



# Republic of the Philippines

Toward a More Inclusive, Resilient, and Prosperous Economy

October 2025

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# I. Key Investment Highlights



## Firm commitment to reform for sustained robust growth

- Legislative reforms aim to attract foreign investment, boost competitiveness, and strengthen business environment to spur growth and raise GDP per capita.
- Comprehensive measures target infrastructure and education gaps while accelerating digital transformation.



## Diversified economic base provides insulation from external shocks and supports high and stable growth

- Large services sector and improving domestic investment climate mitigate exposure to global trade shocks, with tariffs focused on merchandise goods exports.
- Favourable geostrategic location positions country as regional logistics and trading hub.



## Deployment of growth-enhancing public finance reforms

- Comprehensive reforms strengthen the tax system, leading to enhanced revenue mobilization and fiscal sustainability.
- Medium-Term Fiscal Framework guides fiscal consolidation efforts and supports sustainable debt burden.
- Moderate general government debt burden relative to regional and rating peers



## Resilient service receipts and remittance flows, ample buffers, and moderate external debt burden support favourable external position

- Resilient remittances flows and strong services exports support balance of payments.
- Favourable prospects for increased FDI inflows driven by liberalization reforms
- Large foreign exchange reserves provide robust buffer against global headwinds.
- Manageable external debt burden lowers vulnerability to external shocks.



## Stable and resilient banking system provides reliable support to economic activities

- Well-capitalized and liquid banking system underpinned by stable deposit base

# II. 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	<ul style="list-style-type: none"> <li>5.5% - 6.5% for 2025, 6.0% - 7.0% for 2026 - 2028</li> </ul>
Poverty Rate	<ul style="list-style-type: none"> <li>9.0% by 2028</li> </ul>
Fiscal balance-to-GDP	<ul style="list-style-type: none"> <li>(4.3%) by 2028</li> </ul>
Debt-to-GDP	<ul style="list-style-type: none"> <li>60.3% by 2028</li> </ul>
Country Income Status	<ul style="list-style-type: none"> <li>Upper middle-income in near term</li> </ul>
Infrastructure Spending-to-GDP	<ul style="list-style-type: none"> <li>5.0% - 6.0% for 2023-2028</li> </ul>

# II. Six-Year Game Plan for Economic Transformation

## Philippine Development Plan (PDP) 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

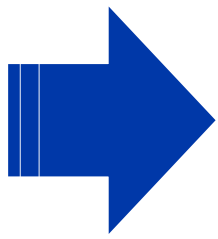
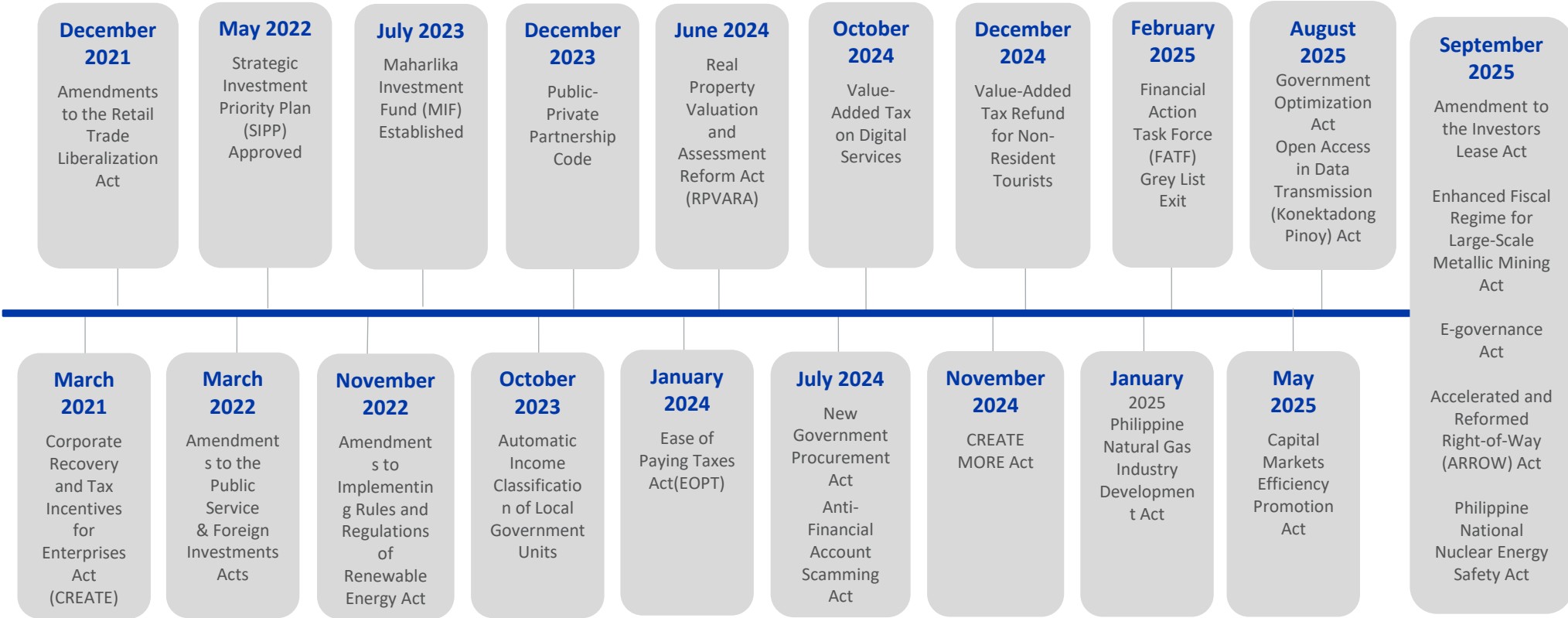
- Strengthen market competition
- Reduce barriers to entry and limits to entrepreneurship

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

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

# III. Timeline of Recent Major Reforms

To further open up economy, improve business environment, boost revenue mobilization



- Amendments to the Electric Power Industry Reform Act (EPIRA)
- Excise Tax on Single-Use Plastic Bag
- Waste-to-Energy Bill
- General Tax Amnesty

1 For President's Signature  
Source: Department of Finance, DEPDEV

## IV. Sound Credit Profile

Metric	2019	2020	2021	2022	2023	2024	2025
<b>Credit Rating</b>							
▪ Moody's	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable
▪ S&P	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/positive	BBB+/positive
▪ Fitch	BBB/stable	BBB/stable	BBB/negative	BBB/negative	BBB/stable	BBB/stable	BBB/stable
<b>Real GDP Growth Rate (%), 2018 prices</b>	6.1	(9.5)	5.7	7.6	5.5	5.7	5.4 (H1)
<b>GDP Per Capita (US\$), PPP concept (current prices)</b>	9,217	8,456	9,101	10,407	11,278	12,103	12,948 (Annualized)
<b>Inflation Rate <sup>2/</sup> (%), 2018 prices</b>	2.4	2.4	3.9	5.8	6.0	3.2	1.7 (Jan-Sep) 1/
<b>Fiscal Balance/GDP (%)</b>	(3.4)	(7.6)	(8.6)	(7.3)	(6.2)	(5.7)	(5.7) (Jan-Jun)
<b>Tax Revenue/ GDP (%)</b>	14.5	14.0	14.1	14.6	14.1	14.4	15.0 (Jan-Jun)
<b>General Government Debt/GDP (%)</b>	34.1	48.1	53.4	54.2	53.6	53.9	N/A
<b>Gross International Reserves (US\$ bn)</b>	87.8	110.1	108.8	96.1	103.8	106.3	108.8 (end-Sep) 1/
<b>Import Cover (months) <sup>3/</sup></b>	7.6	12.3	9.7	7.2	7.6	7.3	7.3
<b>Overseas Filipinos' Cash Remittances (US\$ bn)</b>	30.1	29.9	31.4	32.5	33.5	34.5 <sup>1/</sup>	19.9 (Jan-Jul) 1/
<b>Foreign Direct Investments (US\$ bn)</b>	8.7	6.8	12.0	9.5	8.9	8.9 <sup>1/</sup>	3.4 (Jan-Jun) 1/
<b>Current Account/GDP (%)</b>	(0.8)	3.2	(1.5)	(4.5)	(2.8)	(4.0) <sup>1/</sup>	(3.9) (Jan-Jun) 1/
<b>External Debt/GDP (%)</b>	22.2	27.2	27.0	27.5	28.7	29.8 <sup>1/</sup>	31.2 (end-Jun) 1/

<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.

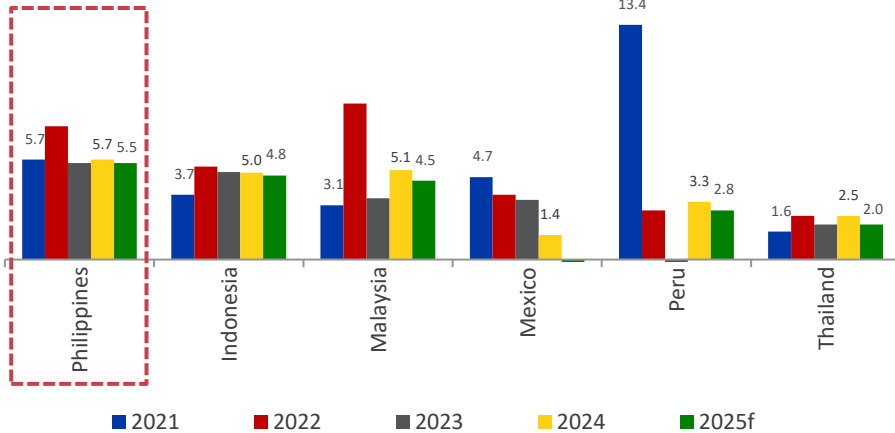
Source: Philippine Statistics Authority (PSA), BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

# IV. Sound Credit Profile

## Competitive Even among Higher-Rated Peers

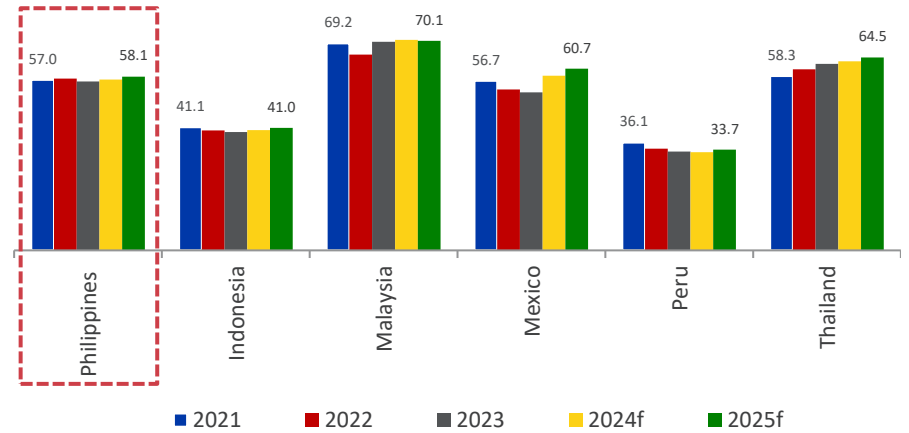
Highest growth performance among peers

GDP growth (%)<sup>1</sup>



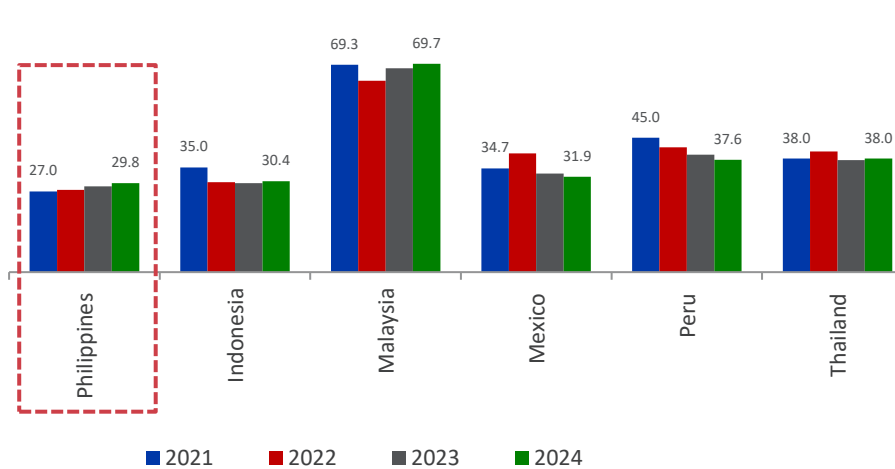
Debt burden remains manageable

General Government gross debt (% of GDP)<sup>2</sup>



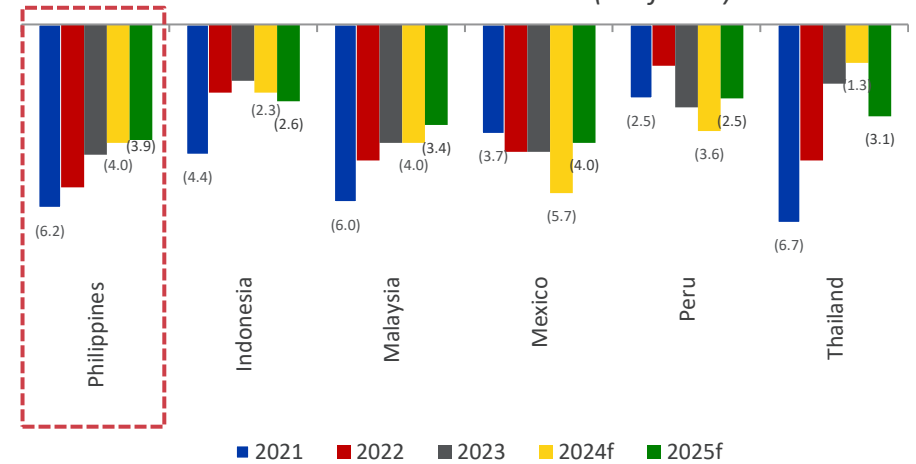
One of the lowest external debt ratio among peers

External Debt (% of GDP)



Sound fiscal position post-pandemic

General Government overall balance (% of GDP)<sup>2</sup>

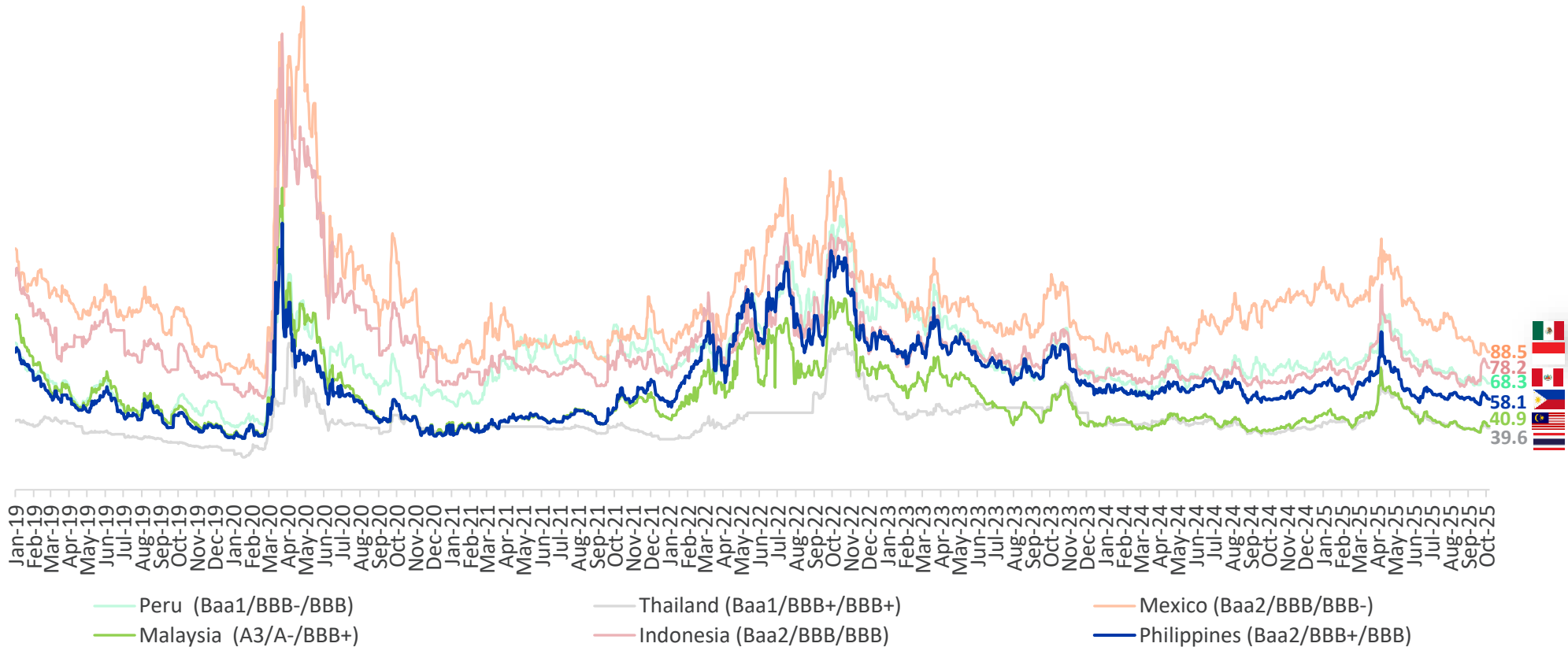


Source: <sup>1</sup> IMF World Economic Outlook July and April 2025, <sup>2</sup> IMF Fiscal Monitor April 2025, Bloomberg, CEIC, BSP, PSA

# IV. Sound Credit Profile

## Philippines CDS spreads relatively narrower compared to other rating peers

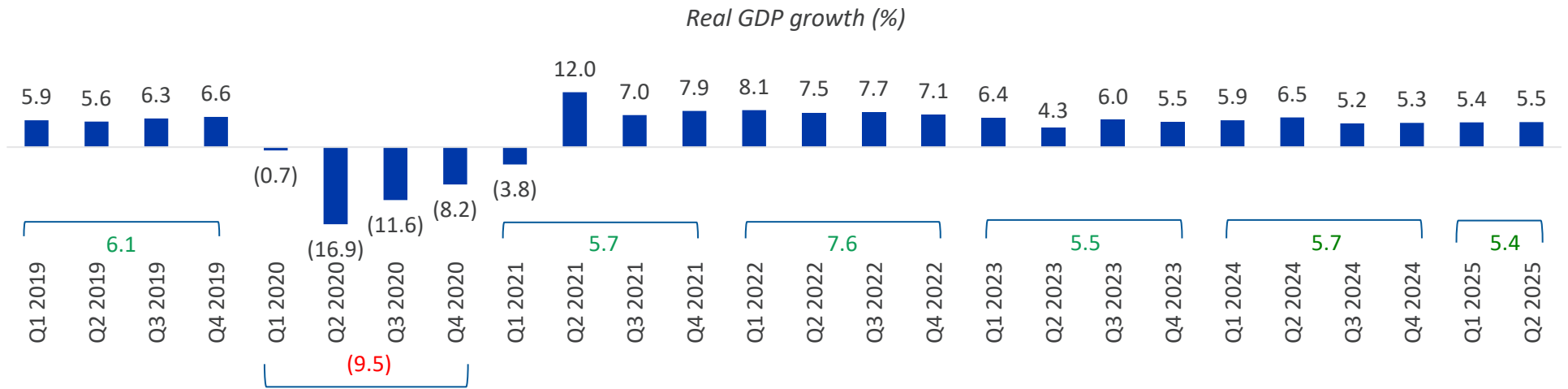
5-year Sovereign Credit Default Swap (CDS) spreads (in basis points)<sup>1/</sup>



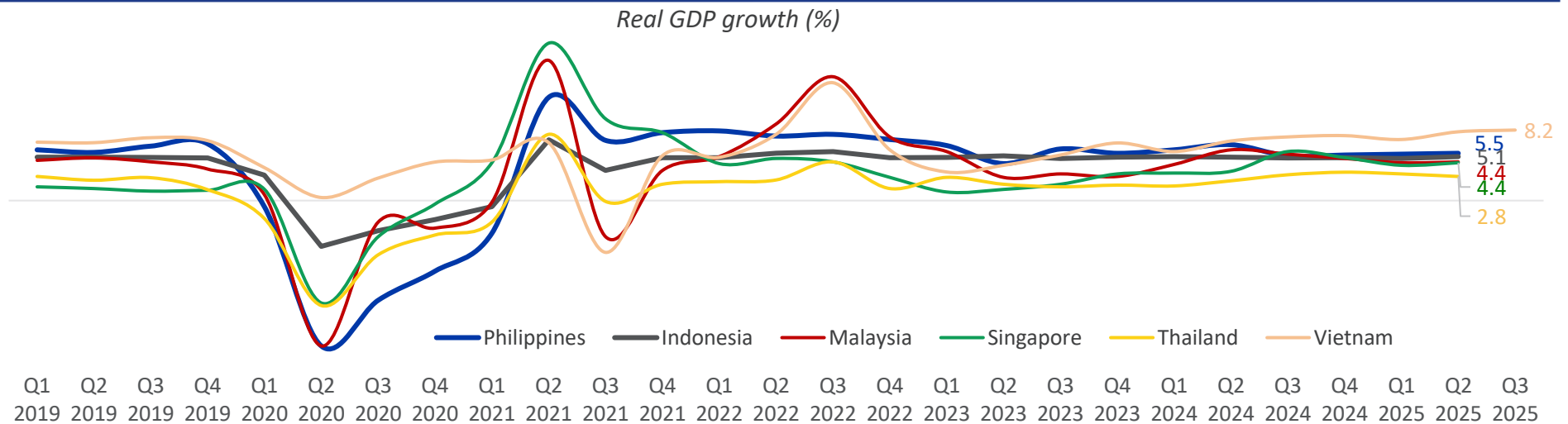
<sup>1/</sup> Data as of 6 October 2025, 10:00 a.m.  
 Rating: Moody's/S&P/Fitch ratings  
 Source: Bloomberg

# V. Sustained Robust Growth and Reform Momentum

Sustained growth momentum owing to sound fundamentals and guided by a robust roadmap



Philippines remains one of fastest growing economies in Southeast Asia

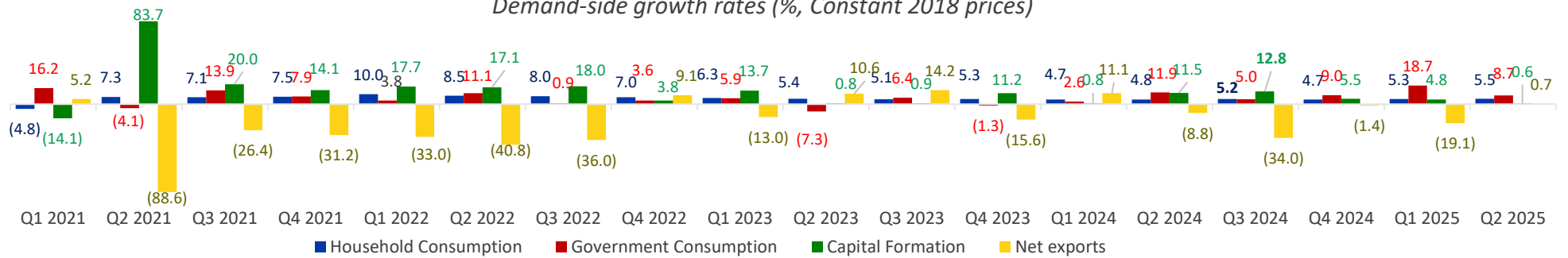


Source: Philippine Statistics Authority (PSA), DEPED, Bloomberg  
 Note: GDP figures use 2018 as base year

# V. Sustained Robust Growth and Reform Momentum

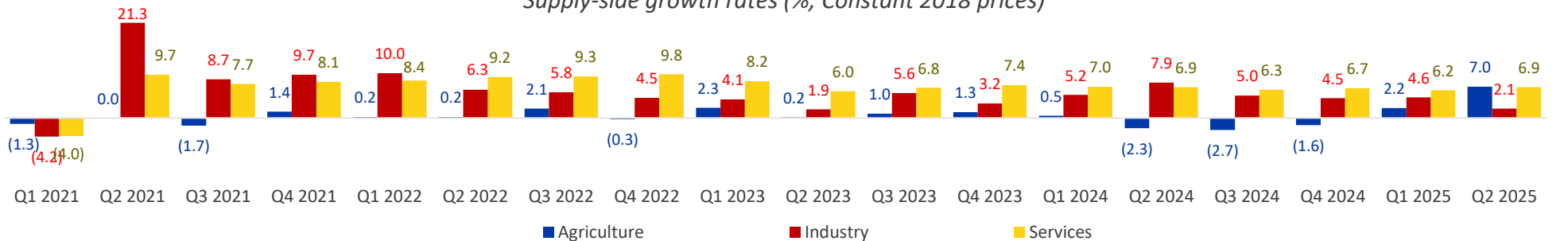
## Domestic demand remained a key pillar of growth

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



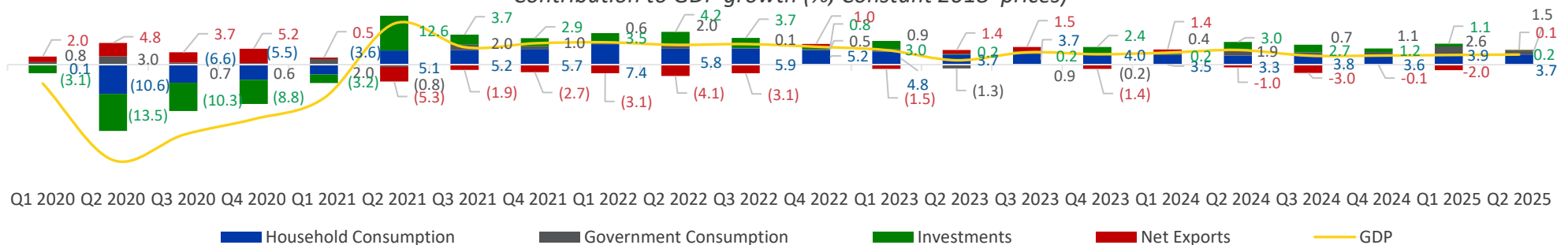
## Industry and services drive growth; increased investments in agriculture sector to enhance productivity and resilience

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



## Steady growth of domestic demand fuels economy

Contribution to GDP growth (% , Constant 2018 prices)



Sources: DEPDev, 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

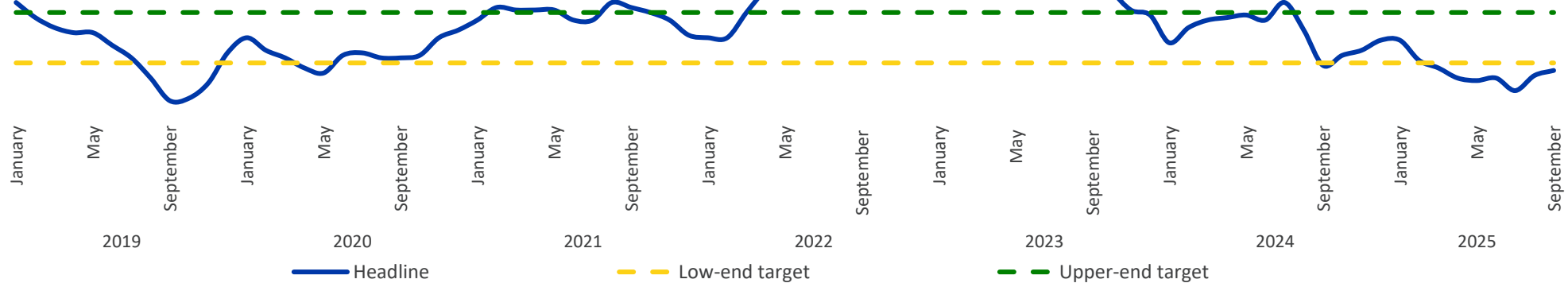
# V. Sustained Robust Growth and Reform Momentum

## 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>:**  
1.7% (Sep 2025)  
1.7% (Jan- Sep 2025)



- September 2025: Inflation rose to 1.7% from 1.5% in August. Non-food inflation increased due mainly to higher transport inflation. Food inflation also rose as recent weather disturbances pushed vegetable prices higher.
- October 2025: BSP reduced Target Reverse Repurchase Rate by 25bps to 4.75%. Inflation expectations remain well-anchored. Potential electricity rate adjustments and possible increases in rice tariffs could raise inflationary pressures over the policy horizon. BSP will remain attentive to emerging risks while maintaining price stability conducive to sustainable growth and employment.
- Outlook for inflation is benign and well within the target range. Central projections as of latest MB Meeting:

### Central Projections

	28-Aug MB Meeting	9-Oct MB Meeting
2025	1.7	1.7
2026	3.3	3.1
2027	3.4	2.8

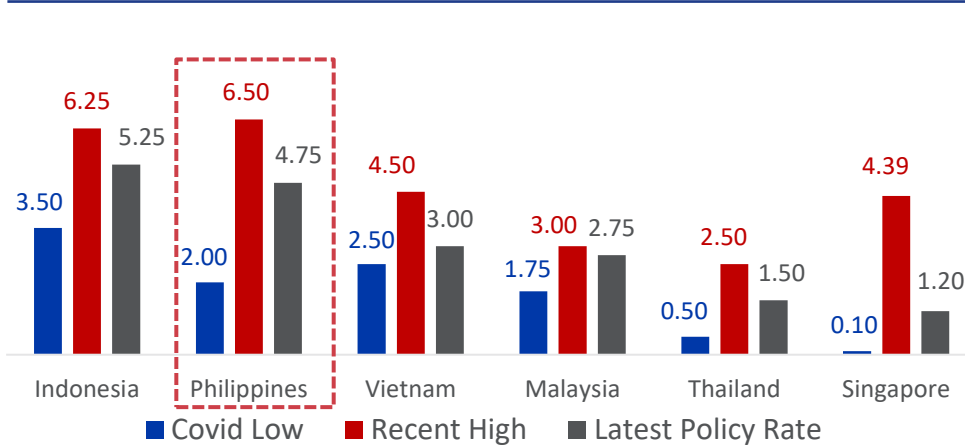
1/ preliminary data as of 07 October 2025

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

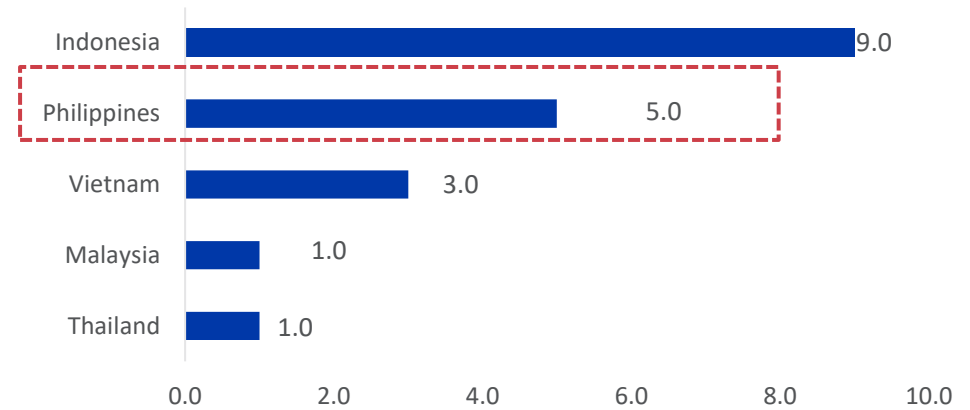
# V. Sustained Robust Growth and Reform Momentum

## Improving Macroeconomic Outlook Enabled Calibrated Shift to Less Restrictive Monetary Policy Stance

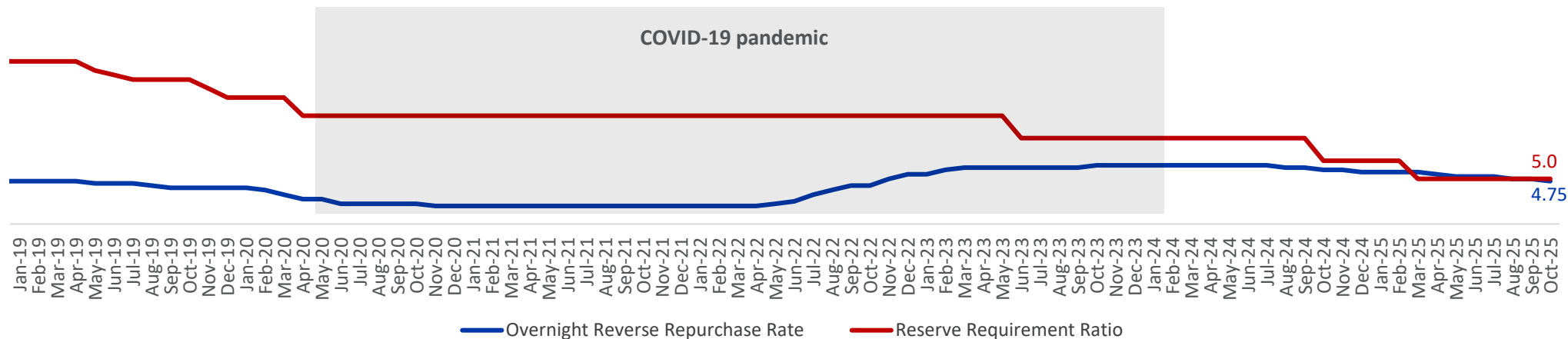
Central Bank Policy Rates (%)



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



Target Reverse Repurchase Rate and Reserve Requirement Ratio (%)



1/ On 21 February 2025, BSP announced a 200-bps reduction of the RRR for Universal and Commercial Banks to 5.0% from 7.0%.; effective date 28 March 2025

Source: BSP, CEIC, Central Bank Websites

# V. Sustained Robust Growth and Reform Momentum

## Deepening Capital Markets to Improve Monetary Policy Transmission, Improve Price Discovery, and Increase Market Liquidity

### Transparent and reliable financial market benchmarks

Use of Overnight Reference Rate as overnight benchmark rate

Launch of enhanced Interest Rate Swap market

- Creates benchmark yield curve to help banks and other lenders price loans at various maturities for long-term capital allocation
- 16 banks have committed to be market makers

### Goal: inclusion of RPGBs in various indices

*September 2025: JP Morgan placed PH on positive watchlist for Government Bond Index for Emerging Markets (GBI-EM)*

Enhance foreign investor access to peso-denominated government bonds, reduce friction cost

### More efficient transmission of monetary policy

Global Master Repurchase Agreement (GMRA)-based RRP

- Expected to increase trading between banks and improve financial benchmarks

### Expansion of counterparties

- More types of investors, like trust entities (UITFs and IMAs), to participate in the primary auction and secondary market trading of BSP Securities

### Issuances and Taxation

#### Debt Issuance Strategy

- Concentrate issuances on key benchmark tenors and consolidate outstanding ISINs

#### Taxation Framework

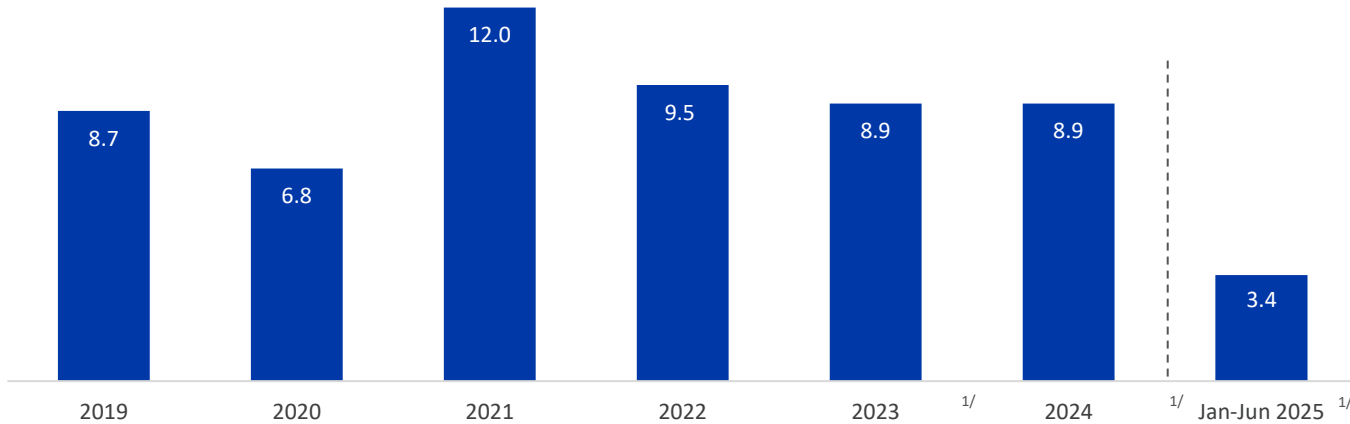
- **Capital Markets Efficiency Promotion Act (RA 12214, S. 2025)** to streamline taxation, reduce transaction costs, and increase market participation in both capital markets and collective investment schemes
  - Projected revenue: over PHP25bn from 2025 to 2030
- **Streamlined tax implementation under National Registry of Scrippless Securities (NROSS)**
  - Foreign investors can open securities account ahead of future government securities purchases
  - Eliminates need for issuer (BTr) to submit confirmation propriety of withholding tax applied on income
  - Leverages tracking feature of NROSS, eliminates need for tax reclaims in cases where treaty rates are not applied

# V. Sustained Robust Growth and Reform Momentum

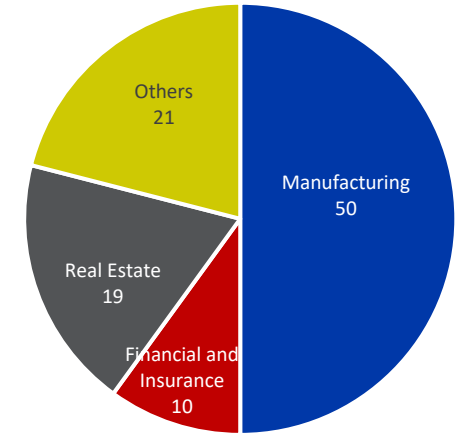
## Sustained Investment Flows

Continued inflows indicate confidence in long-term growth prospects

Net FDI (US\$ bn)

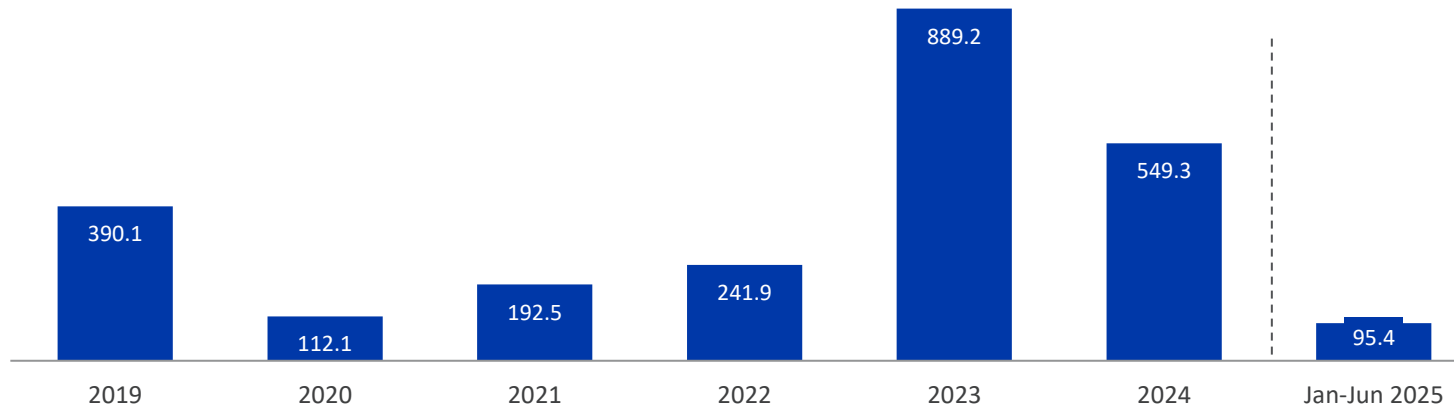


Top Industries for FDIs<sup>2/</sup>  
(% share, Jan-Jun 2025)



Improved investment climate continues to attract foreign investors

Foreign Investment Approvals (PHP bn)



Countries with the highest investment pledges in Jan-Jun 2025 (PHP bn)

Singapore	54.9
South Korea	14.0
USA	7.0

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-Bangsamoro Autonomous Region of Muslim Mindanao (BOI-BARMM), and Cagayan Economic Zone Authority (CEZA), Poro Point Management Corporation (PPMC), Tourism Infrastructure Enterprise Zone Authority (TIEZA), Bases and Conversion Development Authority (BCDA), Clark International Airport Corporation (CIAC), John Hay Management Corporation (JHMC), and Zamboanga City Special Economic Zone Authority (ZCSEZA).

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.

# V. Sustained Robust Growth and Reform Momentum

## Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

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

Key Amendment:			Other salient provisions:
<p>100% ownership of micro and small domestic enterprises with paid-in equity capital of at least US\$100,000 to less than US\$200,000, provided one of the following:</p>			<p>Allow for more foreign participation in the country's industries</p>
<p><i>Involves advanced technology*</i></p> 	<p><i>Startups or startup enablers*</i></p> 	<p><i>Majority of the direct employees are Filipinos; number of Filipino direct hires is at least 15 as certified by 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 medium and long term</i></p>
			<p><i>Updated database tool to promote investment and business-matching in 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>

\*as certified by Department of Information and Communications Technology (DICT) or Department of Trade and Industry (DTI) or DOST  
Source: Official Gazette

# V. Sustained Robust Growth and Reform Momentum

## Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

### 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, 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

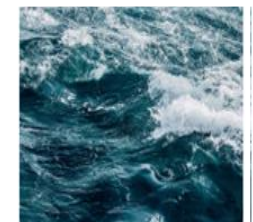


### Amended Implementing Rules and Regulations (IRR) of Renewable Energy (RE) Act

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



Hydro



Ocean/Tidal



Solar



Wind

- Department of Justice's legal opinion issued in 2022: above RE sources not subject to 40% foreign equity limitation
- Subsequently, IRR amended via Department of Energy Circular 2022-11-0034

# V. Sustained Robust Growth and Reform Momentum

## Modernizing Industries and Expanding Growth to Regions

Scalable investments

2022 Strategic Investment Priority Plan

### Tier I



Covid-19 qualified activities



Strategic Services



Mass Housing



Agriculture, fishery, forestry



Innovation drivers



Environment



Export activities



Manufacturing



Activities in support of government programs



Infrastructure and logistics



Healthcare



Inclusive business models



Energy



Special laws

### Tier II



Green ecosystems



Defense-related activities



Industrial value-chain gaps



Health-related activities



Food security-related activities

### Tier III



Research and development



Innovation support facilities



Highly technical manufacturing and production of innovative products and services

# V. Sustained Robust Growth and Reform Momentum

## Modernizing Industries and Expanding Growth to Regions

Attracting investors and strengthening competitiveness

*Tax incentives package*

Available Fiscal Incentives	For Domestic Market Enterprises (DME)	For Registered Export Enterprise (REE)
<b>Income tax holiday (ITH)</b>	<b>4-7 years</b> , depending on location and sectoral tiering	
<b>Special Corporate Income Tax (SCIT)</b> of 5% of gross income (in lieu of national and local fees and charges)	Not applicable	Maximum of <b>17 years</b> for IPA-approved projects or <b>27 years</b> for FIRB-approved projects.
<b>Enhanced Deduction Regime (EDR)</b> <sup>1</sup> (subject to reduced CIT rate of 20% based on net taxable income)	Maximum of <b>17 years</b> for IPA-approved projects or <b>27 years</b> for FIRB approved projects.  EDR may be granted immediately at start of commercial operations	In no case shall EDR be granted simultaneously with SCIT.  SCIT or EDR may be granted immediately at the start of commercial operations.
<b>Duty exemption on importation</b> <sup>2</sup>	<b>Time-bound</b> (for the entire registration period reckoned from the dater of registration)	
<b>VAT exemption on importation and VAT zero-rating on local purchases</b> <sup>3</sup>	Only available to high-value DMEs <sup>4</sup>	<b>Effective perpetual</b> (for entire registration period as an RBE)  After expiration of income tax-based incentives, exporter shall be subject to provisions of Sections 106, 108, and 109 for VAT purposes
<b>Maximum of 2% Registered Business Enterprise (RBE) local tax</b> (in lieu of local taxes, fees, and charges under the Local Government Code of 1991)	During period of availment of ITH and EDR, subject to enactment of local ordinance	During period of availment of ITH and EDR, subject to enactment of local ordinance

<sup>1</sup> For export and domestic market enterprises, enhanced deductions include depreciation allowance, labor expense, research and development expense, training expense, domestic inputs, power expense, reinvestment allowance and enhanced net operating loss carry-over

<sup>2</sup> Only applies to importation of capital equipment, raw materials, spare parts and accessories, directly attributable to registered project activity of RBEs, including goods used for administrative purposes.

<sup>3</sup> Only applies to goods and services directly attributable to registered project activity of an REE or registered high-value DME, including expenses incidental thereto.

<sup>4</sup> High-value DMEs refer to registered DMEs with an investment capital exceeding PHP15bn and are engaged in sectors considered import-substituting, or with export sales in immediately preceding year of at least US\$100mn

# V. Sustained Robust Growth and Reform Momentum

## Modernizing Industries and Expanding Growth to Regions

Attracting investors and strengthening competitiveness

*Tax incentives package under CREATE MORE*

### For Registered Export Enterprise

Approving Authority	IPA-approved (P15bn and below)			FIRB-approved (Exceeding P15bn)		
Location/Industry Tiers	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
National Capital Region (NCR)	4 ITH + 10 SCIT/EDR or 14 SCIT/EDR	5 ITH + 10 SCIT/EDR or 15 SCIT/EDR	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	4 ITH + 20 SCIT/EDR or 24 SCIT/EDR	5 ITH + 20 SCIT/EDR or 25 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 10 SCIT/EDR or 15 SCIT/EDR	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	5 ITH + 20 SCIT/EDR or 25 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR
All other areas	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR

### For Registered Domestic Market Enterprise

Approving Authority	IPA-approved (P15bn and below)			FIRB-approved (Exceeding P15bn)		
Location/Industry Tiers	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
NCR	4 ITH + 10 EDR or 14 EDR	5 ITH + 10 EDR or 15 EDR	6 ITH + 10 EDR or 16 EDR	4 ITH + 20 EDR or 24 EDR	5 ITH + 20 EDR or 25 EDR	6 ITH + 20 EDR or 26 EDR
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 10 EDR or 15 EDR	6 ITH + 10 EDR or 16 EDR	7 ITH + 10 EDR or 17 EDR	5 ITH + 20 EDR or 25 EDR	6 ITH + 20 EDR or 26 EDR	7 ITH + 20 EDR or 27 EDR
All other areas	6 ITH + 10 EDR or 16 EDR	7 ITH + 10 EDR or 17 EDR	7 ITH + 10 EDR or 17 EDR	6 ITH + 20 EDR or 26 EDR	7 ITH + 20 EDR or 27 EDR	7 ITH + 20 EDR or 27 EDR

# V. 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, establishes a dedicated unit to support end-to-end tax compliance of RBEs, expands support for non-registered exporters and high value domestic market enterprises

**Improves Tax Regime:** For the Enhanced Deductions Regime, lowers corporate income tax to 20% from 25%, doubles power expense deductions, allows 50% additional deductions for reinvestment allowance for the tourism industry, 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 investment capital approval threshold for investment promotion agencies to PHP15bn from PHP1bn, requiring only larger projects to go through 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)

68 projects as of December 2024 with total investment capital amounting to PHP38.2bn\*

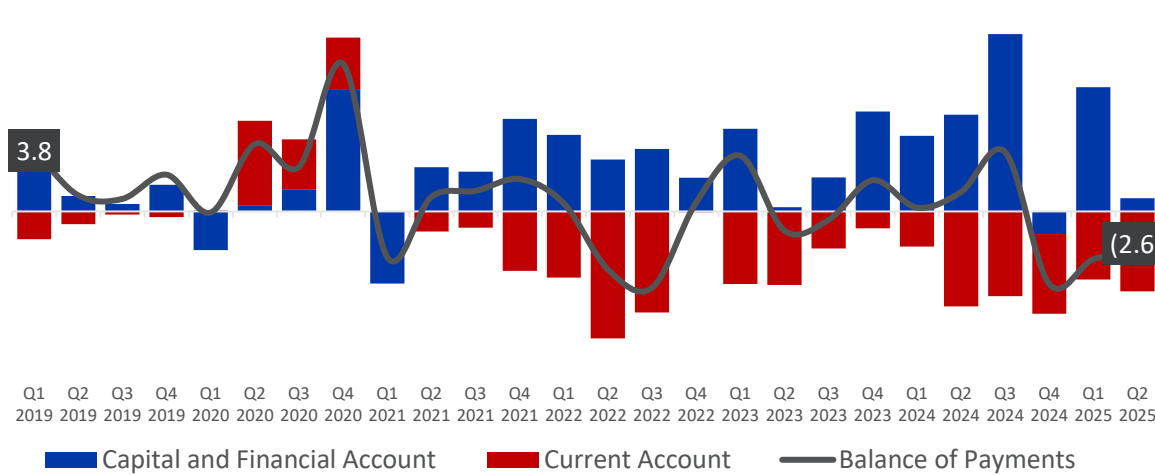
- mass housing
- operations of a subway project
- operations of a domestic roll-on/roll-off vessel
- connectivity facilities for high-speed broadband services
- industrial zone operation
- telecommunications and telecom infrastructure
- Liquefied Natural Gas (LNG) storage and a regasification facility
- 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

# VI. Favorable External Position

## Manageable Balance of Payments Position

### Balance of Payments

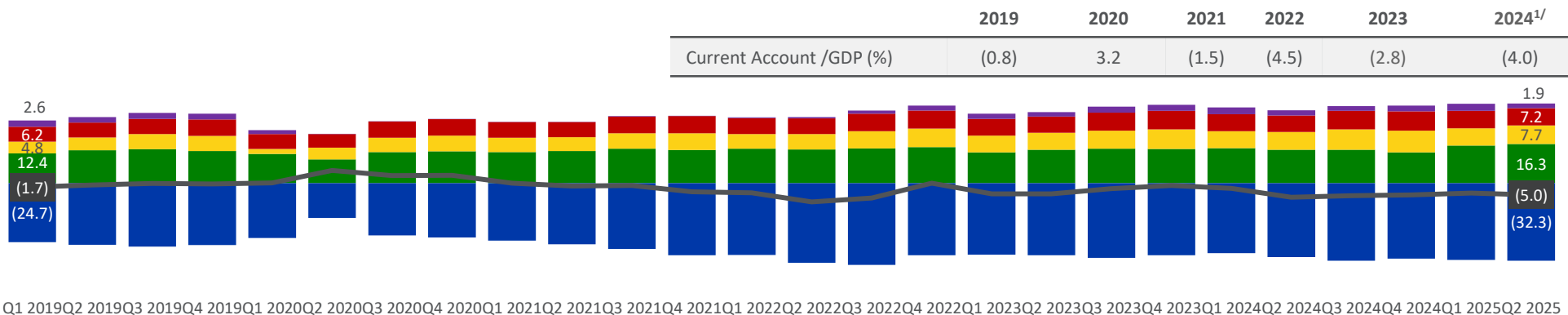
Balance of Payments Components (US\$ bn)



	2019	2020	2021	2022	2023	2024 <sup>1/</sup>
Capital and Financial Account	8.2	7.0	6.5	13.9	13.7	20.3
Current Account	(3.0)	11.6	(5.9)	(18.3)	(12.4)	(18.3)
Overall Balance of Payments Position	7.8	16.0	1.3	(7.3)	3.7	0.6

### Current Account

Current account components (US\$ bn)



	2019	2020	2021	2022	2023	2024 <sup>1/</sup>
Current Account /GDP (%)	(0.8)	3.2	(1.5)	(4.5)	(2.8)	(4.0)

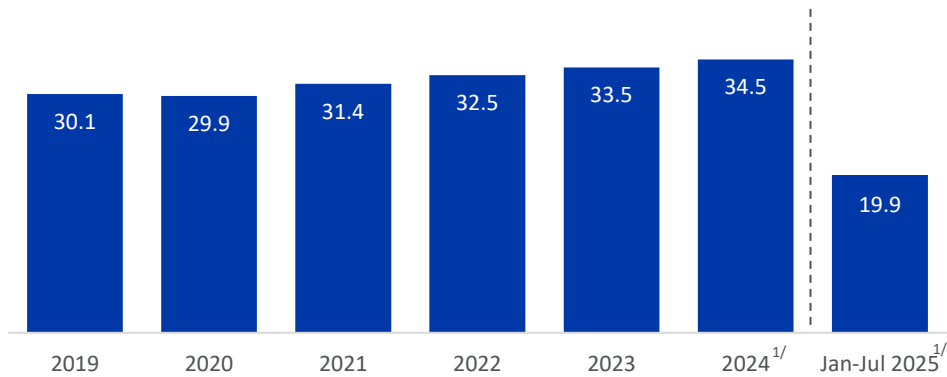
<sup>1/</sup> Preliminary  
Source: BSP

# VI. Favorable External Position

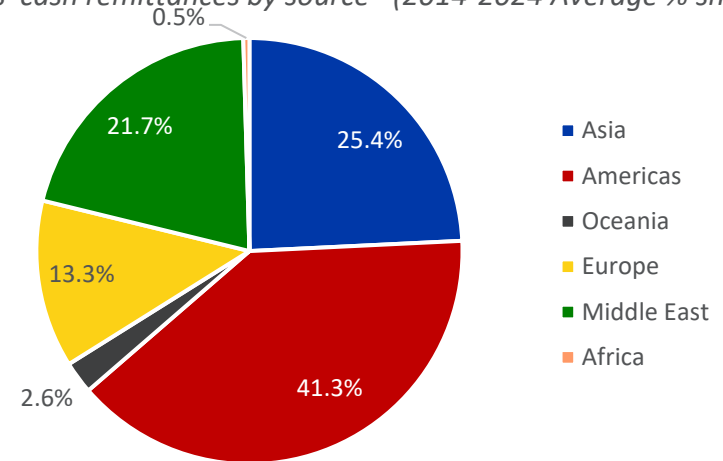
## Structural Current Account Inflows Support the Balance of Payments

Remittance flows remain resilient

OFs' cash remittances (US\$ bn)

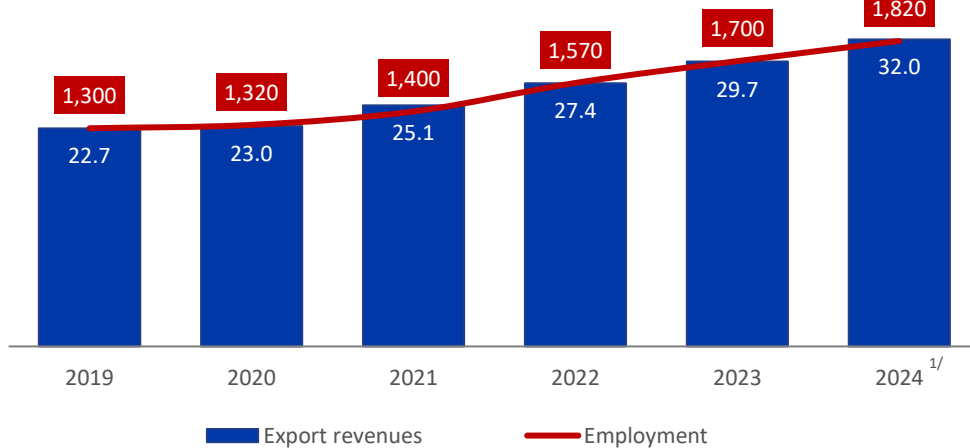


OFs' cash remittances by source\* (2014-2024 Average % share to total)



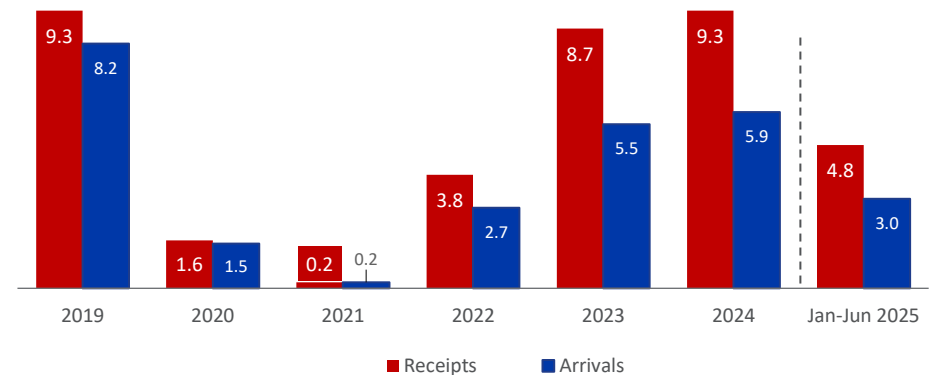
## BPO remains a strong driver of employment, export revenues

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)

<sup>1/</sup>preliminary

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

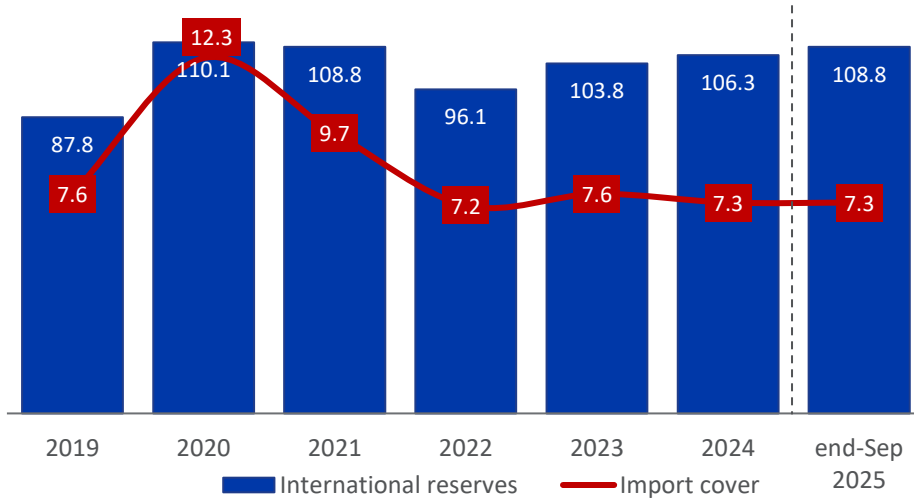
\*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

# VI. Favorable External Position

## Adequate Buffers Against External Headwinds

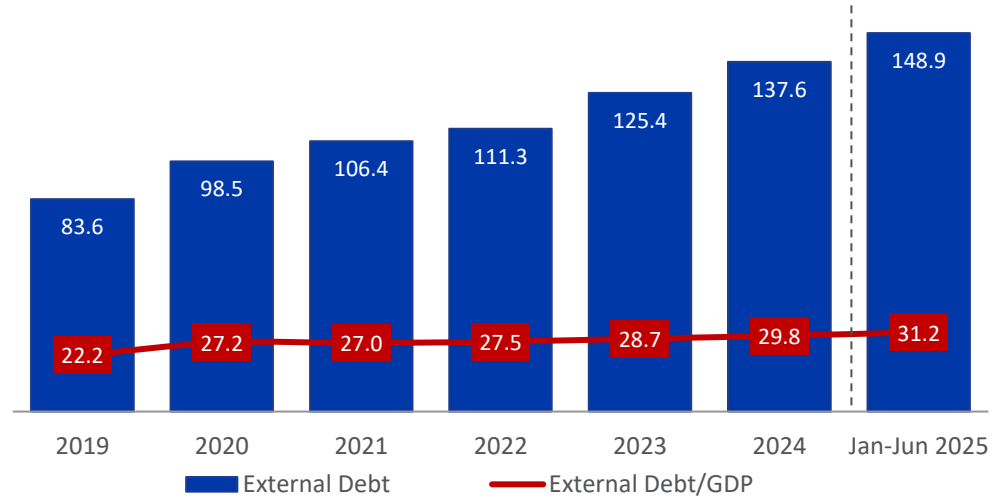
### Hefty level of reserves

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



### Prudently managed external debt

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

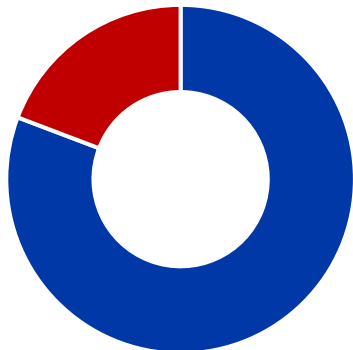


## Favorable external debt profile

(As of 30 June 2025)

### External Debt by Remaining Maturity

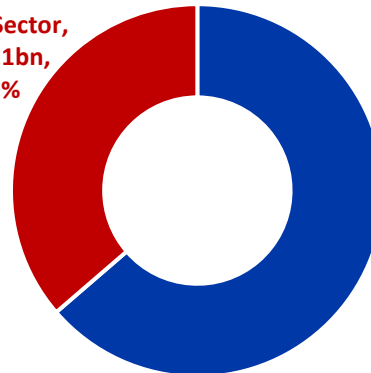
Short-term  
US\$28.6bn,  
19.2%



Medium and long-term,  
US\$120.2bn,  
80.8%

### External Debt by Borrower

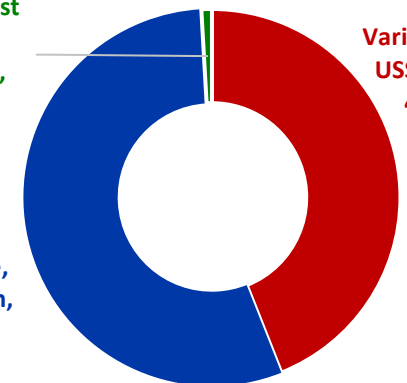
Private Sector,  
US\$54.1bn,  
36.3%



Public Sector,  
US\$94.8bn,  
63.7%

### Medium- to Long-Term External Debt by Interest Type

Non-interest bearing,  
US\$1.2bn,  
0.9%



Fixed rate,  
US\$70.2bn,  
55.1%

Variable rate,  
US\$56.0bn,  
44.0%

# VI. 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*

### Foreign Trade Agreements (FTA)



**Canada-GSP\***: Exporters benefit from zero or reduced tariffs on a wide range of products, e.g., agricultural, manufacturing, etc.



**EU-GSP+**: Duty-free and reduced tariff access to the European market for over 6,200 products; only SEA country with GSP+



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



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



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



**UK DCTS\*\*:** Duty-free or reduced tariffs on eligible export goods; 0% import tariffs on 92% of all products



**Korea:** Entered into force in December 2024 expanding market for agricultural products, seafood, and electronic goods

### Regional Comprehensive Economic Partnership (RCEP)

*Ratified by the Philippines on 21 February 2023  
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*

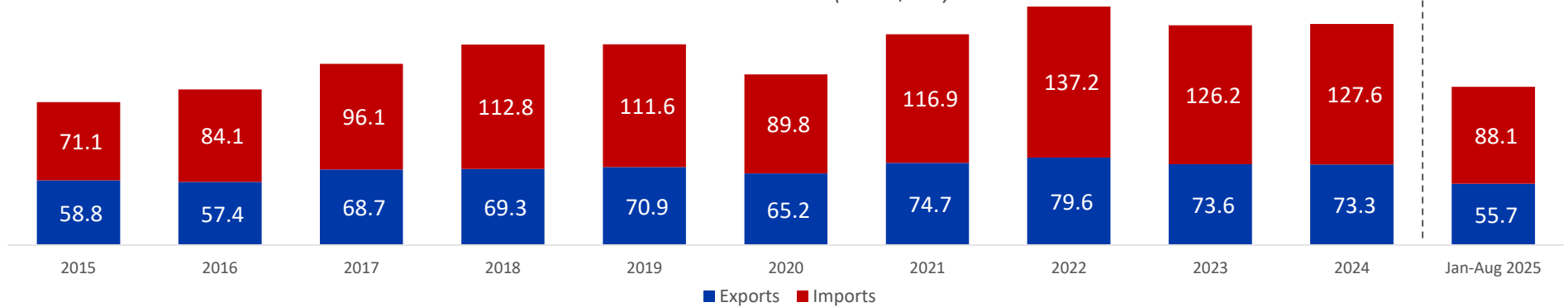
\*Generalized System of Preferences  
\*\*Developing Countries Trading Scheme  
Source: DTI, BSP

# VI. Favorable External Position

## Strategic Ties Keep Trade Channels Open and Exports Resilient

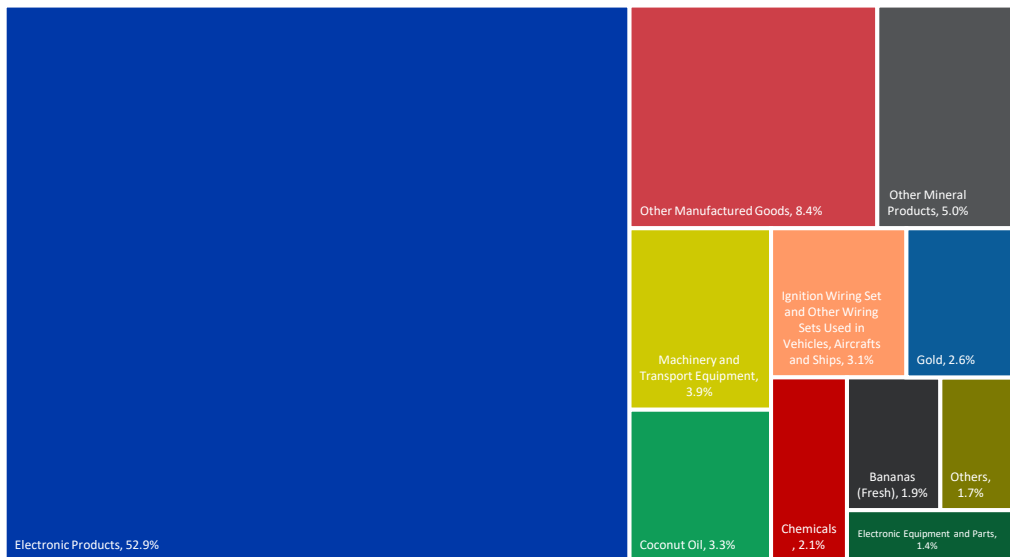
Philippine exports thrive driven by sustained global demand despite tariff challenges

Annual Total Trade (in US\$ bn)



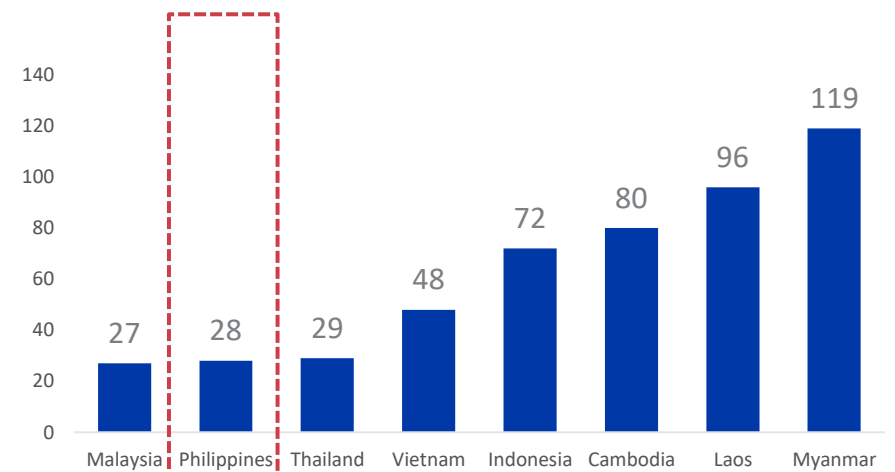
### Key export products with diversified, robust markets

Major Exports (Jan-Aug 2025, % share)



### Philippines is 2<sup>nd</sup> most complex economy in Southeast Asia reflecting rising export sophistication

Harvard Economic Complexity Global Rank (2023, Lower = Better)



# VI. Favorable External Position

## Managing Geopolitical Risks and Opportunities

Philippines: well-positioned to navigate global trade and geopolitical uncertainties



- Robust services sector, limited reliance on commodity exports, and diverse trade partnerships shield Philippines from impacts of US tariffs and external shocks.
- Comprehensive measures (e.g., PPP Code, Amendments to IRR of RE Act, Capital Markets Efficiency Promotion Act, Ease of Paying Taxes Law, CREATE MORE Act) to further develop infrastructure (including power), manufacturing, and education to boost growth, productivity and inclusivity.

**Economic  
Diversification  
and Reform**



- Philippines – crucial ally to United States in APAC, with historically close political and cultural ties. Alliance remains robust and benefits from continuing positive momentum in security, defense, and economic cooperation.
- Recent milestones: President Marcos Jr.'s recent Washington visit secured \$21bn in US investment pledges., Philippines secured favorable tariff rate (19%) in recent trade deal with the US, US Presidential Trade and Investment Mission (PTIM), launch of Luzon Economic Corridor (LEC) under Partnership for Global Infrastructure and Investment (PGI), and Indo-Pacific Economic Framework (IPEF) Investment Accelerator.
- China and Philippines' Bilateral Consultation Mechanism - framework for regular meetings and peaceful dialogue to constructively manage disputes in West Philippine Sea and strengthen bilateral relations.

**Bilateral  
Engagements  
with U.S. and  
China**



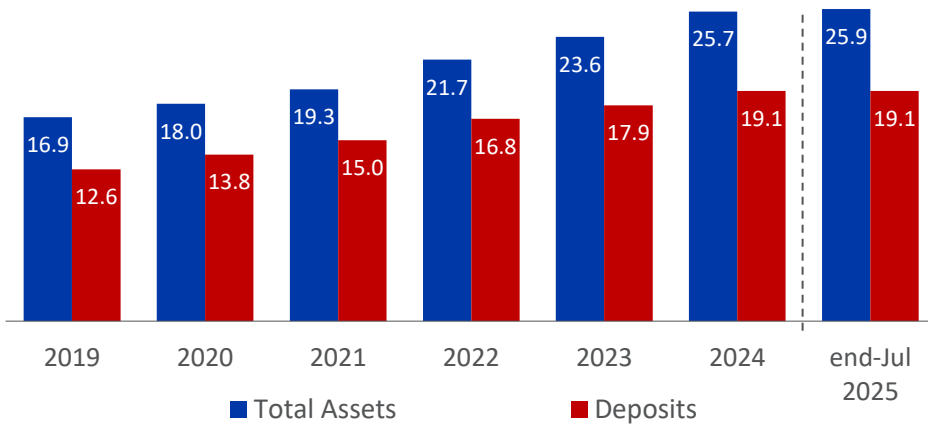
- As Association of Southeast Asian Nations (ASEAN) member, Philippines engages regional partners on economic and national security issues. Philippines will chair the ASEAN summit in 2026.
- Key agreements (e.g., ASEAN Trade in Goods Agreement, ASEAN Framework Agreement on Services, and ASEAN Comprehensive Investment Agreement) aim to facilitate free flow of goods, services, and investment within region.

**Multilateral  
Diplomacy**

# VII. Sound and Stable Banking System

## Strong asset expansion funded mostly by deposits

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



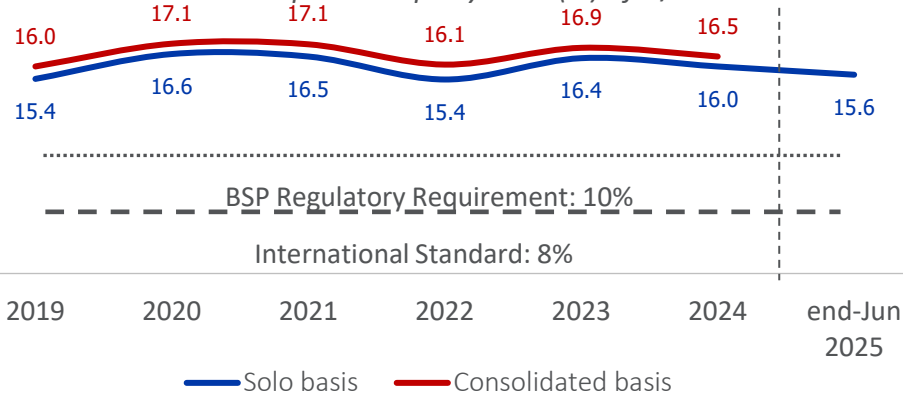
## Improving loan demand while keeping asset quality manageable

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



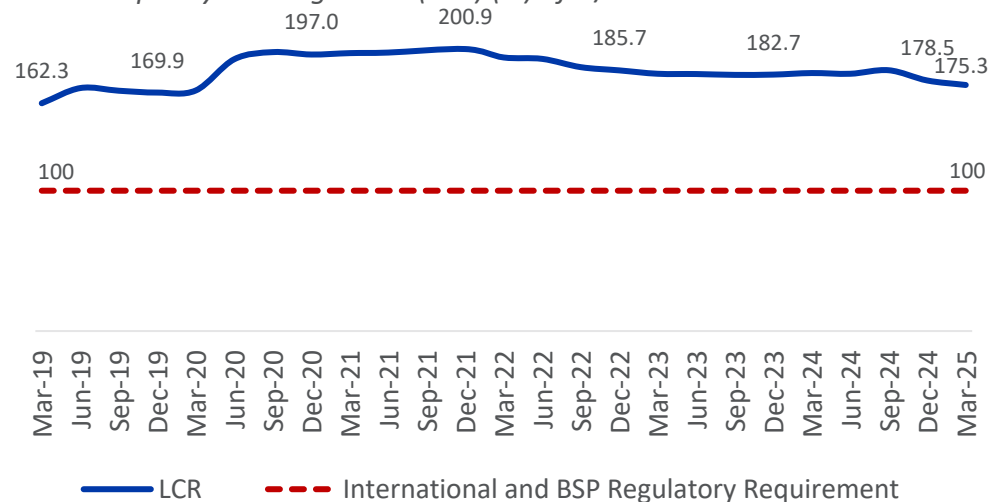
## Strong capitalization well above international norms

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

# VII. Sound and Stable Banking System

Exit from Financial Action Task Force (FATF)'s grey list underscores commitment to combat money laundering and terrorism financing

## Expected benefits

- Facilitate faster processing of cross-border transactions, reduce compliance barriers, and enhance financial transparency
- Support businesses; strengthen country's' position as attractive FDI destination; and benefit Filipinos, particularly overseas Filipinos

## Action plan items related to the Bangko Sentral ng Pilipinas (BSP) and BSP-supervised financial institutions (BSFIs)



- Implementation of new registration requirements for money or value transfer services and application of sanctions to unregistered and illegal money remittance operators
- Enhancement of the effectiveness of the targeted financial sanctions framework for both terrorism financing and proliferation financing of weapons of mass destruction

## Committed compliance with Anti-Money Laundering (AML)/Counter-Terrorism Financing/Counter-Proliferation Financing of Weapons of Mass Destruction (CTPF) standards



- Scale-up risk-based AML/CTPF supervision
- Strong engagement and collaboration with industry associations and BSFIs

# VII. Sound and Stable Banking System

Islamic finance strengthens access to financial services, provides alternative banking and finance options

## Enabling laws 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

## Complementary framework provides enabling regulatory environment and level playing field

- 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
- Implementation of Tax Neutrality, Bureau of Internal Revenue Regulations, Series of 2020-2024
- 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
- Consolidated Guidelines for takaful Window Operation, Insurance Commission Circular Letter, Series of 2024
- Insurance Coverage for Islamic Deposits, Philippine Deposit Insurance Commission Bulletin, Series of 2024
- Issuance and Disclosure of Sukuk Bonds, Securities and Exchange Commission Exposure Draft, Series of 2024



### Islamic Finance Opportunities

- Three (3) Islamic banking players and three (3) takaful operators operating in accordance with Shari'ah principles
- Successful Sovereign Sukuk issuance
- Promotes financial inclusion for all Filipinos
- Targets unbanked regions

# VIII. 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, electronic money issuers (EMIs), and virtual asset service providers. Monetary Board lifted moratoria on regular application for new EMIs – Non-Bank Financial Institutions (NBFI) in December 2024 and on grant of new digital banking licenses starting January 2025 (allowed maximum of 10 digital banks)*
- *Adoption of Payment System Oversight Framework (PSOF), which sets out a risk-based oversight approach over payment systems and financial market infrastructures*
- *Regulatory Sandbox Framework, which 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, PESONet, InstaPay, Automated Fare Collection System*



#### Digital Finance Infrastructure

- *National ID System – PhilSys, PhilPaSSplus, Open Finance, Regulatory Sandbox*



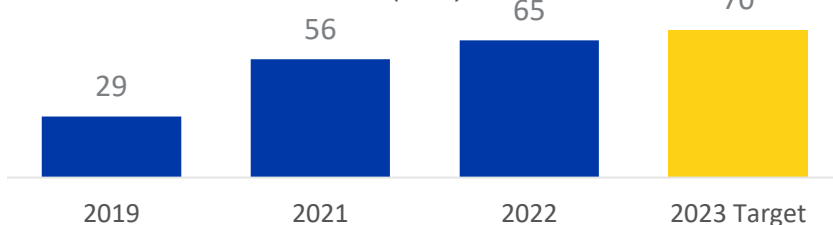
#### Digital Governance Standards

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



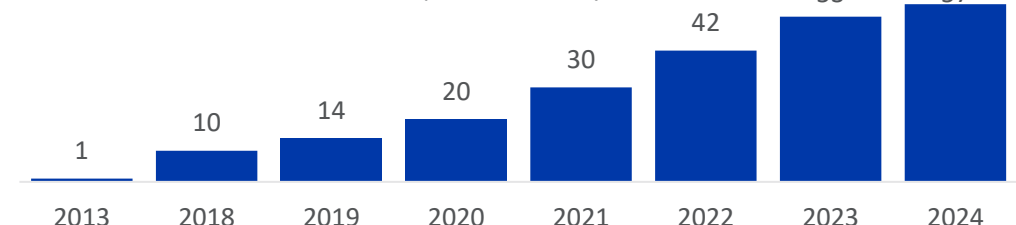
Share of Filipino Adults with Transaction/ Formal Accounts

(in %)



Share of digital payments to total payments exceed 52-54% target for 2024

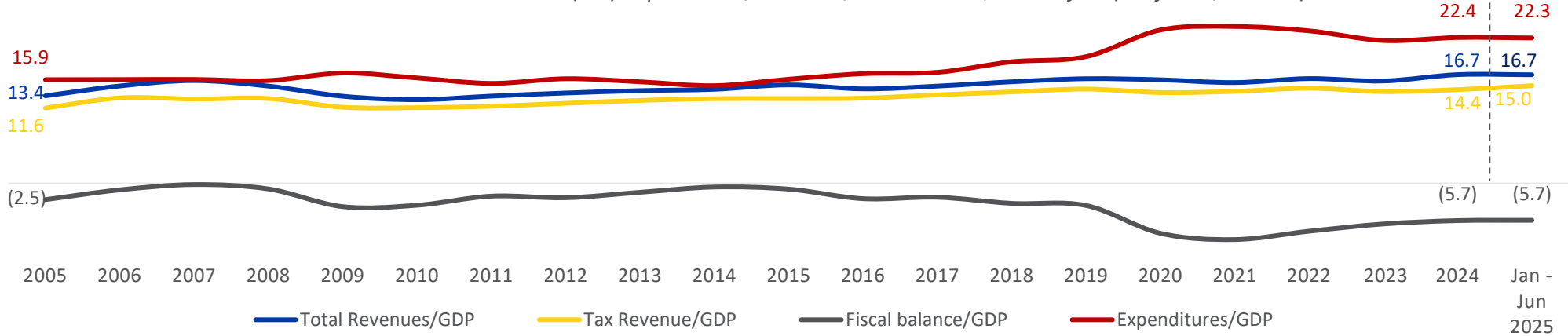
(volume, in %)



# IX. Sound Government Finances

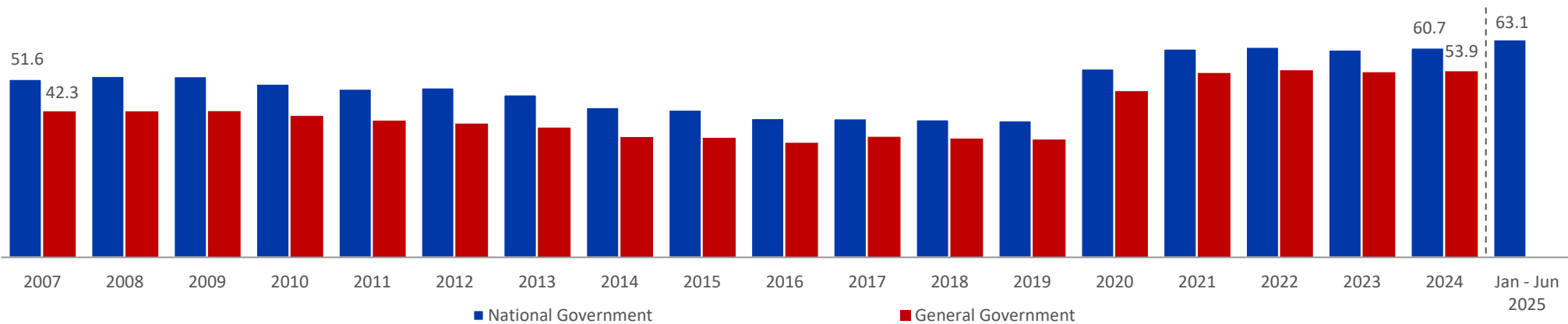
## Long history of prudent fiscal management strengthens government's financial position

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

# IX. 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	Actual	Program			
	2019	2020	2021	2022	2023	2024	Jan – Aug 2025	2025	2026	2027	2028
<b>Particulars</b>	PHP bn										
<b>Revenues</b>	<b>3,137.5</b>	<b>2,856.0</b>	<b>3,005.5</b>	<b>3,545.5</b>	<b>3,824.1</b>	<b>4,419.0</b>	<b>3,085.0</b>	<b>4,520.4</b>	<b>4,983.4</b>	<b>5,366.4</b>	<b>5,914.8</b>
<i>% of GDP</i>	16.1	15.9	15.5	16.1	15.7	16.7	16.7 (Jan-Jun)	15.9	16.2	16.0	16.3
<b>Tax Revenues</b>	2,827.7	2,507.2	2,742.7	3,220.3	3,429.3	3,800.7	2,786.7	4,213.9	4,633.4	5,091.3	5,612.2
<i>% of GDP</i>	14.5	14.0	14.1	14.6	14.1	14.4	15.0 (Jan-Jun)	NA	NA	NA	NA
<b>Non-tax Revenues</b>	309.0	348.7	259.9	325.7	394.8	618.3	298.3	306.5	350.1	275.1	302.6
<i>% of GDP</i>	1.6	2.0	1.4	1.5	1.6	2.3	1.7 (Jan-Jun)	NA	NA	NA	NA
<b>Expenditures</b>	<b>3,797.7</b>	<b>4,227.4</b>	<b>4,675.6</b>	<b>5,159.6</b>	<b>5,336.2</b>	<b>5,925.4</b>	<b>3,954.2</b>	<b>6,082.1</b>	<b>6,630.0</b>	<b>6,970.2</b>	<b>7,466.4</b>
<i>% of GDP</i>	19.5	23.5	24.1	23.4	21.9	22.4	22.3 (Jan-Jun)	21.4	21.5	20.8	20.6
<b>Surplus/(Deficit)</b>	<b>(660.2)</b>	<b>(1,371.4)</b>	<b>(1,670.1)</b>	<b>(1,614.1)</b>	<b>(1,512.1)</b>	<b>(1,506.4)</b>	<b>(869.2)</b>	<b>(1,561.7)</b>	<b>(1,646.6)</b>	<b>(1,603.7)</b>	<b>(1,551.6)</b>
<i>% of GDP</i>	(3.4)	(7.6)	(8.6)	(7.3)	(6.2)	(5.7)	(5.7) (Jan-Jun)	(5.5)	(5.3)	(4.8)	(4.3)

- Growth-enhancing fiscal consolidation remains a priority. Declining deficit path to reach 4.3% in 2028, reflecting gradual increase in revenues supported by legislative measures including recently enacted VAT on Digital Services Act, Ease of Paying Taxes Law, Capital Markets Efficiency Promotion Act and tax administration reforms. Government to relax privatization rules to allow sale of idle assets; and 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 191st DBCC Meeting in June 2025, BESF 2025

# IX. Sound Government Finances

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

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



**US\$2.25bn**

March 2022



US\$2.25bn first triple tranche Global Bonds, including 25Y notes issued under 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 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 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



**US\$2.25bn, EUR 1bn**

January 2025



Triple-tranche Global Bonds, including US\$25Y and EUR 7Y issued under ROP's Sustainable Finance Framework, marking the Republic's 7<sup>th</sup> G3 ESG bond offering and inaugural EUR sustainability bond.

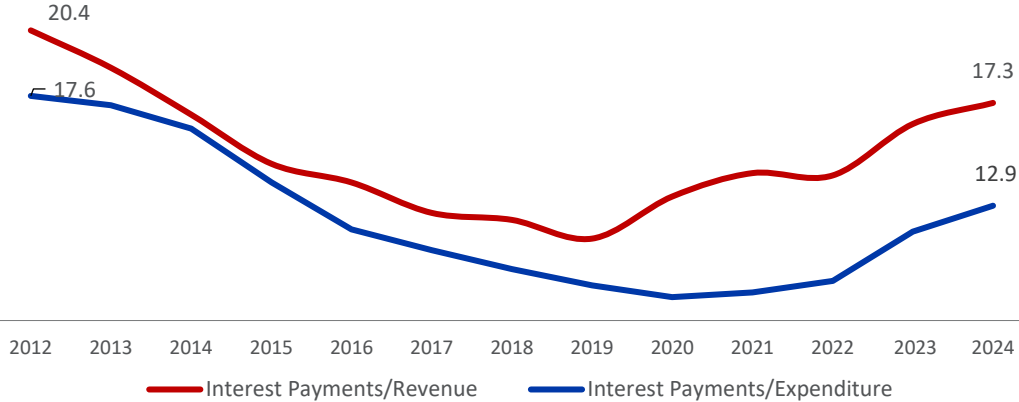
- EUR1bn priced at MS+125bps Notes due 2032
- US\$1.25bn priced at T+90bps Notes due 2035
- US\$1bn priced at 5.9% Notes due 2050

# IX. Sound Government Finances

## Sustainable Debt Profile Supported by Diversified Sources of Financing

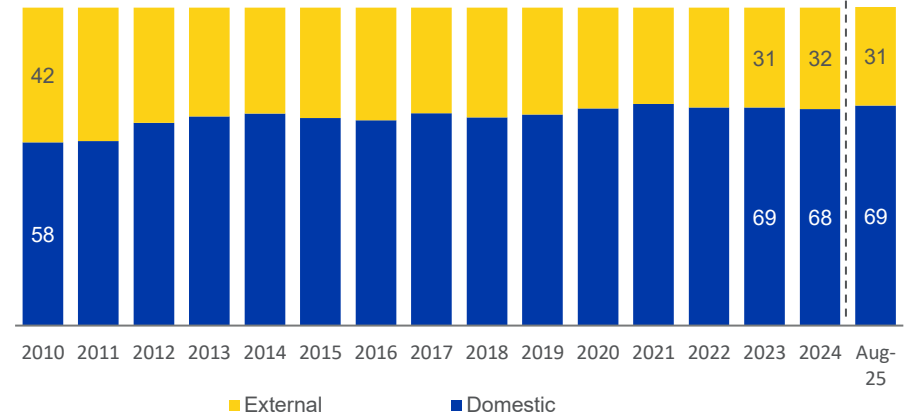
Debt affordability remains manageable

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



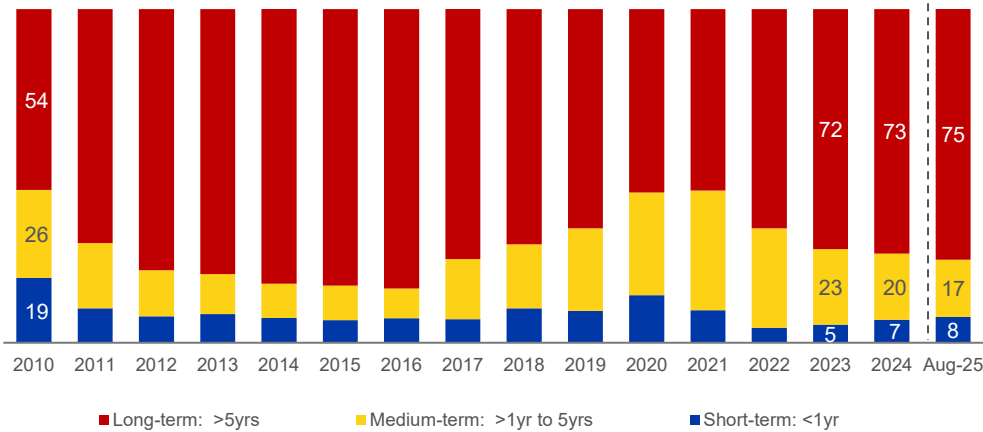
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)\*

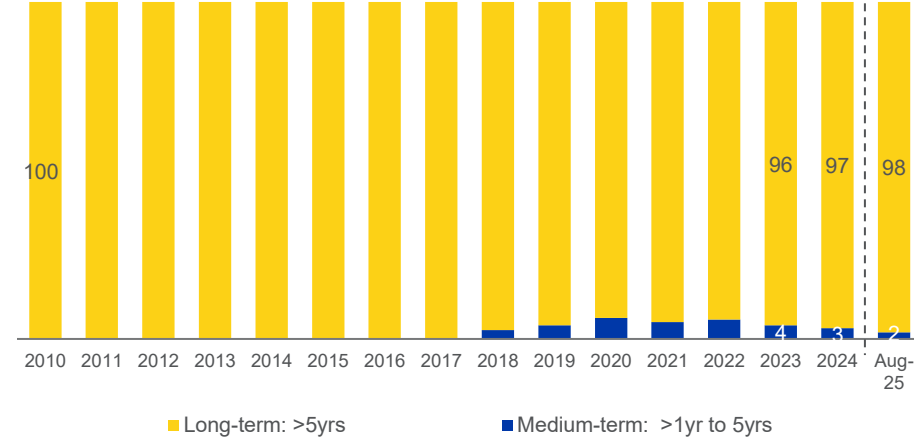


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)\*



External debt breakdown (%)\*



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

# IX. 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	2024 <sup>a/</sup>	2025 Program
	(PHP bn)										
<b>Gross Borrowing</b>	<b>609.6</b>	<b>507.0</b>	<b>901.7</b>	<b>897.6</b>	<b>1,015.8</b>	<b>2,741.1</b>	<b>2,579.2</b>	<b>2,163.5</b>	<b>2,193.3</b>	<b>2,564.5</b>	<b>2,545.9</b>
<b>External</b>	<b>189.5</b>	<b>149.5</b>	<b>168.1</b>	<b>303.1</b>	<b>321.9</b>	<b>742.4</b>	<b>568.7</b>	<b>520.1</b>	<b>559.0</b>	<b>641.2</b>	<b>507.4</b>
<i>Program Loans</i>	<i>72.0</i>	<i>35.6</i>	<i>35.1</i>	<i>80.4</i>	<i>78.2</i>	<i>375.2</i>	<i>166.1</i>	<i>136.6</i>	<i>204.3</i>	<b>271.3</b>	<i>236.1</i>
<i>Project Loans</i>	<i>28.2</i>	<i>18.8</i>	<i>33.4</i>	<i>34.0</i>	<i>58.0</i>	<i>49.1</i>	<i>110.2</i>	<i>120.7</i>	<i>135.9</i>	<b>113.6</b>	<i>73.6<sup>b/</sup></i>
<i>Bonds and other inflows</i>	<i>89.4</i>	<i>95.1</i>	<i>99.6</i>	<i>188.7</i>	<i>185.7</i>	<i>318.1</i>	<i>292.3</i>	<i>262.8</i>	<i>219.0</i>	<b>256.2</b>	<i>197.6</i>
<b>Domestic</b>	<b>420.1</b>	<b>357.5</b>	<b>733.5</b>	<b>594.5</b>	<b>693.8</b>	<b>1,998.7</b>	<b>2,010.6</b>	<b>1,643.4</b>	<b>1,634.2</b>	<b>1,923.3</b>	<b>2,037.6</b>
<i>Treasury Bills</i>	<i>(17.3)</i>	<i>23.5</i>	<i>26.4</i>	<i>179.9</i>	<i>(8.1)</i>	<i>463.3</i>	<i>(153.3)</i>	<i>(385.8)</i>	<i>119.5</i>	<b>224.3</b>	<i>60.0</i>
<i>Fixed Rate T-bonds</i>	<i>437.4</i>	<i>334.0</i>	<i>707.1</i>	<i>414.5</i>	<i>702.0</i>	<i>1,535.4</i>	<i>2,163.9</i>	<i>2,029.2</i>	<i>1,514.7</i>	<b>1699.0</b>	<i>1,977.6</i>
<b>Financing Mix (Domestic: External)</b>	<b>69:31</b>	<b>71:29</b>	<b>81:19</b>	<b>66:34</b>	<b>68:32</b>	<b>73:27</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

Source: Bureau of the Treasury, DBM BESF 2025

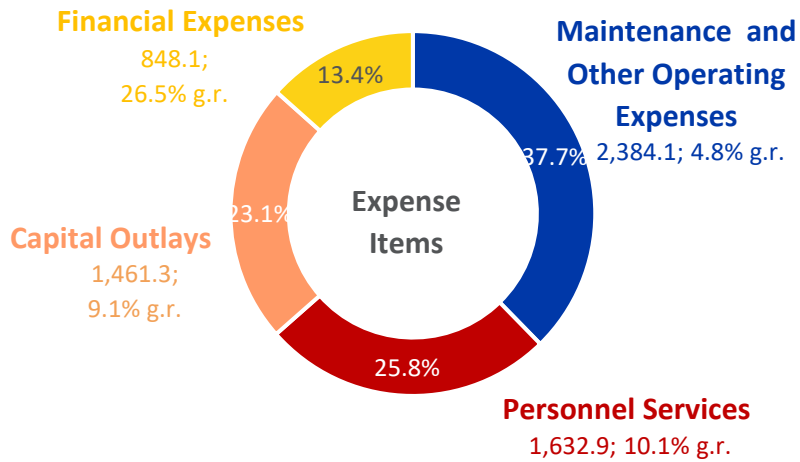
# IX. Sound Government Finances

## 2025 National Budget

### Funding growth amid fiscal consolidation

- PHP6.326tn<sup>1/</sup> National Budget aimed at achieving PDP medium term fiscal and economic targets. 9.7% higher than 2024 budget and equivalent to about 22% of GDP.

### 2025 General Appropriations Act (GAA) by Expense Class, PHP bn, % Share and growth rate (in %)

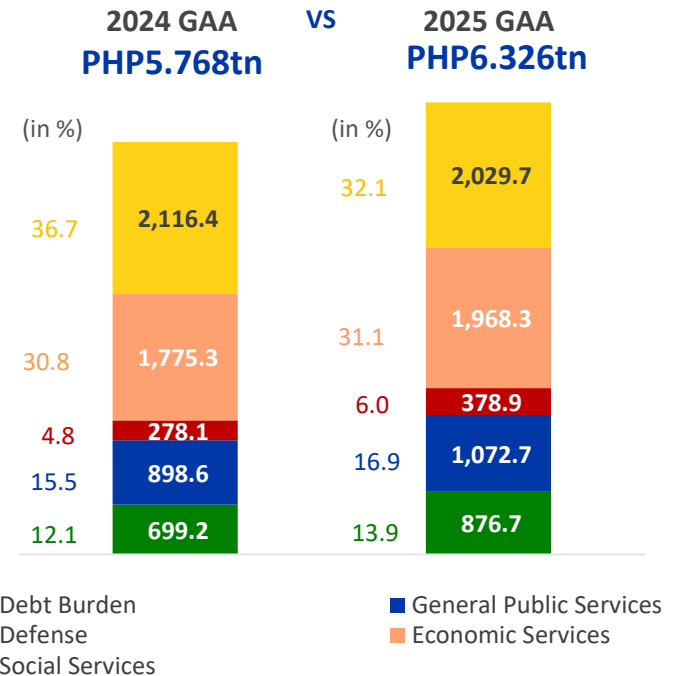


Note: g.r. is y-o-y growth rate  
 Figures may not add up due to rounding off

2025 Priority Sectors in PHP bn

Education	1,056
Public Works	1,008
Defense	315.1
Interior and Local Government	280.4
Health	267.8
Agriculture	237.4
Social Welfare	217.5
Transportation	123.7
Judiciary	64.0
Justice	42.2

### 2025 GAA by Sector, PHP bn and % share

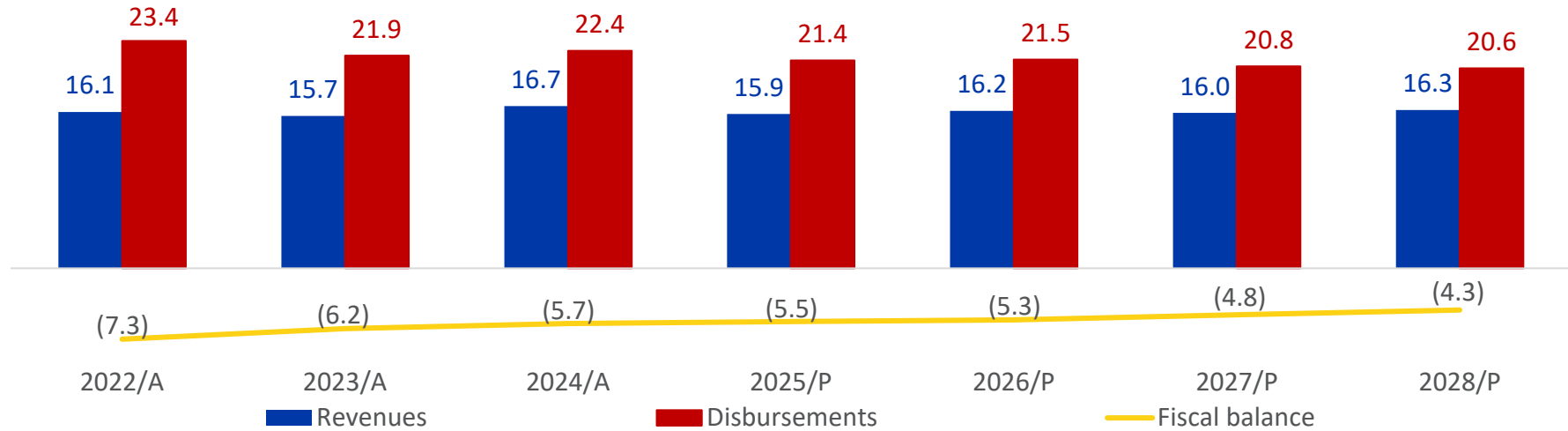


1/ based on signed GAA  
 Source: DBM

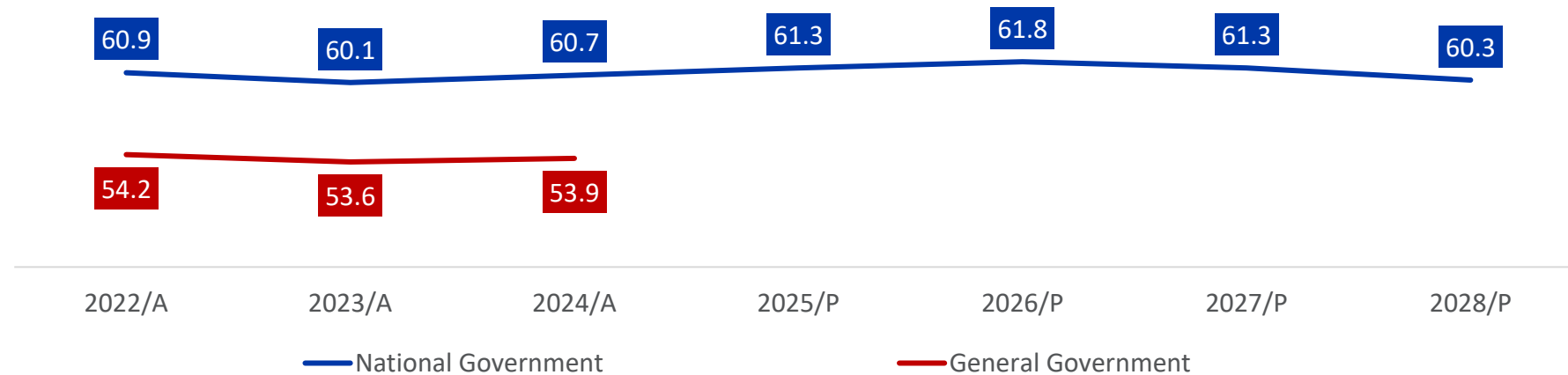
# IX. Sound Government Finances

## Growth-Enhancing Fiscal Consolidation Plan

Medium-Term Fiscal Framework



Debt (% of GDP)



Source: Medium-Term Fiscal Program Approved during the 191<sup>st</sup> DBCC Meeting in June 2025, BTr, DOF presentation in Public Hearing of the Committee on Finance - Briefing by DBCC on the Proposed Fiscal Year 2026 National Expenditure Program on 1 September 2025

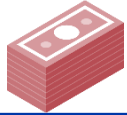
A/ Actual; P/Program

Note: GG debt estimates are unofficial estimates of the BTr

# IX. Sound Government Finances

## Medium-Term Fiscal Framework (MTFF) and Priority Measures for a Fair and Efficient Tax System

Serves as blueprint to guide the consolidation process:



Reduce the fiscal deficit



Promote fiscal sustainability



Enable robust economic growth

### Enacted Reforms to boost revenue, foster pro-business environment, and spur investments for inclusive growth

2024: *Ease of Paying Taxes Act (RA 11976)*

Promotes efficient tax administration through digitalization

2024: *VAT on Digital Service Providers (RA 12023)*

Ensures equitable tax treatment on all digital businesses

2024: *Real Property Valuation Reform (RA 12001)*

Equitable and efficient real property valuation, empowering local government units to be financially self-sufficient

2024: *CREATE MORE (RA 12066)*

Enhances ease of doing business, clarifies VAT rules, provides more attractive tax incentives, strengthens governance

2025: *Capital Markets Efficiency Promotion Act (RA 12214)*

Makes investment more accessible and affordable for Filipinos

2025: *Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253)*

Safeguards the environment while transforming natural resources into key driver for sustainable growth

Select pipeline of reforms<sup>1</sup>

- Imposition of tax for single-use plastics
- General tax amnesty
- Law on online gambling

<sup>1</sup> Part of 44 priority measures for the 20<sup>th</sup> Congress identified by Legislative-Executive Development Advisory Council (LEDAC)  
Source: DOF

# IX. Sound Government Finances

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

- Uses government financial assets to support infrastructure development, create jobs, attract investments, drive technological transformation, enhance connectivity, and promote energy, water and food security, and poverty reduction, while ensuring sustainable development
- Promotes investments in key sectors; aims optimal absolute return on investments (ROI) and financial gains through profitability, liquidity, security of investments
- Promotes efficient intergenerational management of wealth
- Funds sourced from Maharlika Investment Corporation (MIC), which governs and manages MIF to generate ROI

### MIC invests in key sectors for long-term development

- PHP19.7bn for a 20% stake in Synergy Grid and Development Philippines Inc. (SGP), which owns 40% of National Grid Corporation of the Philippines (NGCP)
- US\$76.4mn bridge loan to Makilala Mining Co to develop copper-gold project in Kalinga province

### Allowable Investments

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

### Governance

- Governed by Board of Directors (BOD) with 9 members<sup>1</sup>
- Advisory Body on policy formulation<sup>2</sup>

### Safeguards

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

### Other Salient Features

- Who may invest in MIF: Government financial institutions (GFIs) and Government-Owned or -Controlled Corporations (GOCCs)\*, reputable private and state-owned financial institutions and corporations
- What sectors can MIF investment in: infrastructure; oil, gas, and power; agroforestry industrial urbanization; mineral processing; tourism; transportation; and aerospace and aviation

1/ Nine members: Finance Secretary 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

2/ Advisory body: Department of Budget and Management Secretary; Department of Economy, Planning, and Development Secretary; and Treasurer of the Philippines

\*except those that manage pension and welfare funds

Source: Senate, House of Representatives, DOF

# X. 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)

**207** Infrastructure Flagship Projects <sup>2/</sup> (IFP) (PHP10.4tn/US\$183.2bn)

- IFP by Sector**
- 139 Physical Connectivity
  - 32 Water Resources
  - 9 Agriculture
  - 5 Health
  - 6 Digital Connectivity
  - 3 Power and Energy
  - 2 Education
  - 2 Housing
  - 9 Other Infra

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

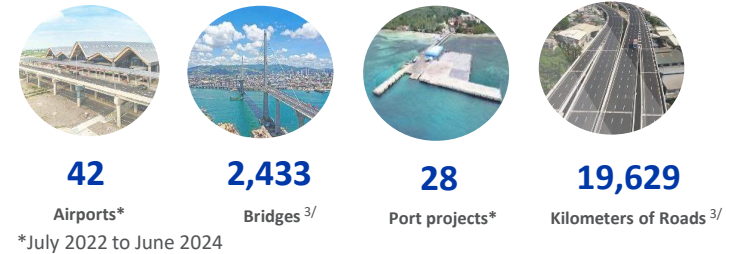
*Expedite permitting process and implementation of IFPs.*

### Status of IFP Implementation

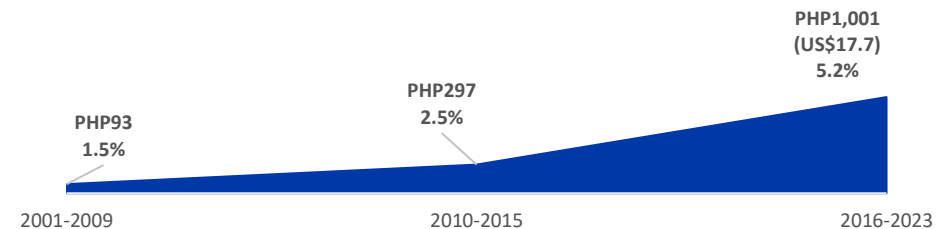
- 7 completed
- 77 ongoing implementation
- 31 approved for implementation
- 7 awaiting government approval
- 85 ongoing project preparation or pre-project preparation
  - Increased infrastructure investment and efficiency in budget utilization
    - In 2024: Infrastructure disbursements reached PHP1,545.2bn, 8.9% higher yoy
      - ✓ Jan-Jun 2025: PHP720.3bn
    - As of 30 June 2025: 99% and 98% utilization rate of cash allocations by DPWH and DOTr, respectively

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

No. of completed projects from July 2022 to May 2025

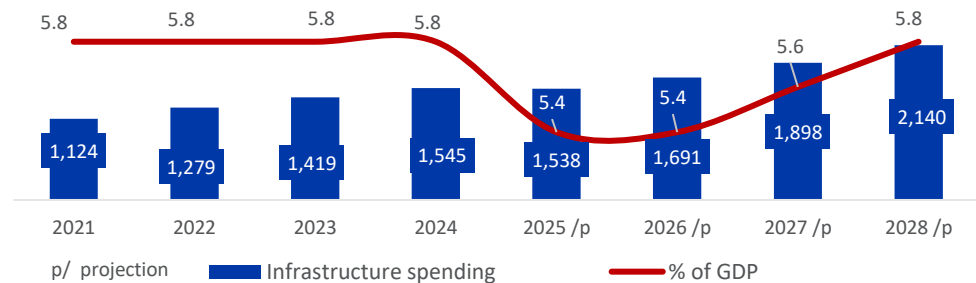


Infrastructure spending<sup>4/</sup> (average in PHP bn, % of GDP)



### Infrastructure Spending to reach US\$37.6bn by 2028 <sup>5/</sup>

Actual and projections<sup>6/</sup> (PHP bn, % of GDP)



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

<sup>2/</sup> As of July 2025: <https://depdev.gov.ph/infrastructure-flagship-projects/>

<sup>3/</sup> Constructed, maintained, rehabilitated, widened and upgraded. For Roads, 1km = 2 lane kms.

<sup>4/</sup> Infrastructure figures for 2001-2018 are obligation-based; 2019 onwards are cash-based.

<sup>5/</sup> Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

<sup>6/</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 191st DBCC Meeting in June 2025

Source: DEPdev, DBM, DPWH, DOTr, PIA

# X. 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). Expected to serve more than 300,000 passengers per day on its first year  
*Target year of completion: Beyond 2028*  
*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 Western Visayas (Region VI). Construction to begin in 2025; completion by 2028.  
*Target year of completion: Beyond 2028*  
*Status: Approved for implementation*



**Daang Maharlika (N1) Improvement- PHP251.2 (US\$4.4bn)**  
Widening, reconstruction, rehabilitation, and upgrading of road sections and bridges along 3,082-km Daang Maharlika Highway (N1).  
*Target year of completion: 2028*  
*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 with a design capacity of 200 million passengers per year. (Region III).  
*Target year of completion: Beyond 2028*  
*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 year of completion: Beyond 2028*  
*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). As of end-2024, 18.24% construction progress  
*Target year of completion: Beyond 2028*  
*Status: Ongoing*

# X. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

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

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

#### Key Reforms

- Update project approval thresholds for Build-Operate-Transfer (BOT) projects, which were last set 29 years ago, while allowing DEPdev’s Investment Coordination Committee to review, evaluate, and update.
  - Projects costing PHP15bn (US\$263.2mn) and above (previously above PHP300mn/US\$5.3mn) will need Economy and Development Council’s approval
- Unsolicited proposals are allowed in list of PPP projects without new concept or technology requirement, subject to reimbursement of government’s development costs
- Uphold and retain local autonomy while providing mechanisms to ensure harmonized investment programming between local government units and the NG.

**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

Access RA 11966 through the QR code below:



#### Pipeline reform to accelerate implementation of infrastructure projects

#### **Amending Right of Way (ROW) Act to further improve process of acquiring land for government infrastructure projects**

- Expanded modes of acquisition
- Facilitate acquisition of untitled lands
- Improved guidelines for negotiated sale
- Streamlined expropriation proceedings
- Advance appropriations for ROW acquisition

# X. Infrastructure Program

## Forging Stronger Partnerships with the Private Sector

### Broader private sector participation

Status of PPP projects as of 3 October 2025

#### PPP Projects under Implementation

73 Solicited Projects  
PHP893.4bn (US\$15.7bn)

184 Unsolicited Projects  
PHP2.2tn (US\$38.8bn)

12 Projects for verification  
PHP9.0bn (US\$0.16bn)

12 Not applicable  
PHP582.03bn (US\$10.2bn)



#### PPP Projects in the Pipeline

182 Solicited Projects  
PHP1.5tn  
(US\$26.7bn)

61 Unsolicited Projects  
PHP1.1tn  
(US\$19.2bn)

#### Concluded PPP Projects

37 Solicited Projects  
PHP283.9bn  
(US\$5.0bn)

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

1 Project for verification

#### Notes:

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

Source: PPP Center

US\$ amount computed based on the 2025 median (PHP57/US\$1) of the US\$/PHP forecast based on 191st DBCC Meeting in June 2025

# XI. 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	5.7	5.5 – 6.5	6.0 – 7.0	6.0 – 7.0	6.0 – 7.0
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	(4.3)	(0.4) <sup>1/</sup>	1.0	1.0	N/A	N/A
Growth of goods imports (%)**	30.5	19.0	(4.8)	2.2 <sup>1/</sup>	1.0	1.0	N/A	N/A
OF Cash Remittances, Growth Rate (%)**	5.1	3.6	2.9	3.0 <sup>1/</sup>	3.0	3.0	N/A	N/A
Net Foreign Direct Investments (US\$ bn)**	12.0	9.5	8.9	9.4 <sup>1/</sup>	7.5	8.0	N/A	N/A
Current Account Balance (% of GDP)**	(1.5)	(4.5)	(2.8)	(4.0) <sup>1/</sup>	(3.3)	(2.9)	N/A	N/A

### Growth Drivers

- **Household consumption:** Easing inflation and more conducive financial environment; sustained labor market conditions; stable growth of remittances
- **Government spending:** Timely implementation of government programs and projects under 2025 National Budget; full implementation of New Government Procurement Act; PhilGEPS eMarketplace; and 2026 ASEAN Summit hosting
- **Investment:** Full implementation of the CREATE MORE Act; Improvements in ease of doing business through structural reforms; easing monetary and financial conditions; robust construction activities through Build Better More Program and Pambansang Pabahay Para sa Pilipino Program (National Housing Program); implementation of PPP Code; and Luzon Economic Corridor (LEC)
- **Net Exports:** Improved supply chain and wider market access through Regional Comprehensive Economic Partnership, LEC, Philippines-Korea Free Trade Agreements (FTA); forge strategic FTAs with other markets and venture to non-traditional exports products; tourism infrastructure and services upgrade; further expansion of IT-BPM
- **Agriculture:** Modernization of agriculture and agri-business over the medium term; better climate and weather outlook
- **Industry:** Expansion in manufacturing and construction, supported by the government's infrastructure development program, Electric Vehicle Incentives Strategy, and rising Artificial Intelligence (AI)-induced demand for electronic products; mining sector to benefit from growing demand for green metals
- **Services:** Sustain recovery in tourism-related industries, including transportation sector, accommodation and food service, and other services; upskill and reskill of workers to leverage on AI and sustain growth of IT-BPM sector; robust wholesale and retail trade amid easing inflation

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

\*Real GDP growth and inflation rate assumptions were approved in the 191st DBCC meeting in June 2025; \*\*BSP 2025-2026 BOP Forecast (As of September 2025); N/A – Not available

<sup>1/</sup>preliminary

# XII. Seasoned Technocrats and Professionals to Steer Economic Transformation

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



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

**Frederick D. Go**  
Special Assistant to the President<sup>1/</sup> for Investment and Economic Affairs  
Office of the President



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

**Ralph G. Recto**  
Secretary  
Finance



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

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



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

**Dr. Arsenio M. Balisacan**  
Secretary  
Economic, Planning and Development



Former central bank Assistant Governor and Budget Undersecretary

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



Former DTI Undersecretary for the MSME Development Group; seasoned entrepreneur

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

1/ Rank of Secretary

