



Agenda for Prosperity:

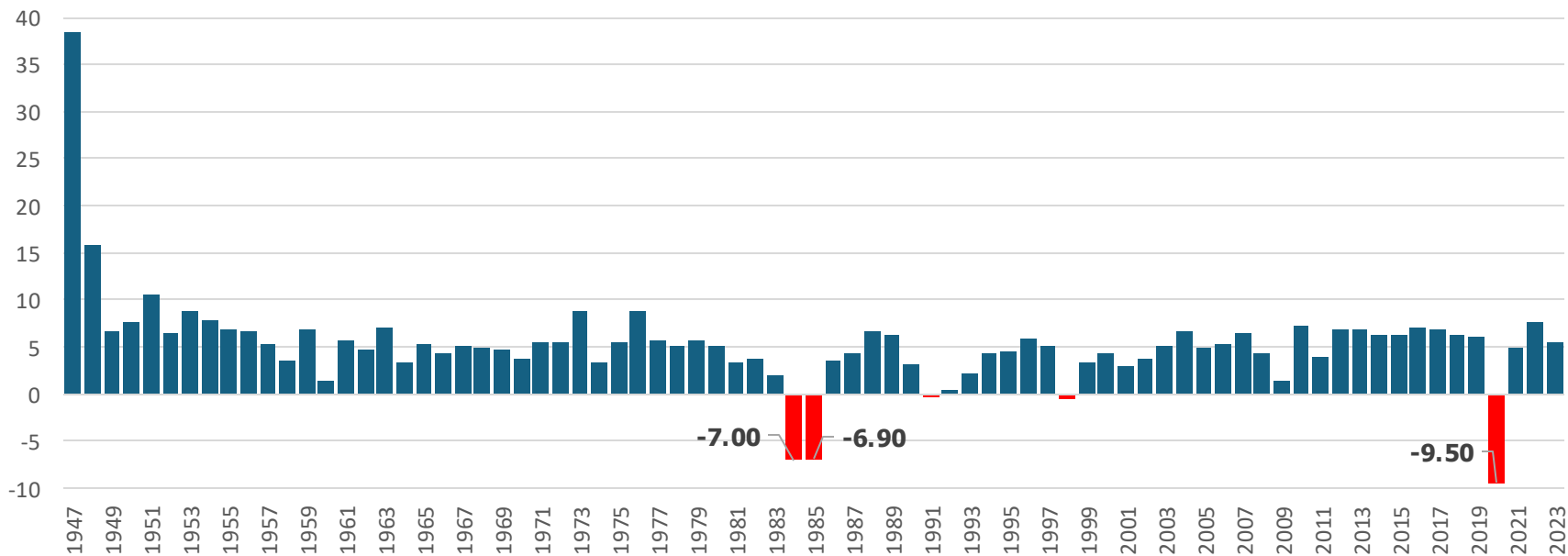
Fulfilling the Needs and Aspirations of the Filipino People

Revenue and Financing Program

RALPH G. RECTO
Secretary of Finance

We are still recovering from the pandemic that dealt us the hardest economic blow since post-World War II

Real GDP from 1947-2023 (in %)

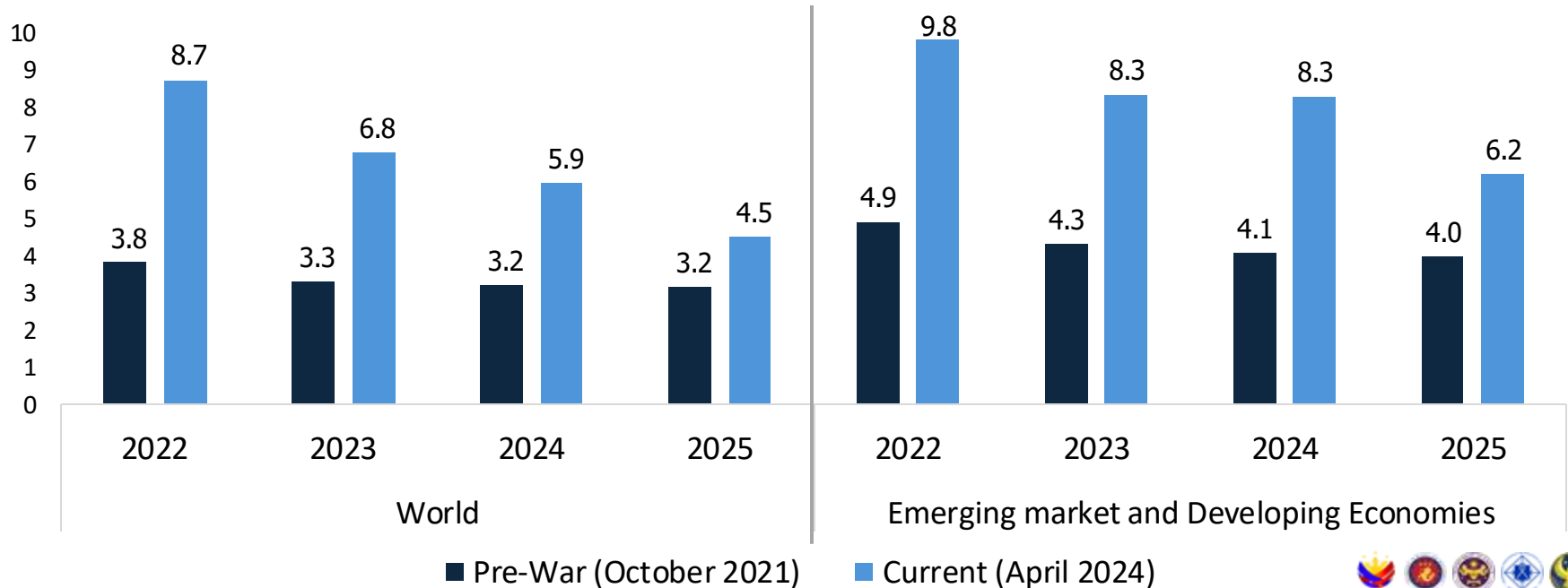


Source: PSA



We navigate an ocean of global uncertainties marked by ongoing geopolitical tensions

Pre and Post Russia-Ukraine War Inflation Outlook (in %)



Source: IMF World Economic Outlook (WEO) April 2024



Our refined Medium-Term Fiscal Program ensures the following:



Reduce debt and deficit gradually in a realistic manner



Create more and better jobs



Increase people's incomes



Reduce the poverty rate

**Our 2024 budget stands at PHP 5.77 trillion,
and only PHP 4.27 trillion are supportable by revenues**

**Total Average Expenditures Daily:
PHP 15.80 billion**

**Daily Revenues to Collect
PHP 11.71 billion**

**Daily Loans to Borrow
PHP 4.10 billion**



Our revenue effort is robust at 17.1% in the first half of 2024

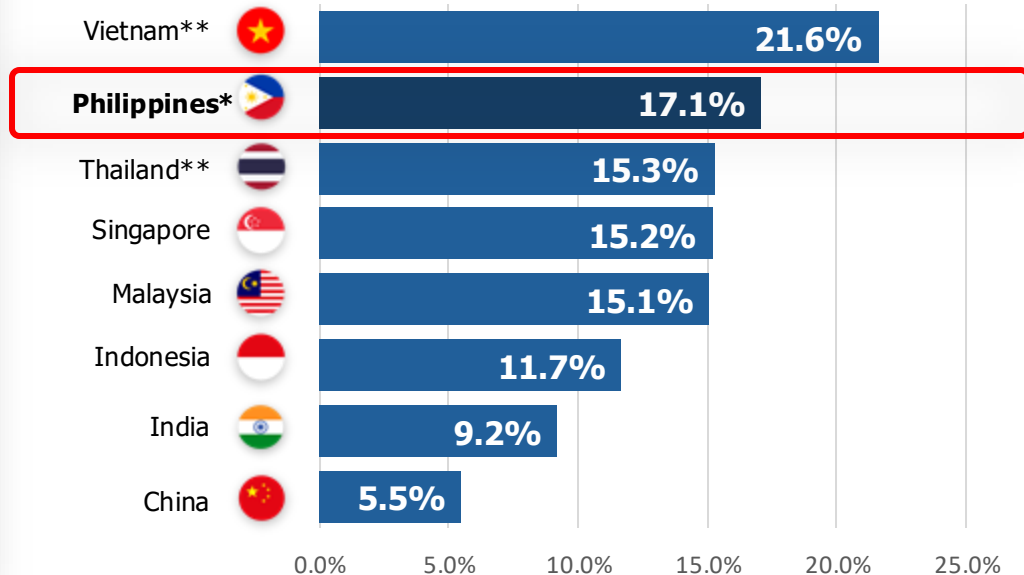
Total Revenue Collection
(Jan-Jun 2024)

PHP 2.15
trillion

15.6% growth

- Tax Revenues
PHP 1.84 trillion
10.0% growth
- Non-tax Revenues
PHP 314.2 billion
63.3% growth

Revenue Effort of Selected Economies in Q1 2024 (in %)



Sources: BTr and BSP's Report on Selected Economic Indicators based on national websites, CEIC, and the IMF International Finance Statistics

***First Semester 2024 Revenue-to-GDP Ratio for the Philippines**, budgetary central government data

**General Government data.

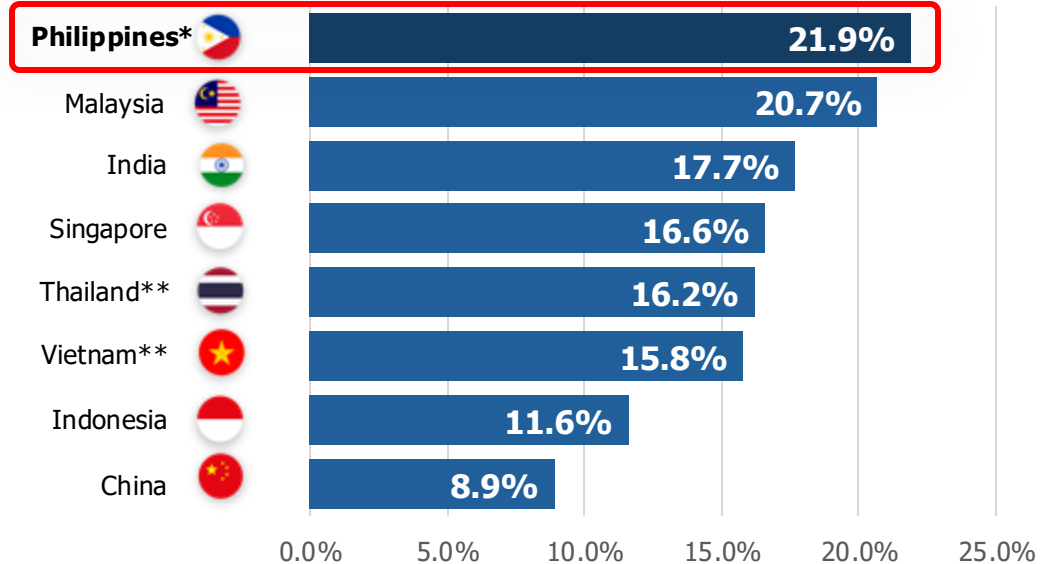


Our expenditure-to-GDP ratio stood high at 21.9% in the first half of 2024

Total Expenditures
(Jan-Jun 2024)

PHP 2.76
trillion
14.6% growth

Expenditure-to-GDP Ratios of Selected Economies in Q1 2024 (in %)



Sources: BTr and BSP's Report on Selected Economic Indicators based on national websites, CEIC, and the IMF International Finance Statistics

***First Semester 2024 Expenditure-to-GDP Ratio for the Philippines**, budgetary central government data

**General Government data.

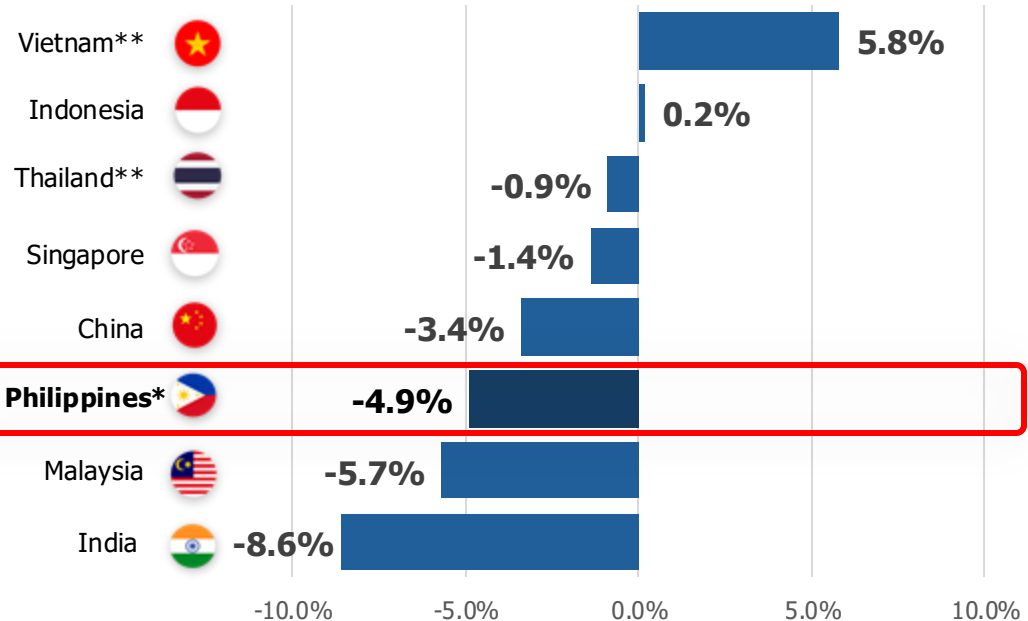


Our fiscal deficit remains very manageable at 4.9% of GDP in the first half of 2024

Fiscal deficit
(Jan-Jun 2024)

**PHP 613.90
billion**
11.27% growth

Fiscal Deficit-to-GDP Ratios of Selected Economies in Q1 2024



Sources: BTr and BSP's Report on Selected Economic Indicators based on national websites, CEIC, and the IMF International Finance Statistics

***First Semester 2024 Deficit-to-GDP Ratio for the Philippines**, budgetary central government data

**General Government data.



The medium-term fiscal program ensures a strategic and growth-enhancing fiscal consolidation

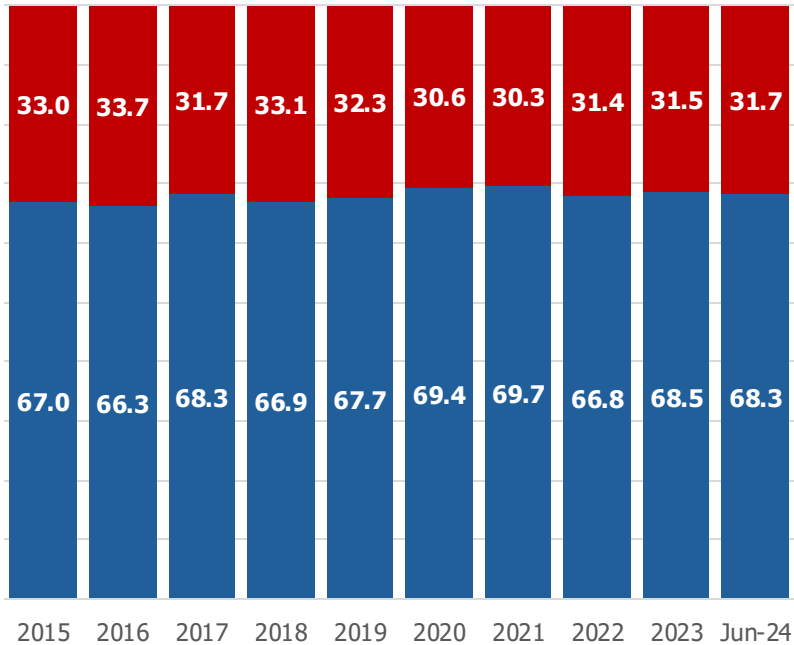
Particulars (in PHP billion)	2023 (Actual)	2024 (Emerging)	2025 (Program)	2026 (Program)	2027 (Program)	2028 (Program)
Revenues	3,824.1	4,269.9	4,644.4	5,063.2	5,627.5	6,249.6
<i>Growth rate</i>		<i>11.66</i>	<i>8.77</i>	<i>9.02</i>	<i>11.14</i>	<i>11.05</i>
<i>as percent of GDP</i>	<i>15.73</i>	<i>16.12</i>	<i>16.15</i>	<i>16.21</i>	<i>16.59</i>	<i>16.96</i>
Tax Revenues	3,429.3	3,820.3	4,332.6	4,838.7	5,385.7	5,991.7
<i>Growth rate</i>		<i>11.40</i>	<i>13.41</i>	<i>11.68</i>	<i>11.30</i>	<i>11.25</i>
<i>as percent of GDP</i>	<i>14.10</i>	<i>14.42</i>	<i>15.07</i>	<i>15.49</i>	<i>15.87</i>	<i>16.26</i>
Non-tax Revenues	394.8	449.6	311.8	224.5	241.9	257.9
<i>Growth rate</i>		<i>13.88</i>	<i>-30.65</i>	<i>-28.00</i>	<i>7.74</i>	<i>6.62</i>
<i>as percent of GDP</i>	<i>1.62</i>	<i>1.70</i>	<i>1.08</i>	<i>0.72</i>	<i>0.71</i>	<i>0.70</i>
Disbursements	5,336.2	5,754.3	6,182.1	6,540.1	7,027.0	7,621.5
<i>Growth rate</i>		<i>7.83</i>	<i>7.44</i>	<i>5.79</i>	<i>7.45</i>	<i>8.46</i>
<i>as percent of GDP</i>	<i>21.94</i>	<i>21.72</i>	<i>21.50</i>	<i>20.94</i>	<i>20.71</i>	<i>20.68</i>
Deficit	(1,512.1)	(1,484.3)	(1,537.7)	(1,476.8)	(1,399.5)	(1,371.9)
<i>Growth rate</i>		<i>-1.84</i>	<i>3.60</i>	<i>-3.96</i>	<i>-5.24</i>	<i>-1.97</i>
<i>as percent of GDP</i>	<i>-6.22</i>	<i>-5.60</i>	<i>-5.35</i>	<i>-4.73</i>	<i>-4.13</i>	<i>-3.72</i>
Nominal GDP	24,318.6	26,495.6	28,749.8	31,230.9	33,926.2	36,854.0
<i>Growth rate</i>	<i>10.40</i>	<i>9.00</i>	<i>8.50</i>	<i>8.60</i>	<i>8.60</i>	<i>8.60</i>

We continue to manage our debt according to the highest standards of fiscal discipline

Particulars (In PHP billion)	2023 (Actual)	2024 (Emerging)	Jan-June 2024	2025 (Program)	2026 (Program)	2027 (Program)	2028 (Program)
Gross Financing	2,193.3	2,570.0	1,570.6	2,545.0	2,544.0	2,590.0	2,553.0
<i>Growth Rate</i>		<i>17.2</i>		<i>-1.0</i>	<i>-0.0</i>	<i>1.8</i>	<i>-1.4</i>
Domestic	1,634.2	1,923.9	1,303.1	2,037.6	2,029.7	2,059.4	2,039.5
<i>Growth Rate</i>		<i>17.7</i>		<i>5.9</i>	<i>-0.4</i>	<i>1.5</i>	<i>-1.0</i>
External	559.0	646.1	267.4	507.4	514.3	530.6	513.5
<i>Growth Rate</i>		<i>15.6</i>		<i>-21.5</i>	<i>1.3</i>	<i>3.2</i>	<i>-3.2</i>
Domestic-External Financing Mix	75:25	75:25	<i>83:17</i>	80:20	80:20	80:20	80:20
NG Debt-to-GDP Ratio	60.1	60.6	<i>60.9</i>	60.4	60.2	58.4	56.3

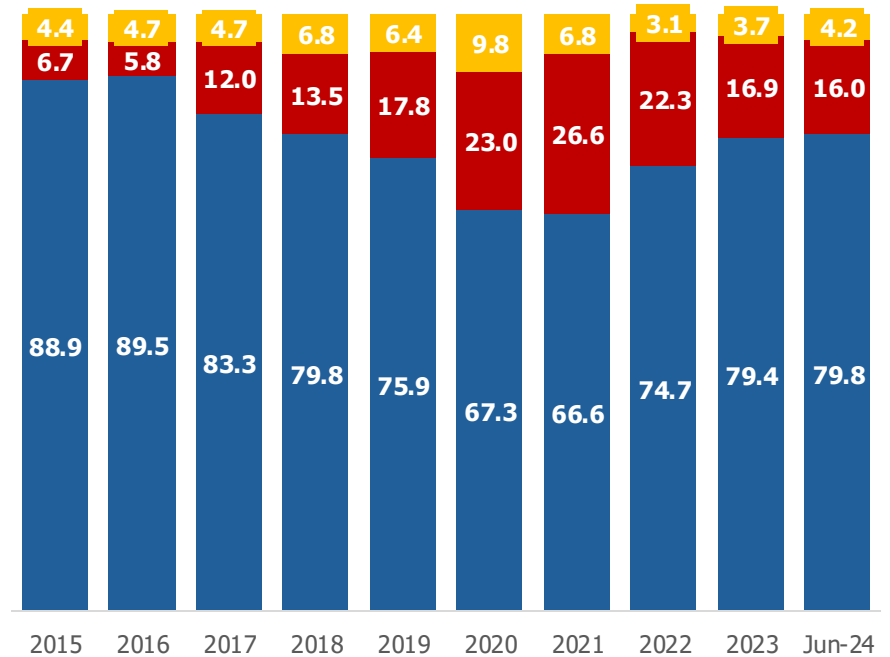
The resilience of our debt profile remain intact

Share of Domestic and Foreign Borrowings on Total Outstanding Debt Portfolio



■ Domestic (PHP) ■ Foreign

Tenors of Total Outstanding Debt Portfolio

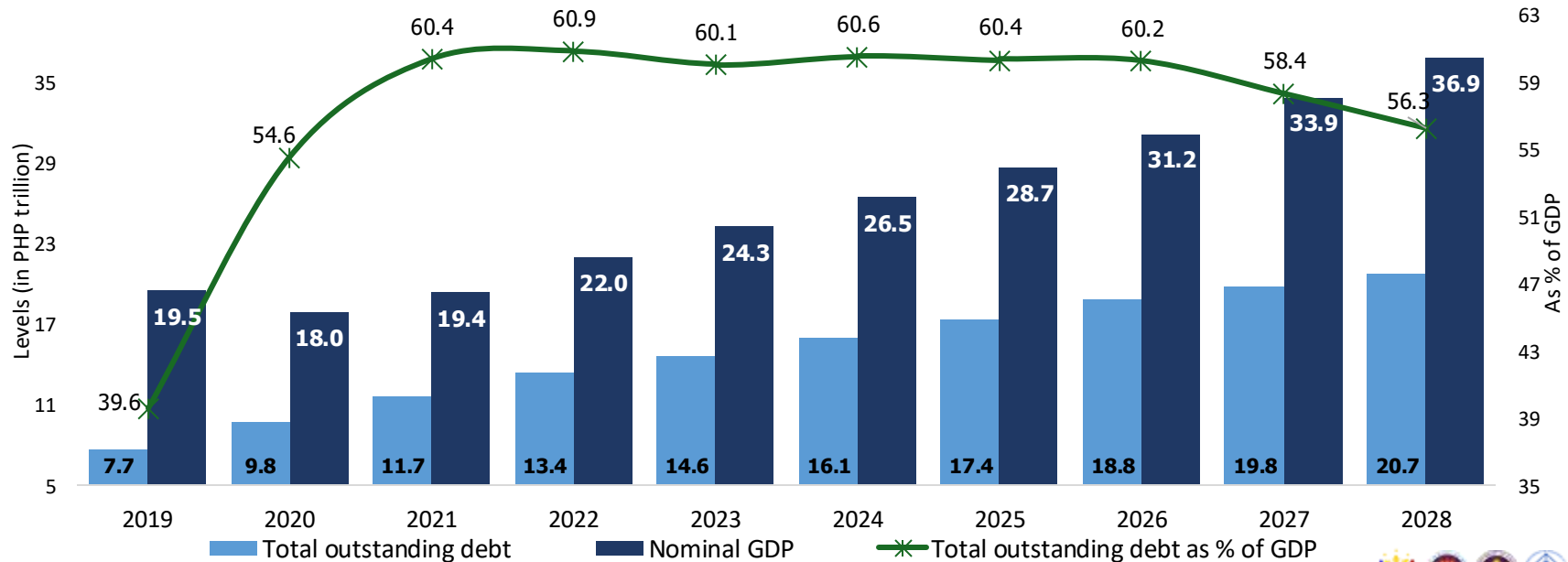


■ Long (>5y) ■ Medium (1y-5y) ■ Short (<1y)

Source: BTR

Our fiscal consolidation plan ensures that the economy will continue to outgrow our debt in the medium term

Nominal GDP vs Total Outstanding Debt (in PHP Trillion) and Total Outstanding Debt as Percentage of GDP

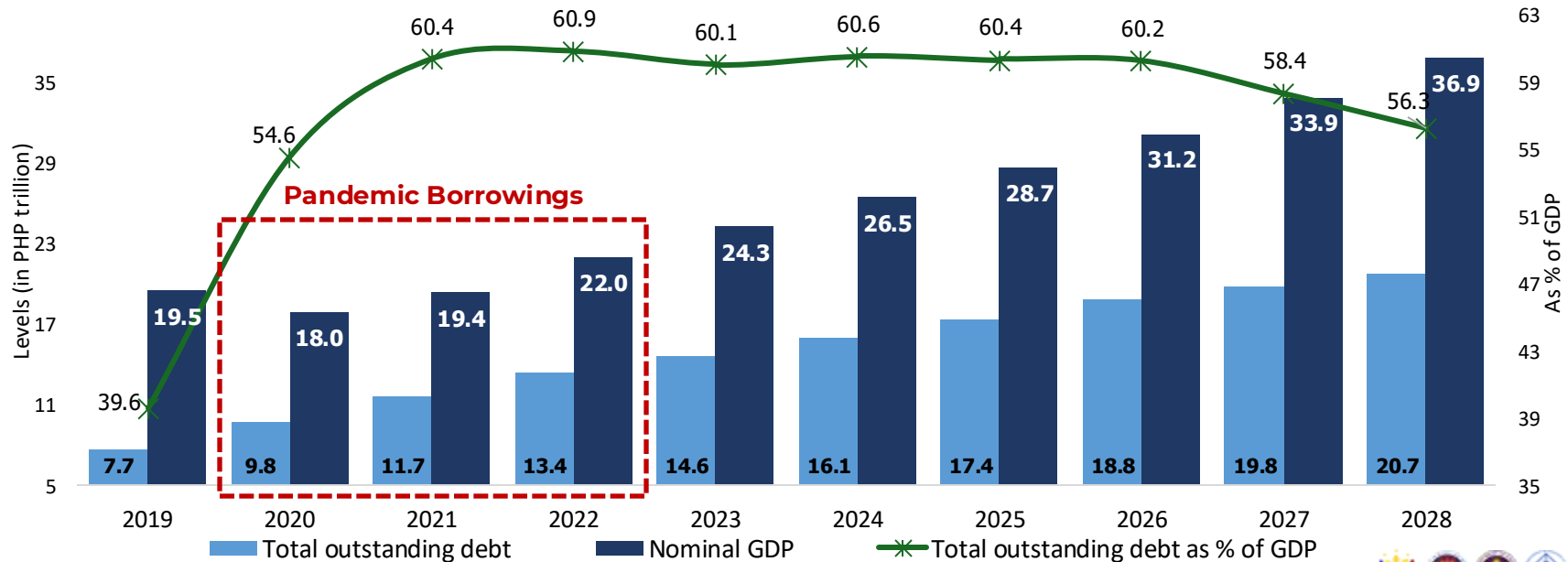


Source: BTR



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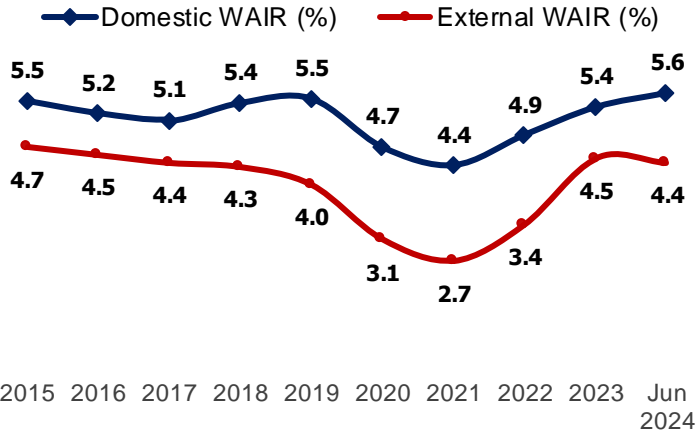


Source: BTR

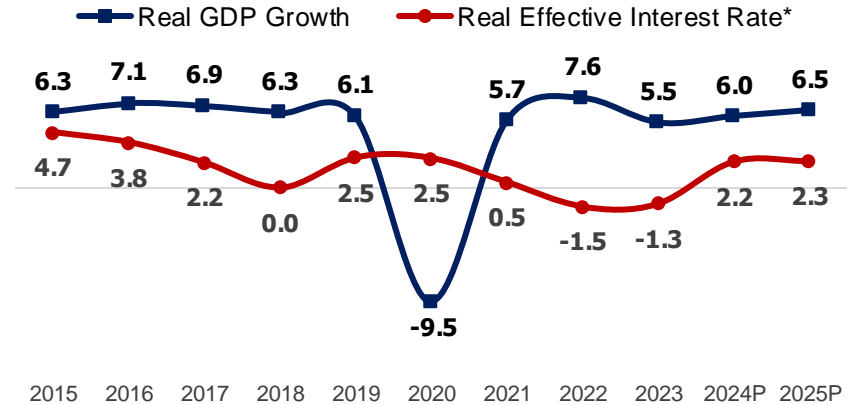


While interest rates have gone up, the cost of the national government borrowings remains manageable and much lower than GDP growth, enabling the economy to outgrow our debt

Weighted Average Interest Rate (WAIR)



Real GDP Growth vs Real Interest Rate*



Source: BTr

*Derived by dividing interest payments w/ outstanding debt at the beginning of the year less inflation



The continuous decline in our debt-to-GDP ratio since the pandemic is one of the reasons why our credit ratings remain high



Fitch Ratings

BBB rating
Stable Outlook
(June 2024)



**Japan Credit
Rating Agency**

A- rating
Stable Outlook
(March 2024)



**S&P Global
Ratings**

BBB+ rating
Stable Outlook
(November 2023)



R&I

BBB+ rating
Positive Outlook
(August 2023)



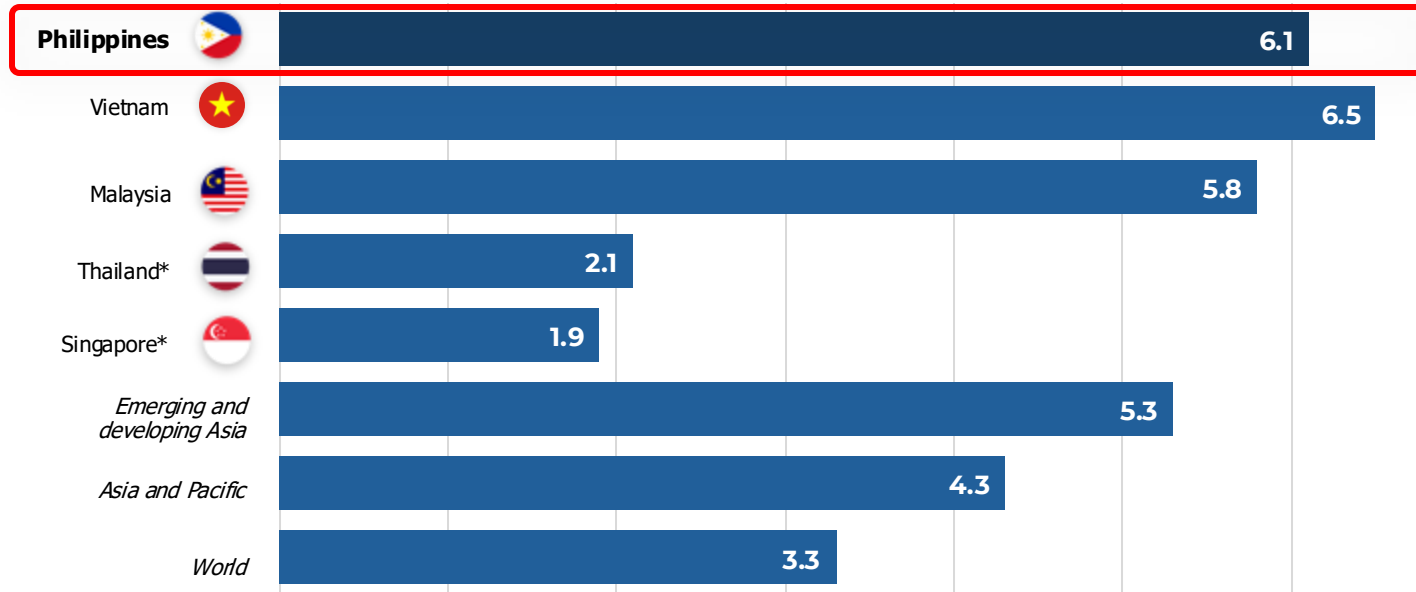
Moody's

Baa2 rating
Stable Outlook
(September 2022)



We have grown at an average of 6.1% since President Marcos, Jr. took office—among the fastest in the region

Average GDP Growth Performance of ASEAN in Q3 2022 – Q2 2024 (in percent)



Sources: IMF WEO Reports for April and July 2024

Note: Average of annual growth rates divided into seven quarters for the period Q3 2022-Q2 2024.

*No available data for Q2 2024.



We have a strong labor market and growing middle-class

June 2024 Labor Force Survey (year-on-year)

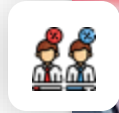
50.3 M ↑
No. of Employed
Individuals



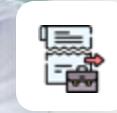
96.9% ↑
Employment
Rate



12.1% ↓
Underemployment
rate



3.1 ↓
Unemployment
rate



63.8% or the majority of workforce are
wage and salary workers



Inflation is cooling and expected to settle within target this year, lower than global average

Jan-July 2024

3.7%

Government Target

3-4%

IMF Projections

2024

2025



Philippines

3.4%

3.0%

World (Average)

5.9%

4.5%

Emerging market and
developing
economies
(Average)

8.3%

6.2%

With favorable conditions, we are on course to become an upper-middle-income country by 2025

PH GNI per capita in 2023 reached USD 4,230 (Around PHP 241,000)

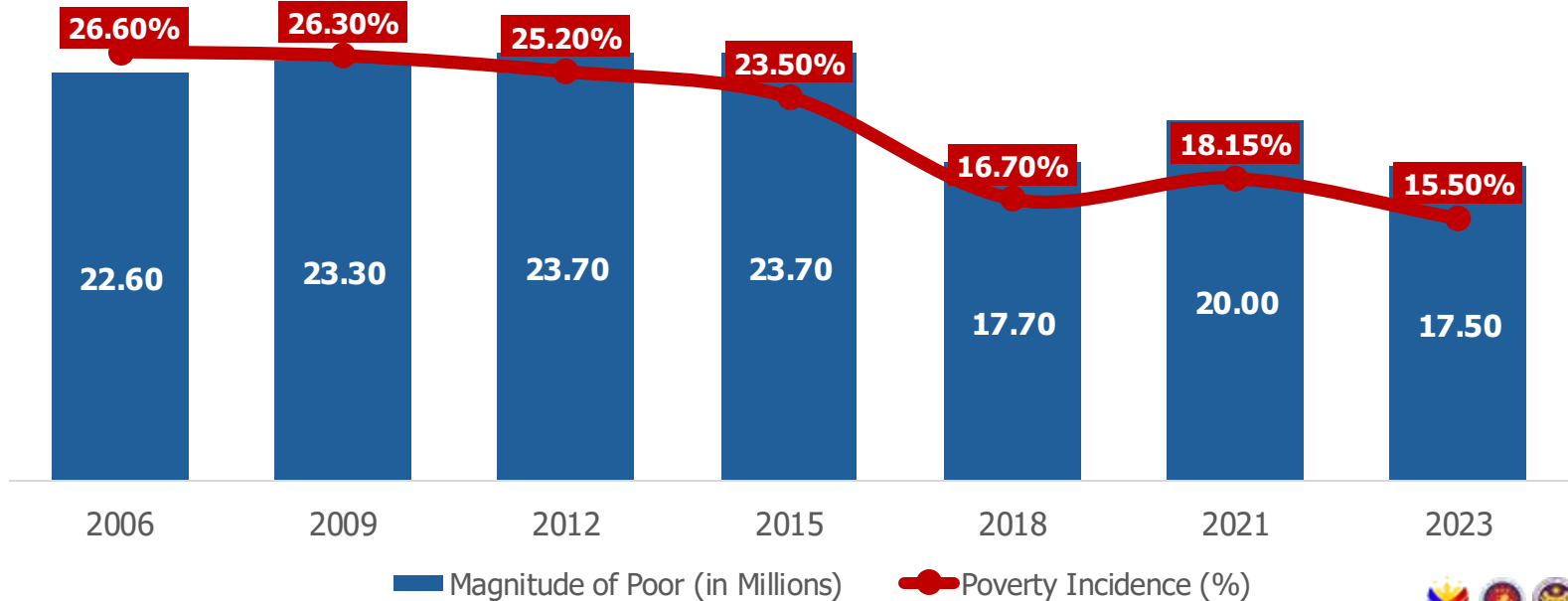
Gross national income (GNI) per capita measures the economic output per citizen, including both domestic and international earnings.

PH is expected to ascent to upper middle-income-country in 2025

The World Bank defines UMIC economies as those with GNI per capita ranging between USD 4,516 (around PHP 250,000) and USD 14,005 (around PHP 770,000) for 2025.

Our ultimate goal is to reduce poverty incidence to a single-digit or 9% by 2028

Poverty Incidence Among the Population



Source: PSA



The proposed 2025 national budget delivers the biggest growth and economic benefits for our people

PHP 6.35 trillion

2025 National Expenditure Program

22.1% of GDP
10.1% higher than 2024



Let us operate within the parameters of the Medium-Term Fiscal Program that reduces our deficit and debt gradually, creates jobs, increases incomes, and decreases poverty.



Above all, let us never lose sight of our core mission: to deliver on the promise of a better life that every Filipino rightfully deserves under Bagong Pilipinas.





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Revenue and Financing Program

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