REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

THE MANILA TIMES
MIDYEAR ECONOMIC FORUM

ECONOMIC OUTLOOK AND OPPORTUNITIES IN THE PHILIPPINES

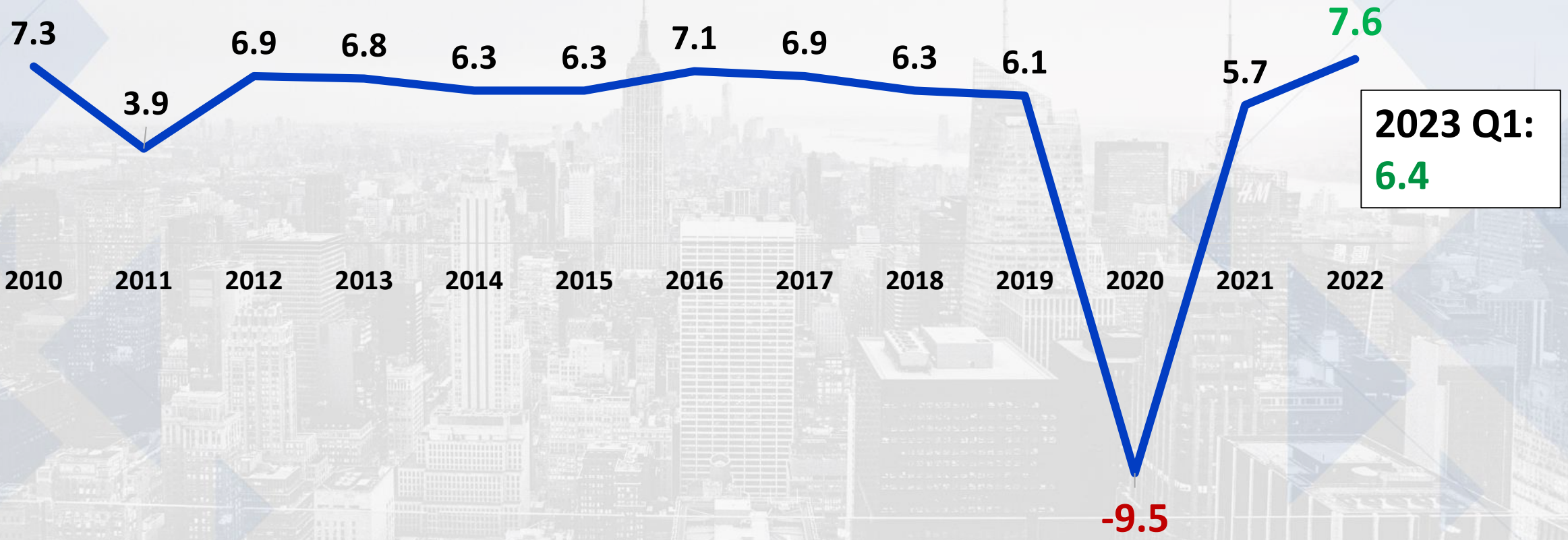
"THE FINANCIAL PLAY AFTER THE HALFTIME REPLAY"

ASCOTT HOTEL, BGC | JUNE 27, 2023 | 10:25 AM

ARSENIO M. BALISACAN
NEDA Secretary

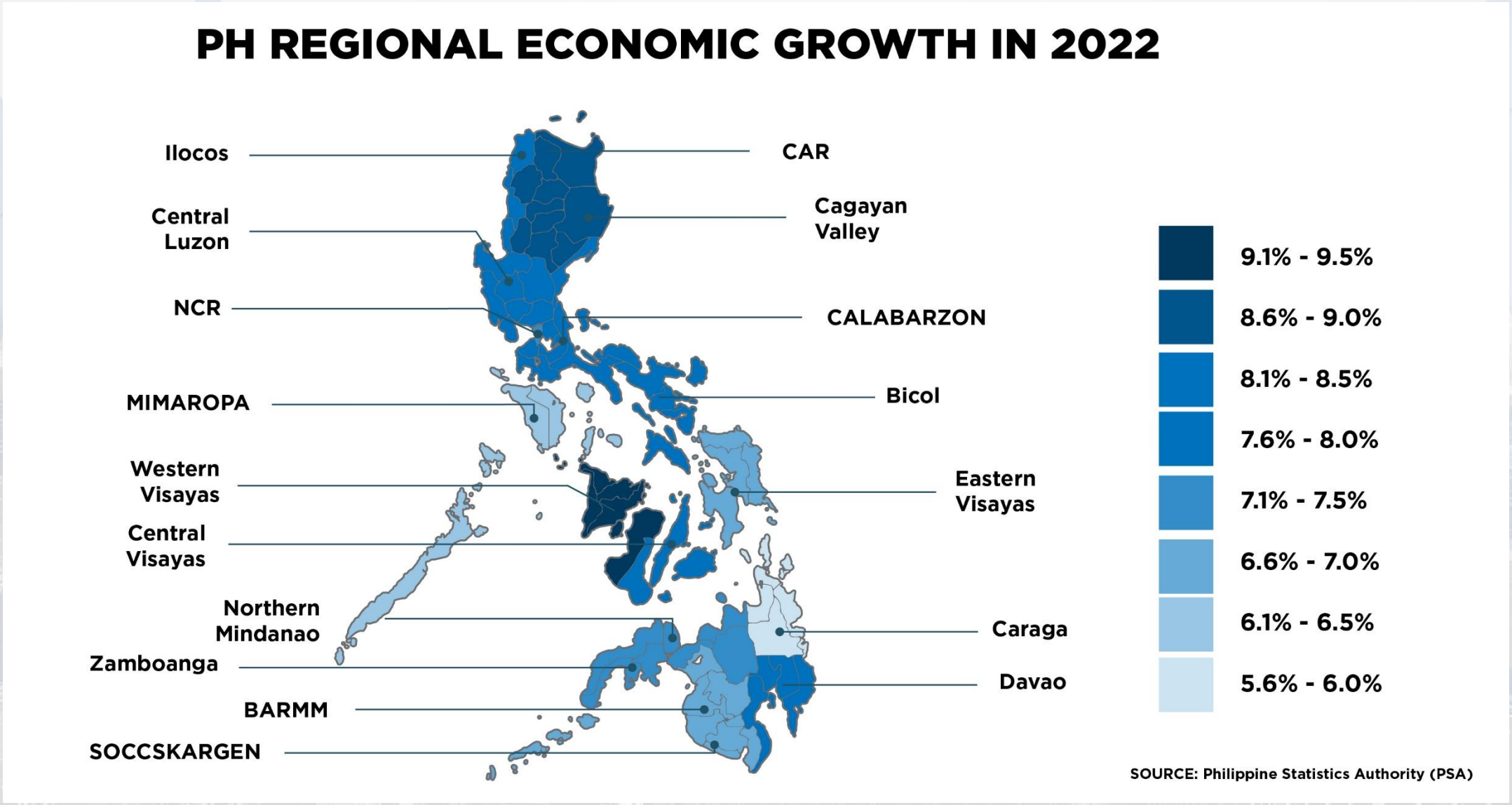
The Philippine economy is back to its pre-pandemic high-growth norm, growing by 7.6% in 2022 and 6.4% in Q1 of 2023.

Philippine Annual Real GDP Growth Rate, in % (2010-2022)



Source: Philippine Statistics Authority (PSA)

A closer look at the regions: Growth cut across all regions, though some performed better than others.



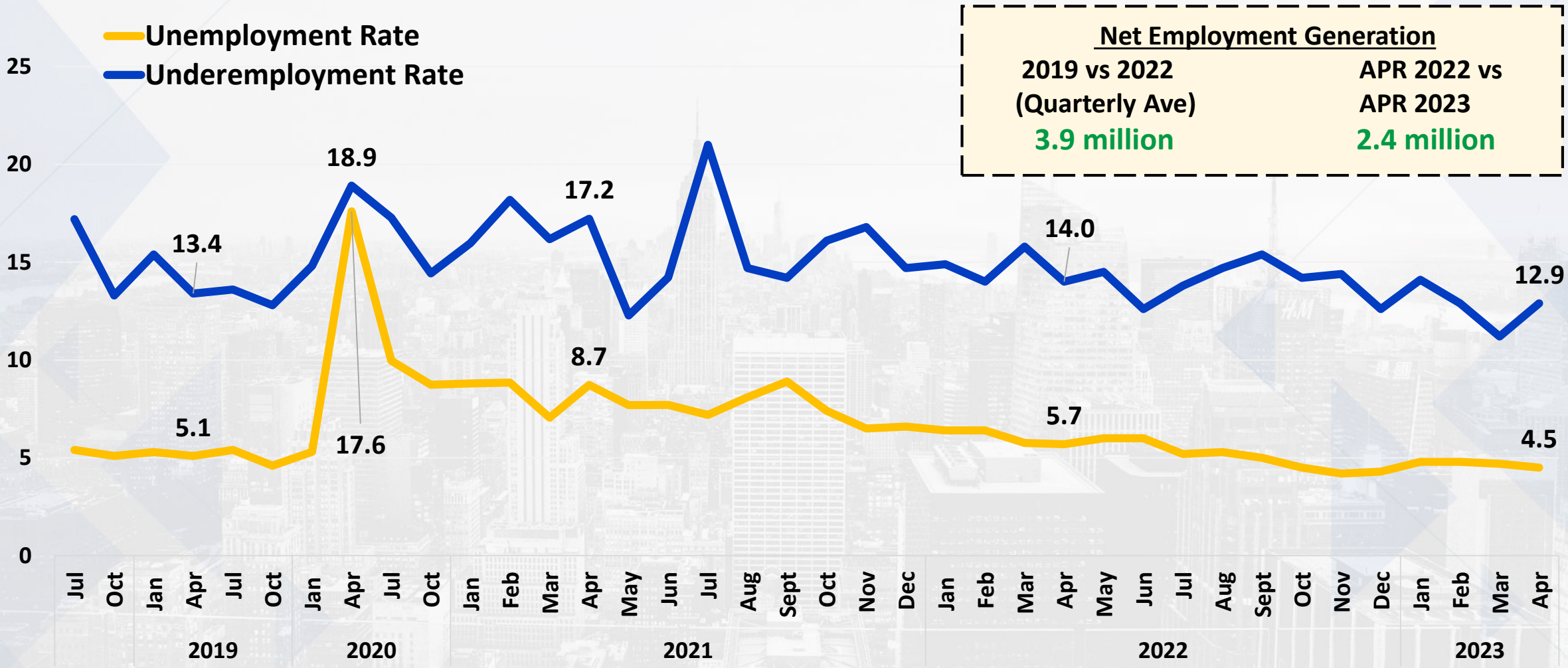
Consumption and Services are the Philippine economy's main growth engines during the recovery.

In 2022, consumption contributed **80.0%** to GDP growth,
while services contributed **74.7%**.

	Contribution to Growth (%)		
	2021	**2022**	**2023 Q1**
GROSS DOMESTIC PRODUCT	100.0	100.0	100.0
By Expenditure:			
Household Final Consumption Expenditure	53.5	80.0	**74.1**
Gov't Final Consumption Expenditure	19.3	9.7	14.0
Capital Formation	76.6	42.0	41.1
of which: Fixed Capital Formation	38.4	29.2	34.7
By Industrial Origin:			
Agriculture, Fishery and Forestry	-0.5	0.6	3.3
Industry	44.7	25.6	18.7
of which: Manufacturing	29.8	12.1	6.5
Services	56.8	74.7	**78.0**

Source: PSA; NEDA Staff Calculations

The country's reopening has led to an improved labor market performance, with unemployment and underemployment rates falling to 4.5% and 12.9%, respectively, in April 2023.

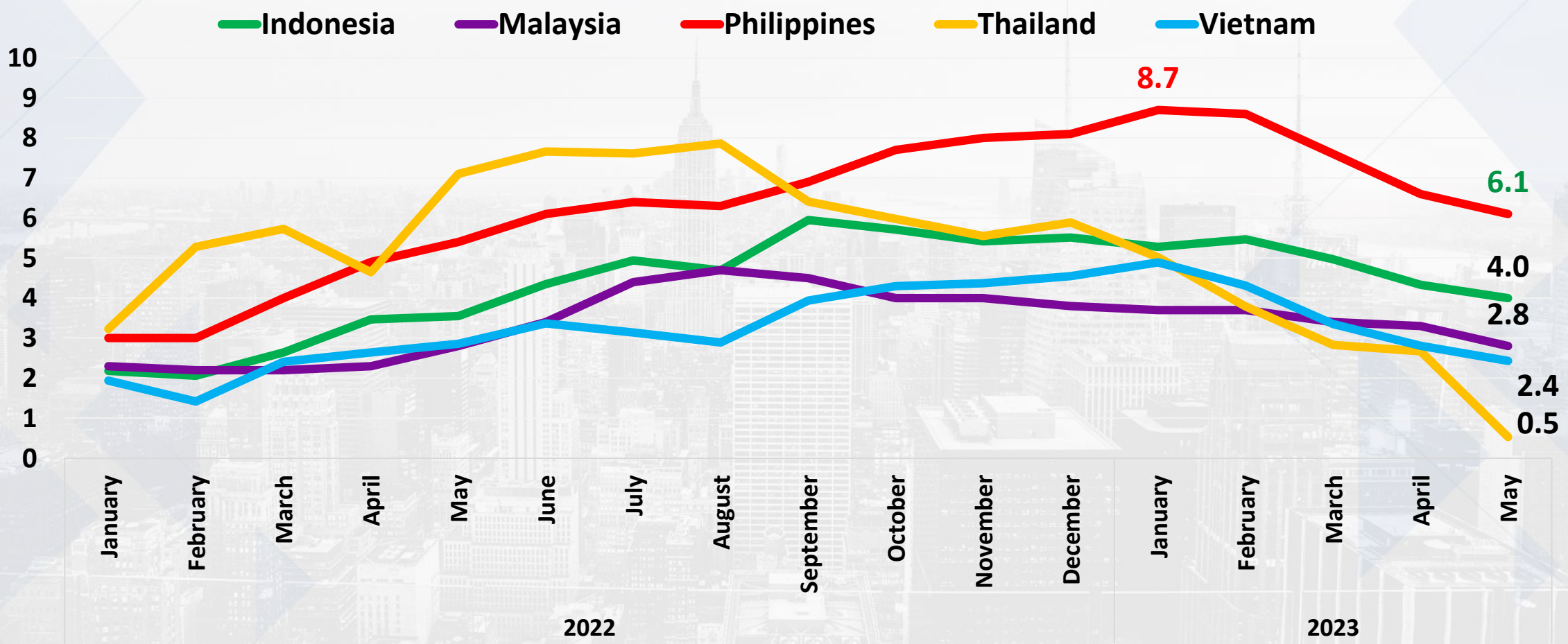


Net Employment Generation

2019 vs 2022 (Quarterly Ave)	APR 2022 vs APR 2023
3.9 million	2.4 million

Inflation has moderated steadily from its peak of 8.7% in January 2023.

Inflation rates across major ASEAN economies (Jan 2022 – May 2023)



Source: PSA and Trading Economics

IAC-IMO to monitor proactively the supply and demand situations for essential commodities.

The Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO) will advise the President and the Cabinet on measures that would **keep inflation, particularly of food and energy, within the government's targets.**

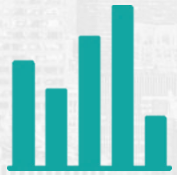
Functions of the IAC-IMO



Closely monitor inflation drivers and their proximate sources and causes



Regularly monitor data and assess the supply-demand situation for essential food commodities during the cropping period



Facilitate regular and efficient data-sharing to effect timely supply and demand analysis



Monitor global and regional developments and issues that may affect food and energy prices



Submit a quarterly report on supply-demand situations and outlook



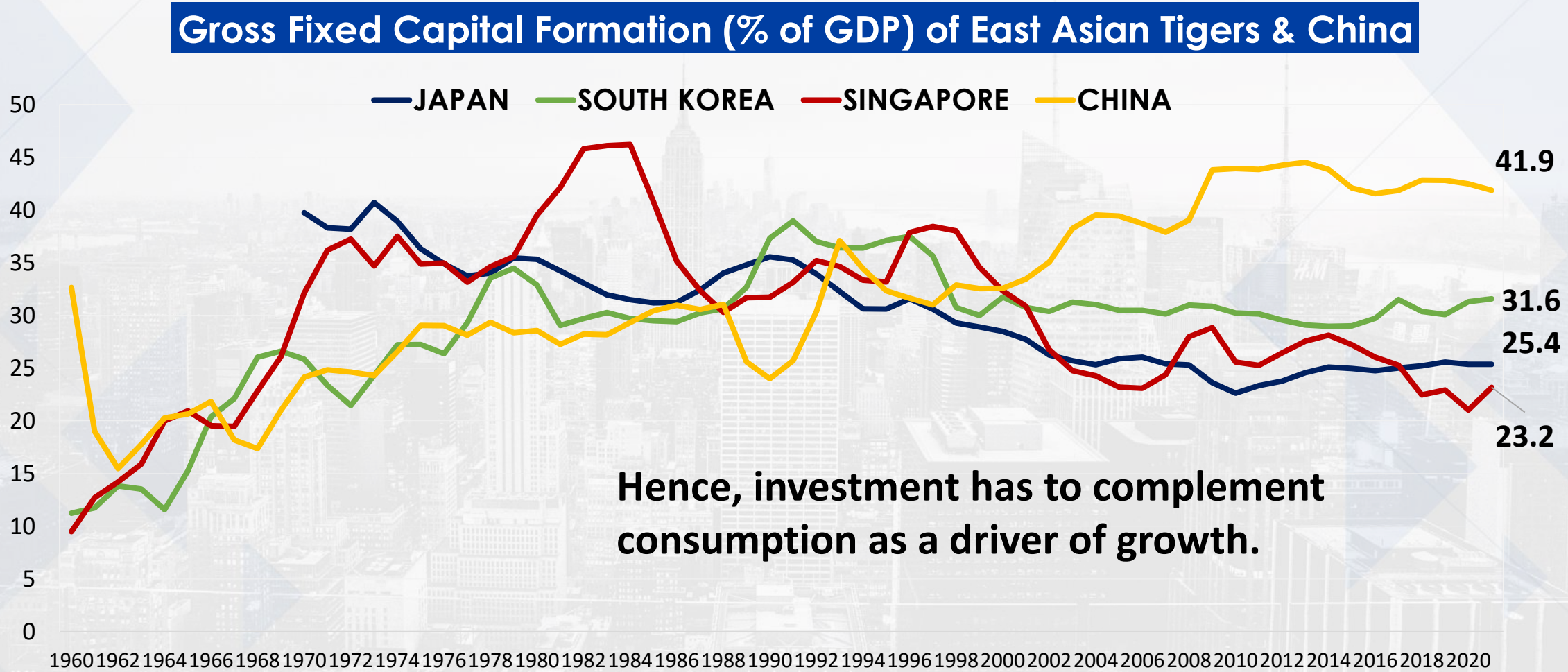
Provide timely recommendations to the President and relevant agencies

Multilateral institutions expect the Philippines to grow faster than many of its peers in the region amid external headwinds.

Emerging Economy	GDP Growth Rate (2022)	ADB Asian Development Outlook (April 2023) Forecast for 2023	IMF World Economic Outlook (April 2023) Forecast for 2023	World Bank Global Economic Prospects (June 2023)	AMRO ASEAN+3 Regional Economic Outlook (April 2023)
Bangladesh	7.1	5.3	5.5	5.2	-
China	3.0	5.0	5.2	5.6	5.5
India	6.8	6.4	5.9	6.3	-
Indonesia	5.3	4.8	5.0	4.9	5.0
Malaysia	8.7	4.7	4.5	4.3	4.2
Philippines	**7.6**	**6.0**	**6.0**	**6.0**	**6.2**
Thailand	2.6	3.3	3.4	3.9	4.1
Vietnam	8.0	6.5	5.8	6.0	6.8

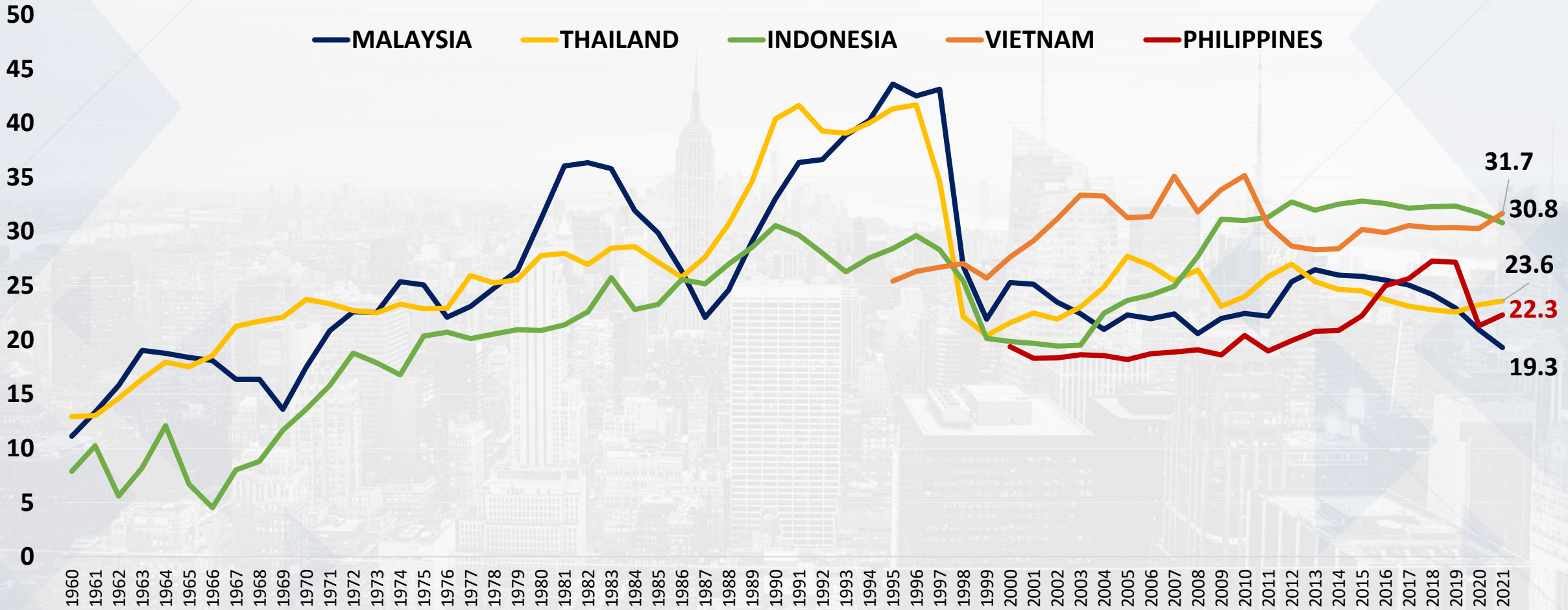
Source: World Bank, Asian Development Bank, Trading Economics, International Monetary Fund, and AMRO

High levels of investment are key to sustained improvements in living standards, as in East Asian economies.



Playing catch up with our Southeast Asian neighbors: The PH government is pushing for a favorable investment climate, including public infrastructure.

Gross Fixed Capital Formation (% of GDP) of SEA Comparators



The Philippine government commits to sustain annual spending on infrastructure at 5% to 6% of GDP.

Medium-Term Infrastructure Program							
Infrastructure Program*	2022	2023	2024	2025	2026	2027	2028
	Actual	Projections					
In PHP billions	1,278.5	1,292.7	1,367.6	1,458.2	1,595.4	1,887.8	2,284.4
In USD billions	22.8	23.0	24.4	26.0	28.4	33.7	40.7
As % of GDP	**5.8**	**5.3**	**5.1**	**5.0**	**5.0**	**5.4**	**6.0**

184th DBCC Meeting (24 April 2023)
**Subject to updating*

PHP-USD Exchange Rate: *PHP 56.1 to USD 1.00 (As of June 9, 2023)*

We aim to build on the reform momentum and deepen improvements in the country's investment climate.

Reforms to Raise Investment	
CREATE Law	Joining the **Regional Comprehensive Economic Partnership (RCEP)**
Retail Trade Liberalization Act Amendments	**Public Service Act (PSA)** Amendments and Release of **PSA IRR**
Foreign Investments Act Amendments	Amendments to **NEDA JV Guidelines**
BOT Law IRR Amendments	**Infrastructure Flagship Projects (IFPs)** under the **Build-Better-More Program**
Renewable Energy Act IRR Amendments	Proposed amendments to **Public-Private Partnerships (PPP) Act / Build-Operate-Transfer (BOT) Law**
Investment Coordination Committee **(ICC) Guidelines for LGU PPP** Projects	

194 IFPs under the Marcos Administration's Build-Better-More Program will collectively amount to PHP 8.3 T (about USD 148 B).

INFRASTRUCTURE FLAGSHIP PROJECTS (IFPs) BY SECTOR

123 new projects have been added to the list of IFPs under the Marcos Administration – 14 of which are for the Agriculture sector.

SECTOR	NO. OF PROJECTS		
	PREVIOUS ADMINISTRATION	CURRENT ADMINISTRATION	TOTAL
Physical Connectivity	48	71	119
Water Resources	12	32	44
Agriculture	0	14	14
Health	4	2	6
Digital Connectivity	4	1	5
Power and Energy	1	0	1
Other Infrastructure	2	3	5
Total No. of Projects	71	123	194

194
TOTAL NO. OF PROJECTS

- **93** Ongoing and Approved for implementation
- **9** For government approval
- **52** Ongoing project preparation
- **40** For pre-project preparation

**During the previous administration, projects under Agriculture were not considered as IFPs.*

PHP-USD Exchange Rate: *PHP 56.1 to USD 1.00 (As of June 9, 2023)*

Diverse funding sources will finance the 194 IFPs.

IFPs BY FUNDING SOURCE

Fund Source	Project Count	Percent Share by Count (in %)	Indicative Cost (in USD B)	Percent Share by Cost (in %)
ODA	82	42.27	82.75	55.92
GAA*	64	32.99	15.16	10.25
PPP	37	19.07	44.77	30.25
PPP/STOA**	5	2.58	1.87	1.27
PPP/PTMRF***	2	1.03	0.13	0.09
TBD	2	1.03	0.43	0.29
ODA/PPP	1	0.52	1.16	0.79
GAA/PPP	1	0.52	1.70	1.17
Grand Total	**194**	**100.00**	**147.97**	**100.00**

**GAA: General Appropriations Act*
***STOA: Supplemental Toll Operation Agreement*
****PTMRF: Port Terminal Management Regulatory Framework*

PHP-USD Exchange Rate: *PHP 56.1 to USD 1.00 (As of June 9, 2023)*

Public-Private Partnerships (PPPs) are also promoted to fund these IFPs and other high-impact projects.

220



AWARDED PROJECTS
as of April 30, 2023

Total Estimate Project Cost:
PHP 2,580 Billion (USD 46 Billion)

Level	No.	PHP (Bn)	USD (Bn)
National	88	2,156	38.4
Local	132	424	7.6

PHP-USD Exchange Rate: *PHP 56.1 to USD 1.00 (As of June 9, 2023)*

98



PROJECTS IN THE PIPELINE
as of April 30, 2023

Total Estimate Project Cost:
PHP 2,249 Billion* (USD 40 Billion)

Level	No.	PHP (Bn)	USD (Bn)
National	79	2,140	38.1
Local	19	108	1.9

Total estimate project cost **does not include projects undergoing studies and with costs that are yet to be finalized*

Projects in the Pipeline (By Sector) as of April 30, 2023

Sector	Total
Transport	51
Road	15
Property Development	9
Health	6
Water and Sanitation	5
Information and Communications Technology	5
Solid Waste Management	4
Energy	2
Tourism	1
Total	**98**

Key Messages

- The past year saw **sustained and robust growth**, **promising employment figures**, and an **encouraging downward trend for inflation** that is approaching the government's target.

- Key to sustaining and ensuring rapid and inclusive growth in the medium and long term is **raising investment and addressing critical constraints to high-quality job creation**.

- The public sector is committed to providing the **enabling investment and regulatory environment** that will improve the ease of doing business and spur greater private sector activity in job creation and innovation.

Scan the QR Codes below to access the full version of the PDP 2023-2028 and the Build-Better-More Infrastructure Flagship Projects.

Full PDP 2023-2028



Full List of IFPs

Thank you!

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