOD)** with 9 members composed of:
  - Finance Secretary of as Chairperson in an ex-officio capacity;
  - President and Chief Executive Officer (CEO) of the MIC as Vice-Chairperson;
  - President and CEO of Land Bank of the Philippines (LBP);
  - President and CEO of the Development Bank of the Philippines DBP;
  - Two (2) Regular Directors; and
  - Three (3) Independent Directors from private sector
- Advisory Body:** Department of Budget and Management Secretary, National Economic and Development Authority Secretary, and Treasurer of the Philippines Powers and functions:
  - Advise and assist BOD in policy formulation of investment and risk management;
  - Provide guidance on plans and projects of MIC; and
  - Recommend Regular and Independent Directors

#### Other Salient features:

- Government financial institutions (GFIs) and Government-Owned or -Controlled Corporations (GOCCs)\*, may invest in MIF, subject to board approval
- Additional investments may be sourced from investments of reputable private and state-owned financial institutions and corporations
- MIF to be invested in commercial basis to promote fiscal stability and strengthen GFIs through additional investment platforms
- Investment sectors to be tapped by MIF: Infrastructure; Oil, Gas, and Power; Agroforestry Industrial Urbanization; Mineral Processing; Tourism; Transportation; and Aerospace and Aviation.<sup>1/</sup>

<sup>1/</sup> <https://www.dof.gov.ph/maharlika-investment-corporation-holds-inaugural-board-meeting-identifies-potential-sectors-to-tap/>

\*except those that manage pension and welfare funds

Source: Senate, House of Representatives, DOF



# VIII. Infrastructure Program

## Building on a Solid Foundation for Infrastructure Development

*“Build Better More” program to help ensure country’s sustainable, robust, and inclusive growth*



**3,224** Infrastructure programs/activities/projects (PAPs)<sup>1/</sup> (PHP12.8tn/US\$225.1bn)

**186** Infrastructure Flagship Projects <sup>2/</sup> (IFP) (PHP9.6tn/US\$167.9bn)

- IFP by Sector<sup>3/</sup>**
- 135** Physical Connectivity
  - 29** Water Resources
  - 9** Agriculture
  - 5** Health
  - 4** Digital Connectivity
  - 1** Power and Energy
  - 1** Education
  - 2** Other Infra

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

*Expedite permitting process and implementation of IFPs.*

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

- 6** completed
- 66** ongoing implementation
- 29** approved for implementation
- 6** awaiting government approval
- 79** ongoing project preparation or pre-project preparation
  - Increased infrastructure investment and efficiency in budget utilization
    - ✓ January to October 2024 Infrastructure disbursements reached PHP1,275.0bn, 11.3% higher yoy.
    - ✓ As of Q3 2024: 100% and 99% utilization rate of cash allocations by DPWH and DOTr, respectively.

<sup>1/</sup>Based on Chapter 12 of the PIP 2023-2028 as of March 2024

<sup>2/</sup> As of Q3 2024: <https://neda.gov.ph/infrastructure-flagship-projects/>

<sup>3/</sup>As of Q3 2024 (NEDA)

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

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

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

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

US\$ amount computed based on the 2025 median (PHP57/US\$1) of the US\$/PHP forecast based on 189th DBCC Meeting last 2 December 2024

### Tangible results to upgrade country’s infrastructure network

*No. of completed projects from July 2022 to May 2024*



**42**

Airports\*

\*July 2022 to June 2024



**1,263**

Bridges <sup>4/</sup>



**28**

Ports projects\*



**5,521**

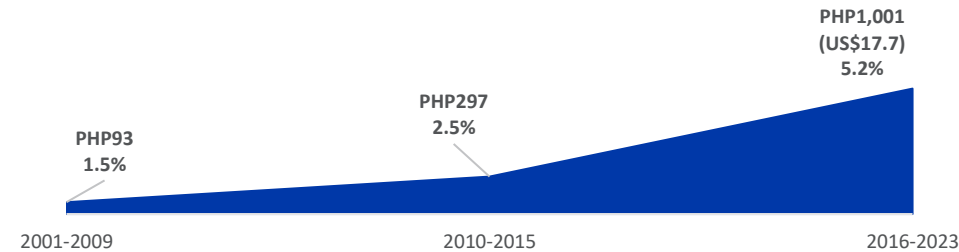
Flood Control Projects



**11,945**

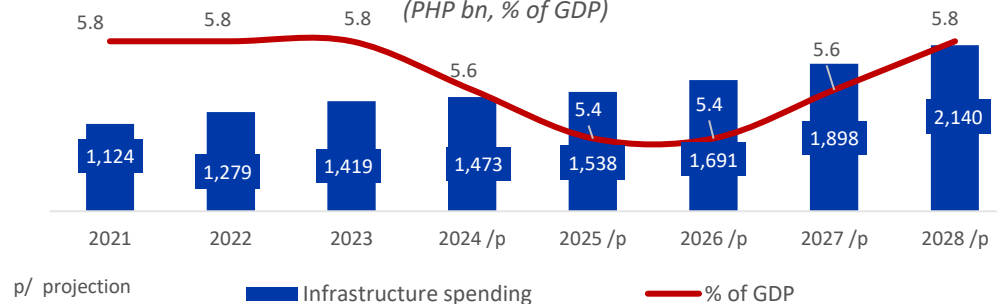
Kilometers of Roads <sup>4/</sup>

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



### Infrastructure Spending to reach US\$37.6bn by 2028 <sup>6/</sup>

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



p/ projection

■ Infrastructure spending

— % of GDP

# VIII. Infrastructure Program

## Building on a Solid Foundation

Select Rolling Big-Ticket Projects



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



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



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



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



**Ninoy Aquino International Airport PPP Project- PHP170.6bn (US\$3.0bn)**  
Improve operations and maintenance, upgrade of existing facilities, enhancement of services. Target turnover: September 2024.  
*Status: Ongoing*



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

# VIII. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

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

Access RA 11966 through the QR code below:



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

#### Key Reforms

- Strengthen enabling institutions, such as PPP Governing Board, PPP Center, Project Development and Monitoring Facility (PDMF), and newly created PPP Risk Management Fund (RMF).
- Strengthen use of PDMF and provide more assistance to PPP projects as needed, subject to approval by PPP Governing Board.
- Institutionalize PPP RMF, a facility created for payment of contingent liabilities arising from PPPs.
- Update project approval thresholds for Build-Operate-Transfer (BOT) projects, which were last set 29 years ago, while allowing NEDA Investment Coordination Committee to review, evaluate, and update.
- ✓ Projects costing PHP15bn(US\$263.2mn) and above (previously above PHP300mn/US\$5.3mn) will need NEDA Board approval
- Uphold and retain local autonomy while providing mechanisms to ensure harmonized investment programming between local government units and the NG. Unsolicited proposals are allowed in list of PPP projects without new concept or technology requirement, subject to reimbursement of government’s development costs

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

# VIII. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

### Broader private sector participation

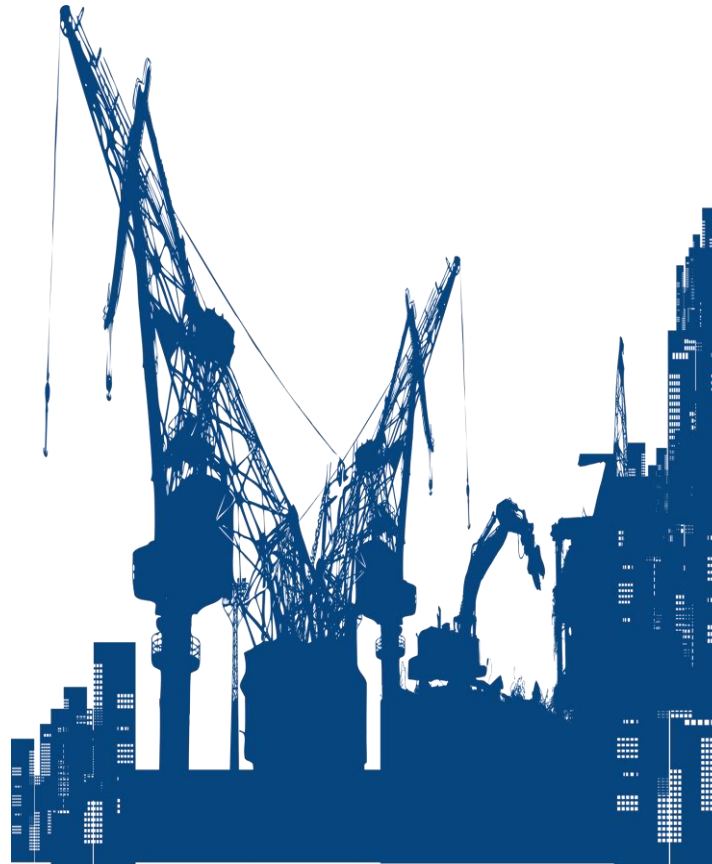
Status of PPP projects as of 27 December 2024

#### PPP Projects under Implementation

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

153 Unsolicited Projects  
PHP1.9tn (US\$32.7bn)

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



#### PPP Projects in the Pipeline

101 Solicited Projects  
PHP1.3tn  
(US\$22.5bn)

73 Unsolicited Projects  
PHP1.2tn  
(US\$20.8bn)

#### Concluded PPP Projects

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

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

1 Project with no available  
information on procurement  
mode

#### Notes:

- List includes only those projects where the PPP Center is involved in either the development, appraisal, procurement, or implementation, and those projects not belonging to the former but which the PPP Center is monitoring.
- PPP Projects in the Pipeline refers to projects under procurement, competitive challenge, negotiation, approval, development, conceptualization, and initial evaluation by IA.

Source: PPP Center

US\$ amount computed based on the 2025 median (PHP57/US\$1) of the US\$/PHP forecast based on 189th DBCC Meeting last 2 December 2024

# IX. Outlook

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

Particulars	Actual			Assumptions/Projections				
	2021	2022	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	5.7	7.6	5.5	6.0 – 6.5	6.0 – 8.0	6.0 – 8.0	6.0 – 8.0	6.0 – 8.0
Inflation Rate (%)*	3.9	5.8	6.0	3.2***	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0
Growth of goods exports (%)**	12.5	6.4	(4.0)	2.0	4.0	N/A	N/A	N/A
Growth of goods imports (%)**	30.5	19.0	(4.8)	2.0	5.0	N/A	N/A	N/A
OF Cash Remittances, Growth Rate (%)**	5.1	3.6	2.9	3.0	3.0	N/A	N/A	N/A
Net Foreign Direct Investments (US\$ bn)**	12.0	9.5	9.1	9.0	10.0	N/A	N/A	N/A
Current Account Balance (% of GDP)**	(1.5)	(4.5)	(2.7)	(2.2)	(2.4)	N/A	N/A	N/A

### Growth Drivers

- **Household consumption:** Easing inflation and more conducive financial environment; sustained improvements in labor market conditions; stable growth of remittances
- **Government spending:** Fast-tracking the implementation of government programs and projects under the 2025 National Budget; full implementation of the New Government Procurement Act
- **Investment:** Improvements in ease of doing business through structural reforms; easing monetary and financial conditions; robust construction activities through Build, Better, More; implementation of PPP Code; and Luzon Economic Corridor
- **Net Exports:** Improved supply chain and wider market access through the RCEP, LEC, PH-ROK FTA; forging strategic FTAs with other markets and venturing to non-traditional exports products; upgrading tourism infrastructure and services
- **Industry:** Tapping green minerals through enabling measures, including the streamlining/ digitalizing of mining permit applications and the rationalization of the mining fiscal regime; implementation of Electric Vehicle Incentives Strategy; positioning the country as a regional manufacturing hub for semiconductor products and upturn in AI-induced demand for electronic products; accelerated roll-out of the Infrastructure Flagship Projects under the Build, Better, More Program
- **Services:** Sustain recovery in tourism-related industries, including transportation sector, accommodation and food service, and other services; upskilling and reskilling of workers to leverage the complementarity of AI and sustain the growth of the IT-BPM sector

<https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-december-2024>

\*Inflation rate assumptions were approved in the 189<sup>th</sup> DBCC meeting on 2 December 2024; \*\*Projections approved by Monetary Board on 23 December 2024; N/A – Not available

\*\*\* - estimates as of 07 January 2025

# X. Seasoned Technocrats and Professionals to Steer Economic Transformation

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



**Frederick D. Go**  
**Secretary**  
 Investment and Economic Affairs

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



**Ralph G. Recto**  
**Secretary**  
 Finance

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



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

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



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

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



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

Former central bank Assistant Governor and Budget Undersecretary



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

Former DTI Undersecretary for the MSME Development Group; seasoned entrepreneur



# XI. Investor Relations Group

## Promoting the Philippine economy at home and abroad

The IRG undertakes a range of initiatives to build awareness among domestic and international investment audiences on the Government's economic reform program, promote specific investment opportunities in the Philippines, and facilitate information exchange and dialogue between the Government's key economic policy decision-makers and domestic/international investors. These initiatives include:

- Regular Economic Briefings to update the business community, media, and industry organizations on the country's economic performance
- Investor Roadshows to bring the Government's resilient economic performance record, commitment to sound economic management, and responsible reform to members of the international financial community
- Media Briefings to raise awareness on the Government's progress in economic reforms and plans for ongoing reforms
- Government Policy Roadshows to increase the business community's understanding of government policy measures to generate support for the policy implementation process
- Investor Teleconferences to provide timely updates on key economic performance indicators
- E-mail service to keep investors and other investors abreast of data releases on a regular basis
- An English Language Microsite, <https://www.bsp.gov.ph/Pages/IRO.aspx>, to provide a wide range of easily accessible information about the Philippines' economic performance and the government's economic policies

**For further information, please reach out to us at the contact details below. We strive for accuracy but please contact us as well if you note any errors:**

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Deputy Director

Ms. Elisha Lirios  
Deputy Director

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