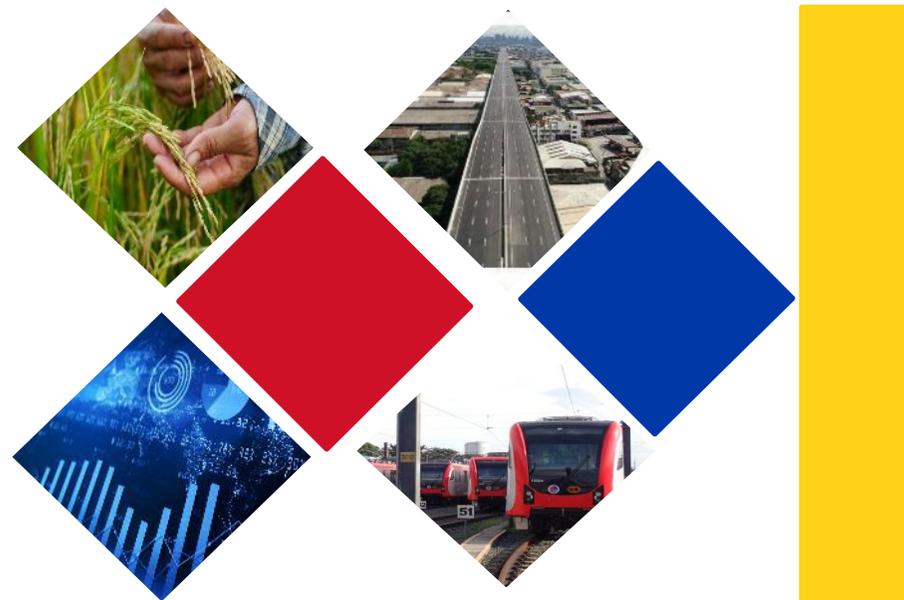




Republic of the Philippines

Toward a More Inclusive, Resilient and Prosperous Economy

December 2022



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1

**Six-Year Game Plan
for Economic
Transformation**

Charting the Course to a More Inclusive, Resilient, and Prosperous Economy

Key targets to transform the economy, by the numbers

The Marcos Administration's measurable medium-term macroeconomic and fiscal objectives

6.5% to 7.5% real GDP growth in 2022

6.0% to 7.0% real GDP growth for 2023 and 6.5 to 8.0% annually from 2024 - 2028

9.0% or single-digit poverty rate by 2028

3.0% national government deficit-to-GDP ratio by 2028

Less than 60% national government debt-to-GDP ratio by 2025

At least US\$4,256 income per capita and the attainment of upper middle-income status by 2024

5.0% to 6.0% infrastructure spending-to-GDP ratio for 2022-2028



Charting the Course to a More Inclusive, Resilient, and Prosperous Economy

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

Philippine Development Plan 2023-2028^{1/}



Protect the purchasing power of families

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



Reduce vulnerability, mitigate scarring from COVID-19 pandemic

- Tackle health
- Strengthen social protection
- Address learning losses



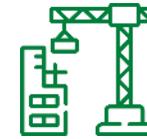
Ensure sound macroeconomic fundamentals

- Improve bureaucratic efficiency
- Ensure sound fiscal management

Create more jobs



Promote investments



Improve infrastructure



Ensure energy security

Create quality jobs



Increase employability



Expand digital infrastructure



Encourage R&D and innovation

Create green jobs



Pursue green and blue economy



Establish livable and sustainable communities

Full Recovery and Staying Resilient

Reduce Vulnerability, Mitigate Scarring from the COVID-19 Pandemic (Tackle Health)

- Ramp up vaccination and uptake of boosters for the elderly and vulnerable populations
- Maintain compliance with minimum public health standards to enable safe reopening of the economy and schools
- Strengthen surveillance and laboratory capacity to enable prompt identification and response to outbreaks
- Resume implementation of reforms and investments enshrined in the Universal Health Act

Tackling Health in the First State of the Nation Address of President Marcos

Observe endemic living

Do away with lockdowns

Accelerate booster vaccine rollout

Study further the alert level system

Provide legislative support for the creation of the Philippine Center for Disease Control and Prevention and a vaccine institute

Build more hospitals and health centers

Establish rural health units

Improve welfare of medical professionals

Attract investments in pharmaceutical manufacturing

Ramping up vaccination and returning to normal

Status of Vaccination
as of 21 November 2022

165,605,330
Total doses administered

73,713,884
or 81.9% of the target
population with complete dose

20,878,726
with booster

2

Sound Credit
Profile

Strong Credit Profile Underpinned Swift Economic Recovery

Metric	2017	2018	2019	2020	2021	2022
Credit Rating ▪ Moody's ▪ S&P ▪ Fitch	Baa2/stable BBB/stable BBB/stable	Baa2/stable BBB/positive BBB/stable	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/stable BBB/negative	Baa2/stable BBB+/stable BBB/negative
Real GDP Growth Rate (%), 2018 prices	6.9	6.3	6.1	-9.5	5.7	7.7 (Q1-Q3)
GDP Per Capita (US\$), PPP concept (current prices)	8,199	8,793	9,363	8,457	9,190	10,490 (Annualized)
Inflation Rate ^{1/} (%), 2018 prices	2.9	5.2	2.4	2.4	3.9	5.6 (Jan-Nov)
Fiscal Balance/GDP (%)	-2.1	-3.1	-3.4	-7.6	-8.6	-6.5 (Jan-Sep)
Tax Revenue/ GDP (%)	13.6	14.0	14.5	14.0	15.5	15.3 (Jan-Sep)
National Government Interest Payments/ Revenues (%)	12.6	12.3	11.5	13.3	14.1	14.7 (Jan-Oct)
General Government Debt/GDP (%)	34.9	34.4	34.1	48.1	53.4	N/A
Gross International Reserves (US\$ bn)	81.6	79.2	87.8	110.1	108.8	94.0 (End-Nov)
Import Cover (months) ^{2/}	7.8	6.9	7.6	12.3	9.6	7.5 (End-Nov)
Overseas Filipinos' Cash Remittances (US\$ bn)	28.1	28.9	30.1	29.9	31.4	23.8 (Jan-Sep)
Foreign Direct Investments (US\$ bn)	10.3	9.9	8.7	6.8	12.4	5.9 (Jan-Aug)
Current Account/GDP (%)	-0.7	-2.6	-0.8	3.2	-1.5	-6.1 (Jan-Jun)
External Debt/GDP (%)	22.3	22.8	22.2	27.2	27.0	26.8 (End-Jun)

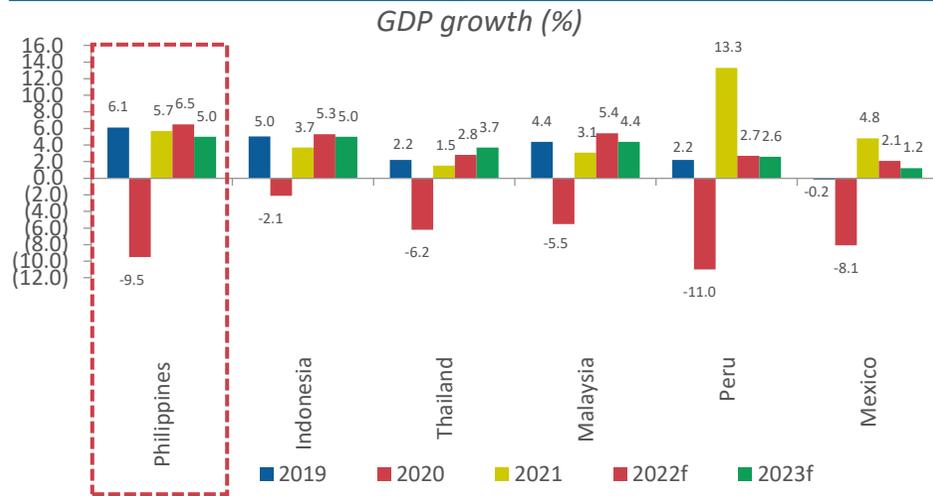
^{1/}Note: Starting 2022, the Philippine Statistics Authority (PSA) adjusted the base year from 2012 to 2018, reflecting the changing household consumption patterns of Filipinos.

^{2/}Number of months of average imports of goods and payment of services and primary income that can be financed by reserves. Starting 2005, data are based on IMF's Balance of Payments and International Investment Position Manual, 6th Ed concept.

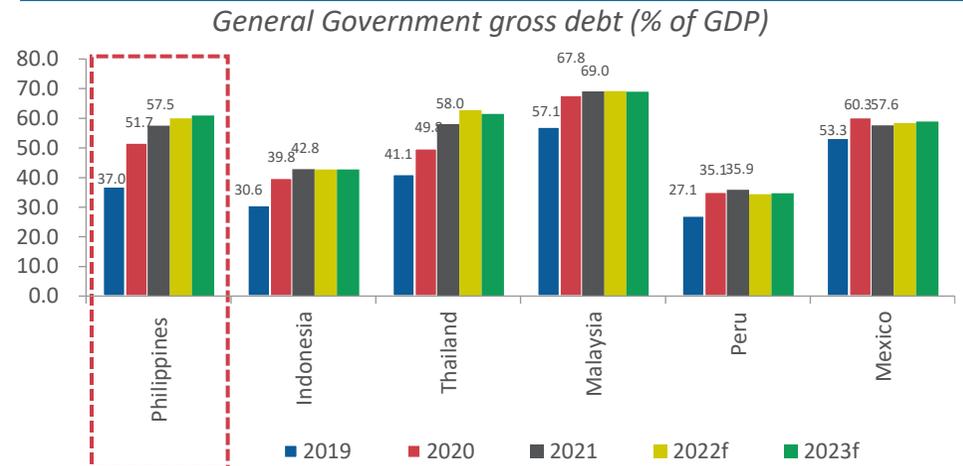
Source: BSP's Selected Economic and Financial Indicators, Department of Finance (DOF), Bureau of Treasury (BTR), N/A: Not Available

Well-placed Philippine Credit Profile, Even Among Higher-rated Peers

Growth outlook among the highest in the region

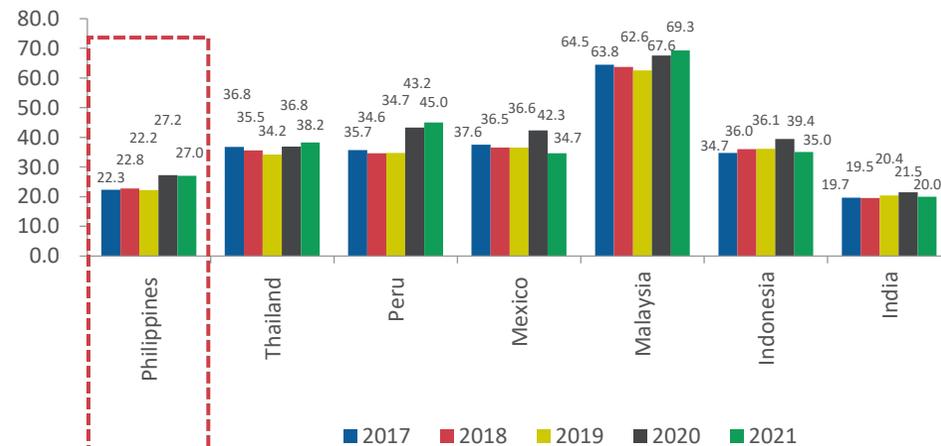


Debt burden remains manageable



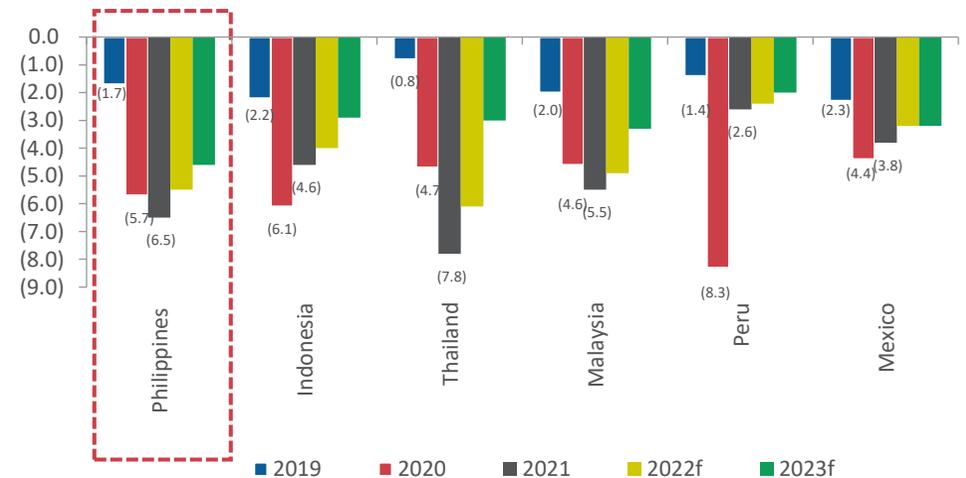
Low external debt

External Debt (% of GDP)



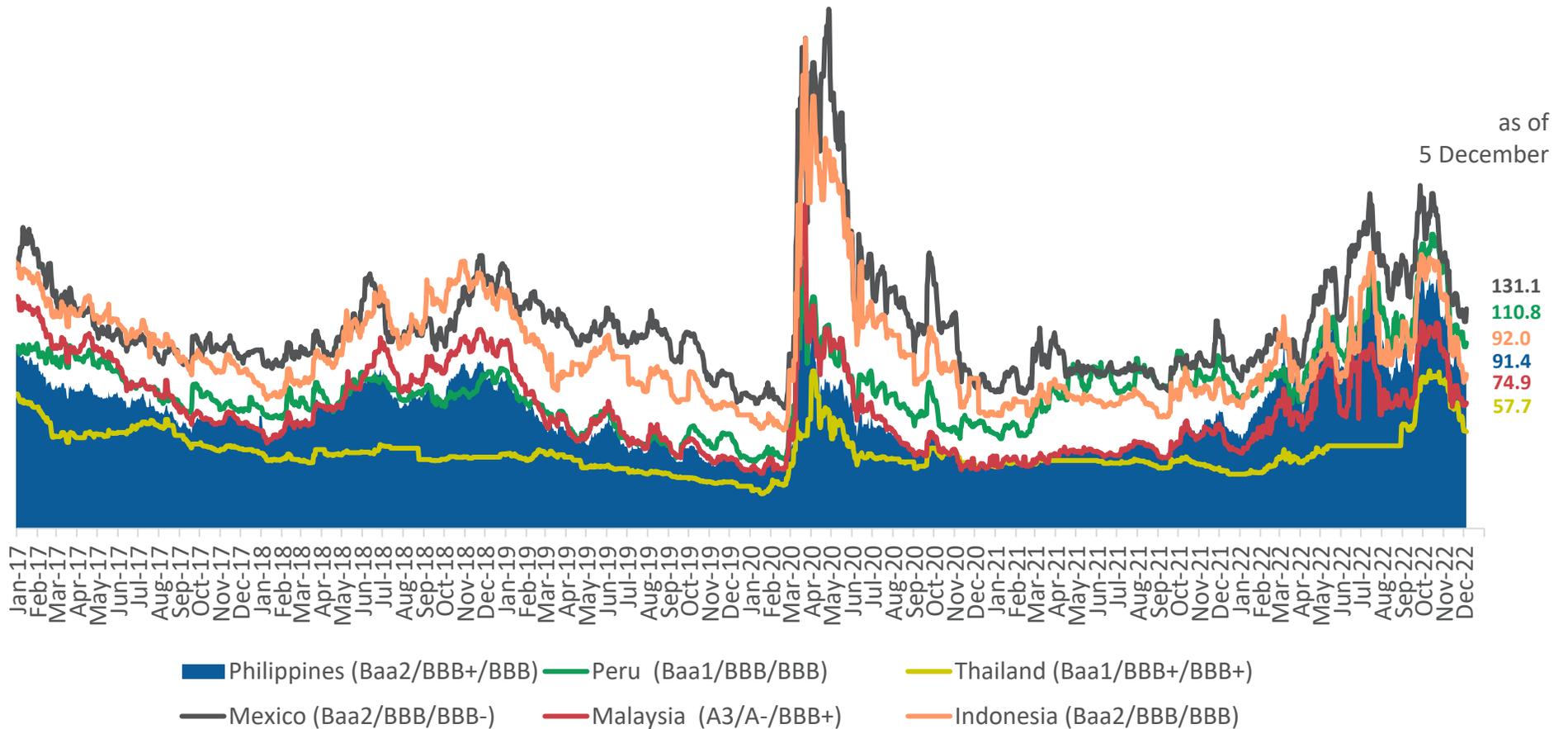
Sound fiscal position going into pandemic

General Government fiscal balance (% of GDP)



Investor Confidence in the Philippines' Sound Credit Quality

5-year Sovereign CDS spreads (in basis points)



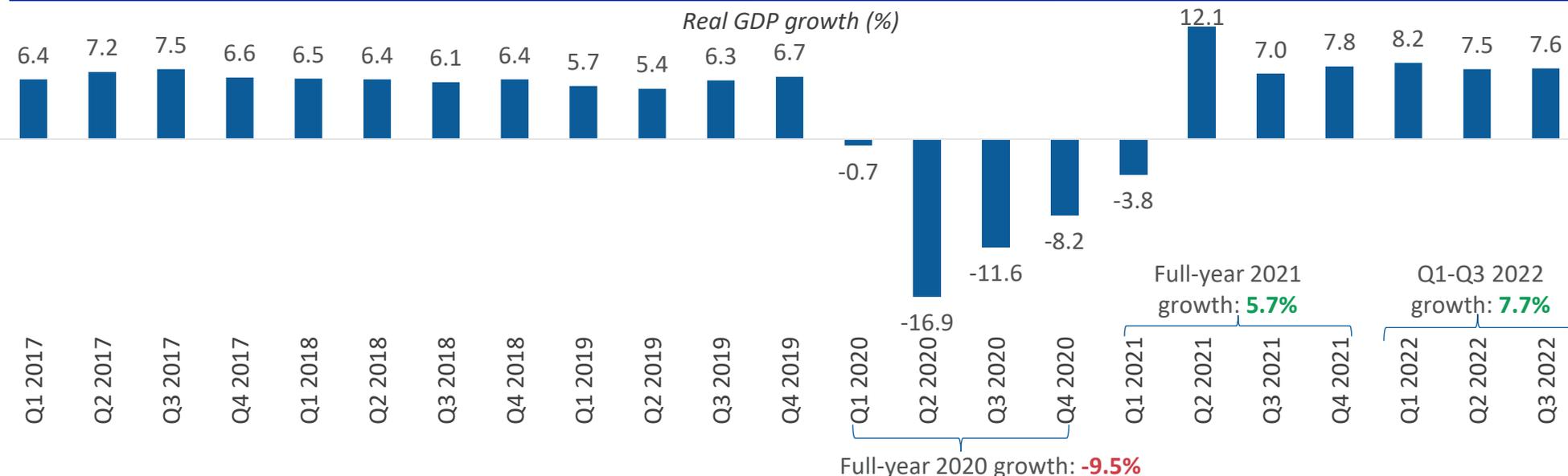
Rating: Moody's/S&P/Fitch ratings as of 05 December 2022
 Source: Bloomberg

3

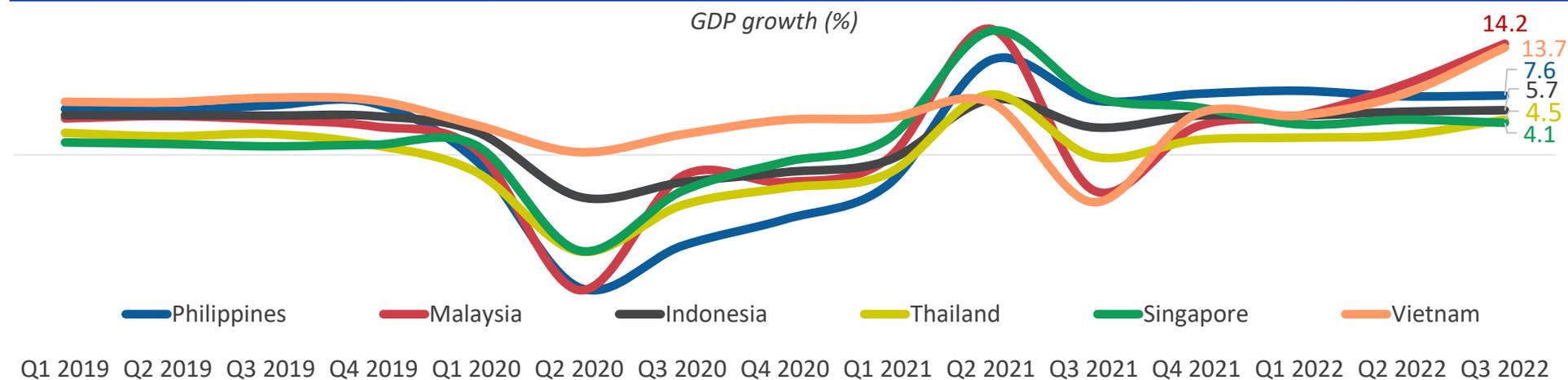
**Firm Economic
Recovery and
Reform
Momentum**

Sustained Path to Stronger Recovery

Economic recovery surpassing pre-pandemic growth



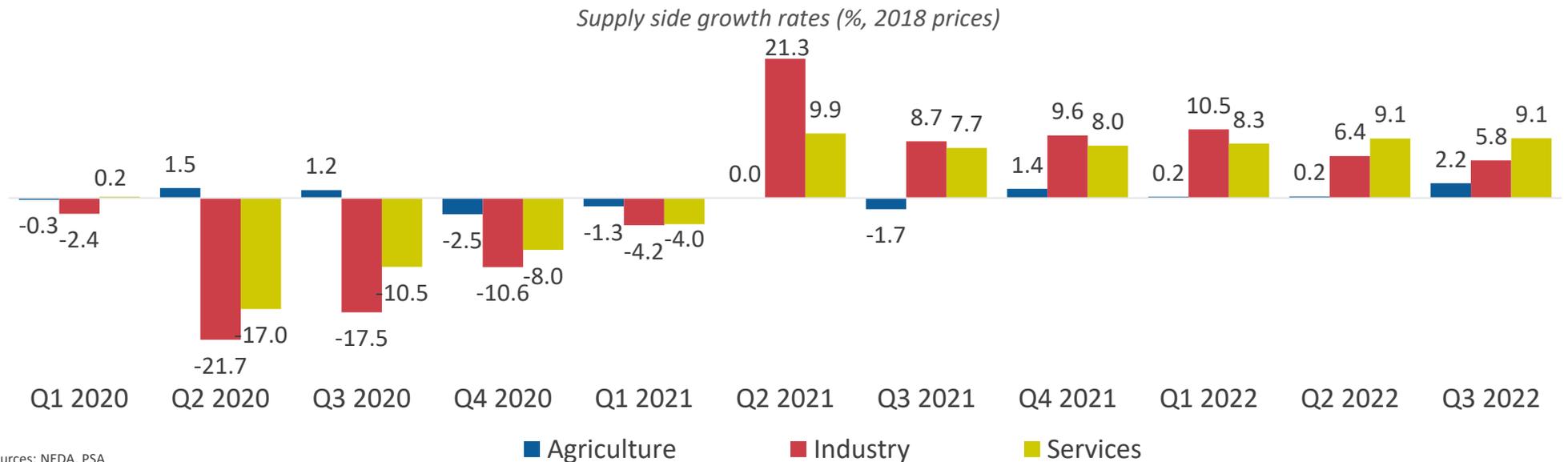
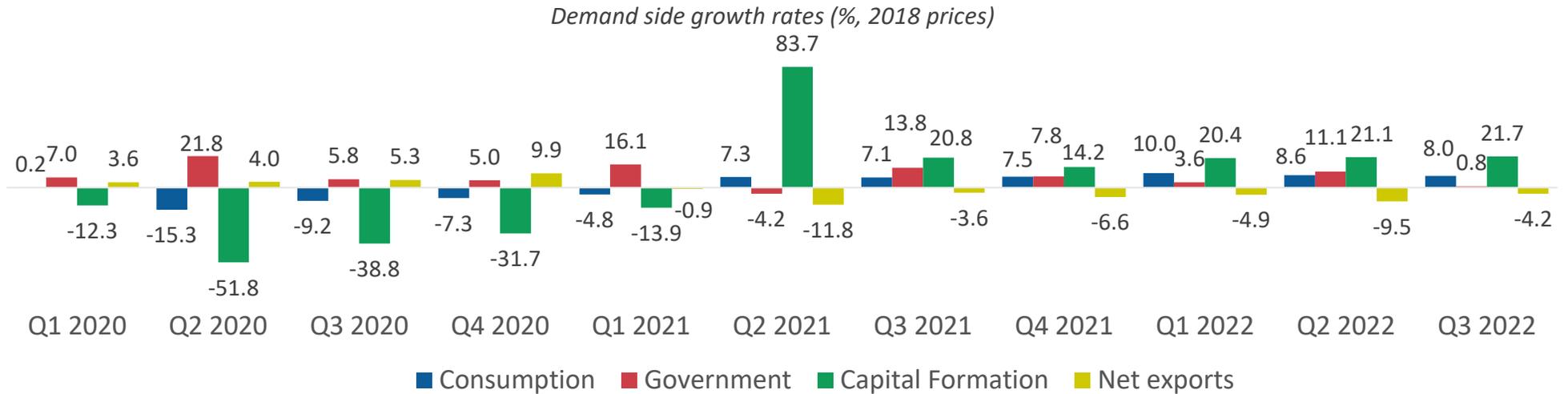
The Philippines' growth rate among the fastest in Southeast Asia



Source: Philippine Statistics Authority (PSA), National Economic and Development Authority (NEDA)
 Note: GDP figures use 2018 as base year

Strong Growth of Major Economic Sectors

Growth seen across sectors on easing mobility and resumption of face-to-face classes



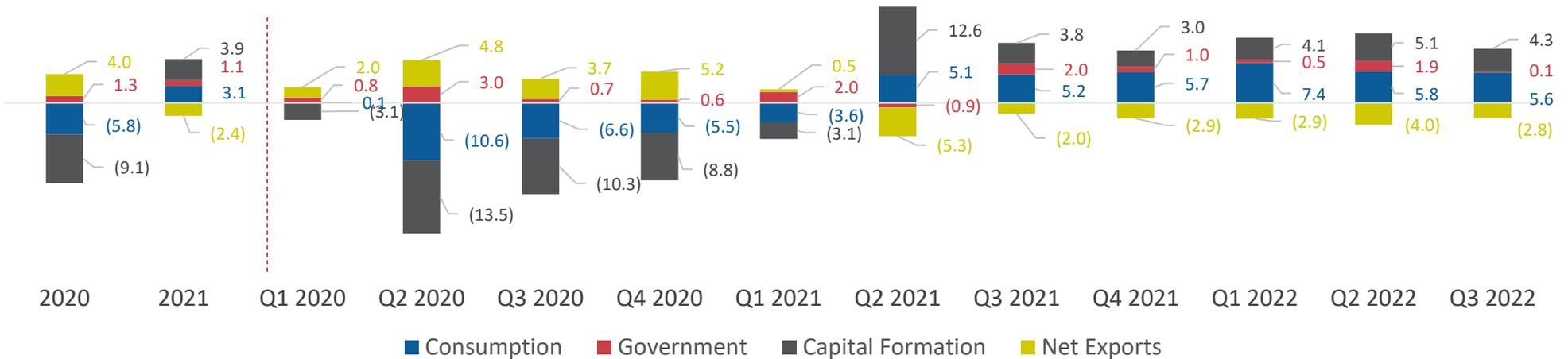
Sources: NEDA, PSA
 Note: Numbers may not add up due to rounding
 PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

Broad-Based Economic Recovery

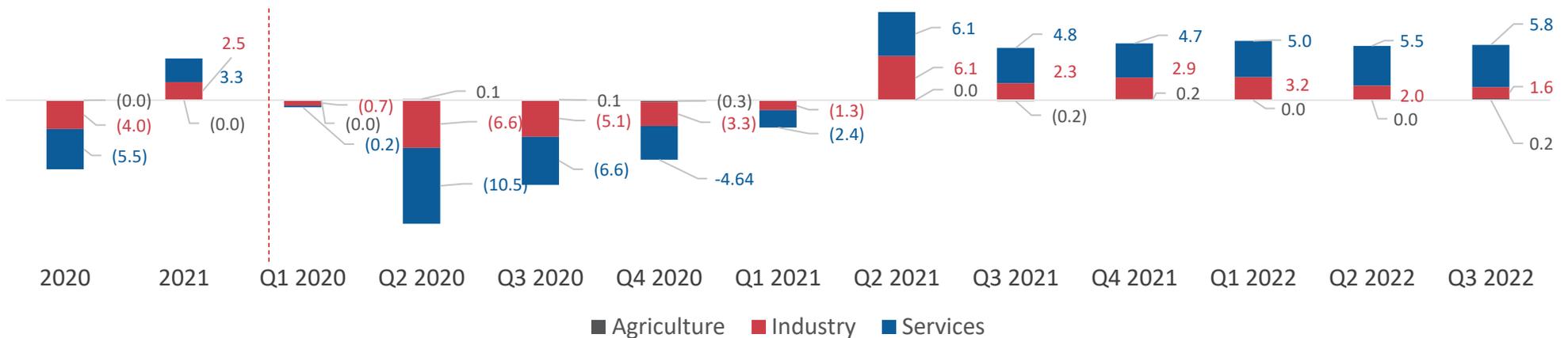
Growth seen across sectors on easing mobility and resumption of face-to-face classes

GDP breakdown by component

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



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

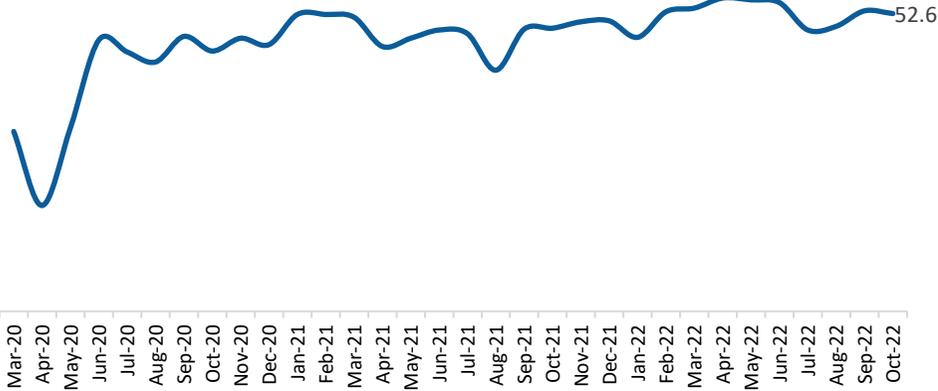


Source: PSA National Accounts; Note: Numbers may not add up due to statistical discrepancy and/or rounding
PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

Economic Recovery Momentum on Steady Path

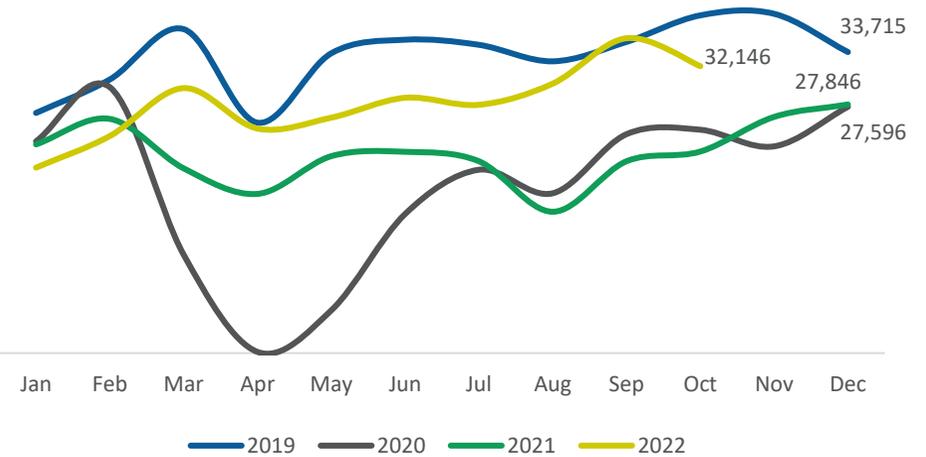
Manufacturing remains on expansion territory

S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI)



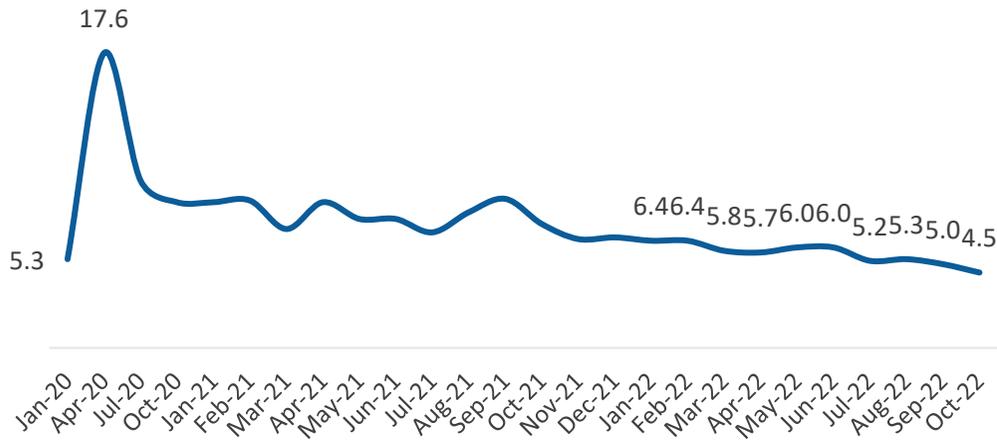
Motor vehicle sales continue to recover

In Unit



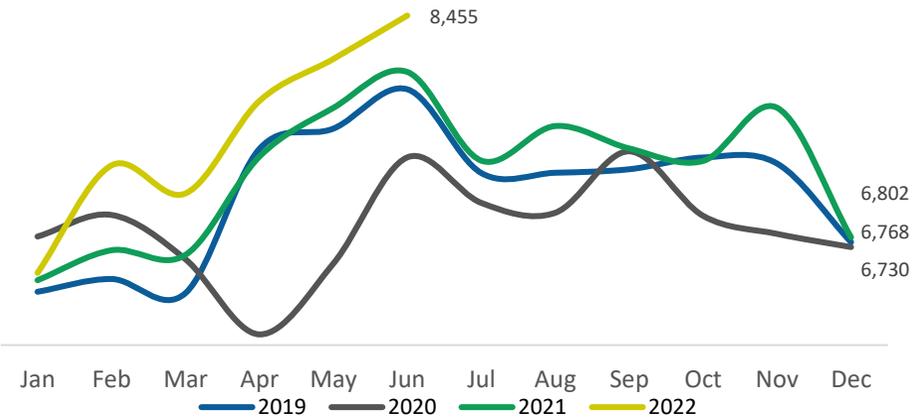
Employment at record-high bouncing back to pre-pandemic level

Unemployment rate (%)



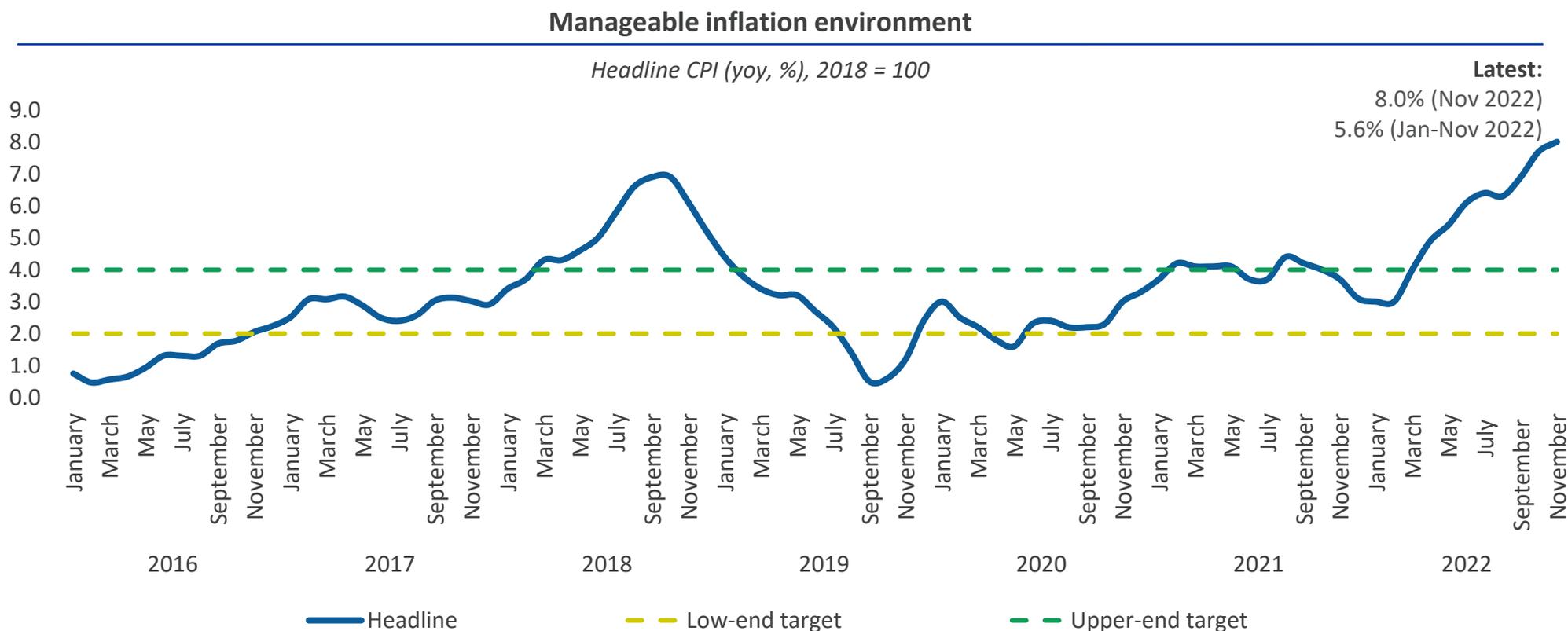
Energy consumption increases

Energy delivery (in GWh)



Source: BSP, PSA, IHS Markit, Chamber of Automotive Manufactures of the Philippines, CEIC, NGCP

Bringing Inflation to a Target-consistent Path

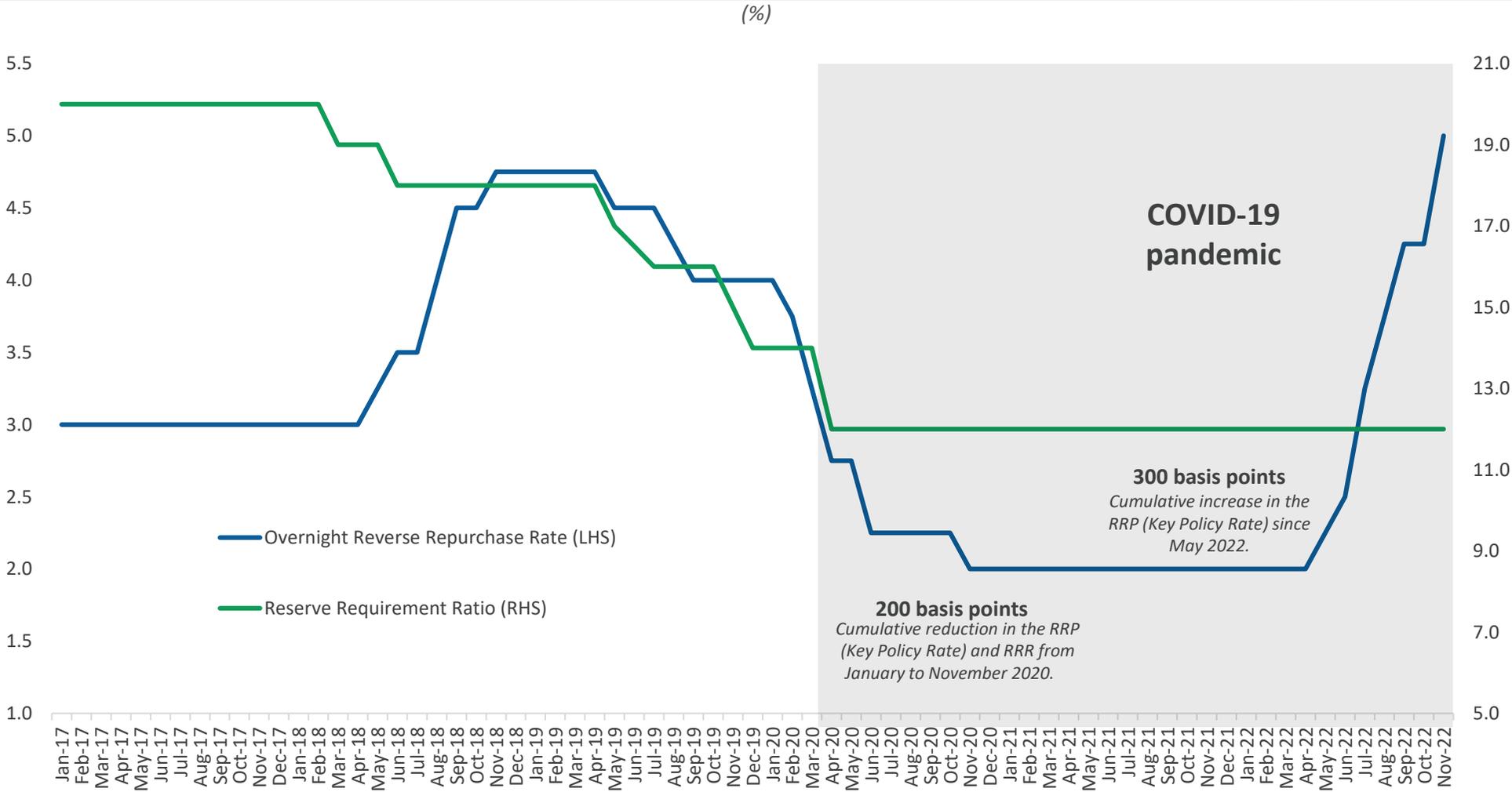


- Headline inflation rose to 8.0% year-on-year in November from 7.7% in October. Year-to-date, inflation averaged 5.6%. BSP forecasts inflation to average 5.8% this year. For 2023 and 2024, BSP expects inflation to average 4.3% and 3.1%, respectively.
- The November inflation outturn is in line with the BSP’s assessment of above-target inflation in the near term before gradually decelerating in the succeeding months as the cost-push shocks to inflation due to weather disturbances and transport fare adjustments dissipate. Nonetheless, the BSP continues to be vigilant against risks to the outlook and remains committed to taking all necessary action to bring inflation back to a target-consistent path over the medium term. The BSP also reiterates its full support for the National Government’s efforts to ease domestic supply constraints.

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

Ongoing normalization of monetary policy settings

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

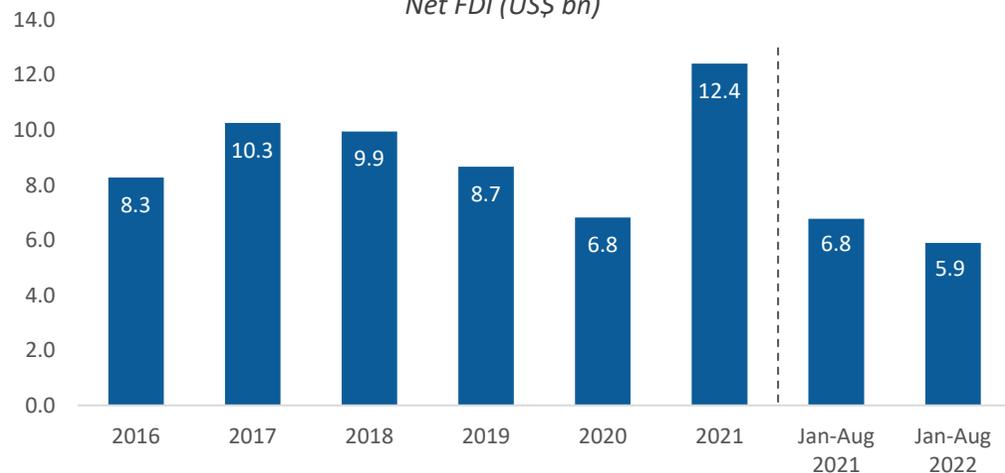


Source: BSP

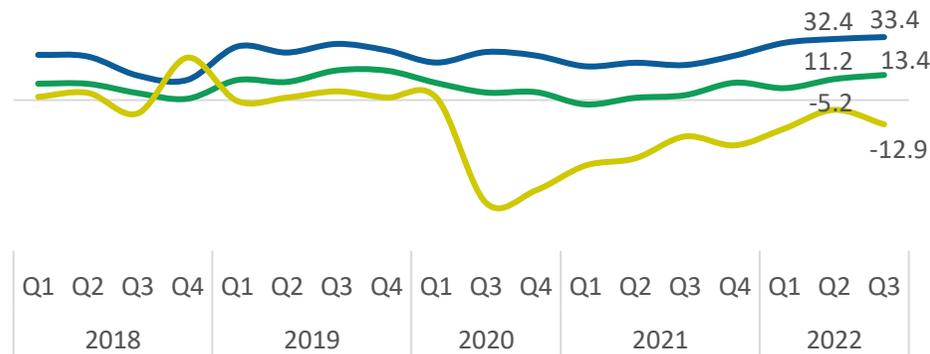
Favorable Prospects for Sustained Investment Flows

Continued inflows indicative of confidence in economic recovery and long-term growth prospects

Net FDI (US\$ bn)



Consumer confidence more optimistic for Q4 2022 and the next 12 months*



For the business community, while the outlook is less optimistic for the next 12 months, it remained positive at 57.7%*

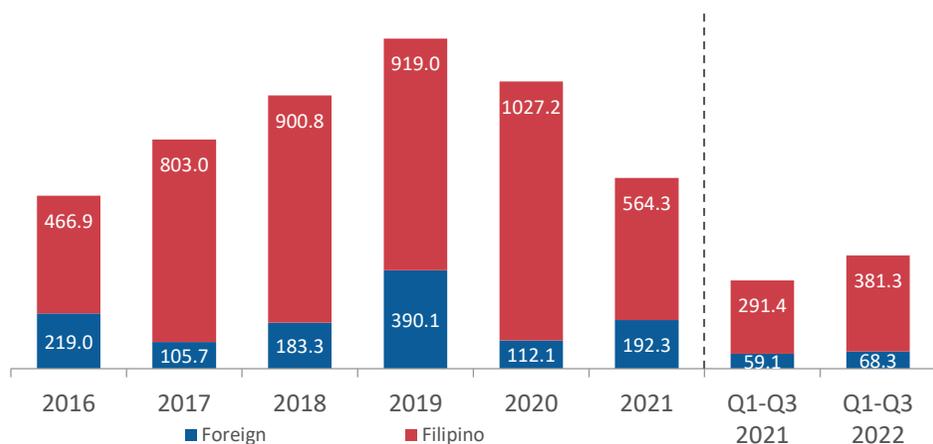


Note:

*Due to the implementation of the Community Quarantine nationwide from 16 March to 31 May 2020, the conduct of the Q2 2020 BES and CES was cancelled.

Foreign investment pledges grew by 15.6% yoy in Q1-Q3 2022

(PHP bn)



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

Removing Barriers to Foreign Investments

Economic Liberalization Reforms: Amendments to Foreign Investment Act (RA No. 11647)

Foreign investors can have 100% ownership of micro and small domestic enterprises with a paid-in equity capital of at least US\$100,000 but not equal to or more than US\$200,000, provided that:

Investment involves advanced technology as certified by the Department of Science and Technology (DOST); or



Investment on startups or startup enablers as certified by the Department of Information and Communications Technology (DICT) or DTI or DOST; or



Investment that majority of the direct employees are Filipinos and that the number of Filipino direct hires is at least fifteen (15) as certified by the Department of Labor and Employment (DOLE)



Allows for more foreign participation in the country's industries*

Creation of the Inter-Agency Investment Promotion Coordination Committee tasked to integrate all promotion and facilitation efforts to encourage foreign investments in the country

Crafting of comprehensive and strategic Foreign Investment Promotion and Marketing Plan for the medium and long term

Establishing an updated database tool to promote investment and business matching in the local supply chain

Understudy or Skills Development Program designed to transfer technology or skills by designating at least two (2) understudies per foreign national employed

*unless participation is prohibited or limited by the Constitution and existing laws or the 12th Foreign Investment Negative List
Source: Official Gazette

Driving Healthy Competition and Further Opening Economic Sectors to Foreign Equity

Amendments to Public Service Act (RA No. 11659) and Retail Trade Liberalization Law (RA No. 11595)

Amended Public Service Act

Allows up to 100% foreign ownership of public services such as:



Telecommunications

Airports

Railways



Shipping



Expressways

List of public utilities in which foreign equity participation is allowed up to 40%:



Distribution of electricity



Transmission of electricity



Petroleum and petroleum products pipeline transmission or distribution systems



Water pipeline distribution systems and wastewater pipeline systems



Seaports



Public Utility Vehicles

Amended Retail Trade Liberalization Law

Allows for more foreign players in the retail market by lowering minimum paid-up capital for foreign corporations from US\$2.5mn (PHP125mn) to US\$500,000 (PHP25mn) and removing the required net worth, number of retailing branches, and retailing track record conditions

Helps small manufacturers by providing Philippine 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



Modernizing Industries and Expanding Growth to the Regions

2022 Strategic Investment Priority Plan

Progression of Incentives Based on Industry Tiers

Tier I

Activities listed in the 2020 Investment Priorities Plan

- All qualified manufacturing activities
- Innovation drivers
- Infrastructure and logistics
- Inclusive business models
- Renewable energy, among others

Location	Export	Domestic
National Capital Region (NCR)	14 (4 years of ITH and 10 years of ED/SCIT)	9 (4 years of ITH and 5 years of ED)
Metropolitan areas or areas contiguous and adjacent to NCR	15 (5 years of ITH and 10 years of ED/SCIT)	10 (5 years of ITH and 5 years of ED)
All other areas	16 (6 years of ITH and 10 years of ED/SCIT)	11 (6 years of ITH and 5 years of ED)

Tier II

Envisioned to promote a competitive and resilient economy and fill in gaps in the Philippines' industrial value chains

- Green ecosystems
- Health related activities
- Defense related activities
- Industrial value-chain gaps
- Food security related activities

Location	Export	Domestic
National Capital Region (NCR)	15 (5 years of ITH and 10 years of ED/SCIT)	10 (5 years of ITH and 5 years of ED)
Metropolitan areas or areas contiguous and adjacent to NCR	16 (6 years of ITH and 10 years of ED/SCIT)	11 (6 years of ITH and 5 years of ED)
All other areas	17 (7 years of ITH and 10 years of ED/SCIT)	12 (7 years of ITH and 5 years of ED)

Tier III

Expected to accelerate the transformation of the economy primarily through the application of research and development and attracting technology investments

- Research and development activities adopting advance digital production technologies of the fourth industrial revolution
- Highly technical manufacturing and production of innovative products and services
- Establishment of innovation support facilities

Location	Export	Domestic
National Capital Region (NCR)	16 (6 years of ITH and 10 years of ED/SCIT)	11 (6 years of ITH and 5 years of ED)
Metropolitan areas or areas contiguous and adjacent to NCR	17 (7 years of ITH and 10 years of ED/SCIT)	12 (7 years of ITH and 5 years of ED)
All other areas	17 (7 years of ITH and 10 years of ED/SCIT)	12 (7 years of ITH and 5 years of ED)

4

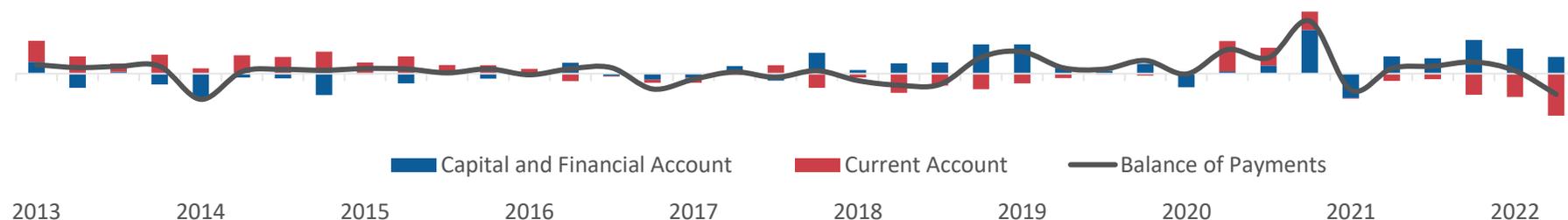
**Robust
External Accounts**

Manageable Balance of Payments Position

Balance of Payments

Balance of Payments Components (US\$ bn)

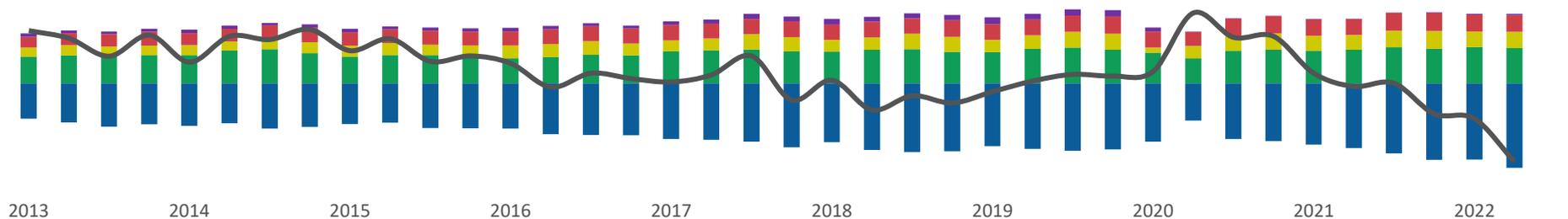
	2018	2019	2020	2021	Q2 2022
Capital and Financial Account	9.4	8.2	7.0	7.2	2.9
Current Account	-8.9	-3.0	11.6	-6.0	-7.9
Balance of Payments	-2.3	7.8	16.0	1.3	-3.6



Current Account

Current account components (US\$ bn)

	2018	2019	2020	2021	Q2 2022 ^{1/}
Current Account /GDP (%)	-2.6	-0.8	3.2	-1.5	-7.7



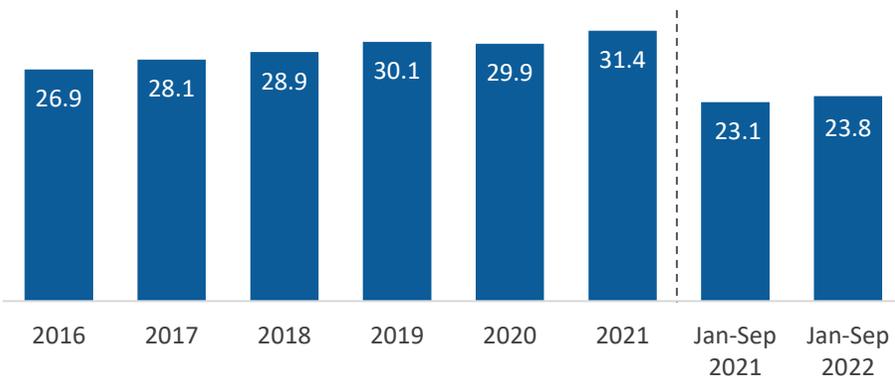
Source: BSP

1/ Preliminary data as of 16 September 2022 (as indicated)

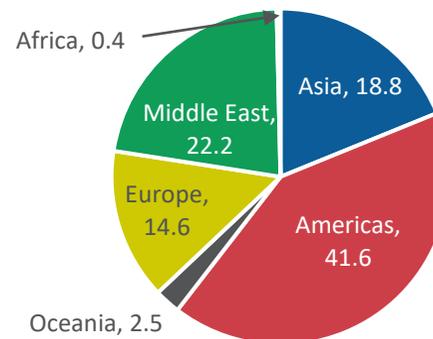
Structural Current Account Inflows that Support the Balance of Payments

Overseas Filipinos' (OF) remittances flows resilient amid the pandemic

OFs cash remittance



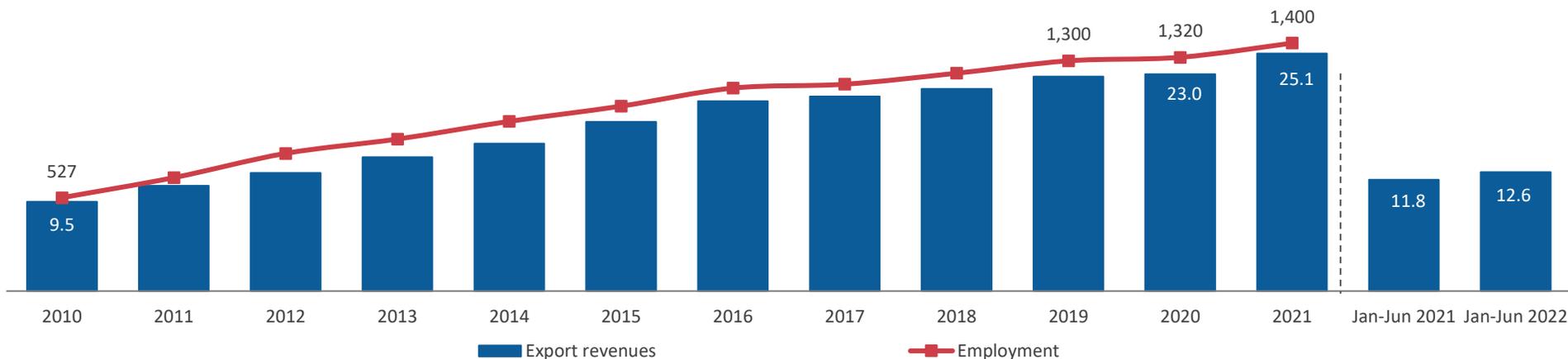
OFs' cash remittances by source 2012- 2021 average (% share to total)



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.

BPO remains a strong driver of employment, export revenues

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



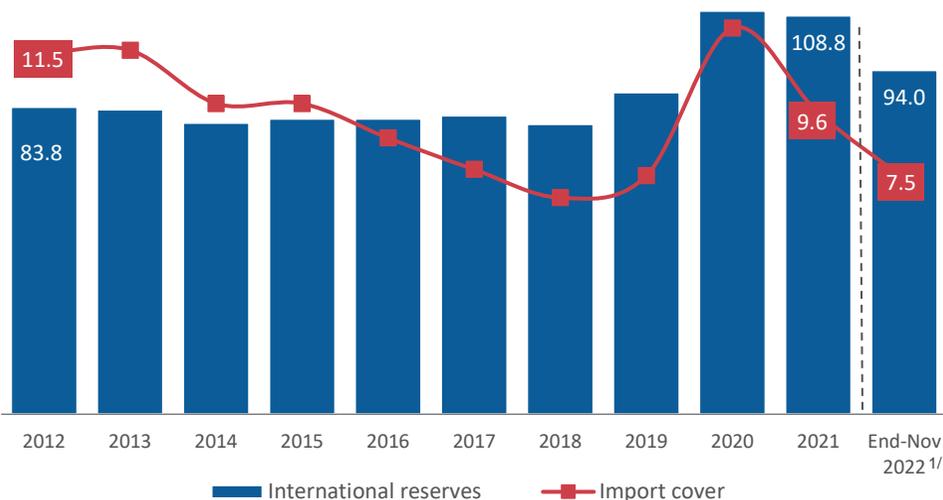
Note: BPO revenues are lodged under technical, trade-related, and other business services and computer services (BOP concept); BPO employment data is from IT and Business Process Association of the Philippines (IBPAP)

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

Adequate Buffers Against External Headwinds

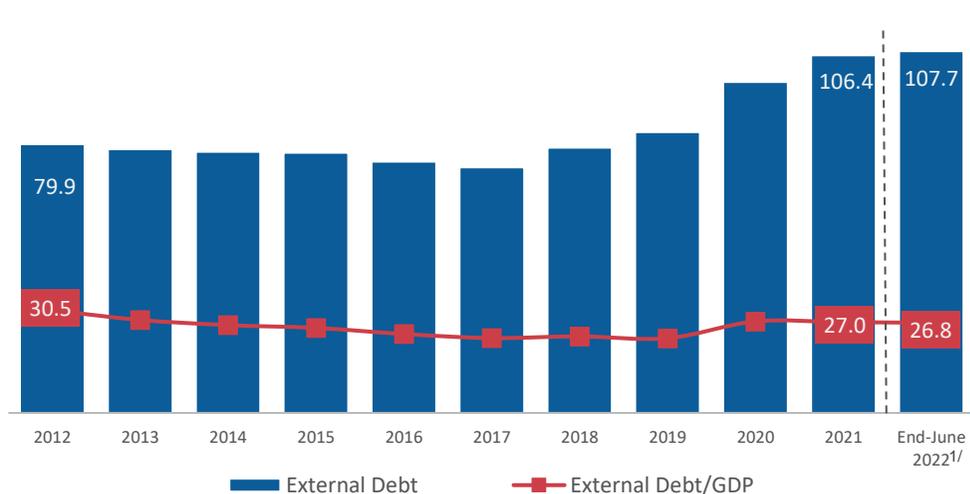
Hefty level of reserves

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



Low external debt/GDP ratio

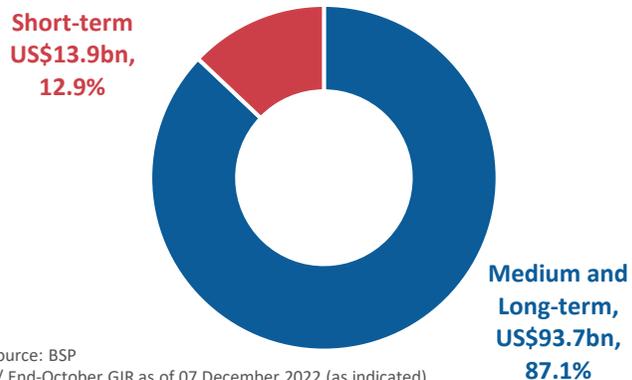
External debt (US\$ bn) and external debt/GDP (%)



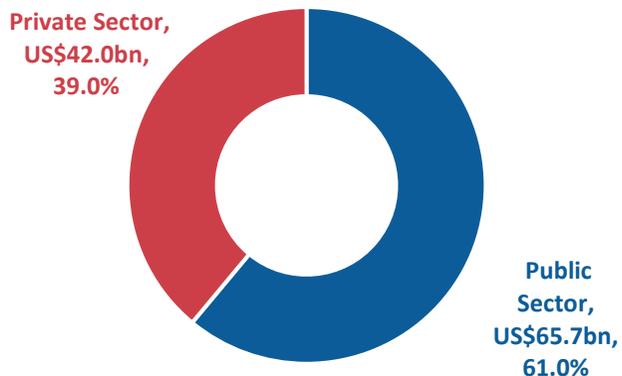
Favorable external debt profile

(as of end-June 2022)

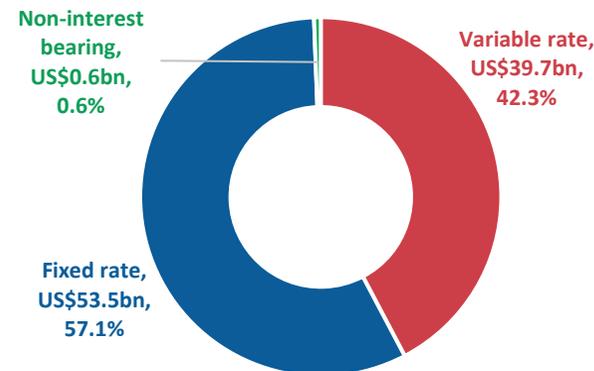
External Debt by Maturity



External debt by borrower



External debt by interest type



Source: BSP
 1/ End-October GIR as of 07 December 2022 (as indicated)
 2/ Preliminary data as of 16 September 2022 (as indicated)

Opportunities for Regional Trade, Investment to Support External Accounts

Philippines: A strategic point of access to key markets



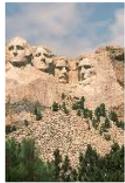
Critical entry point to over 600mn people in the ASEAN Market

Natural gateway to the East-Asian economies

Placed at the crossroads of international shipping and airlines

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

Philippines' Foreign Trade Agreements (FTA)



US: 70% of Philippines exports enter US duty free under the US' Generalized System of Preferences (GSP).



EU: duty-free access for 6,274 tariff lines under GSP+ Program; the Philippines is the only ASEAN country with GSP+



ASEAN Free Trade Area comprised of Brunei Darussalam, Laos, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam has lower intra-regional tariffs of 0-5%



ASEAN Partners: China, South Korea, Japan, India, Australia-New Zealand, and Hong Kong



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

Benefits of Regional Comprehensive Economic Partnership (RCEP) to the Philippines

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

RCEP is expected to open markets for 92% of Philippine products

Improves export competitiveness of the Philippines' key products of interests, such as agricultural products, automotive parts, and garments

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

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

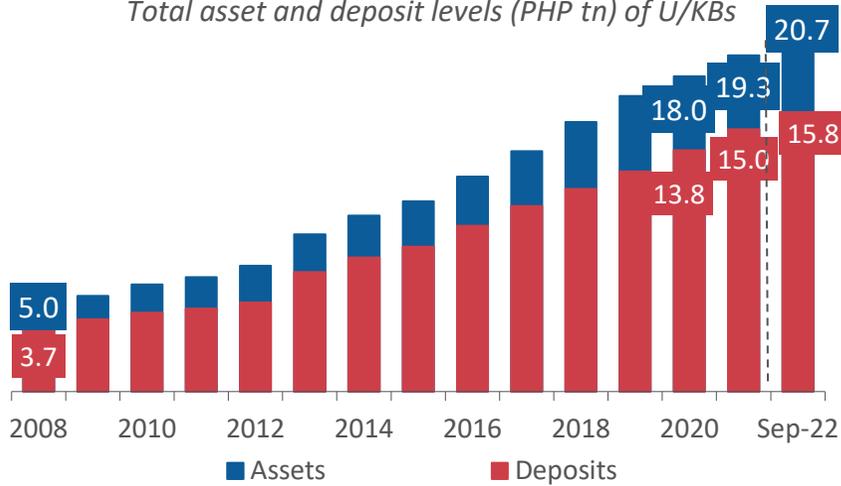
5

Stable
Financial
System

Stable and Resilient Banking System

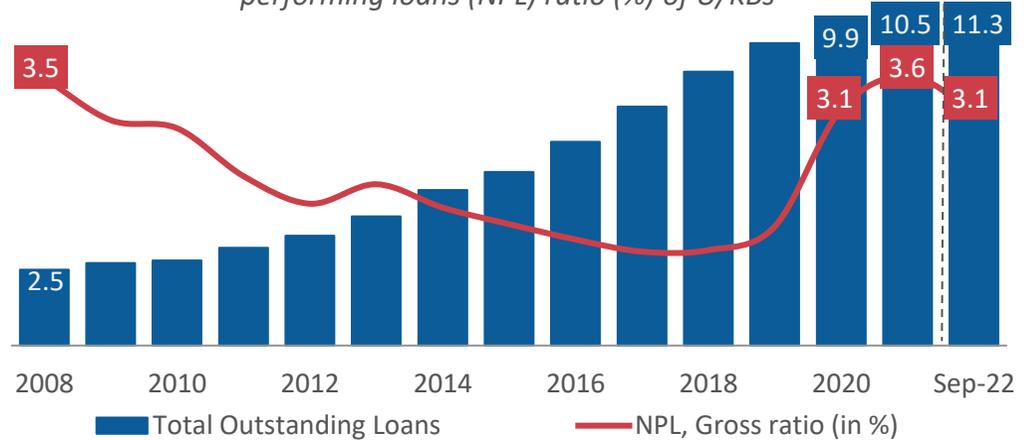
Assets further expanded funded mainly by deposits

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



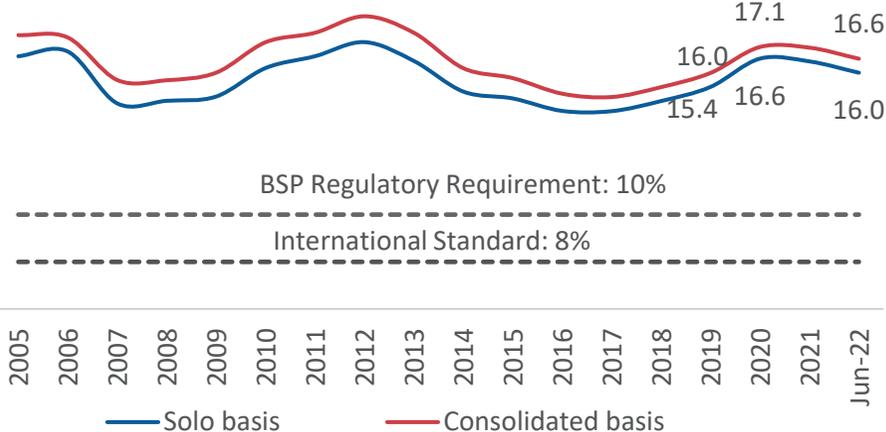
Loan portfolio remains satisfactory

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



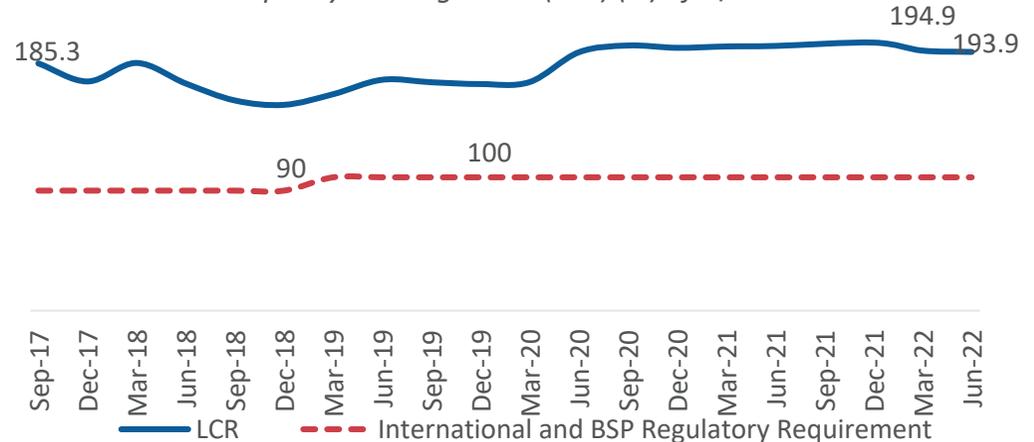
Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



Strong liquidity position to fund requirements during shocks

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



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

Digital Transformation Towards a New Economy

Digital Payments Transformation Roadmap 2020-2023 to shift from a cash-heavy to a cash-lite economy

Goals, objectives, policy initiatives



70% of Filipino adults to have transaction accounts by 2023

56% in 2021 from 29% in 2019



50% of financial transactions done digitally by 2023

30.3% in 2021 from 10% in 2018

- More innovative digital financial products and services, enabled by a digital ID (Philippine Identification System), and supported by the Payment and Settlement System for real-time processing of financial transactions

Roadmap anchored on 3 Pillars for the development of the Next Generation Payment Settlement System

Digital Payments Streams

- Catalyze broader adoption of digital payments among consumers and businesses
- QR Person-to-Person, Person-to-Merchant, E-Gov Facility (P2G, B2G), Bills Pay, Request to Pay, Direct Debit Facilities



Digital Finance Infrastructure

- Enhance key infrastructure that support the expansion of an inclusive, digital payments ecosystem
- National ID System – PhilSys, PhilPaSS, Open banking



Digital Governance Standards

- Promote responsible digital innovations
- Open Banking and Application Programming Interfaces Standards, Adoption of ISO 20022 Standards, Cybersecurity Policies and Measures, Use of Data Policy



Regulatory approach

- Registration and licensing framework of digital banks and virtual asset service providers. Approval of six (6) digital banks will promote market efficiency and expand a broad range of financial services to accelerate financial digitalization.
- Adoption of Payment System Oversight Framework (PSOF) as the second leg of the National Payment Systems Act (NPSA)
- Consumer protection and digital literacy

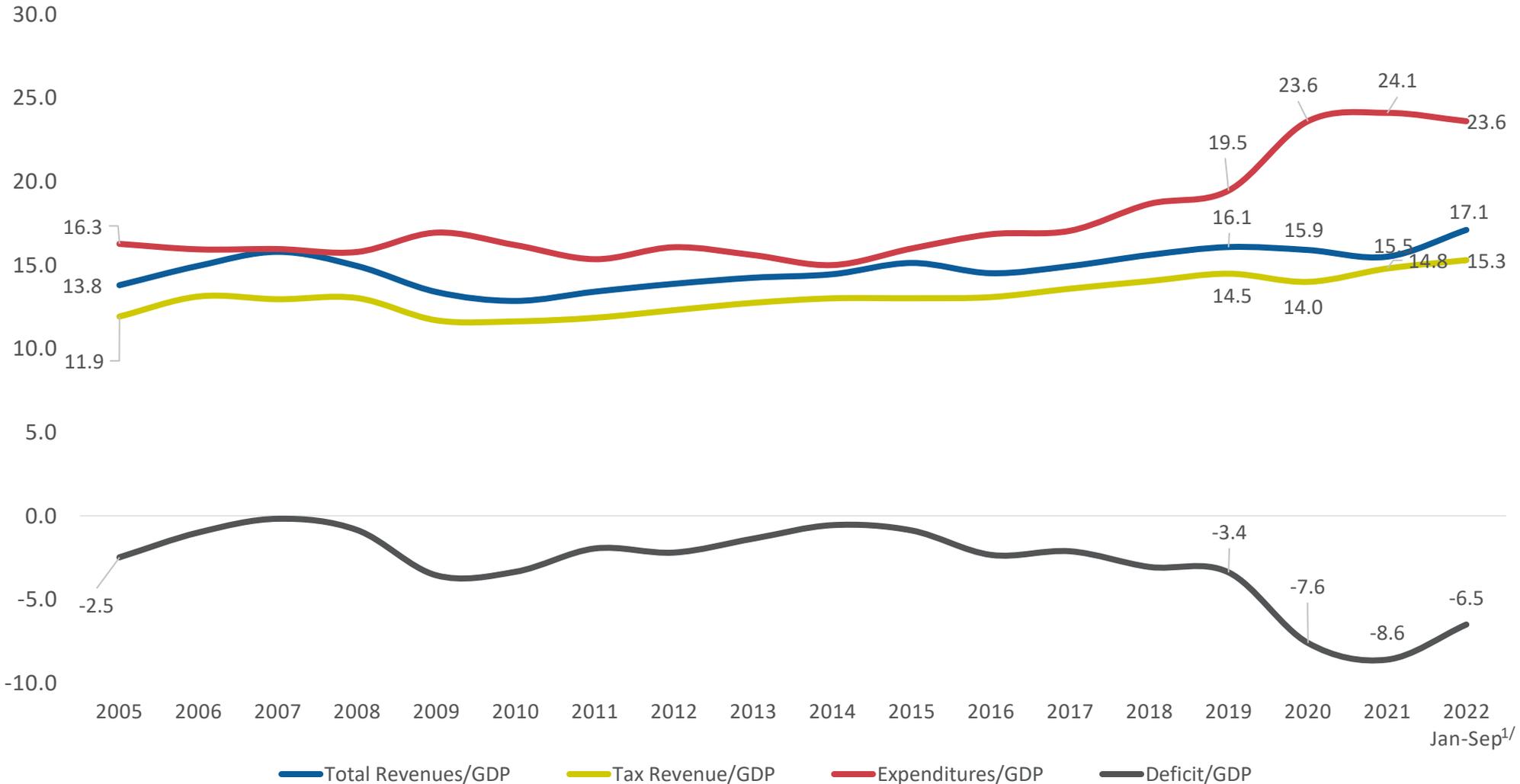
6

Sound Government Finances

Prudent Fiscal Strategy Maintains Creditworthiness, Supports Strong Economic Recovery

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

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

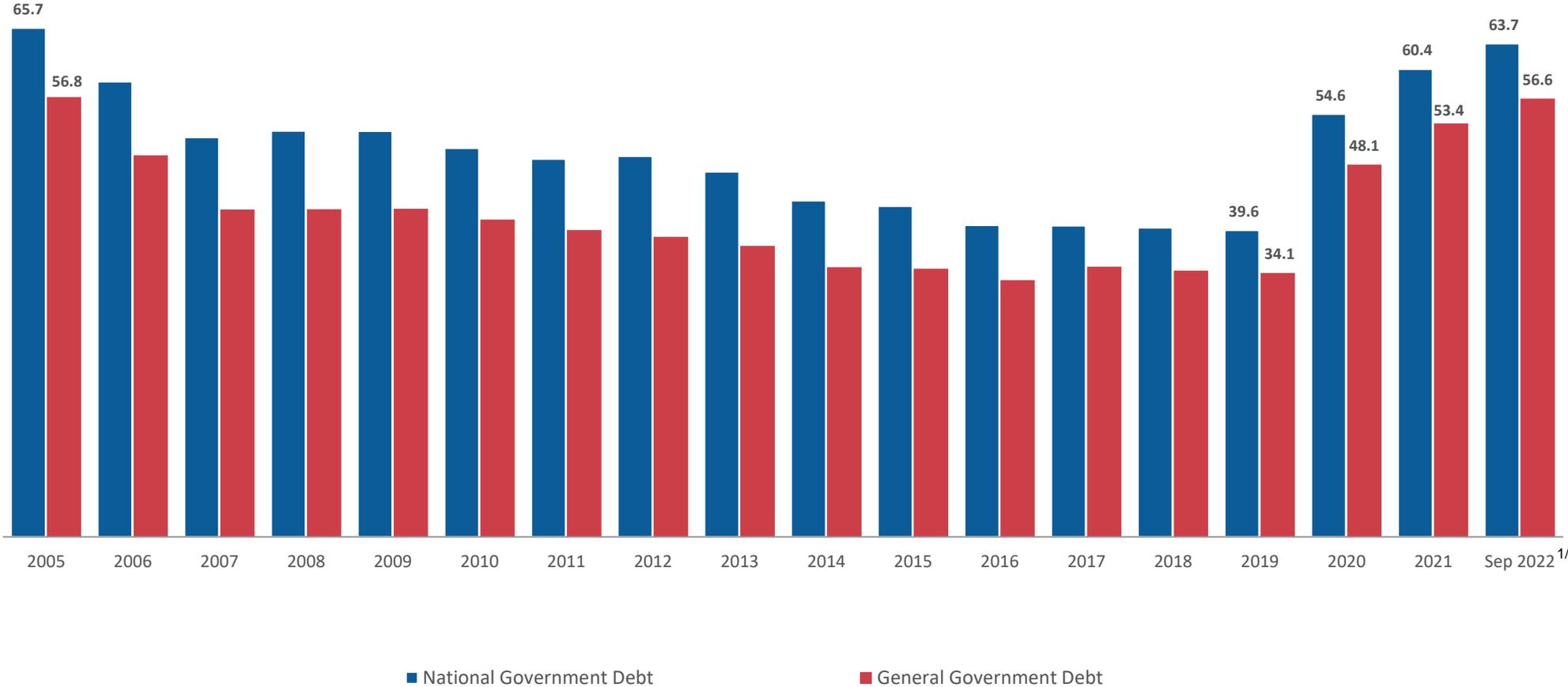


Sources: DOF, Bureau of the Treasury
 1/ Preliminary GDP data as of 10 November 2022

Prudent Fiscal Strategy Maintains Creditworthiness, Supports Strong Economic Recovery

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

Government debt (% of GDP)



Sources: DOF, Bureau of the Treasury
1/ Preliminary GDP data as of 10 November 2022; general government debt data is end-March 2022 as of September 2022

Prudent Fiscal Strategy Maintains Creditworthiness, Supports Strong Economic Recovery

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

	Actual	Actual	Program	Actual	Program	Actual	Projection	
	2019	2020	2021	2021	2022	Jan-Oct 2022 ^{1/}	2023	2024
Particulars	PHP bn							
Revenues	3,137.5	2,856.0	2,881.5	3,005.5	3,304.1	2,946.3	3,706.8	4,198.3
<i>% of GDP</i>	<i>16.1</i>	<i>15.9</i>	<i>14.8</i>	<i>15.5</i>	<i>15.2</i>	<i>17.1 (Jan-Sep)</i>	<i>15.4</i>	<i>15.8</i>
Tax Revenues	2,827.8	2,504.4	2,714.8	2,742.7	3,139.6	2,646.7	NA	NA
<i>% of GDP</i>	<i>14.5</i>	<i>14.0</i>	<i>13.9</i>	<i>14.1</i>	<i>14.5</i>	<i>15.3 (Jan-Sep)</i>	<i>NA</i>	<i>NA</i>
Non-tax Revenues	308.8	351.3	166.2	262.5	164.5	298.6	NA	NA
<i>% of GDP</i>	<i>1.6</i>	<i>2.0</i>	<i>0.9</i>	<i>1.4</i>	<i>0.8</i>	<i>1.7 (Jan-Sep)</i>	<i>NA</i>	<i>NA</i>
Expenditures	3,797.7	4,227.4	4,737.1	4,675.6	4,954.6	4,058.1	5,177.4	5,556.5
<i>% of GDP</i>	<i>19.5</i>	<i>23.6</i>	<i>24.3</i>	<i>24.1</i>	<i>22.9</i>	<i>23.6 (Jan-Sep)</i>	<i>21.5</i>	<i>20.9</i>
Surplus/(-Deficit)	-660.2	-1,371.4	-1,855.6	-1,670.1	-1,650.5	-1,111.8	-1,470.6	-1,358.2
<i>% of GDP</i>	<i>-3.4</i>	<i>-7.6</i>	<i>-9.5</i>	<i>-8.6</i>	<i>-7.6</i>	<i>-6.5 (Jan-Sep)</i>	<i>-6.1</i>	<i>-5.1</i>

- The fiscal program reflects gradual increase in revenue collections fueled by continued implementation of existing tax measures and tax administration reforms, bolstered by a robust economic growth. Deficit for 2022 is projected to be lower than the previous year's record at -7.6% and to reach -5.1% in 2024.
- The Philippines is expected to return to fiscal consolidation (i.e., to reduce deficit and debt stock accumulation) in the medium-term when the adverse impact of the pandemic abates and the economy gets back to its pre-pandemic growth path, given its strong track record of revenue improvement and prudent expenditure management.

Source: DBM, BTr, DOF, Budget of Expenditures and Sources of Financing (BESF) 2023, DBCC approved Fiscal Program, 5 Dec 2022

TRAIN refers to Tax Reform for Acceleration and Inclusion Act

NA- not available

^{1/}Preliminary GDP data as of 10 November 2022

2022 National Budget for Resiliency, Recovery, Infrastructure Development

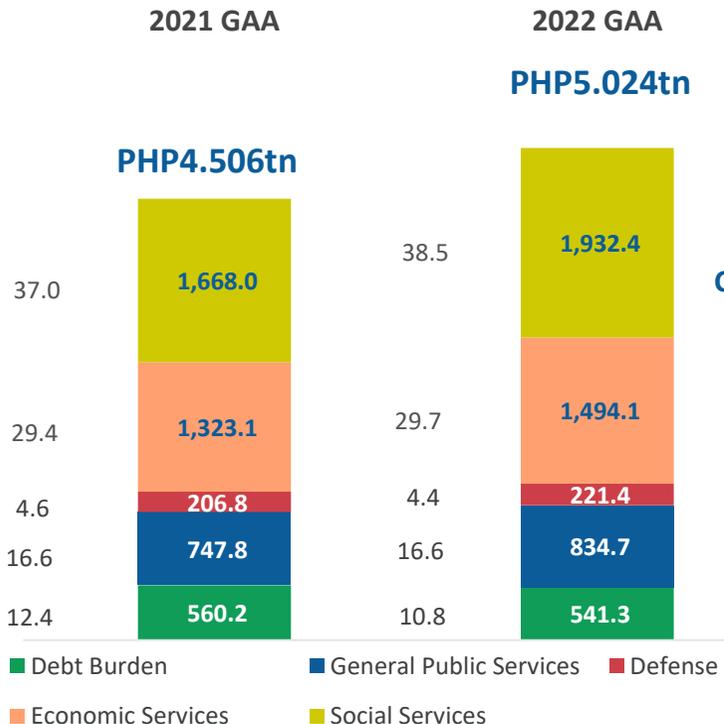
Theme: *Sustaining the Legacy of Real Change for Future Generations*

- 2022 General Appropriations Act (GAA) of PHP5.024tn, 11.5% higher than the 2021 budget and equivalent to 23.3% of GDP
- 2023 National Expenditure Program (NEP) of PHP 5.268tn, 4.9% higher than the 2022 budget and equivalent to 22.2% of GDP. Crafted in harmony with the 8-Point Socioeconomic Agenda, the proposed budget will transform the national economy towards inclusivity and sustainability for a more prosperous Philippines.

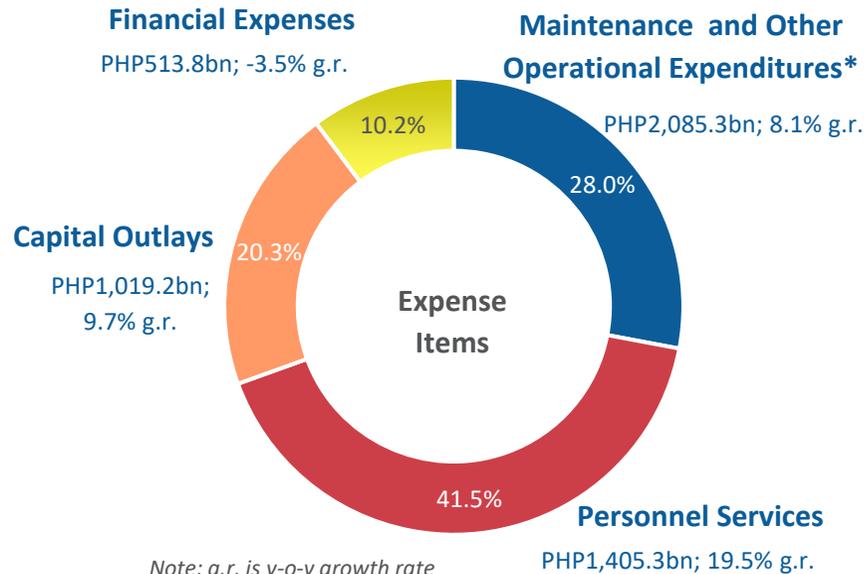
Spending Priorities



2021 vs 2022 National Budget by Sector, PHP bn and % share



2022 National Budget 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
 *Inclusive of National Tax Allotment, Special shares of LGUs in the proceeds of national taxes, Local Government Support Fund, Special shares in the proceeds of Fire Code fees, Barangay officials death benefits, Allocation for MMDA and Bangsamoro Autonomous Region in Muslim Mindanao

Select Projects and Programs, in PHP bn

Category	Amount (PHP bn)
Infrastructure Development Build, Build, Build Program	PHP1.18tn (5.3% of GDP)
Road Networks	485.0
Flood Control Systems	210.0
Education	
Operations of DepEd-Managed Public Schools	461.1
Universal Access to Quality Tertiary Education	47.7
Health	
National Health Insurance	80.0
Health Facilities Operations Program	56.4

Strong Investors' Confidence to ROP's Issuances Even During Tighter Global Financial Conditions

Highlights of Transaction¹

Jan 2020	Apr 2020	Dec 2020	Mar 2021	Apr 2021
<ul style="list-style-type: none"> Issued first-ever zero-coupon euro bonds, and lowest coupon euro-denominated bonds Sold a dual tranche EUR1.2bn bond, which consists of a EUR600mn 3Y zero coupon bond at a re-offer yield of 0.133% and EUR600mn 0.70% 9Y bond at a re-offer yield of 0.752% 	<ul style="list-style-type: none"> ROP as the first sovereign globally to price syndicated benchmark tranche with zero new issue premium during the COVID-19 crisis ROP's lowest yielding US\$ offerings; Largest offshore offering since 2010 Sold a dual tranche US\$2.35bn bond consisting of US\$1.0bn 2.457% 10Y bond and US\$1.35bn 2.95% 25Y bond with spread of 180bps and 169bps, respectively 	<ul style="list-style-type: none"> ROP successfully offered the largest bond historically and achieved the tightest yield for both ROP 10-year and 25-year bucket Sold a dual tranche comprised of US\$1.25bn 10.5-year notes priced at T+70bps (1.648%) and US\$1.5bn 25-year notes priced at 2.650% 	<ul style="list-style-type: none"> ROP successfully returned to the Samurai market with JPY55bn first-ever zero-coupon bond transaction The 3-year Samurai tranche was priced at 21bps above benchmark, the tightest spread since ROP's return to the market 	<ul style="list-style-type: none"> ROP's largest and first triple-tranche euro offering The EUR2.1bn issuance was comprised of EUR650mn 0.250% 4Y bond, EUR650mn 1.200% 12Y bond, and EUR800mn 1.750% 20Y bond with spread of 75bps, 105bps, and 135bp, respectively.
Jun 2021	Oct 2021	Mar 2022	Apr 2022	Oct 2022
<ul style="list-style-type: none"> ROP issued a US\$3bn dual tranche global bonds comprised of US\$750mn 10.5-year notes priced at T+60bps (1.95%) and US\$2.25bn 25-year notes priced at 3.25% with a coupon of 3.20% 	<ul style="list-style-type: none"> ROP successfully raised US\$1.6bn via 5-year and 10-year first-ever retail onshore dollar bonds 5-year bonds had a coupon rate of 1.375%, while the 10-year bonds fetched a 2.25% coupon 	<ul style="list-style-type: none"> ROP successfully raised US\$2.25bn first triple tranche Global Bonds, including 25-year notes issued under the Sustainable Finance Framework and that marked the ROP's debut Environmental, Social and Governance (ESG) Global Bonds offering The global bonds issuance is comprised of US\$500mn 5-year notes priced at T+90bps (3.229%), US\$750mn 10.5-year notes priced at T+125bps (3.556%), and new US\$1bn 25-year sustainability bonds priced at T+50bps (4.200%) 	<ul style="list-style-type: none"> ROP's first Sustainability samurai bond of JPY70.1bn multi-tranche offering with an ESG label across all four tranches Priced at 0.76% for 5Y (JPY52bn), 0.95% for 7Y (JPY5bn), 1.22% for 10Y (JPY7.1bn), and 1.83% for 20Y (JPY6bn), with a spread of 60bps, 70bps, 85bps, and 115bps, respectively 	<ul style="list-style-type: none"> ROP successfully raised US\$2.0bn triple tranche Global Bonds under the new administration, including 25-year sustainability bonds The offering consisted of US\$500mn 5-year notes priced at T+120bps (5.170%), US\$750mn 10.5-year notes priced at T+185bps (5.609%), and new US\$750mn 25-year sustainability bonds priced at 6.100% with a coupon of 5.950%

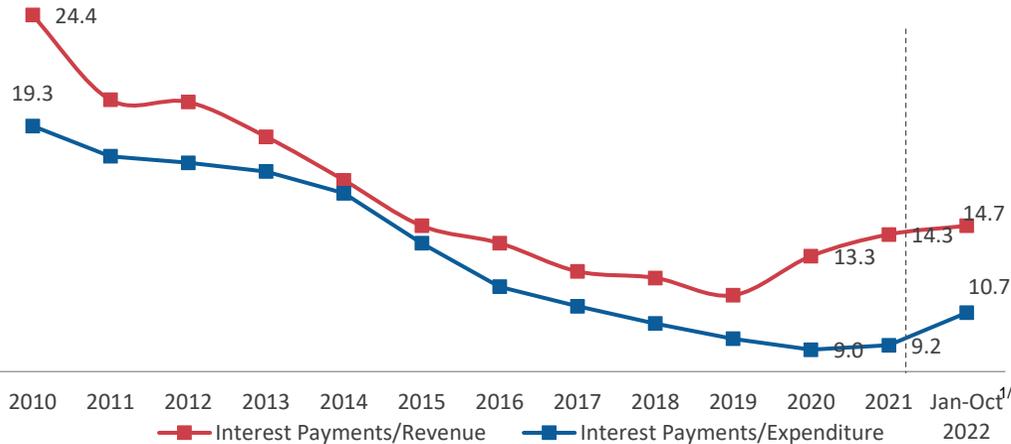
¹At time of issuance

Source: Bureau of the Treasury; Bloomberg L.P.

Sustainable Debt Profile Supported by Diversified Sources of Financing

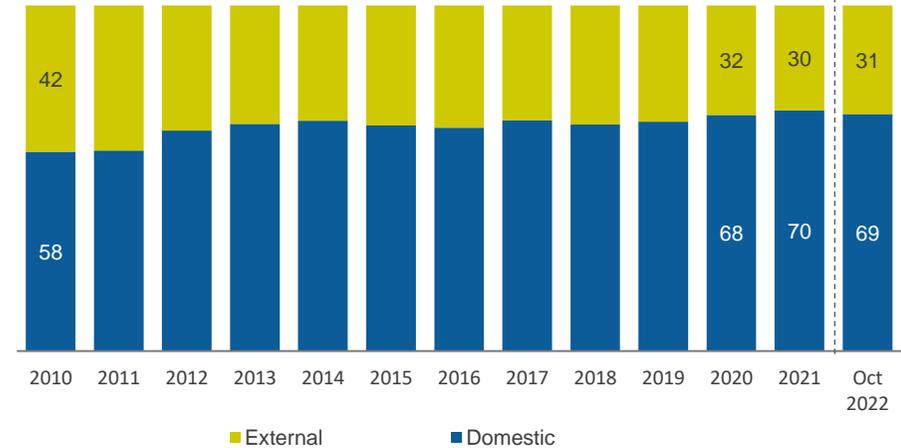
Improved debt affordability resulting from proactive and prudent debt management provides additional fiscal space

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



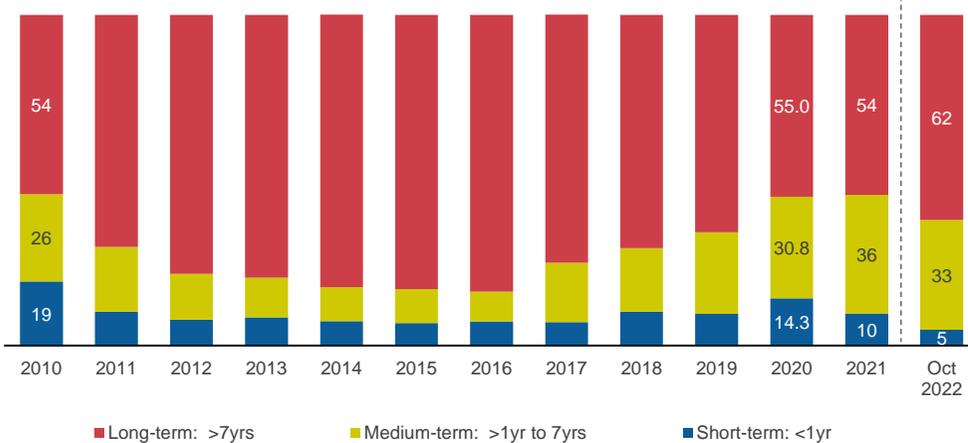
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)

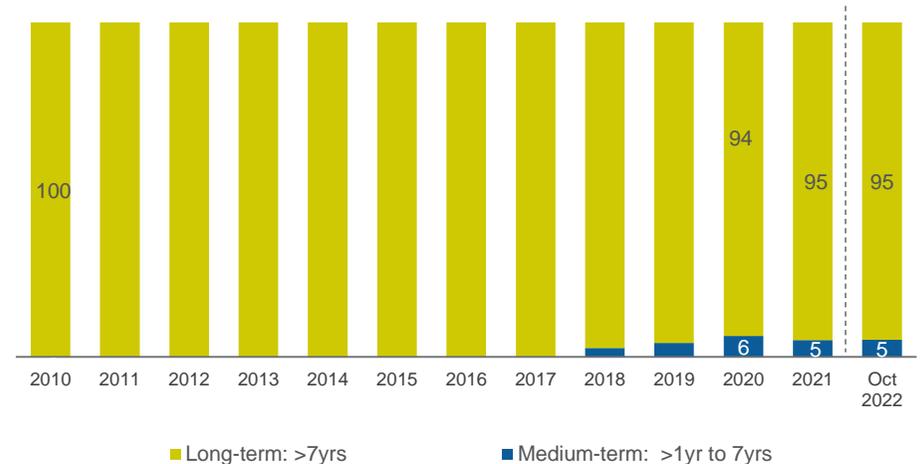


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)



External debt breakdown (%)



Unless otherwise indicated, debt charts pertain to National Government (NG) Outstanding debt data available as of end-May 2022

Source: Bureau of the Treasury

^{1/} Preliminary data as of 7 December 2022

Strong Bias for Domestic Sources of Financing to Minimize FX Risks

Strategic Financing Program									
Particulars	2015	2016	2017	2018	2019	2020	2021 ^{a/}	2022 Program	2023 Program
	(PHP bn)								
Gross Borrowing	609.6	507.0	901.7	897.6	1,015.8	2,652.5	2,549.7	2,211.8	2,207.0
External	189.5	149.5	168.1	303.1	321.9	742.4	568.7	561.5	553.5
<i>Program Loans</i>	72.0	35.6	35.1	80.4	78.2	375.2	166.1	200.9	219.2
<i>Project Loans</i>	28.2	18.8	33.4	34.0	58.0	49.1	110.2	48.5 ^{b/}	69.3 ^{b/}
<i>Bonds and other inflows</i>	89.4	95.1	99.6	188.7	185.7	318.1	292.3	312.0 ^{c/}	265.0
Domestic	420.1	357.5	733.5	594.5	693.8	1,910.1	2010.6	1,650.3	1,653.5
<i>Treasury Bills</i>	-17.3	23.5	26.4	179.9	-8.1	463.3	-153.3	52.0	54.1
<i>Fixed Rate T-bonds</i>	437.4	334.0	707.1	414.5	702.0	1,446.8	2,163.9	1,598.3	1,599.4
Financing Mix (Domestic: External)	69:31	71:29	81:19	66:34	68:32	72:28	78:22	75:25	75:25

Note: Figures may not add up due to rounding off

^{a/} Based on BTr actual data reported in the revised version of Cash Operations Report

^{b/} Based on BTr estimates of disbursements

^{c/} Based on actual peso proceeds of issued bonds and BTr estimate of remaining issuance for 2022

^{d/} Source: Bureau of the Treasury, DBM BESF 2023

Major Tax Reforms Provide Steady Revenue Stream to Fund Priority Economic Recovery Programs, Attract Desirable Investments

TRAIN and Sin Tax Collections

Tax Measure	FY 2020			FY 2021		
	Revised Program (in PHP bn)	Actual (in PHP bn)	Program vs Actual (in %)	Program (in PHP bn)	Actual (in PHP bn)	Program vs Actual (in %)
TRAIN Law	96.9	105.7	9.0	157.94	171.10	8.3
Sin Tax Laws*	28.8	32.1	11.4	43.11	52.89	22.7

*Republic Act No. 11346 or “Increasing Excise Tax on Tobacco Products, Heated Tobacco Products and Vapor Products” and Republic Act No. 11467 or “Increasing sin taxes (i.e., excise tax on alcohol, heated tobacco products and e- cigarettes) for Universal Health Care (UHC)”

Projects granted with tax incentives by the Fiscal Incentives Review Board

As of 31 October 2022, a total of 16 projects have been granted with tax incentives by the Fiscal Incentives Review Board. The total investment capital for these projects amounted to PHP 411. 75bn or equivalent to US\$7.92bn**. The projects granted with tax perks include mass housing, rail operations of subway project, cement manufacturing, domestic Ro-Ro passenger vessel, establishment of connectivity facilities for high-speed broadband services, industrial zone operator with activities in support of exporters, common passive telecommunication infrastructure roll-out, Liquefied Natural Gas (LNG) storage and regasification facility, automotive vehicles manufacturing, integrated stand-alone line for the manufacture of reinforcing steel bars, and data center expansion.

**Foreign exchange rate used PHP52.00/US\$1
Source: DOF, Bureau of Internal Revenue, Bureau of Customs

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Largest fiscal stimulus for enterprises in the country’s history

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

Provides hefty corporate income tax rate cuts

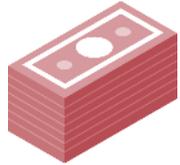
Gives immediate 10 percentage points tax cut for MSMEs (from 30 to 20%) and 5-percentage points reduction for all other corporations (from 30 to 25%)

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.

Medium-Term Fiscal Framework and Priority Measures to Enhance Fairness, Efficiency of the Tax System

The Medium-Term Fiscal Framework serves as the 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



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



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

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



4. Pursue the remaining tax reform packages

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

7

**Infrastructure
Build Up
to Drive
Tomorrow's
Economy**

Building on a Solid Foundation

The government is committed to continue and further expand the “Build, Build, Build” program

Build, Better, More

Infrastructure investment will be sustained and is targeted to reach 5% to 6% of GDP annually from 2022-2028

“I would like to reiterate the marching order of the President during his State of the Nation Address...the infrastructure development program will be pursued relentlessly” – Sec. Bonoan, DPWH

The Build, Better, More program will help ensure the country’s sustainable, robust, and inclusive growth.

5,586

Infrastructure programs/activities/projects (PAPs)^{1/} (PHP6.7tn)

112

Infrastructure Flagship Projects ^{2/} (IFP) (PHP5.0tn)

Status of IFP Implementation ^{3/}

8 completed (PHP55.4bn)

4 Inaugurated (partially open to traffic/operational) (PHP69.1bn)

10 for completion by December 2022 (PHP73.2bn)

90 for completion by 2023 and beyond (PHP4,842.4bn)

■ Increased infrastructure investment and efficiency in budget utilization

- 2021: actual infrastructure disbursements PHP1,123.6bn (5.8% of GDP), 29.2% higher y-o-y
- Jan-Aug 2022: PHP788.7bn, 9.9% higher y-o-y
- 100% utilization rate of cash allocations by DPWH and DOTr as of end Q3 2022

^{1/} Under Chapter 19 of the 2017-2022 Public Investment Program (PIP) ; updated as of 20 December 2019

^{2/} In May 2021, the list of IFPs was recalibrated to prioritize projects such as digital technology, health infrastructure, and flood control projects, among others. The revised list does not include completed projects that were part of previous lists of IFPs approved in 2017, 2019, and 2020. Total amount is updated based on NEDA inputs as of June 2022.

^{3/} As of June 2022 (NEDA)

^{4/} Infrastructure figures for 2001-2018 are obligation-based; 2019 onwards are cash-based.

^{5/} Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

^{6/} Infrastructure spending program based on 182nd Development Budget Coordination Committee (DBCC) Meeting on 8 July 2022

Source: NEDA, DBM, DPWH, DOTr

Tangible results show the government’s commitment to upgrade the country’s infrastructure network

No. of completed projects under the Duterte Administration



250

Airports



7,270

Bridges



600

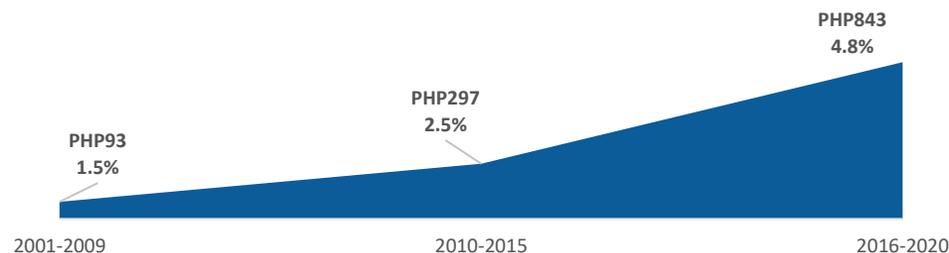
Commercial, Social, and Tourism Ports projects



42,108

Kilometers of Roads

Infrastructure spending⁴ (average in PHP bn, % of GDP)



Infrastructure spending⁵ actual and program⁶ (PHP bn, % of GDP)



Forging Stronger Partnerships with the Private Sector

Broader private sector participation

Status of PPP projects as of 31 October 2022

In recognition of the tighter fiscal space, the government will encourage more **Public Private Partnerships (PPPs)** for infrastructure development

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

- One of the priority bills mentioned by President Marcos, Jr. during his first SONA is the amendment of Republic Act No. 6957 or the Build-Operate-Transfer Law in order to create a “more competitive and enabling environment” for PPP.

Revised 2022 IRR of the BOT Law includes:

A. Reforms that address stakeholder concerns on the financial viability and bankability of PPP projects

- Provided a fairer definition of **material adverse government action (MAGA)**
- Provided that ICC guidelines shall determine a methodology to calculate the **Reasonable Rate of Return**
- Reinstituted the **tariff setting and adjustment regime** of the 2012 IRR
- Deleted clause prohibiting arbitration** arising from regulatory acts and decisions

B. Reforms that address concerns about potential delays due to extra steps, rigid process, or ambiguous provisions

- Provided flexibility in **setting the termination payment regime** of a project
- Clarified the **definition of Direct Government Subsidy and the applicable caps**
- Clarified the provision on **independent consultants**
- Required only the disclosure (not consent) of **loan or financing documents**

PPP Projects under Implementation

86 Solicited Projects
PHP1.1tn

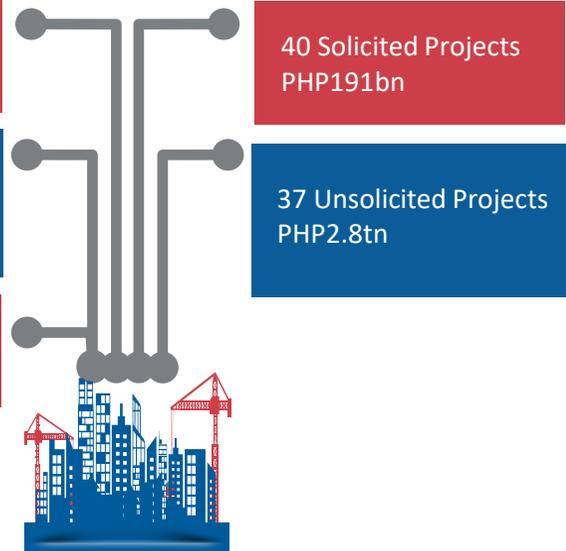
114 Unsolicited Projects
PHP1.2tn

6 Projects for verification/
no information available

PPP Projects in the Pipeline

40 Solicited Projects
PHP191bn

37 Unsolicited Projects
PHP2.8tn



**283 PPP
Projects**
PHP5.3tn

Notes:

- This 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.
- Pipeline refers to projects under development, or for approval, or for procurement.

8

Environmental, Social and Governance (ESG)

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

Environmental, social, and governance considerations remain at the front and center of the Philippines' medium-term development plan

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

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



Inequality-reducing transformation



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

Pursuing a Climate Smart and Climate Resilient Philippines by 2050



- Introduce risk-based budgeting and fiscal risk monitoring and increase public expenditure on climate change adaptation and mitigation



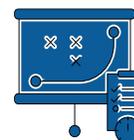
- Strengthen market for insurance against catastrophe; protect farmers against climate extremes by reforming agricultural insurance; and implement public asset insurance



- Expand green and blue financing to a broader set of businesses
- Introduce carbon pricing mechanisms in the medium term.



- Expedite the operationalization of the Green Jobs Act and its IRR by establishing the green jobs certification system and incentive schemes, and developing the green work force with skills accreditation.



- Implement the Philippine Action Plan for Sustainable Consumption and Production.

Commitment Towards Climate, and Disaster-Resilient, Low Carbon Economy

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



The country submitted its first official Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC), which sets a 75-percent greenhouse gas (GHG) emission reduction and avoidance target by 2030.



In October 2021, the Philippines issued the Sustainable Finance Roadmap and Guiding Principles, which is designed to lay out the high-level action plans of the whole of government to promote sustainable finance.

The Philippine government has prioritized initiatives to help make communities safer and more resilient to the impacts of climate change and natural disasters.

Enabling laws and programs

- Climate Change Act of 2009 (RA No. 9729)
- RA No. 10174, amending RA 9729, establishing the People's Survival Fund
- Energy Efficiency and Conservation Act of 2019.
- Adoption of National Framework Strategy on Climate Change
- Concurrence of Senate of the instrument signifying the Philippines' accession to the Paris Agreement
- Embodied policies on building resiliency in the Philippine Development Plan (PDP) 2017-2022
- Green Jobs Act (RA No. 10771)
- Department of Human Settlements and Urban Development Act (RA No. 11201)

Access to climate financing to help mitigate the impact of climate change on government's balance sheet

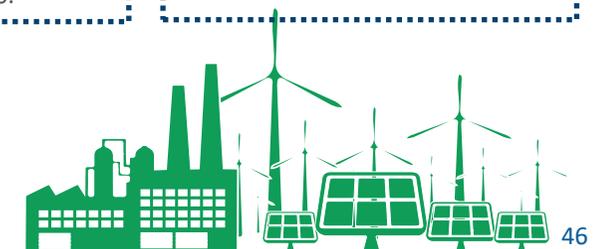
US\$570.9mn

Total funding support that ROP accessed from the Global Environment Facility – covering 110 projects since 1991 as of October 2020.

PHP453.11bn

Climate change adaptation and mitigation expenditure under National Expenditure Program FY 2023

Source: DOF, Climate Change Commission, United Nations Framework Convention on Climate Change

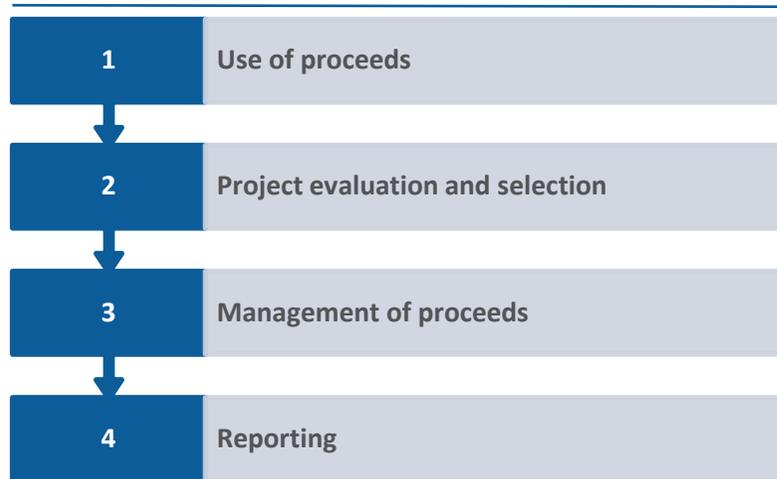


Overview of the Sustainable Finance Framework and the Second Party Opinion

Overview of the Sustainable Finance Framework

- The ROP's Sustainable Finance Framework, issued in January 2022, supports its sustainability commitments, and lays out how it will raise Green, Social or Sustainability Bonds, Loans and other debt instruments.
- The Sustainable Financing Instruments will fund Eligible Social Projects and Eligible Green Projects conforming to the sustainable finance principles: ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021; LMA Green Loan Principles 2021, Green Bond Principles 2021; ASEAN Sustainability Bond Standards 2018

Elements of the Framework



Second Party Opinion



According to a Second Party Opinion (SPO), the Philippines's Sustainable Finance Framework and Eligible Expenditures Portfolio are aligned with the four core components of Green Bond Principles 2021 ("GBP"), Social Bond Principles 2021 ("SBP"), Green Loan Principles 2021 ("GLP") and Social Loan Principles 2021 ("SLP").



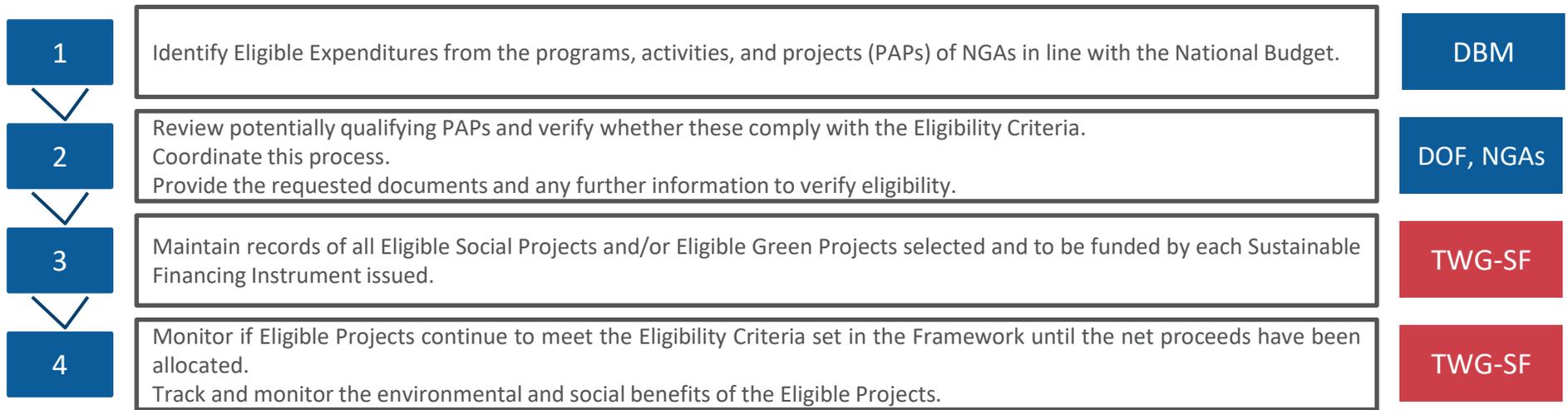
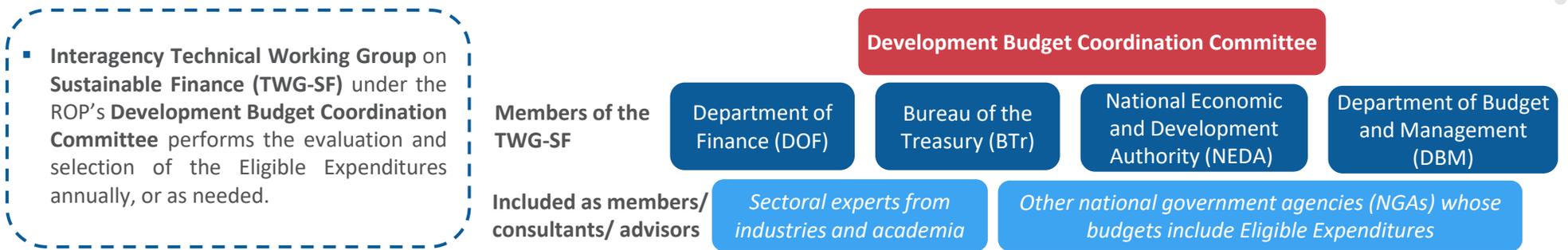
24 months

Lookback Period

Time period for Full Allocation

Use of Proceeds

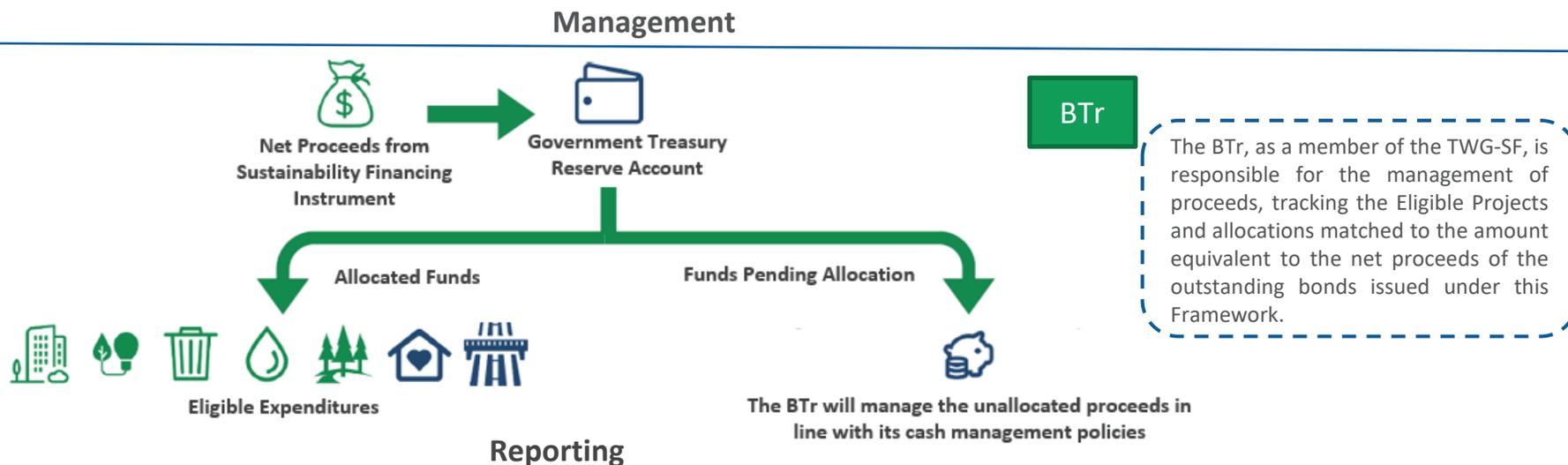
Process for Project Evaluation and Selection



Exclusionary Criteria for Use of Proceeds

- Exploration, production or transportation of fossil fuel, fossil-fuel power-generation related projects;
- Manufacture and production of finished alcoholic beverages;
- Lethal defense goods, military contracting, weaponry;
- Non-RSPO-certified palm oil, extractive mining;
- Manufacture and production of finished tobacco products and conflict minerals, gambling;
- Activities/projects associated with child labor/forced labor;
- Production or trade in wood or forestry products other than from sustainably managed forests;
- Involuntary resettlement and impact on livelihood
- Projects that would affect ethnic minorities/indigenous people and the lands they own or claim;
- Projects located near protected areas

Management, Reporting of Proceeds



Allocation Reporting

- The Allocation Report may include:
 - Amount of net proceeds raised
 - Total amount of net proceeds allocated per Eligible Expenditure
 - Balance of unallocated net proceeds
 - Details of the split between financing and refinancing

Impact Reporting

- Where feasible, may contain on best effort basis, such as but not limited to the following example:

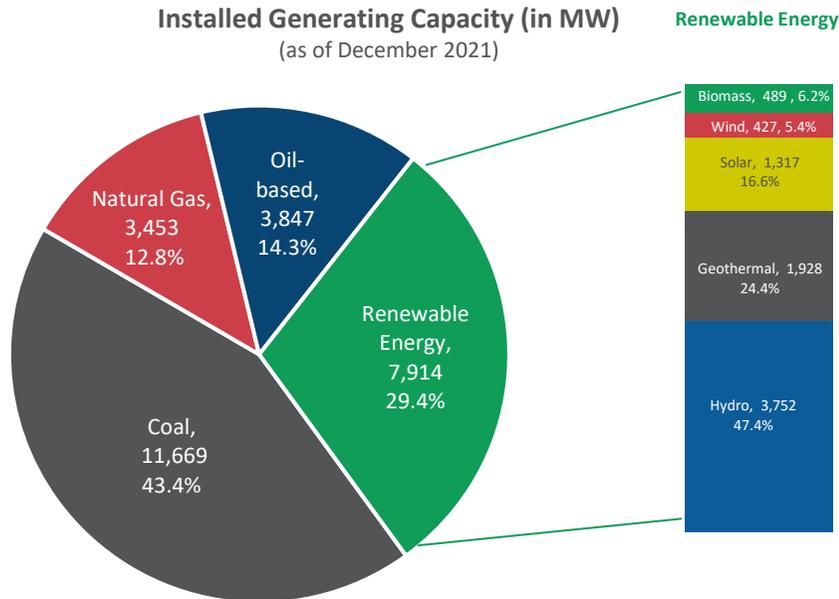
Eligible Sustainable Project Categories		Eligible Green Project Categories	
Access to Essential Services	Number of students enrolled/educated	Clean Transportation	Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Affordable Basic Infrastructure	Number of water infrastructure projects built	Climate Change Adaptation	Number of flood defences
Food Security	Number of farmers benefitted	Renewable Energy	Capacity of renewable energy plant(s) constructed or rehabilitated in MW
Affordable Housing	Number of housing units constructed		
Covid-19 Expenditure	Number of vaccines administered		

Within one year of issuance and annually thereafter until full allocation, DOF intends to obtain an independent assurance review in order to confirm that the proceeds have been allocated in accordance with this Framework.

Proactive Approach to Disaster Risk Reduction, and Climate Change Adaptation and Mitigation

The government is committed to enhance renewable energy capacity

“The use of renewable energy is at the top of our climate agenda. We will increase our use of renewable energy sources such as hydropower, geothermal power, solar, and wind.” – President Ferdinand Marcos, Jr. (State of the Nation Address, July 2022)



National Renewable Energy Program (NREP)

- NREP outlines the policy framework enshrined in Republic Act 9513 and provides a foundation for the development of the country's renewable energy resources through promoting investments in the renewable energy sector and advancing related technologies.
- The NREP 2020-2040, aims to revert the share of RE to at least 35% of the power generation mix by 2030 similar to the 2008 level when the RE Act was promulgated. With key policies and programs already in place, the government aspires to further increase this target to at least 50% by 2040.
- Last October 2020, DOE has declared a moratorium on endorsement for greenfield coal power plants to promote sustainable energy sources.
- On November 15, 2022, the DOE has issued Department Circular No. (DC) 2022-11-0034 which opens the renewable energy sector to 100% foreign ownership through the amendment of Section 19 of the implementing rules and regulations (IRR) of Republic Act 9513 or the Renewable Energy Law.

46.8% increase in Total Installed RE Capacity since 2011



The Independent Electricity Market Operator of the Philippines (IEMOP) launched the Green Energy Option Program (GEOP) on 03 December 2021, following the Energy Regulatory Commission's issuance of Energy Regulatory Commission (ERC) Resolution No. 08, Series of 2021.

The GEOP is a new mechanism implemented by the DOE that allows electricity end-users with an average 100kW or above to source their electricity from renewable energy sources.

Proactive Approach to Disaster Risk Reduction, and Climate Change Adaptation and Mitigation

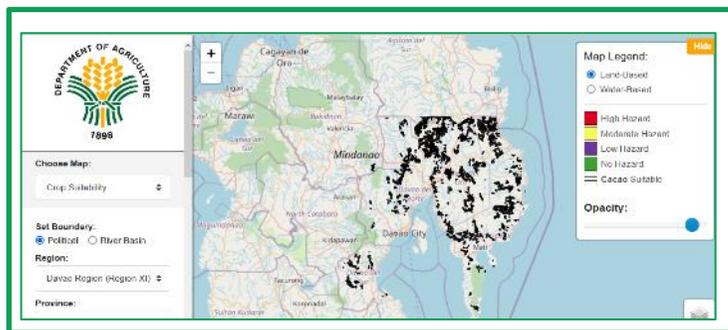
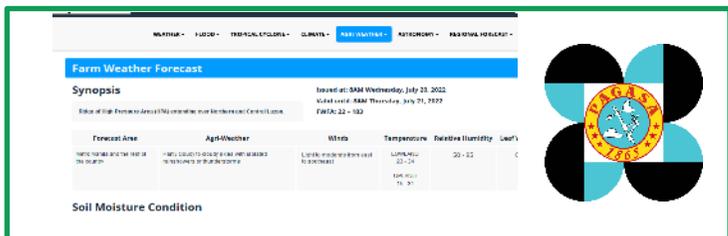
Other government initiatives on climate change

Air Quality

- ROP implements climate adaptation and mitigation programs in line with its commitment to the 21st United Nations Convention on Climate Change.
- Green, Green, Green Program** of the Department of Budget and Management aims to assist 145 cities develop open public spaces, making life livable.
- ROP pursues promotion of renewable sources and technologies and the regulation of the exploration, development, and utilization of renewable energy sources. In 2019, 2.6mn tons oil equivalent were saved through energy efficiency and conservation program, which avoided the release of 5.6mn tons of carbon dioxide equivalent



Environment and Natural Resources

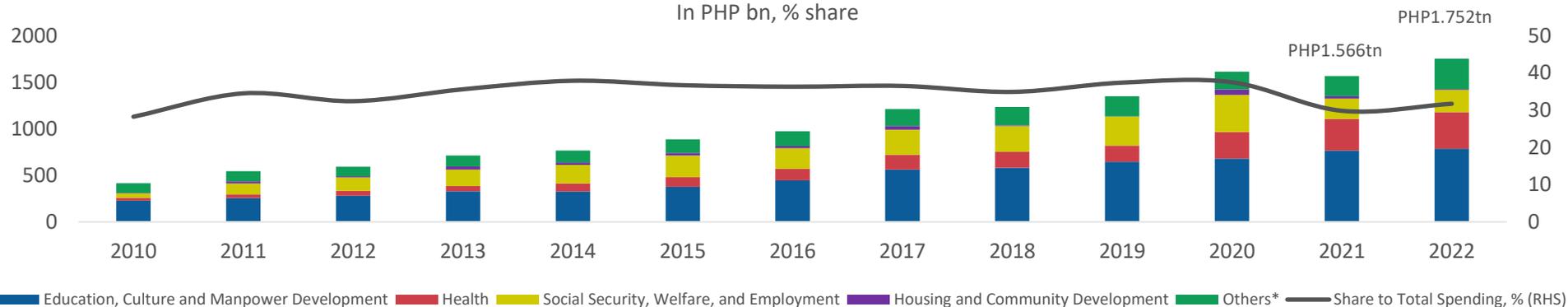


- Strengthening Multi-Hazard, Impact-Based Forecasting and Early Warning Systems** to preempt risk events and make warning messages understandable
- The Department of Science and Technology's **HazardHunterPH**, a web application, generates assessment reports on user's location with information on seismic (earthquake), volcanic, and hydro-meteorological hazards.
- Climate Information for Agriculture** – Philippine Astronomic, Geophysical and Astronomical Services Administration (PAGASA) releases a Ten-Day Regional Agri-Weather Information that helps farmers make well-informed decision in light of potential disruptive weather conditions
- Department of Agriculture's Adaptation and Mitigation Initiative in Agriculture or AMIA** - new planning tools towards climate-ready crop management systems and science-based interventions to assist stakeholders (farmers and fisher folks, private sector)
- National Color-Coded Agricultural Guide Map** – to identify the crops that are most suitable in agricultural parcels, and overlays soil properties, elevation, rainfall pattern, temperature, and projected climate-induced multi-hazards

Investing in Human Capital Development, Improving Social Inclusion

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

National Government Spending on Social Services Sector, 2010-2022
In PHP bn, % share



“ A solution and a program for every situation or need of poor Filipinos. ” – Secretary Erwin T. Tulfo, DSWD

Targeted Cash Transfer (TCT) program

- PHP500 subsidy to ease rising cost of fuel and main commodities

Pantawid Pamilyang Pilipino Program (4Ps)

- Provides education and health subsidies to qualified families

Unconditional Cash Transfer Program (UCT) and Sustainable Livelihood Program (SLP)

- Capacity building program to improve the socio-economic status of participants

Assistance to Individuals in Crisis Situation (AICS)

- Social safety net to support the recovery of individuals and families from unexpected crisis, i.e., illness or death of a family member, and other crisis situations.

Reduce the poverty incidence to 9% by 2028

Human Development, Poverty Reduction Agenda

- Ensure food and nutrition security
- Strengthen health system through progressive realization of Universal Health Care
- Strengthen mental health program
- Develop a robust school education system
- Improve provision of Technical and Vocational Education and Training programs
- Strengthen Community-Driven Development
- Transform social protection programs to be adaptive and shock-responsive
- Harmonize profiling and targeting systems for vulnerable Filipinos
- Pursue digital transformation for efficient service delivery
- Synergize through horizontal and vertical coordination

Advancing the Philippines' Sustainable Finance Agenda

Philippine Central Bank/Bangko Sentral ng Pilipinas' (BSP) Approach and Initiatives

- **Enabling Regulations:** Sustainable Finance Framework or Circular No. 1085 in April 2020 on sustainability principles in corporate and risk governance; credit risk management; operational risk management. Local banks are given 3-year transition period to reorient their strategies and operations towards sustainable finance initiatives including incentivizing loans for borrowers who adhere to environmental principles
- **Green Force:** A BSP collaboration with the Department of Finance and other key agencies to facilitate mobilization of funds toward green and sustainable projects, development of principles-based taxonomy and oversee the implementation of the Sustainable Finance Roadmap.
- Sustainable finance initiatives in the financial system: 1) Conducts capacity building and awareness for supervised financial institutions and BSP supervisors; 2) Issuance of enabling ESG-related regulations; 3) Launch of the Sustainable Central Banking Program internally; and 4) Issued the guidelines on the integration of sustainability principles in investment activities of banks. The BSP will soon publish its 11-point Sustainable Central Banking Strategy to implement the initiatives under the program
- BSP is now a member of the Network for Greening the Financial System (NGFS) to enhance the role of financial sector in managing climate and environment-related risks and mobilize capital to support the transition towards a sustainable economy

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

- Securities and Exchange Commission approved the “Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standards” to enable local issuers to tap into the global green bond market. Eligible projects are renewable energy, pollution prevention and control, environmentally sustainable management of natural resources and land use, clean transportation, climate change adaptation and green buildings.
- BSP’s green bond portfolio amounts to US\$550mn invested in the Bank for International Settlements’ (BIS) first Green Bond Fund (BISP G1) and Asian Green Bond Fund (BISP G3) to support green finance across Asia-Pacific region, as well as diversify the gross international reserves.

Select Philippine Corporates' Green Bond Issuances

Arthaland Corp. – Feb 2020	AC Energy - July 2020	Manila Water - July 2020	AC Energy - Nov 2020	Energy Development Corp. – Jun 2021	Solar Philippines Tarlac Corp. – Nov 2021	BDO Unibank Corp. – Jan 2022	RCBC – Feb 2022	ACEN – Sep 2022
▪ PHP3bn ASEAN Green Bonds	▪ US\$60mn for renewable investments in transition to low carbon portfolio	▪ US\$500mn single largest green, social bond issued by a private water utility in Asia	▪ US\$300mn fixed-for-life green perpetual bonds	▪ PHP5bn 3 and 5 years Fixed Rate ASEAN Green Bonds for the expansion of Mindanao 3 Binary Project and geothermal projects	▪ PHP4.2bn issuance of green bonds to refinance a PHP2.2bn loan used for the construction and expansion of its 100 megawatt solar plant	▪ PHP52.7bn Fixed-Rate ASEAN sustainability bonds	▪ PHP14.8bn Green, Fixed Rate ASEAN Sustainability bonds	▪ PHP10.0bn maiden peso-denominated ASEAN green bonds

- Green Financing Program by the Development Bank of the Philippines provides financing and technical assistance to strategic sectors, industries, and local government in adopting environment-friendly processes

Marcos Administration Committed to Continue Structural and Policy Reforms

Select crucial measures passed since 2017

Macroeconomic reforms

- R.A No. 11055 (The Philippine Identification Systems Act)
- R.A No. 11211 (Amending the New Central Bank Act)
- R.A. No. 11256 (Act to Strengthen the Country's Gross International Reserves or GIR)
- R.A. No. 11203 (The Rice Tariffication Law)

Social and Governance Reforms

- R.A. No. 11310 (An Act Institutionalizing the Pantawid Pamilyang Pilipino Program Act)
- RA No. 11510 (Alternative Learning System Act)
- R.A. No. 11291 (Magna Carta for the Poor)
- R.A. No. 10931 (Universal Access to Quality Tertiary Education Act)
- R.A. No. 11223 (Universal Health Care Act)
- R.A. No. 11054 (Bangsamoro Organic Law)
- R.A. No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act)

Infrastructure Reforms

- R.A. No. 10929 (Free Internet Access in Public Places Act)
- R.A. No. 10285 (Energy Efficiency and Conservation Act)
- EO No. 127 (Expanding The Provision Of Internet Services Through Inclusive Access To Satellite Services, Amending Executive Order No. 467)
- R.A. No. 11572 (Philippine Energy Research and Policy Institute Act)

Financial Reforms

- R.A No. 11523 (Financial Institution Strategic Transfer Act)
- RA No. 11439 (Act of Providing for the Regulation and Organization of Islamic Banks)
- R.A No. 11127 (National Payment System Act (NPSA))
- RA No. 11521 (Amendments to the Anti-Money Laundering Act)
- R.A No. 11765 (Philippine Financial Products and Services Consumer Protection Act (FCPA))

Investment Reforms

- R.A. No. 11647 (Foreign Investment Act)
- R.A. No. 11659 (Public Service Act)
- R.A. No. 11595 (Retail Trade Liberalization Law)
- RA No. 11337 (Innovative Startup Act)

Fiscal Reforms

- R.A. No. 11346 (Tobacco Tax Law)
- R.A. No. 10963 (Tax reform for acceleration and inclusion)
- R.A. No. 11467 (An Act increasing sin taxes (i.e., excise tax on alcohol, heated tobacco products and e-cigarettes) for Universal Health Care)
- R.A No. 11534 (Corporate Recovery and Tax Incentives for Enterprises (CREATE))

Marcos Administration's Legislative Agenda to Further Strengthen Institutional Settings

The Legislative-Executive Development Advisory Council (LEDAC) under the new administration approved 32 measures

Health and Social Welfare



- The Establishment of Regional Specialty Hospitals
- The Magna Carta of Filipino Seafarers
- Providing Free Legal Assistance for Military and Uniformed Personnel
- The Magna Carta of Barangay Health Workers
- Medical Reserve Corps Bill
- National Disease Prevention Management Authority Bill
- Virology Institute of the Philippines Bill
- Unified System of Separation, Retirement and Pension Bill

Trade and Industry



- The Apprenticeship Act
- The Creation of the Leyte Ecological Industrial Zone, and
- Valuation Reform Bill
- Passive Income and Financial Intermediary Taxation Act
- Internet Transaction Act
- Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill
- Amendments to the Electric Power Industry Reform Act
- Amendments to the Build-Operate-Transfer Law
- SIM Registration Act **(signed into law)**

Governance and National Security



- Establishing the Negros Island Region
- The New Philippine Passport Act
- The Creation of the Eastern Visayas Development Authority
- E-Governance Act
- E-Government Act
- Department of Water Resources Bill
- Mandatory Reserve Officers' Training Corps (ROTC) and National Service Training Program
- Budget Modernization Bill
- National Government Rightsizing Program
- National Defense Act
- Barangay and Sangguniang Kabataan Elections **(signed into law)**

Environment and Agriculture



- Waste-to-Energy Bill
- Enactment of and Enabling Law for the Natural Gas Industry
- Condonation of Unpaid Amortization and Interests of Loans of Agrarian Reform Beneficiaries
- National Land Use Act
- Department of Water Resources Bill

Strengthened Institutions to Support Transformational Reform Momentum

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



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



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

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



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

9

Outlook

Sound Fundamentals Anchor Firm Economic Recovery

Particulars	Actual		Projections						
	2021	2022	2022	2023	2024	2025	2026	2027	2028
Real GDP Growth (%)	5.6	7.6 (Q3) 7.7 (Jan-Sep)	6.5 – 7.5	6.0 – 7.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0	6.5 – 8.0
Inflation Rate (%)*	3.9	5.6 (Jan-Nov)	5.8	2.5-4.5	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
Growth of goods export (%)**	12.5	7.9 (Jan-Jun)	4.0	3.0	6.0	6.0	6.0	6.0	6.0
Growth of goods import (%)**	30.5	27.5 (Jan-Jun)	20.0	4.0	8.0	8.0	8.0	8.0	8.0
OF Cash Remittances, Growth Rate (%)**	5.1	3.1 (Jan-Sep)	4.0	4.0	N/A	N/A	N/A	N/A	N/A
Net Foreign Direct Investments (US\$ bn)**	12.4	5.9 (Jan-Aug)	10.5	12.5	N/A	N/A	N/A	N/A	N/A
Current Account Balance (% of GDP)**	-1.5	-12.0 (Jan-Jun)	-5.0	-4.5	N/A	N/A	N/A	N/A	N/A

Source: Medium-Term Macroeconomic Assumptions and Fiscal Program for FY 2023-2028, Development Budget Coordination Committee (DBCC) approved on 5 December 2022.

*Inflation rate targets were approved in the DBCC meeting on 5 December 2022.

**Projections approved by Monetary Board on 16 September 2022.

N/A – Not available

10

**The Marcos
Administration's
Economic Team**

Absolute Majority Win Gives the Marcos Administration Strong Mandate to Push Further Game-Changing Reforms

- Record-high voter turnout reached 83.07% of the more than 65 million registered voters.
- Ferdinand Marcos, Jr. garnered 31mn votes, or 58.7% of the total votes cast.
- His running-mate Sara Duterte, daughter of former President Rodrigo Duterte, obtained 32mn votes, or 61.53% of the total votes cast.

Official results based on 171 of 173 certificates of canvass as of 25 May 2022					
Presidential Candidate	Votes	% Share	Vice Presidential Candidate	Votes	% Share
Ferdinand Marcos, Jr.	31,629,783	58.77	Sara Duterte	32,208,417	61.53
Leni Robredo	15,035,773	27.94	Kiko Pangilinan	9,329,207	17.82
Manny Pacquiao	3,663,113	6.81	Vicente Tito Sotto	8,251,267	15.76
Isko Moreno Domagoso	1,933,909	3.59	Doc Willie Ong	1,878,531	3.59
Panfilo Lacson	892,375	1.66	Lito Atienza	270,381	0.52

President Ferdinand Romualdez Marcos, Jr.

Ferdinand Romualdez Marcos, Jr., popularly known as Bongbong, served as senator of the Philippines, governor of Ilocos Norte, and representative of 2nd District of Ilocos Norte.

Born on 13 September 1957, Marcos Jr. is the second child of former Philippine President Ferdinand Edralin Marcos and former Congresswoman Imelda Romualdez Marcos. He is married to Louise Araneta-Marcos with whom he has three sons: Ferdinand Alexander, Joseph Simon, and William Vincent.

Marcos Jr.'s message during his presidential campaign centered on unity. He is an advocate of renewable energy and has called his brand of governance as forward-thinking.



Seasoned Technocrats, Professionals to Steer Economic Transformation

Meet the members of the Marcos Administration's Economic and Infrastructure Team



Benjamin E. Diokno
Finance

Former Central Bank (BSP) Governor, former Budget Secretary under Estrada and Duterte administrations



Felipe M. Medalla
Bangko Sentral ng Pilipinas

Monetary Board Member since 2011, former socio-economic planning secretary, professor of economics



Alfredo E. Pascual
Trade and Industry

Former Head of Management Association of the Philippines, former state university (UP) president



Arsenio M. Balisacan
Socioeconomic Planning

Former anti-trust chief, former socioeconomic planning secretary under B. Aquino administration



Amenah F. Pangandaman
Budget and Management

Former BSP Assistant Governor, former DBM Undersecretary and Assistant Secretary



Manuel M. Bonoan
Public Works

Former CEO of SMC Tollways, former Public Works Undersecretary



Christina Garcia Frasco
Tourism

Former Municipal Mayor (Liloan, Cebu), lawyer



Jaime J. Bautista
Transportation

Former executive of Philippine Airlines, businessman



Raphael P.M. Lotilla
Energy

Former Energy secretary under Arroyo administration, state university (UP) law professor



Ivan John E. Uy
Information and Communications Technology

Former chair of then Commission on Information and Communications Technology

11

**The 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

Contact Information

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[InfoIROatBSP](https://www.youtube.com/InfoIROatBSP)

**For a copy of this presentation and more information on the
Philippine economy please visit the Investor Relations Group
webpage through the QR code below:**

