

Macro Dev

Macroeconomics
& development

FEBRUARY 2024 | NO 54

Philippines – Preserving economic stability, financing development and anticipating climate issues

Author
Benoît Jonveaux

 **ÉDITIONS
AFD**
AGENCE FRANÇAISE
DE DÉVELOPPEMENT

Philippines – Preserving economic stability, financing development and anticipating climate issues

Benoît Jonveaux – jonveauxb@afd.fr

Date of end of writing: 21/12/2023

Summary: Referred to as the “sick man of Asia” during the last third of the 20th century, the Philippines has recorded dynamic economic growth since the mid-2000s and is beginning to catch up with the more advanced economies of ASEAN (Association of Southeast Asian Nations). This catching-up has come about through macroeconomic stability, combining fiscal discipline external accounts consolidation, and financial system strengthening. To preserve the Philippine economic model, it is essential to maintain this stability, in particular to limit financing requirements and bolster investor and consumer confidence. Threatened by global economic disruptions since 2020, in particular on the fiscal front, this stability remains one of the top priorities of President Marcos Jr. and his administration, in power since 2022. However, it should be reconciled with the ambitious national development and public investment programs. The initial favorable macroeconomic situation, including relatively moderate debt and substantial foreign exchange reserves, would appear to provide safety nets to achieve this without undermining the hard-earned stability.

Indeed, the authorities are seeking to accelerate the pace of the country’s economic and human development so that it can achieve high-income status by 2040. Achieving this goal does require a significantly higher level of economic growth than in recent years. However, several persistent structural barriers need to be removed to unleash economic activity, in particular in terms of investment, human capital, productivity, and the business climate. Here again, the public authorities have taken up the issue, through reforms and national strategies, but there are many challenges, with some concerning the fundamentals of the economic model.

At the same time, the Philippines will need to anticipate climate issues as best it can. Indeed, the country is highly exposed to physical climate risks, the impacts of which are expected to significantly intensify with climate change and could, ultimately, hold back the objective of accelerated economic growth. This is one of the reasons why the authorities have opted to make adaptation measures their main climate policy. The country could also benefit from giving greater priority to the low-carbon transition. This would place it in a favorable position, in terms of competitiveness and attractiveness, on the issue of decarbonization. Philippine economy’s relatively low-carbon footprint mitigates exposure to the risks associated with transitioning to a low-carbon environment.

Thematic area: **Macroeconomics**

Geographical area: **Philippines**

1. Preserving macroeconomic stability, the cornerstone of a dynamic economic model since the late 2000s

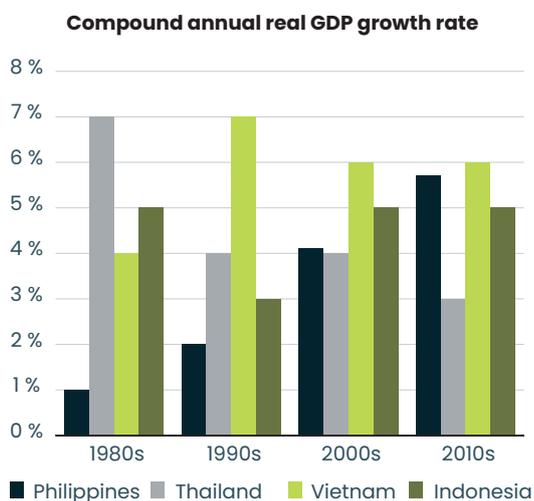
The former “sick man of Asia”, the Philippines has renewed with macroeconomic stability and a dynamic growth regime since the late 2000s. At the end of the Second World War, the Philippines was considered as one of the most promising democracies in Asia, with a relatively high level of human capital and industrialization for the region, and a per capita GDP much higher than in the other ASEAN countries, excluding Singapore. However, growth has been considerably lower than the average of its neighbors as a result of political instability (in particular under the presidency of Ferdinand Marcos), a less favorable business climate, and a relatively low degree of openness. Additionally, the country faced recurrent macroeconomic imbalances, which lead to balance of payments crises. The country’s path was thus marked by five major crises between 1960 and 2000, accompanied by some 23 International Monetary Fund (IMF) programs. Following the “lost decade”

after the debt crisis of 1983, sounder economic policies, a phased liberalization of the economy, and an opening up to competition allowed the country to catch up in terms of growth and macroeconomic consolidation. GDP growth thus stood at an average of 4.1% between 2000 and 2009 and 5.7% between 2010 and 2019, one of the most dynamic rates among ASEAN countries (Graph 1).

Macroeconomic stability is now one of the main strengths of the Philippine model, as a result of appropriate fiscal and monetary policies.

Fiscal consolidation was a priority of the successive governments from the early 2000s to 2016 and has been significant, in terms of both revenues and expenditures. The fiscal deficit^[1] thus stood at 0.7% of GDP on average between 2005 and 2019 and has never exceeded 2.5% of GDP (level reached during the global financial crisis in 2009–2010). This fiscal discipline, coupled with high growth, also led to a reduction in the public debt ratio, from 65% of GDP in 2005 to 37% of GDP at year-end 2019. These efforts have been noted by the main international rating agencies, which assigned investment grade status to the Philippines in 2013. Similarly, the monetary and financial environment has stabilized since the Asian crisis of 1997: annual inflation remained contained at 3.8% on average between 2001 and 2021 and there was no very excessive volatility in the floating exchange rate over the period, as a result of the proactive policy of the Central Bank (BSP) during episodes of tension. Finally, the balance of external accounts until 2015, combined with inflows of external financing, contributed to a strong accumulation of foreign exchange reserves allowing exogenous shocks to be absorbed. They have increased from just under \$20 billion in the mid-2000s to a level close to \$100 billion in recent years, an adequate level according to the standard metrics (7.5 months of imports of goods and services at year-end 2023).

Graph 1 – Growth rate has caught up

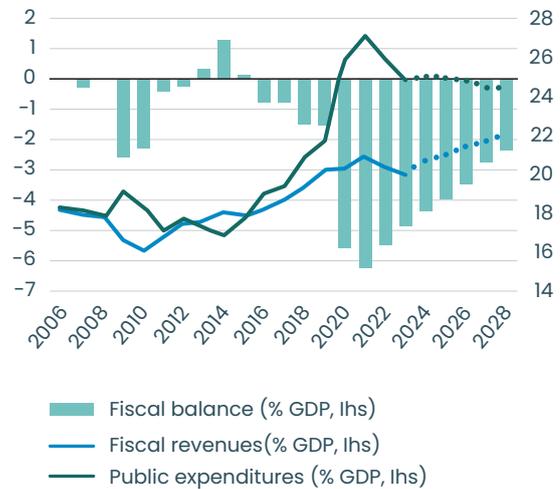


Source: World Bank (WDI - World Development Indicators)

[1] General government scope, comprising the central government, social security institutions and local governments (Local Government Units, LGU).

However, the macroeconomic environment has been faced with new challenges since the pandemic of 2020–2021. Indeed, the Covid-19 crisis led the country into an historical recession (-9.5% in 2020) due to the extremely restrictive measures introduced by the authorities. In response, the Government launched an extensive plan to support households and companies, which led to a 4.2 point rise in GDP for public expenditure and an increase in the fiscal deficit, from 1.5% of GDP in 2019 to 6.2% of GDP in 2021 (Graph 2). With the gradual elimination of support measures and the recovery in economic growth (rebound at 7.6% in 2022), public finances have started to improve (public deficit estimated at 4.8% of GDP in 2023 by the IMF). At the same time, international financial tensions and the increase in commodity prices since late 2021 have put pressure on the external accounts, with the Philippines recording its highest current account deficit since the 1997 crisis and a marked decline in its foreign exchange reserves. At the same time, the peso depreciated by 10% against the US dollar in 2022, one of the worst performance in the entire ASEAN region. Inflation, which had already been rising in 2021 with the post-Covid economic rebound, saw a marked acceleration as of February 2022. It stood at an annual average of 5.8% in 2022 and reached a peak at 8.3% (year-on-year) in March 2023. Since mid-2023, the pressures have eased slightly: the exchange rate, while volatile, has generally remained stable in 2023 (-0.7% against the US dollar over the first 11 months of the year), while inflation is decreasing. At end-November 2023, it stood at 4.1% year-on-year, its lowest level since March 2022. Underlying inflation is also decelerating (4.7% in November 2023, against 8% eight months earlier). This stabilization has in particular come about through the response of the BSP, with

Graph 2 - A slippage in the government deficit but an ambitious consolidation objective



Source: IMF (World Economic Outlook)

cumulative increases in its key interest rate of 450 basis points between January 2022 and November 2023, the highest level since the early 2000s. It thus stood at 6.5% in December 2023, its highest level since 2007.

These cyclical exogenous shocks accentuate a paradigm shift initiated *de facto* in 2016 by President Rodrigo Duterte. In view of the lack of infrastructure in the country, priority was given to public investment as of this date (under the BBB, “Build, Build, Build!” program). This contributed to increasing both public debt and the current account deficit in 2016–2017. As Ferdinand Marcos Jr. has taken on board this development program for the country (under the acronym BBM, “Build, Better, More”), economic policies in the coming years will, in all likelihood, be more expansionary than they were until 2016.

Preserving macroeconomic stability remains essential for the Philippine model and, in any case, a priority for the authorities. This trend increase in the twin deficits implies higher financing requirements for the entire economy. Their coverage, whether by external or domestic actors, therefore requires ensuring macroeconomic stability over the medium and long term to avoid any episode of stress. It is especially important because the sustained growth regime over the last 15 years is mainly driven by domestic demand, in particular private consumption and investment. In a context where economic activity is not very productive or competitive, this growth model also requires safeguarding against confidence shocks. It is for this reason that the Philippines Development

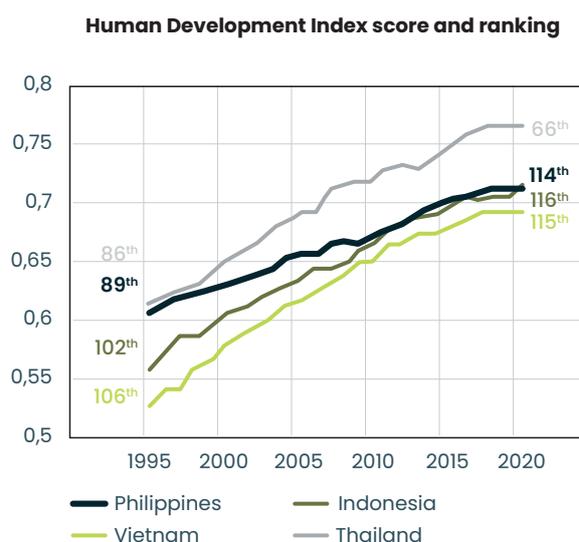
Plan (PDP 2023–2028) and the Medium–Term Fiscal Framework (MTFF) both focus on economic stability. The MTFF covers the entire mandate of the administration (2022–2028) and has targets in terms of fiscal balance (to fall back below 3% of GDP by 2028), public debt trajectory (less than 50% of GDP), and investment spending preservation. These two programs are the main economic commitments of the Marcos Jr. administration and will structure economic policies in the coming years. In the short term, the favorable structure of Philippine debt, the high level of foreign exchange reserves, and access to diversified and relatively inexpensive sources of financing constitute safety nets giving the authorities a time horizon sufficiently long to implement these programs.

2. Resolving structural barriers to growth, financing economic and human development

The decades of weaker growth than in the rest of the ASEAN region led to a relative development gap which the recent progress has not yet offset. Indeed, the Philippines has significantly lagged behind its ASEAN neighbors, as a result of the relatively weaker growth since the mid-1960s. In 1965, per capita GDP in purchasing power parity (PPP) terms in the Philippines was among the highest in the region. In 2022, it was 50% lower than in Indonesia, 30% lower than in Vietnam, and almost two times lower than in Thailand. Similarly, the path towards poverty reduction (although there has been a sharp decline in poverty) and human development falls slightly below neighboring countries. The relatively high growth over the last decade has contributed to accelerating the pace of poverty reduction. The poverty rate fell from 26.3% of the population in 2010 to 16.7% in 2019 according to national thresholds, and from 35.3% to 18.3% according to the World Bank threshold for LMICs (lower–middle–income countries, \$3.65 a day). However, it remains higher than in Vietnam (5.3%) and Thailand (1%), but lower than in Indonesia (25%), although the latter has had a faster pace of poverty reduction (from 58% in 2010 to 25% in 2019). In any

case, the poverty rate at the thresholds defined for UMICs (upper–middle–income countries, a status that the country should reach between 2025 and 2027) still stood at 52% of the population in 2022.

Graph 3 - Rate of human development lagging behind



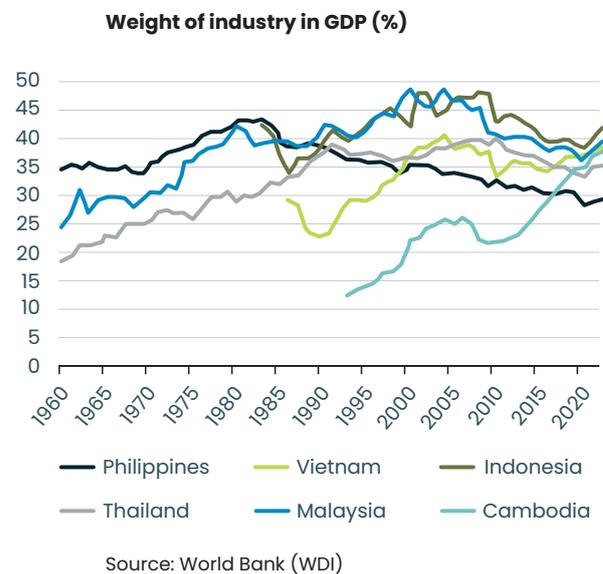
Source: UNDP (United Nations Development Programme – Human Development Report)

The progress in other socioeconomic indicators is also either slightly below comparable ASEAN countries, or has improved at a slower pace. This accounts for the relatively slower progress in the Human Development Index (HDI): between 1995 and 2020, the HDI score improved by 17% in the Philippines, against 31% in Vietnam, 28% in Indonesia and 25% in Thailand (whereas both countries had the same HDI level in 1995 – Graph 3).

To catch up on this lag, a more sustained growth rate is necessary, but it is held back by structural barriers. The structural bottlenecks have long been identified by private investors and international institutions. They primarily concern informality, access to financing, the relatively low productivity of workers (concentrated in low added value sectors), the cost of electricity (the price per kWh is the highest in the ASEAN region after Singapore), the quality of infrastructure, connectivity between the islands of the archipelago, and the level of human capital. The World Bank’s governance indicators on the rule of law, corruption, and government effectiveness have also declined since 2016 and are in the bottom half of the institution’s global rating. The competitiveness indicators of the World Economic Forum show a lower position for the Philippines compared to comparable ASEAN countries, in particular for the pillars concerning institutional quality, infrastructure and the competitive environment. The latter is indeed characterized by a particularly significant weight of multi-sectoral conglomerates in the economy (their turnover was assessed at 20% of GDP in 2018). Some studies estimate that the concentration of their activity in the sectors of non-tradable goods and services, on markets with an oligopolistic structure, has contributed to the early deindustrialization of the country, restricting competition, and under-investment. However, through their economic and financial force, they are a necessary growth driver for the economy.

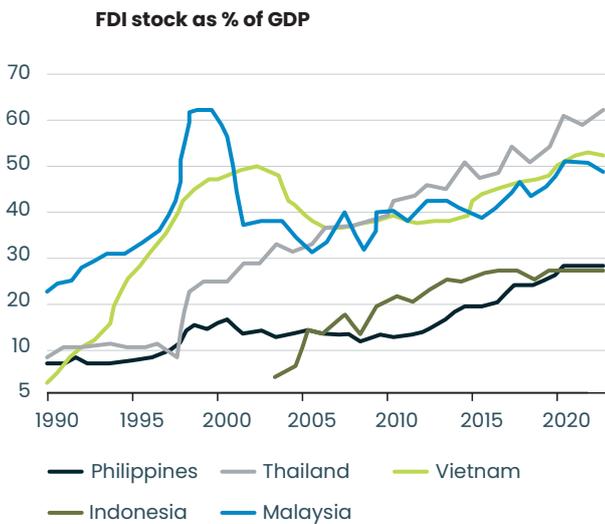
Furthermore, the Philippine production model suffers from a lack of productivity and competitiveness. The successive crises between 1960 and 1997 held back the country’s industrial development: while the sector accounted for over 40% of GDP in the early 1980s (one of the highest levels in Southeast Asia), this level has decreased continuously since. In 2022, it only accounted for just under 30% of GDP, the lowest level among comparable ASEAN economies (Graph 4).

Graph 4 - Early deindustrialization in Southeast Asia



This slowdown in the industrial sector has contributed to reducing the economy’s capacity to make progress in terms of technological and productivity gains. In addition, the under-investment and restrictions on foreign direct investment (FDI), which persisted until the early 2010s, have caused the country to lag behind. This can

Graph 5 - Less attractive for foreign investment



Source: UNCTAD (United Nations Conference for Trade and Development)

be seen with the decline in the country’s exports of goods, from 38% of GDP in 2000 to 16% in 2022. While the country had benefited from a favorable position in global value chains until the mid-1990s, competition from newcomers in Asia and the loss of competitiveness have contributed to the country losing ground in its exports of manufactured goods. This decline in industry has benefited services, but prematurely, leaving no time for either the industrial or service sectors to move upmarket, or for the authorities to adapt public policies, in particular

for education and training. The development of Business Process Outsourcing (BPO) has been one of the drivers behind the emergence of services (in particular for exports). They have developed as a result of their low capital intensity, at a time when there was a low level of investment, and a cheap and English-speaking workforce. However, the productivity gains in services remain well below those in the manufacturing sector, while they are experiencing difficulty in moving upmarket and the bulk of employment in the sector remains concentrated in jobs with low added value. Finally, agriculture (which accounts for 10% of GDP) is not a strong growth driver due to its relatively low productivity. Total factor productivity in the sector has increased by 32% over the last 20 years, against 73% in Vietnam, 50% in Indonesia and 67% in Thailand (one of the reasons being the concentration of investment in rice growing with low added value).

Finally, the level of both domestic and foreign investment is lower than in the neighboring ASEAN countries. While the BBB program increased domestic investment from 20% of GDP in 2010 to 25% of GDP in 2022, it remains below the ASEAN average (33% in Vietnam, 30% in Indonesia, 28% in Thailand, for example). Similarly, while there was a significant increase in FDI inflows as of 2010, and even more so as of 2016, they have never exceeded 3% of GDP. The total FDI stock is thus well below the level in other ASEAN countries (Graph 5). This is due to the past macroeconomic imbalances, the closure of the economy to investors, a less favorable business climate, and a relative decline in industry. As a result of limited competition and a relative closure of the economy, in 2020, the OECD (Organisation for Economic Co-operation and Development) classified the Philippines among the 3 most restrictive countries (out of 84) in terms of FDI regulations.

To address these issues that hinder potential growth, the authorities have developed several programmatic documents aimed at making the Philippines a high-income country by 2040. This objective requires an annual economic growth rate estimated at 7.5–8.5% by the IMF, higher than potential growth currently estimated at 6%. The Government’s strategy to achieve this is mainly set out in the PDP, whose objectives are to stimulate growth, strengthen macroeconomic stability, promote trade and investment, and improve infrastructure. It thereby aims to meet the objective of the *Ambisyon Natin 2040* program whose target is “*Matatag, Maginhawa at Panatag na Buhay*”: i) strong social roots (family, community and professional); ii) a better quality of life (end extreme poverty, access to property, leisure society, quality infrastructure), and iii) present and future economic security. At the same time, the Public Investment Program (PIP, 2023–2028) aims to address the investment gap. The document identifies 5,329 projects amounting to PHP 20 trillion over the period (i.e., an effort of about 10 to 15% of GDP each year). 85% of the PIP is devoted to infrastructure (3,770 projects): 96% will be implemented by the public sector financed on its own resources,

3% with donor financing, and 1% in the form of public-private partnerships (PPPs). However, the PIP does identify 194 flagship projects where PPPs play a more significant role. At the same time, several reforms have been undertaken to promote private and foreign investment. The most important reforms, underway since 2020, concern the Public Service Act, the Foreign Investment Act and the Retail Trade Liberalization Act. These legislative reforms lay the foundations for a framework for opening up to competition and foreign investment in a number of previously protected sectors of the economy. The removal of uncertainty over the regulatory framework would promote foreign investment, in particular in the context of the PIP and the PPPs considered. This would be positive for economic activity, support the external accounts, and contribute to the development of the Philippine private sector. Indeed, FDI remains an instrument not sufficiently mobilized to support the upscaling of the Philippine economy by promoting technology transfers and productivity gains, as well as integration into regional and global value chains. Finally, the creation of a sovereign fund, *Maharlika*, also aims to catalyze public financial assets and support the PDP and PIP.

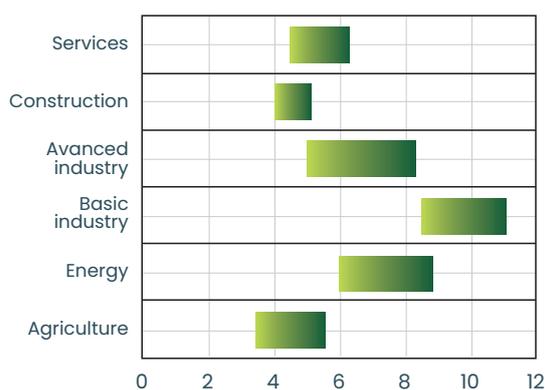
3. Anticipating climate issues to limit vulnerabilities and benefit from potential opportunities

The Philippines is one of the countries most exposed to physical climate risks in the world, in terms of both extreme events (typhoons and floods) and long-term trends (increasing temperatures and rising sea levels). According to the World Bank, the economic damage amounts to an average of 1.2% of GDP a year and up to 4.6% of GDP during extreme events. Typhoons (20 a year on average over the last 10 years) are the main weather and climate risk and directly affect physical infrastructure, human capital, and the agriculture sector. They accentuate inequalities both regionally, as all the provinces are not affected in the same way, and socially, as the impact on the poorest is proportionally much higher. The World Bank estimates that one million Filipinos are impoverished by climate events yearly and that a third of the population in the provinces on the eastern side of the country is at risk of falling below the poverty line due to the impact of typhoons. Finally, public spending (by the State and local governments) for post-natural disaster reconstruction and rehabilitation has amounted to an average of 0.63% of GDP a year since 2013. These resources could have been used for other development expenditure and financing them has increased the public debt. The World Bank estimates that in 2020 and 2021, the country was the eighth most exposed in the world to extreme weather events. Similarly, the ND-GAIN index ranks the Philippines in 121st place (out of 185) in terms of climate vulnerability, and Germanwatch in 4th place for climate risk (history of the average human and economic cost of climatic events between 2000 and 2019, relative to population and GDP).

Climate change has many consequences in the Philippines and they are expected to increase the physical climate risk across all sectors of the economy. According to the IPCC

(Intergovernmental Panel on Climate Change), the main consequences of climate change in the Philippines are i) a general rise in temperatures; ii) an increased variability and intensity of rainfall; iii) an increased occurrence and intensity of extreme weather events, in particular typhoons, and iv) a rise in sea levels. There are multiple impacts: decline in human capital (poverty, education and health) and labor productivity, reduction of the average crop yield (up to 5.5% by 2040, with an impact on food security and a substitution by imported foodstuffs), destruction of infrastructure, and consequences of sea level rise (36 million people occupy land within 10 meters of coasts). The World Bank estimates that capital-intensive sectors will be the worst affected (Graph 6), in particular industry and energy. The total cost of climate change could be situated in a median range of between 7.6% and 11% of GDP by 2050 (up to 15% in the worst-case scenario of regular and more intense typhoons and with the occurrence of extreme events).

Graph 6 - High impact of climate change on all sectors



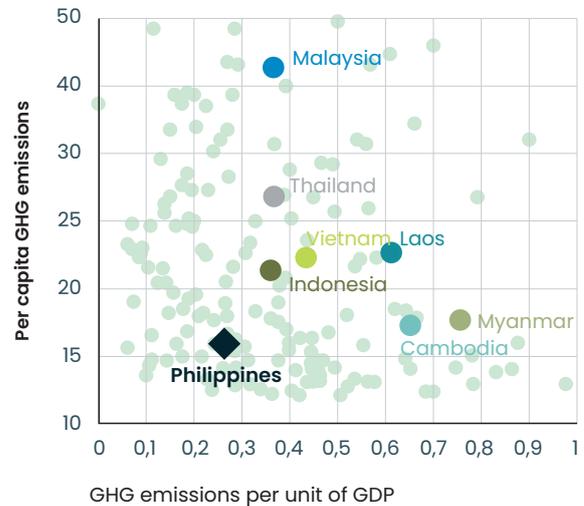
Potential losses of added value by sector by 2040 (% compared to baseline scenario)

Source: World Bank

For these reasons, the authorities have made adaptation measures their main climate policy. The World Bank estimates that adaptation measures (mainly in the agriculture sector and to increase the resilience of infrastructure) would entail an average cost of 0.7% of GDP a year, but would reduce the impacts of climate change by two-thirds compared to the baseline scenario, with a significant positive net effect on a purely financial level (and without taking into account the positive externalities in terms of health, human capital and inequalities). The legal and institutional framework exists and is already largely operational (initiated in 2009 with the Climate Change Act and the Philippine Strategy on Climate Change Adaptation). However, according to the World Bank, the fragmentation of responsibilities (between 22 agencies with limited implementation capacities, under the authority of the Climate Change Commission) constitutes a barrier to a more ambitious holistic policy to structure the approach on the long-term effects of climate change, and move beyond the perspective of only natural disaster management.

The Philippines has relatively limited exposure to the risk of a low-carbon transition as its economy has a relatively low carbon footprint. Indeed, the Philippines has a relatively low level of greenhouse gas (GHG) emissions. The country's GHG emissions account for 0.3% of global emissions. Measured by per capita, they are below 2.2 tCO₂eq, against 3.7 in Indonesia and 4.7 in Vietnam. Economic activity also has relatively low emissions, with a much lower carbon intensity per unit of GDP than a number of peer countries in Asia (Graph 7).

Graph 7 - An economy with relatively low GHG emissions



Source: World Bank, Climate Watch

This is in particular due to the industrial sector being less developed than in neighboring countries, and the positive net contribution of the LULUCF (land use, land-use change and forestry) sector as a result of the forest preservation programs (National Greening Program) introduced in 2011 and extended until 2028. The GHG emissions of the Philippines mainly come from the energy sector (54% of emissions), followed by agriculture (rice growing and livestock farming), and transport. The energy mix has been increasingly carbon-intensive for the last decade due to the increased use of coal (from 34% of electricity production in 2010 to 60% in 2022). Hydrocarbon demand is also rising with the increase in transport (the vehicle fleet grew by 6% a year between 2010 and 2020 and could increase fivefold by 2050). However, the share of fossil fuels in primary energy sources remains lower than in comparable ASEAN economies.

The ambitions for reducing GHGs are nevertheless limited. The objective set out in the country's NDC (Nationally Determined Contribution) is to reduce emissions by 75% by 2030 compared to the baseline scenario (BaU). However, this is almost exclusively conditional on external financing. The unconditional own effort of the Philippines only stands at 2.71%, one of the lowest targets among all the signatory countries to the Paris Agreement (and the country has also made no commitments towards carbon neutrality). Furthermore, the reforms to liberalize the energy sector undertaken over the last 30 years have led to a privatization of the sector, which may constitute a barrier to the implementation of a coordinated and effective transition policy. However, the authorities have taken several steps towards this, including the announcement in 2020 of a moratorium on new coal-fired power plants, and the implementation of several energy transition plans by 2040, based on renewable energies whose potential remains underdeveloped at this stage.

Substantial investments are necessary to anticipate the energy transition at the earliest possible stage and take advantage of it. Due to the low carbon intensity of GDP and economic activity, the country has relatively limited exposure to the risk of the low carbon-transition, although the growing

importance of hydrocarbons in energy production is a point of vulnerability (85% of coal and almost 100% of oil are imported). The World Bank has conducted a study on what a scenario of deep decarbonization would be (reduction of GHGs by 80% by 2040 compared to the baseline scenario with a view to achieving carbon neutrality). This maximalist scenario would have very positive effects in terms of investment opportunities for greening the economy and employment, as well as for public health, in particular with respect to pollution. The investment requirement is estimated at more than \$70 billion for 2022–2040 compared to the Government's current objectives, which already represent an increase in energy investments of \$57 billion. Consequently, this raises the issue of financing the transition. According to IFC (International Finance Corporation), foreign investment in the "green economy" only amounted to \$600 million between 2017 and 2021, a small fraction of existing opportunities and needs. It is therefore necessary to establish a comprehensive institutional framework without further delay, promoting green investment. Some incentive measures have been implemented (both by certain line ministries and the BSP), but for the time being remain limited. A more proactive approach to the issue would place the Philippines in a favorable position on this theme and increase the country's attractiveness and competitiveness.

Bibliography

- Arenas A. and S. Coulibaly (2022), “A New Dawn for Global Value Chain Participation in the Philippines”, *International Development in Focus*, World Bank.
- Belghith N., Fernandez F. C. and Jandoc K. (2022), “Structural Transformation, Job Polarization and Inequality in the Philippines”, World Bank.
- BSP (2022), “A Future-Ready Philippines: Digital, Sustainable, Inclusive”, BSP Annual Report 2022.
- Department of Finance (2022), “Building Blocks of a Resilient Economy”, DoF Annual Report, Government of the Philippines.
- IMF (2023), “Article IV Consultation and Selected Issues”, IMF Country Report no SM/23/231-233.
- Mercado R., Park C. Y. and Zhuang J. (2023), “Trends and Drivers of Income Inequality in the Philippines, Thailand and Vietnam”, ADB Economics Working Paper no 692.
- National Economic and Development Authority – NEDA (2023), “Philippine Development Plan 2023-2028”.
- Ravago M. L. (2023), “The Cost Structure of Electricity in the Philippines and other Asian Countries”, Ateneo Center for Economic Research and Development.
- Torio P., Feliciano P., Manalo M. and Jaminola III L. (2021), “Philippine Conglomerates: Their Role in Promoting Inclusive Development”, Ateneo School of Government Working Paper series 21-025.
- World Bank (2023), “Philippine Jobs Report: Shaping a Better Future for the Filipino Workforce”.
- World Bank (2022), “Overcoming Poverty and Inequalities in the Philippines”.
- World Bank (2022), “Philippines Country Climate and Development Report”.

List of Graphs

- Graph 1** – Growth rate has caught up
- Graph 2** – A slippage in the government deficit but an ambitious consolidation objective
- Graph 3** – Rate of human development lagging behind
- Graph 4** – Early deindustrialization in Southeast Asia
- Graph 5** – Less attractive for foreign investment
- Graph 6** – High impact of climate change on all sectors
- Graph 7** – An economy with relatively low GHG emissions

List of Acronyms and Abbreviations

ASEAN	Association of Southeast Asian Nations	LULUCF	Land use, land-use change, and forestry
BBB	<i>Build, Build, Build!</i>	MTFF	<i>Medium-Term Fiscal Framework</i>
BPO	<i>Business Process Outsourcing</i>	NDC	Nationally Determined Contribution
BSP	<i>Bangko Sentral ng Pilipinas</i> (Central Bank of the Philippines)	OECD	Organisation for Economic Co-operation and Development
FDI	Foreign direct investment	PDP	Philippines Development Plan
GHG	Greenhouse gas	PIP	Public Investment Program
HDI	Human Development Index	PPP	Public-private partnership
IFC	International Finance Corporation	UNDP	United Nations Development Programme
IMF	International Monetary Fund	WDI	<i>World Development Indicators</i>

Agence française
de développement
5, rue Roland Barthes
75012 Paris | France
www.afd.fr

Éditions Agence française de développement publishes analysis and research on sustainable development issues. Conducted with numerous partners in the Global North and South, these publications contribute to a better understanding of the challenges faced by our planet and to the implementation of concerted actions within the framework of the Sustainable Development Goals. With a catalogue of more than 1,000 titles and an average of 80 new publications published every year, Éditions Agence française de développement promotes the dissemination of knowledge and expertise, both in AFD's own publications and through key partnerships. Discover all our publications in open access at editions.afd.fr.

Towards a world in common.

Disclaimer

The analyses and conclusions of this document are entirely those of its author. They do not necessarily reflect the official views of the Agence française de développement or its partner institutions.

Publishing Director Rémy Rioux
Editor-in-Chief Thomas Mélonio
Graphic creation MeMo, Juliegilles, D. Cazeils
Design and production Bathyscaphe

Final drafting date: 21/12/23

Credits and authorizations

Creative Commons license

Attribution – Non-commercial – No Derivatives

<https://creativecommons.org/licenses/by-nc-nd/4.0/>



Dépôt légal 1st quarter 2024

ISSN 2266-8187

Printed by the AFD reprographics department
To see other publications in the **MacroDev** series,
visit: <https://www.afd.fr/en/collection/macrodev>