

GLOBAL PENSION FUNDS WILL HELP US BUILD

FINANCE SECRETARY CARLOS G. DOMINGUEZ
ASIA PACIFIC INVESTORS COOPERATION 2018
JUNE 21, 2018 | SHANGRI-LA TOKYO




Q1 2018 GROSS DOMESTIC PRODUCT GROWTH



The latest growth numbers cap 77 consecutive quarters of sustained expansion. Over the last 10 quarters, we achieved growth rates of 6.5 percent or better.

Source: Philippine Statistics Authority



We aim to bring down poverty
incidence from 21.6 percent in
2015 to just **14 PERCENT BY 2022**

Photo Source: Headwaters Relief Organization

OUR ECONOMIC STRATEGY IS ANCHORED ON TWO MAJOR PROGRAMS:

COMPREHENSIVE TAX REFORM PROGRAM

BUILD, BUILD, BUILD PROGRAM



**BUILD
BUILD
BUILD**

- MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS**
- MORE BRIDGES AND
ROADS**
- NEW AND BETTER
CITIES**

COMPREHENSIVE TAX REFORM PROGRAM



The first package of this tax reform program, also known as the **TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)**, took effect at the start of the year. While benefitting **OVER 99 PERCENT OF FILIPINOS** through a reduction in personal income tax rates, revenues in the first quarter this year exceeded expectations.

In the first quarter of 2018, tax effort rose by 0.9 percentage point, from 13.4 percent of GDP to 14.3 percent, the highest first quarter tax effort ever achieved in the past 25 years

	1st Quarter 2017	1st Quarter 2018
REVENUE EFFORT	14.9%	15.8%
TAX EFFORT	13.4%	14.3%
EXPENDITURE EFFORT	17.2%	20.0%
FISCAL BALANCE	-2.3%	-4.1%

OTHER TAX REFORM PACKAGES

Package 1B	Package 2	Package 2 Plus	Package 3	Package 4
<ul style="list-style-type: none">• Estate and general tax amnesty• Motor Vehicle Users Charge• Bank secrecy law• Automatic exchange of information	<ul style="list-style-type: none">• Corporate taxation• Fiscal incentives	<ul style="list-style-type: none">• Taxes on tobacco, alcohol, mining, coal, and casinos	<ul style="list-style-type: none">• Property taxation	<ul style="list-style-type: none">• Passive income and financial taxes



BUILD

BUILD

BUILD



**MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS**

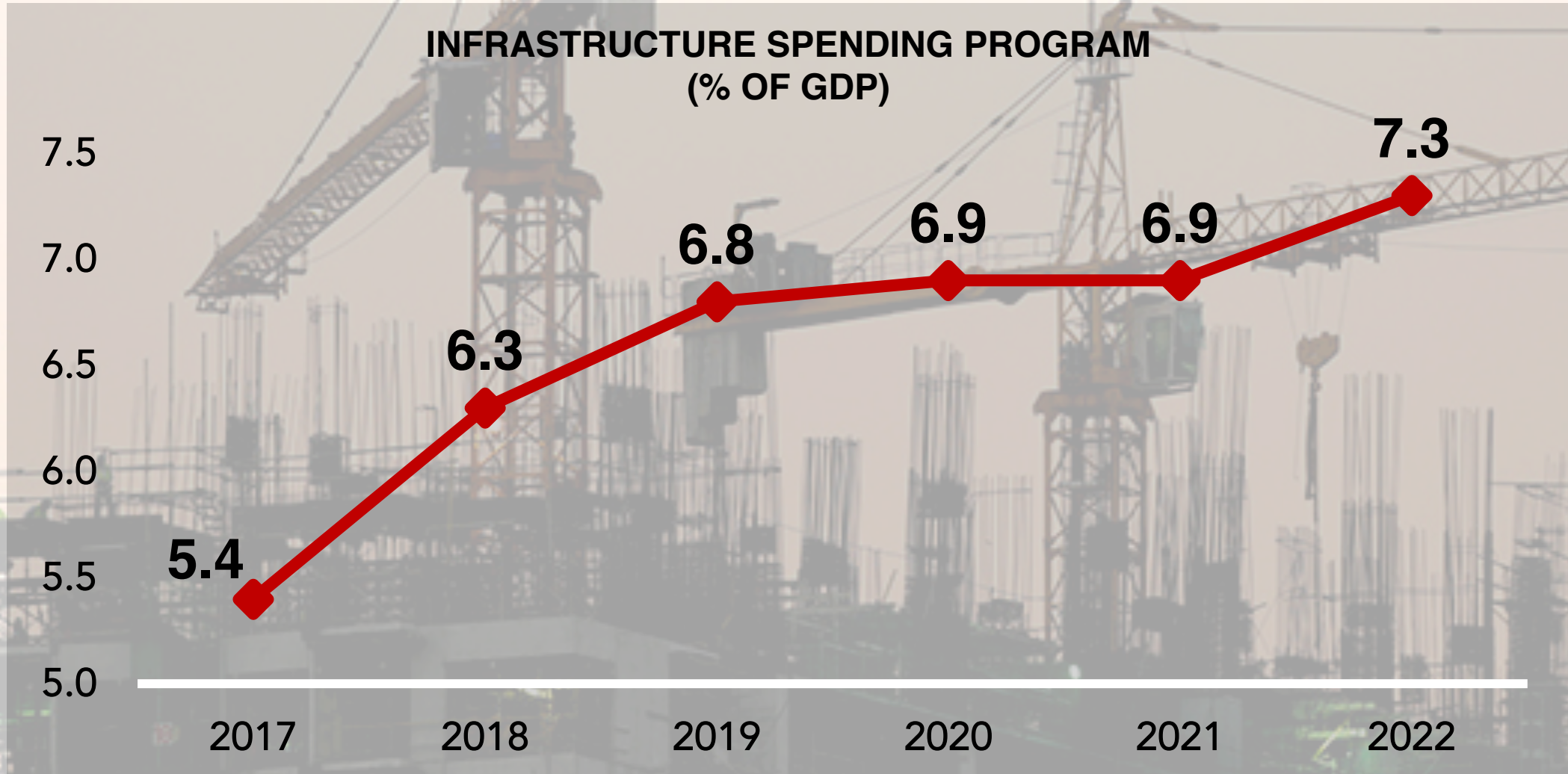


**MORE BRIDGES AND
ROADS**



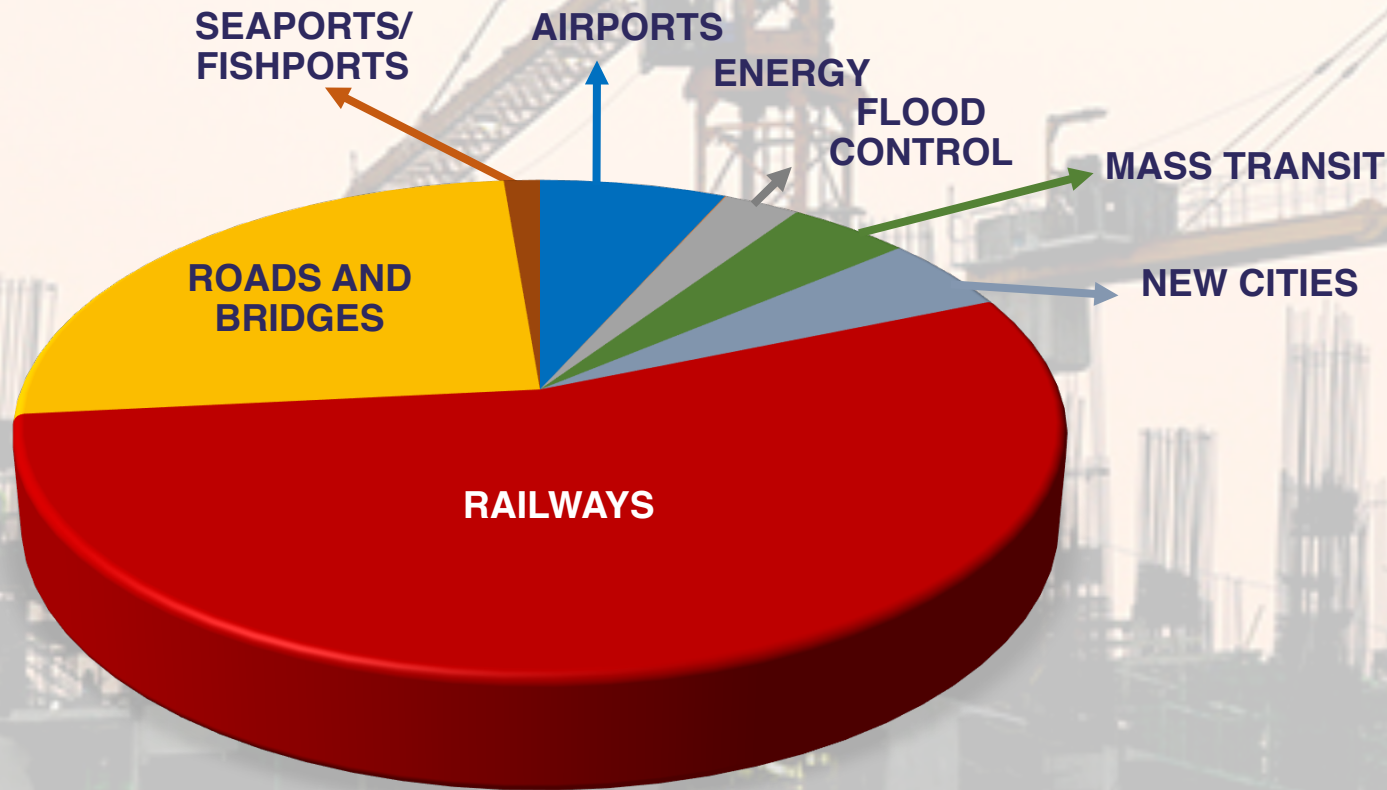
**NEW AND BETTER
CITIES**




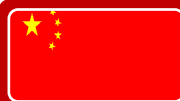


RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT



75 FLAGSHIP INFRASTRUCTURE PROJECTS

(of which 35 projects have been approved by the NEDA Board)



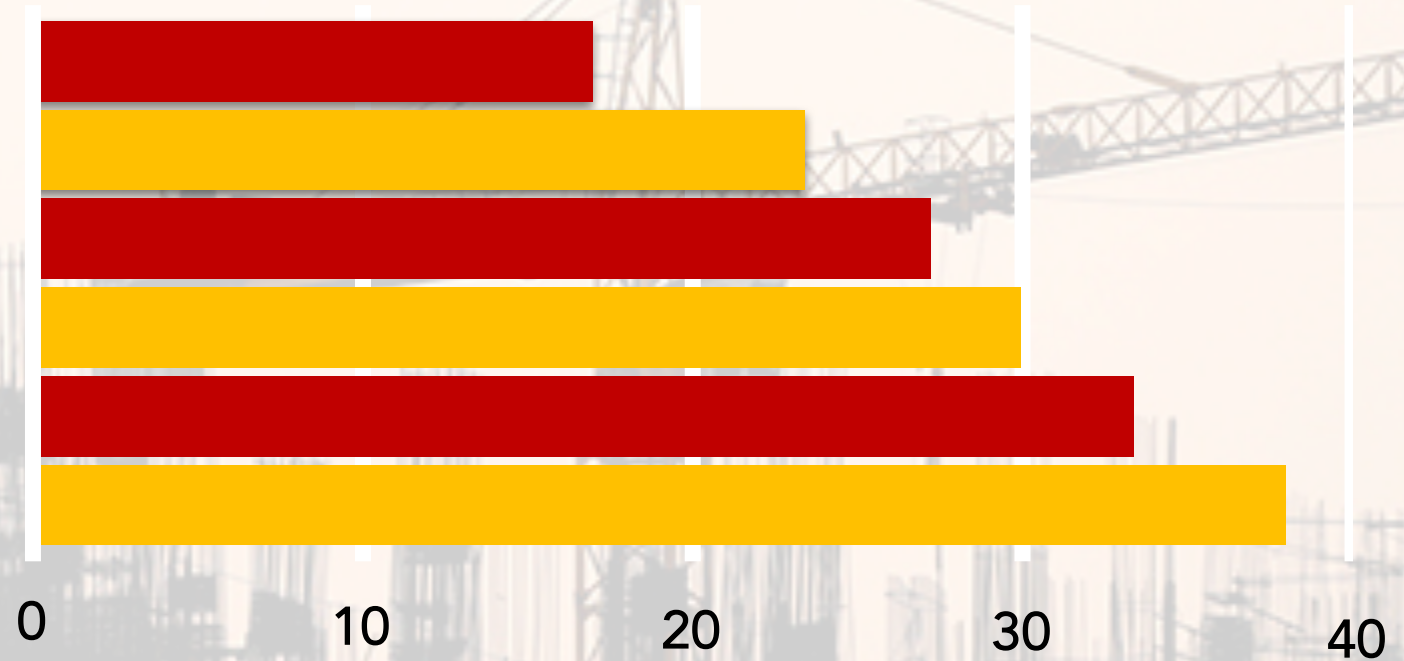
	69.5km PNR North 2/Malolos-Clark Airport-New Clark City Rail (USD4,186.6mn)
	25.3km Metro Manila Subway Project - Phase 1 (USD7,068.6mn)
	72km PNR South Commuter Line Tutuban-Los Baños (USD2,458.3mn)
	581km PNR Long-haul Manila-Bicol (USD3,471.6mn)
	Davao International Airport Development Project (USD803.4mn)
	102.3km Mindanao Railway: Tagum-Davao City-Digos Segment (USD698.2mn)

Select NEDA Board Approved
Flagship Infrastructure Projects

BOLDEST, MOST AMBITIOUS INFRASTRUCTURE PROGRAM IN HISTORY (in US \$ BILLION)

**US\$ 170B
IN 6 YEARS**

2017
2018
2019
2020
2021
2022



The Philippines is looking to spend about 20Billion USD per year through the medium term to build the urgently needed infrastructure

The incremental revenues raised from the tax reform law will be directed to the following:

70%

INFRASTRUCTURE PROGRAM



30%

SOCIAL SERVICES AND HUMAN CAPITAL DEVELOPMENT



Our ambitious infrastructure program also benefits from expanded official development assistance (ODA) flows from our friends in the region



CHINA committed
USD 9 BILLION
worth of aid and investments



JAPAN pledged
USD 9 BILLION
worth of investment and
development aid package



SOUTH KOREA pledged up to
USD 1 BILLION
in official development assistance

The Build Build Build program also benefits from a revived interest in infrastructure investments among multilateral institutions such as:



**ASIAN DEVELOPMENT
BANK (ADB)**



WORLD BANK

WORLD BANK (WB)



**ASIAN INFRASTRUCTURE
INVESTMENT BANK (AIIB)**

HYBRID PUBLIC-PRIVATE PARTNERSHIP (PPP) SCHEME

The government undertakes the projects using **Budget allocations, ODA and funds raised from bond flotation.**

The completed projects are then passed on to **private partners for management or even acquisition.**

GOOD GOVERNANCE IN INFRASTRUCTURE:

Streamlined loan processing and project approvals

Government advances right-of-way acquisition and land resettlement prior to loan signing

Improved institutional arrangements such as designating the Department of Budget and Management (DBM) as the procurement agent

Advanced budget allocation for government's counterpart commitments and established project monitoring offices to closely observe the completion of projects

Introduced the Build! Build! Build! Portal to enhance transparency and fast track project implementation

Continues to improve the institutional processes regarding project approval and execution



The modernization of our infrastructure and
governance will bring
**ENHANCED CONNECTIVITY TO THE
PHILIPPINE ECONOMY**



On our part, we commit to
**IMPROVE THE EASE OF DOING
BUSINESS, RESPECT THE SANCTITY OF
CONTRACTS,** and **PROMOTE A MORE
CONDUCTIVE CLIMATE FOR INVESTMENTS**



**THIS IS A GOOD TIME TO
BUILD PARTNERSHIPS
IN THE PHILIPPINES**

Photo Source: Justin James Wright (gettyimages)

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