



# Republic of the Philippines

## Spotlight on Environmental, Social, and Governance (ESG)

August 2023



# Disclaimer

This presentation does not constitute or form part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Republic or the Issuer in any jurisdiction or as an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not and should not be construed as financial, legal, tax, investment or other product advice.

You agree to keep the contents of this presentation strictly confidential, whether in written form, hardcopy or electronic format, verbal or otherwise, and whether or not labeled as "Confidential." This confidentiality undertaking also applies to all information in this presentation that is not publicly available. This presentation material is highly confidential, is being presented solely for your information and may not be copied reproduced or redistributed to any other person in any manner, whether in whole or in part. You agree to take such precautions and make such arrangements as are reasonably necessary to comply with the foregoing confidentiality undertakings. These presentation materials have been prepared solely for the use at this roadshow presentation for selected recipients for information purposes only and do not constitute a recommendation regarding any securities of the Republic or the Issuer. The information has not been independently verified. No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness, or completeness of the information presented or contained in this presentation or the opinions contained herein. Neither the Republic or the Issuer nor any of their affiliates, advisers, or representatives accept any liability whatsoever (in negligence or otherwise) for any loss or damage arising from any information presented or contained in this presentation. The information presented or contained in this presentation is current as of the date hereof and is subject to change without notice and its accuracy is not guaranteed. Neither the Republic or the Issuer nor any of their affiliates, advisers, or representatives make any undertaking to update any such information subsequent to the date hereof or to correct any inaccuracies in any such information which may become apparent.

In addition, certain information and statements made in this presentation contain "forward-looking" statements. Such forward-looking statements can be identified by the use of forward-looking terminology, such as "anticipate," "believe," "considering," "depends," "estimate," "expect," "intend," "plan," "planning," "planned," "project," and similar expressions. All forward-looking statements relied on various assumptions of the Republic and the Issuer concerning future events and are subject to a number of factors, including, without limitation, economic and competitive risks, that could cause actual results to differ materially from those described in the forward-looking statements. Accordingly, there can be no assurance that such projections and forward-looking statements will be realized. Caution should be taken with respect to such statements and you should not place undue reliance on any such forward-looking statements.

Certain data in this presentation was obtained from various external data sources, and neither the Republic or the Issuer verified such data with independent sources. Accordingly, neither the Republic nor the Issuer makes any representations as to the accuracy or completeness of that data, and such data involves risks and uncertainties and is subject to change, based on various factors.

This presentation is for information purposes only and does not constitute an offer or invitation to purchase or subscribe for any securities of the Republic or the Issuer and neither any part of this presentation nor any information or statement contained therein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Any decision to purchase the securities should be made solely on the basis of the information contained in the shelf registration prospectus or the shelf registration supplemental prospectus, as the case may be.

This presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. There is no intention to register any securities of the Republic or the Issuer under the Securities Act. No public offering of securities of the Republic or the Issuer will be made in the United States.

By participating in this presentation, you agree to be bound by the foregoing limitations. In particular, you are deemed to have represented and agreed that you and any customers you represent are:

- (i) either (a) qualified institutional buyers (within the meaning of Rule 144A under the US Securities Act of 1933, as amended (the "Securities Act")), (b) accredited investors as that term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act that are institutions, or (c) are located outside of the United States and to the extent that you purchase any securities of the Republic or the Issuer, you will do so pursuant to Regulation S under the Securities Act; and
  - (ii) are permitted under the laws of each jurisdiction to be offered the securities described in the offering circular, as supplemented by the pricing supplement.
- Any failure to comply with any of these restrictions may constitute a violation of applicable securities laws.

Any references herein to the "Republic" and "Issuer" are the Republic of Philippines.

**NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN ANY JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW**

# Key Highlights

---

I.	Philippines' Environment and Climate Risk Profile	5
II.	Commitment Toward a Climate- and Disaster-Resilient, and Low-Carbon Economy	6
III.	Mainstreaming Climate Change into Government Policy Formulation	7
IV.	Recognizing Sustainable Initiatives that Cut Across Strategic Priorities and Sectors	8
V.	Mobilizing Finance to Support Sustainable Projects	9
VI.	Developing Sustainable Clean Energy	11
VII.	Pursuing Alternative Fuels and Emerging Technologies	17
VIII.	Ensuring Water Security and Effective Flood Risk Management	19
IX.	Advancing the Philippines' Sustainable Finance Agenda	20
X.	Proactive Approach to Disaster Risk Reduction, and Climate Change Adaptation and Mitigation	21
XI	Promoting Welfare and Expanding Opportunities	23
XII	Investing in Human Capital Development and Improving Social Inclusion	24
XIII.	Enabling Regulatory Environment and Development of Digital Infrastructure to Support Financial Inclusion	27
XIV.	Strengthened Institutions to Support Transformational Reform Momentum	29
XV	Bolstering Public Accountability and Deepening Participatory Governance	30
XVI	Sustaining Peace Process and Security	31
XVII	Upholding and Protecting Territorial Integrity and Sovereignty	34
XVIII	Marcos Jr. Administration's Legislative Agenda to Further Strengthen Institutional Settings	35
XIX	Marcos Jr. Administration's Ample Political Capital to Sustain Reform Momentum	36

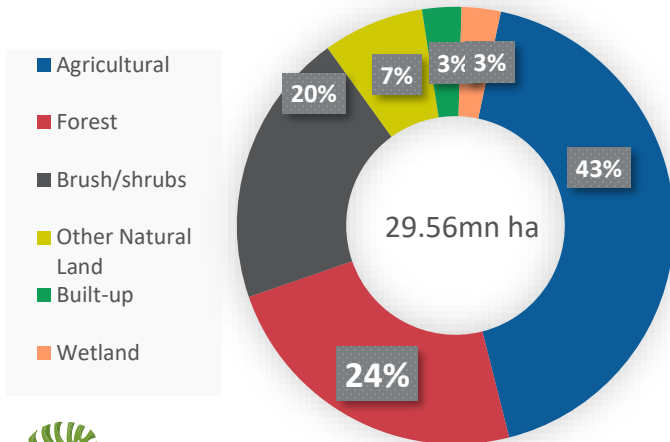
1

Environment

# I. Environment and Climate Risk Profile

The Philippines is one of the most biologically rich and diverse countries in the world yet among the most vulnerable to climate-related and geological hazards.

## Area Distribution of Land Cover as of 2015



Forests provide livelihoods, offering timber, food, shelter, fuel, and medicinal products; and perform significant ecosystem functions.

## Rich Coastal and Marine Ecosystems

<b>37,008kms</b>	coastlines
<b>679,800kms</b>	total territorial water
<b>US\$966.6bn</b>	estimated value of coastal and marine ecosystems

Sources: : National Mapping and Resource Information Authority, Compendium of Philippine Environment Statistics, Climate Change Commission, Philippines Nationally Determined Contribution (2021), PEMSEA and Department of Environment and Natural Resources (2019)

## Low Carbon Dioxide Emission

**1.98 metric tons**

Per capita carbon dioxide emission of ROP in 2020 (below the global average of 4 metric tons)

## Commonly Occurring Hazards



**20 tropical cyclones**

More frequent and severe typhoons on average annually

**PHP506bn or 3% of GDP**

Economic loss due to tropical cyclones for the last 10 years (Philippine Statistics Authority, 2020)

## II. Commitment Toward a Climate- and Disaster-Resilient, and Low-Carbon Economy

The government commits to strengthening its contribution to the global effort of fighting the climate crisis.



### Commitment of the Philippines according to the Nationally Determined Contribution Communicated to the UNFCCC on 15 April 2021:

*Greenhouse Gas emission reduction and avoidance of 75% for the period 2020 to 2030 for the sectors of agriculture, wastes, industry, transport, and energy, 2.71% of which is unconditional and 72.29% is conditional*



**National  
Climate  
Change  
Action Plan**

*As part of the Philippines' climate response, the national climate change framework strategy has recently been translated into a National Climate Change Action Plan (NCCAP), which prioritizes food security, water sufficiency, ecological and environmental stability, human security, climate-smart industries and services, sustainable energy, and knowledge and capacity development as the strategic direction for 2011 to 2028.*

The **Philippine Energy Plan (PEP) 2020-2040**, a comprehensive energy blueprint, details the energy sector's goal to chart a transformative direction toward attaining a clean energy future.

### Clean Energy Scenario

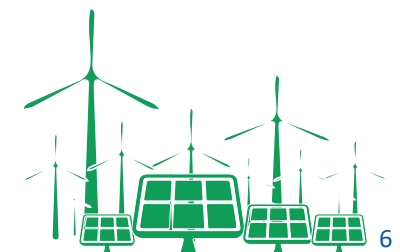
**35.0% and 50.0% RE share** in the power generation mix by 2030 and 2040

**5.0% blending for biodiesel starting 2022**

**1.5% increase in aggregated natural gas consumption** from the transport and industry sectors between 2020 and 2040

**10.0% penetration rate of electric vehicles** for road transport (motorcycles, cars, jeepneys) by 2040

**5.0% energy savings** on oil products and electricity by 2040



# III. Mainstreaming Climate Change into Government Policy Formulations

ROP strongly commits to its reform agenda, including climate change adaptation and mitigation.



The Department of Budget and Management and the Climate Change Commission institutionalized the Climate Change Expenditure Tagging (CCET) process to track, monitor, and report climate change-related programs and projects.

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



**US\$132.5mn**

Total grants provided by the Global Environment Facility, covering 110 projects from 1991 to August 2022



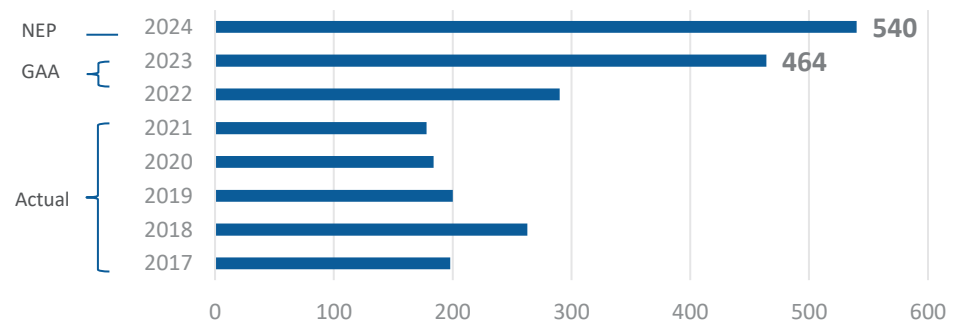
**PHP1bn (US\$18.0mn)**

This fund was created by Republic Act No. 10174 as an annual fund intended for local government units and accredited local/community organizations to implement climate change adaptation projects that will better equip vulnerable communities to deal with the impact of climate change.

Climate change spending to increase by 17% in 2024 as the national government aims to strengthen mitigation and adaptation efforts

Climate change adaptation and mitigation expenditures in 2017-2024

(in PHP bn)



NEP/ National Expenditure Program  
GAA/ General Appropriations Act

Source: Convention on Climate Change, Climate Change Commission <https://niccdies.climate.gov.ph/climate-finance/ccet>  
Note: US\$ amount computed based on median (PHP55.5/US\$1) of the US\$/PHP forecast during 185th DBCC Meeting last 9 June 2023)



## IV. Recognizing Sustainable Initiatives that Cut Across Strategic Priorities and Sectors

The government leads in undertaking national climate change mitigation and adaptation projects.

The Philippines has shifted global discussions on climate change from focusing on general scientific findings to undertaking practical actions that may be immediately undertaken on the ground.



Gathered a group of experts to prepare and execute localized action plans



Launched the Sustainable Finance Roadmap and Sustainable Finance Guiding Principles to encourage public and private investment in green projects



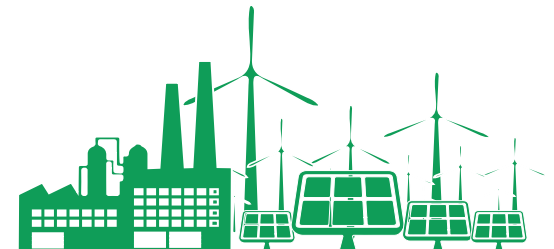
Currently pushing for a law banning single-use plastic



Embarking on a project with ADB to accelerate the PH's transition to clean energy



Adopted a sustainable finance framework for sovereign green bonds



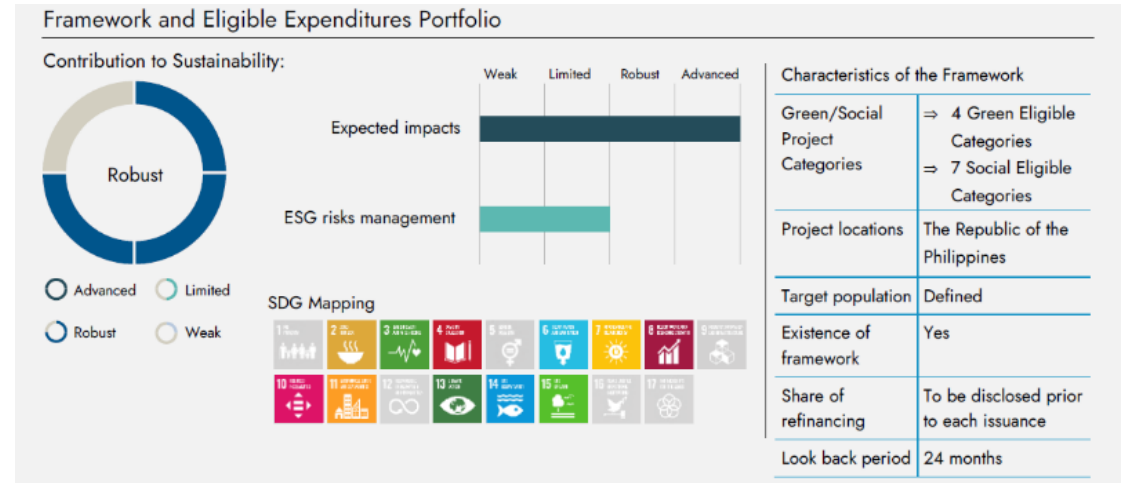
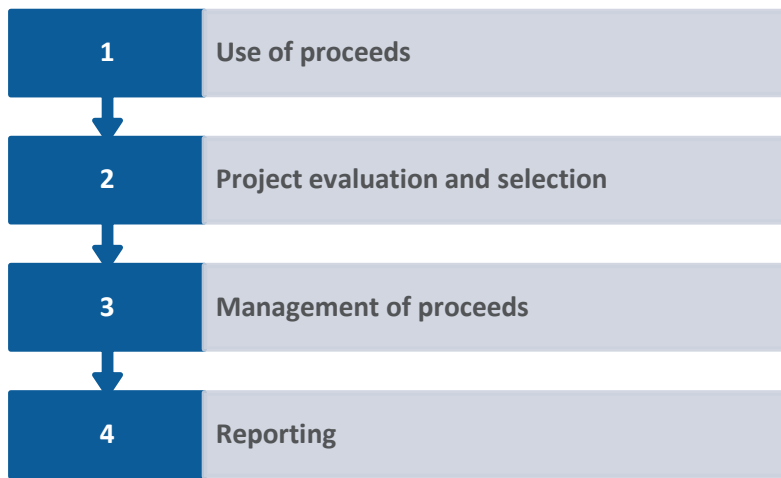


# V. Mobilizing Finance to Support Sustainable Projects

The Sustainable Finance Framework provides guidance on green, social, or sustainability bonds, loans, and other debt instruments.

- The ROP’s Sustainable Finance Framework, issued in January 2022, supports its sustainability commitments.
- 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 and 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’ 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”).

### Use of Proceeds

- The look-back period for refinanced Eligible Expenditures will be equal or less than 24 months from the issuance date in line with good market practice.
- In terms of the management of proceeds, the allocation period in term will be 24 months or less.

Source: Republic of Philippines - Sustainable Finance Framework, Second Party Opinion on the sustainability of the Republic of the Philippines’ Sustainable Framework (Vigeo Eiris)

# V. Mobilizing Finance to Support Sustainable Projects

## ROP's Environmental, Social, and Governance (ESG) Bond Issuances under the Sustainable Finance Framework

### US\$1.0bn

25Y bonds issued under the Sustainable Finance Framework. This issuance marks the ROP's debut ESG Global Bonds offering.  
 Coupon rate: 4.20%  
 Benchmark spread at issue: 165.7bps

**Bond ratings: Baa2 (Moody's)/ BBB+ (S&P)/ BBB (Fitch)**

March 2022

### US\$0.75bn

Issued 25Y sustainability bonds under the new administration. ESG Bonds comprises 37.5% of the US\$2.0bn global issuance.  
 Coupon rate: 5.95%  
 Benchmark spread at issue: 232.1bps

**Bond Ratings: Baa2 (Moody's)/ BBB+ (S&P)/ BBB (Fitch)**

October 2022

All ESG bond transactions were met with robust demand.

April 2022

January 2023

### JPY70.1bn

ROP's first Sustainability samurai bond multi-tranche offering with an ESG label across all four tranches (tenors: 5, 7, 10, 20)  
 Coupon rate: 0.76%, 0.95%, 1.22%, 1.83%

**Bond Ratings: Baa2 (Moody's)/ BBB+ (S&P)/ A- (JCR)**

### US\$1.25bn

25Y sustainability notes, marking the Republic's fourth ESG bond offering  
 Coupon rate: 5.50%  
 Benchmark spread at issue: 165.7bps

**Bond ratings: Baa2 (Moody's)/ BBB+ (S&P)/ BBB (Fitch)**

Source: Bloomberg

## VI. Developing Sustainable Clean Energy

The government aims to scale up renewable energy (RE) investments.

*“When it comes to energy, renewable energy is the way forward. [...] To accelerate the realization of this green energy goal, we have opened renewable energy projects to foreign investments.”* – President Ferdinand Marcos Jr. (State of the Nation Address, July 2023)

- In April 2023, President Marcos Jr. passed Executive Order No. 21, which directs the establishment of the Policy and Administrative Framework for offshore wind development. Permitting agencies must compile a comprehensive list of required permits and clearances and submit to the Department of Energy (DOE). The list will be incorporated into the Energy Virtual One-Stop Shop (EVOSS) system, streamlining the application process for offshore wind developers across all levels of government.
- In 2020, DOE declared a moratorium on endorsement for greenfield coal power plants to promote sustainable energy sources.
- In 2019, the government passed Republic Act No. 11234 that established the Energy Virtual One-Stop Shop (EVOSS) to streamline the permitting process of power generation, transmission, and distribution projects. Pre-application of RE contracts are processed through the EVOSS.

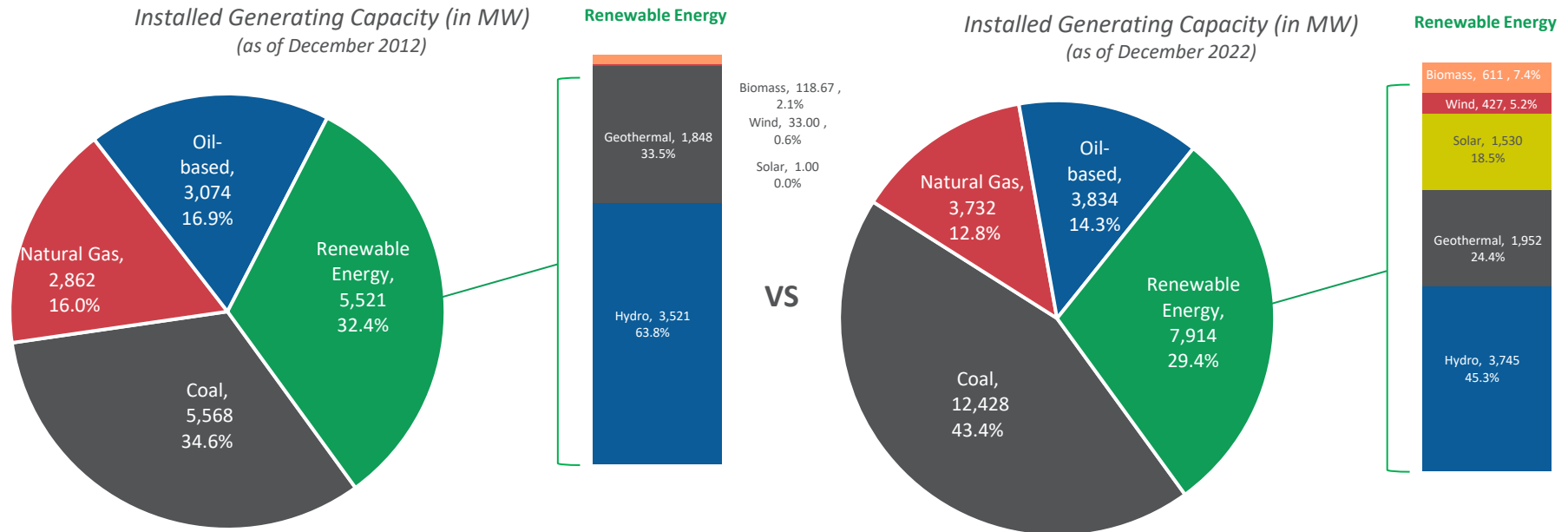
### Incentives for RE developers, developers and manufacturers, fabricators, and suppliers of locally produced RE equipment provided under Republic Act No. 9513 or the *Renewable Energy Act of 2008*

- **Income Tax Holiday (ITH):**
  - i. New investment - 7 years from the start of commercial operations
  - ii. Additional investments in RE projects - not more than 3 times the period of the initial ITH
- **Corporate Tax Rate:** 10% on net taxable income after ITH
- **Net Operating Loss Carry-Over (NOLCO):** The NOLCO during the first 3 years from the start of commercial operation shall be carried over as a deduction from gross income for the next 7 consecutive taxable years immediately following the year of such loss
- **Zero Percent Value-Added Tax Rate which applies for:**
  - i. the sale of power or fuel generated through renewable sources of energy
  - ii. ancillary services necessary to support the transmission of capacity and energy generated from renewable sources of energy; and
  - iii. purchases of local goods, properties, and services
- **Tax Exemption of Carbon Credits** - All proceeds from the sale of carbon emission credits is exempted from any and all taxes
- **Duty-free Importation** of RE machinery, equipment, and materials: 10 years
- Special Realty Tax Rates on equipment and machinery
- Accelerated depreciation of plant, machinery, and equipment
- Cash Incentive for RE developers in Missionary Electrification
- Tax Credit on domestic capital equipment
- Exemption from universal charge

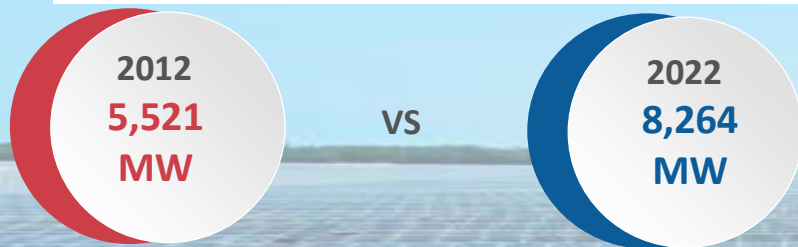
# VI. Developing Sustainable Clean Energy

The government is committed to enhance renewable energy capacity.

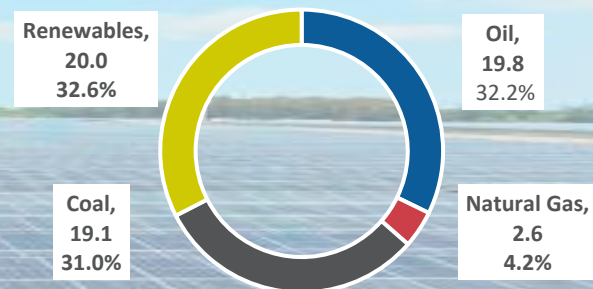
The Philippines is gifted with abundant RE resources. The government is committed to make significant strides to maximize resources development and utilization. Indigenous renewable energy (RE) resources and private sector investment are central in achieving the Philippines' vision of ensuring sustainable, secure, accessible, and affordable energy supply and services.



**49.7%** increase in Total Installed RE Capacity since 2012



**Primary Energy Mix (In Million Tons of Oil Equivalent, MTOE) (as of December 2022)**



## VI. Developing Sustainable Clean Energy

### Policies and programs to attract investments in renewable energy sector

- **Easing of Foreign Ownership Limit in RE Investments**  
DOE Circular No. 2022-11-0034 that allows 100% foreign ownership in the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy
- **Renewable Portfolio Standards (RPS) Grid and Off-grid**  
Requires all load-serving entities to source or produce a portion of their supply from eligible RE facilities
- **Preferential Dispatch of RE**  
RE preference in the Wholesale Electricity Spot Market (WESM)
- **Green Energy Option Program**  
Option electricity end-users to choose RE as energy source
- **Enhanced Net-metering program**  
Allows end-users to generate electricity from RE-based systems up to 100 kW for own use and sell their excess to the grid

### Renewable Energy Investment Requirement, 2020-2024

**US\$ 97.2bn**

**Total RE Investment Requirement**

**US\$ 94.3bn**

**Construction of New RE Power Plants**

**US\$ 2.4bn**

**Biofuels Production**

**US\$ 510.0mn**

**Renewable Energy Pre-Development Activities**

## VI. Developing Sustainable Clean Energy

### Policies and programs to attract investments in renewable energy sector

#### Program Highlight: Green Energy Auction Program (GEAP)

The GEAP aims to boost renewable energy investments through a streamlined electronic bidding process for selecting transparent and competitive RE projects. It complements the Renewable Portfolio Standards by making the generated RE Certificates eligible for compliance by the mandated participants. Auction capacities and schedules of completion will align with RE Goals.

#### First Green Energy Auction Results - 17 June 2022

- Completed with a 98% success rate
- Generated a total of **1,866 MW** renewable capacity

Solar		Biomass		Wind		Hydro	
Grid	Capacity (MW)	Grid	Capacity (MW)	Grid	Capacity (MW)	Grid	Capacity (MW)
Luzon	1,070.38	Luzon	3.40	Luzon	273.20	Luzon	80.00
Visayas	300.00					Mindanao	19.15
Mindanao	120.00						
	<b>1,490.38</b>		<b>3.40</b>		<b>273.20</b>		<b>99.15</b>

#### Second Green Energy Auction Results – 03 July 2023

- Generated a total of 3,440.76 MW of renewable capacities
- Total number of awarded bids reached 105.

RE Resource	Awarded Capacity (in MW)
Ground-mounted Solar	1,878.98
Floating Solar	90.000
Roof-mounted Solar	9.390
Onshore Wind	1462.384
<b>Total</b>	<b>3,440.76</b>

Biomass, Waste to Energy, and Hydro were also offered during this round.

Source: DOE

#### Third Green Energy Auction - Scheduled in 4<sup>th</sup> quarter of 2023

- Intends to auction out other RE Technologies such as geothermal, impounding hydro, pumped-storage hydro.
- A total of 10,478 MW of potential capacity may be auctioned

RE Resource	Potential Capacity (in MW)
Geothermal	2,232
Impounding Hydro	1,018
Pumped-Storage Hydro	7,228
<b>Total</b>	<b>10,478</b>

# VI. Developing Sustainable Clean Energy

GEAP-Awarded RE contracts in the Marcos Jr. Administration

**126** Contracts Awarded

**31,131.7 MW** Potential Capacity

as of June 2023

Hydro



Ocean



Geothermal



Wind



Solar



Biomass



Number of Projects

20

1

1

30

72

2

Total Potential Capacity (in MW)

634.6

10.0

To be determined

27,559.5

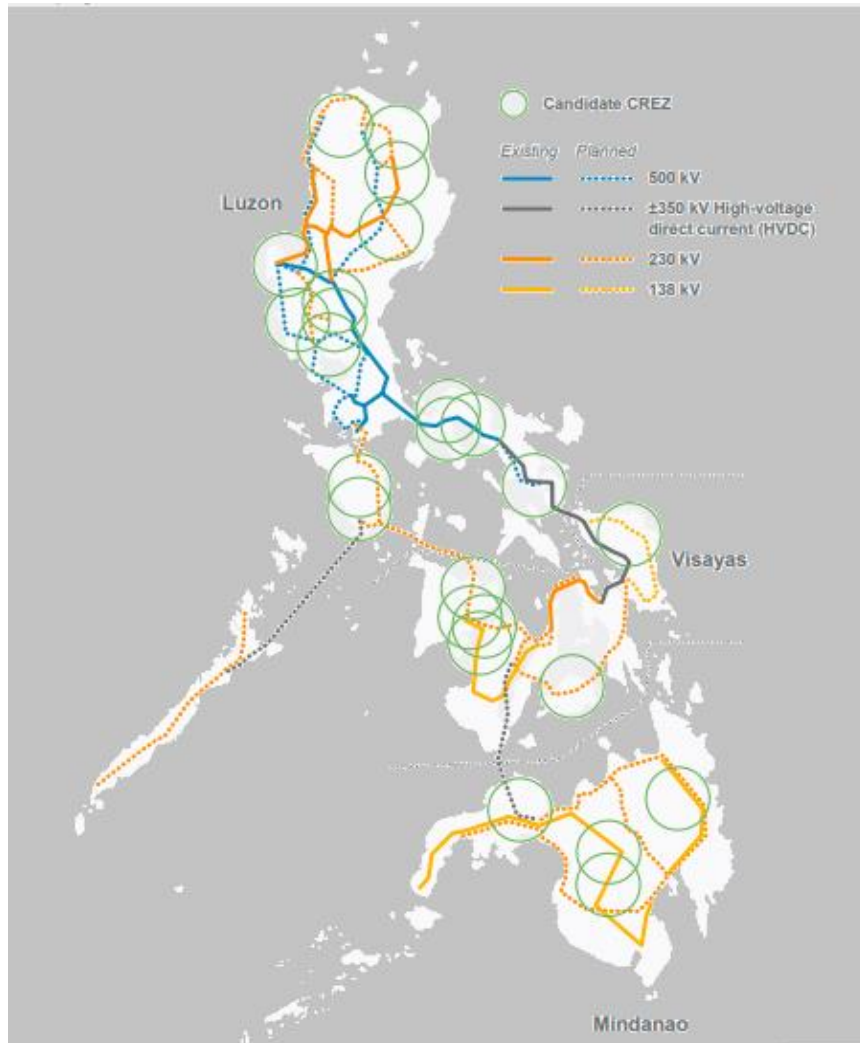
2,869.9

18.0

# VI. Developing Sustainable Clean Energy

The Philippines is identifying areas ready for renewable energy investments.

## Candidate Areas Ready for Renewables



Obtained from the DOE CREZ report

- The Department of Energy launched the Competitive Renewable Energy Zones (CREZ) process to help achieve the country’s goals of scaling up RE generation on the power system and to ensure sustainable, secure, reliable, accessible, and affordable energy.
- The CREZ process identified clusters of high-quality RE resources and points of transmission access. (See Map).
- With CREZ, RE developers possess great clarity on:
  - Where the highest-quality, utility-scale RE resources exist;
  - Where and when transmission access will be available.
- Investors and lenders can:
  - Take advantage of lower risk on potential RE investments;
  - Ensure developers are exploring these competitive opportunities.

### Total Potential RE Capacity identified by CREZ (in MW)

Grid	Hydro	Geo	Wind	Solar	Bio
Luzon	270,603	285	54,115	35,031	210
Visayas	1,917	40	25,429	11,876	71
Mindanao	382,514	40	14,443	11,203	93
<b>Total</b>	<b>655,034</b>	<b>365</b>	<b>93,987</b>	<b>58,110</b>	<b>374</b>

Explore the Philippine CREZ data on RE Explorer



Solar



Wind





# VII. Pursuing Alternative Fuels and Emerging Technologies

## Republic Act No. 11697 or the Electric Vehicle Industry Development Act (EVIDA)

Incentivizes the adoption of electric vehicles and charging stations in the country. It mandates a 5.0% EV share in corporate and government fleets, provision of dedicated parking slots, installation of charging stations in parking lots and gasoline stations, green routes, and provision of fiscal and non-fiscal incentives for EV manufacturing, and importation of charging station.

## Comprehensive Roadmap for the Electric Vehicle Industry (CREVI)

To electrify a diverse range of vehicles and establish a domestic electric vehicle industry with strong export potential with the aim of building a sustainable future, where new electric vehicles and the required infrastructure are locally robust with reduced environmental impact

Scenario: 10% EV Fleet By 2040	
<p><b>Short Term (2023-2028)</b></p> <p><b>311,700</b> Electric Vehicles <b>7,300</b> EV Charging Stations</p>	<p><b>Cars:</b> 81,500 HEV 13,600 PHEV 13,600 BEV</p> <p><b>Tricycle:</b> 71,500 BEV <b>Motorcycle:</b> 164,900 BEV</p> <p><b>Bus:</b> 600 BEV</p>
<p><b>Medium Term (2029-2034)</b></p> <p><b>580,600</b> Electric Vehicles <b>14,000</b> EV Charging Stations</p>	<p><b>Cars:</b> 49,000 HEV 24,600 PHEV 123,000 BEV</p> <p><b>Tricycle:</b> 71,000 BEV <b>Motorcycle:</b> 311,900 BEV</p> <p><b>Bus:</b> 1,200 BEV</p>
<p><b>Long Term (2023-2028)</b></p> <p><b>852,100</b> Electric Vehicles <b>20,400</b> EV Charging Stations</p>	<p><b>Cars:</b> 36,600 HEV 36,600 PHEV 13,600 BEV</p> <p><b>Tricycle:</b> 103,400 BEV <b>Motorcycle:</b> 454,400 BEV</p> <p><b>Bus:</b> 1,800 BEV</p>

Scenario: 50% EV Fleet By 2040	
<p><b>Short Term (2023-2028)</b></p> <p><b>2,454,200</b> Electric Vehicles <b>66,500</b> EV Charging Stations</p>	<p><b>Cars:</b> 415,500 HEV 69,000 PHEV 69,000 BEV</p> <p><b>Tricycle:</b> 419,000 BEV <b>Motorcycle:</b> 1,480,000 BEV</p> <p><b>Bus:</b> 2,200 BEV</p>
<p><b>Medium Term (2029-2034)</b></p> <p><b>1,851,500</b> Electric Vehicles <b>41,800</b> EV Charging Stations</p>	<p><b>Cars:</b> 234,000 HEV 80,000 PHEV 327,000 BEV</p> <p><b>Tricycle:</b> 262,000 BEV <b>Motorcycle:</b> 947,000 BEV</p> <p><b>Bus:</b> 1,500 BEV</p>
<p><b>Long Term (2023-2028)</b></p> <p><b>2,001,600</b> Electric Vehicles <b>39,800</b> EV Charging Stations</p>	<p><b>Cars:</b> 107,000 HEV 107,000 PHEV 641,000 BEV</p> <p><b>Tricycle:</b> 223,000 BEV <b>Motorcycle:</b> 922,000 BEV</p> <p><b>Bus:</b> 1,600 BEV</p>

Source: DOE; Note: Cars include Sedan, SUV, and UVs

# VII. Pursuing Alternative Fuels and Emerging Technologies

## Promotion of Liquefied Natural Gas as Transition Fuel

“Part of our efforts to address this challenge is to look for alternative sources of natural gas. It also aligns with our goal of transitioning to cleaner energy and a low-carbon future. We acknowledge, however, that looking for alternative sources of natural gas and transitioning to cleaner energy sources, such as liquefied natural gas (LNG), would require corresponding infrastructures in place. And this would also require an investor’s substantial capital investment.” - Energy Secretary Raphael P.M Lotilla

- The DOE developed the Natural Gas Development Plan (NGDP) to provide stakeholders a comprehensive report on:
  - Role of natural gas
  - Legal and regulatory framework covering the sector
  - Ongoing projects and potential areas for development
  - Way-forward plans for the sector.
- Potential investors are provided with reference on the current landscape of the natural gas sector. An investor guide is also attached in the NGDP.

**Total Investment**

**US\$ 1.3bn\***

**Total Potential Capacity**

**21.8 metric tons per annum**

### Status of Select LNG Projects in the Philippines

#### Linseed Field Corporation

- Started its first supply to Ilijan Natural Gas Power Plant in June 2023
- Floating Storage Unit and onshore gasification facility
- LNG terminal currently in final commissioning run

#### First Gen

- BlueWater Floating Storage and Regasification Unit now anchored in Batangas Bay
- Awaiting mechanical completion of the onshore receiving facility
- Scheduled for commissioning from Aug to Sept 2023

Source: DOE  
Note: US\$ amount computed based on median (PHP55.5/US\$1) of the US\$/PHP forecast during 185th DBCC Meeting last 9 June 2023

# VIII. Ensuring Water Security and Effective Flood Risk Management

Select projects to ensure the country's water supply and enhance response to disasters

## Water Security

The government ensures continuous supply of water through conservation and regulation of water resources and construction of infrastructure projects to ensure adequate water supply in the future.

### Luzon

- Wawa Bulk Water Supply Project
- New Centennial Water Source - Kaliwa Dam Project
- Angat Water Transmission Improvement Project - Aqueduct No. 7
- Ilocos Norte-Ilocos Sur-Abra Irrigation Project
- Ilocos Sur Transbasin Project
- Tumauni River Multipurpose Project
- Delfin Albano - Sto. Tomas Pump Irrigation Project
- Lipitan Small Reservoir Irrigation Project

### Visayas

- Jalaur River Multipurpose Project - Stage II
- Panay River Basin Integrated Development Project

### Mindanao

- Buldon River Irrigation Project
- Muleta Reservoir Irrigation and Hydropower Project
- Maridagao (Kadingilan) Irrigation Project

### Interregional

- Climate Change Adaptation Works National Irrigation System
- Repair of Communal Irrigation System
- Repair of National Irrigation System (NIS)
- Restoration of Communal Irrigation Systems
- Restoration of National Irrigation Systems
- Small Irrigation Project
- Improvement of Service Roads in National Irrigation Systems (NIS)
- Establishment of Groundwater Pump Irrigation Project

## National Water Programs

Program	January 2013 to June 2016		July 2016 – June 2022		July 2023 – April 2023	
	Completed Sub-Projects	Household Beneficiaries	Completed Sub-Projects	Household Beneficiaries	Completed Sub-Projects	Household Beneficiaries
<b>Sagana at Ligas na Tubig para sa Lahat (SALINTUBIG) Program.</b> Provides potable water supply systems to waterless municipalities, barangays, health centers, and resettlement sites	410	137,258	2,397	1,339,620	12	11,412
<b>Assistance to Municipalities – Water Supply.</b> Provides financial subsidy to municipalities for the implementation of priority programs and projects, including water supply projects	1,442	636,610	4,005	2,171,719	19	18,789

1,680

Flood Control Structures completed from July 2022 to March 2023

## Flood Management

### Luzon

- Metro Manila Flood Management Project, Phase I
- Cavite Industrial Area Flood Management Program
- Pasig-Marikina River Channel Improvement Phase IV
- Pasig-Marikina River Channel Improvement Phase V
- Paranaque Spillway/Tunnel Project
- Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in the Low-Lying Areas of Pampanga Bay Project
- Central Luzon – Pampanga River Floodway Control Project

### Mindanao

- Ambal Simuay River and Rio Grande de Mindanao River Flood Control and Riverbank Protection Project
- Flood Risk Improvement and Management Project - Cagayan De Oro River
- Davao City Flood Control and Drainage Project

### Interregional

- Integrated Flood Resilience and Adaptation (InfRA) Project – Phase I
- Integrated Flood Resilience and Adaptation (InfRA) Project – Phase II



DPWH Photo

# IX. Advancing the Philippines' Sustainable Finance Agenda

**Sustainable Central Banking Framework** integrates the Bangko Sentral ng Pilipinas' (BSP) role

**Enabler**

fostering a conducive policy and regulatory environment for BSP-supervised financial institutions

**Mobilizer**

leading by example and investing in sustainable projects

**Doer**

sustainability principles embedded in the BSP's key functions and operations

## BSP's Enabling Regulations

### **Sustainable Finance Framework or Circular No. 1085 in April 2020**

- Sustainability principles in corporate and risk governance; credit and operational risk management. Majority of banks have submitted their ESG transition plans. Banks are in varying stages of maturity in adoption to ESG.

### **Environmental and Social (E&S) Risk Management Framework or Circular No. 1128 in October 2021**

- Management of E&S risks in relation to credit and operational risk management frameworks of banks

### **Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks or Circular No. 1149 in August 2022**

- Banks shall consider their sustainability strategic objectives and risk appetite in debt and equity securities

## BSP's Initiatives

**Green Force:** The BSP, Department of Finance, and other agencies facilitate the mobilization of funds for green and sustainable projects, development of principles-based taxonomy, and oversee the implementation of the Sustainable Finance Roadmap.

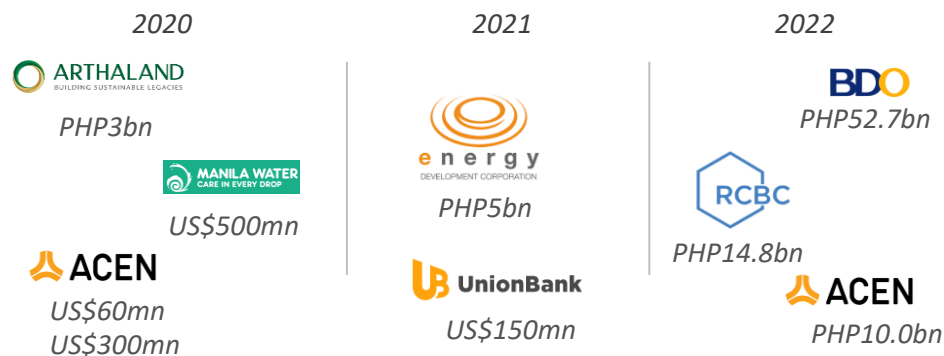
**11-point Sustainable Central Banking Strategy** was launched on 22 December 2022, to implement climate sustainability and capacity-building initiatives.

**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 the Asia-Pacific region and to diversify the gross international reserves.

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

- "Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standards" approved by the Securities and Exchange Commission to enable local issuers to tap into the global green bond market
- Total ASEAN labelled Green, Social, and Sustainability Bonds issued amounted to US\$29.8bn, of which, US\$6.5bn or 22% were by Philippine companies as of 30 November 2022
- Philippine-issued sustainable bonds reached US\$1.3bn issued in foreign currency, and PHP152.9bn issued in peso denomination
- **Green Financing Program of the Development Bank of the Philippines** provides ESG financing and technical assistance to industries and local government units

## Selected Philippine Corporates' Green Bond Issuances



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

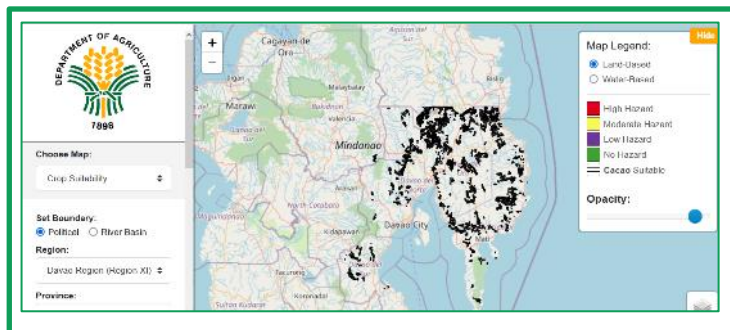
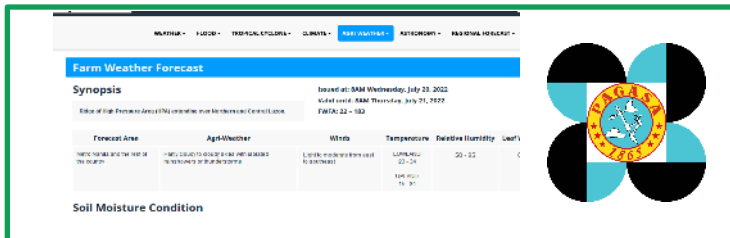
## Other government initiatives on climate change

### Air Quality

- **Green, Green, Green Program** of the Department of Budget and Management aims to assist 145 cities in developing open public spaces.
- ROP pursues promotion of renewable sources and technologies; and regulation of the exploration, development, and utilization of renewable energy sources. In 2019, 2.6mn tons of oil equivalent were saved through an 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 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 toward climate-ready crop management systems and science-based interventions to assist stakeholders (farmers and fisher folks, private sector)
- **National Color-Coded Agricultural Guide Map** – identifies the crops that are most suitable in agricultural parcels, and overlays soil properties, elevation, rainfall pattern, temperature, and projected climate-induced multi-hazards

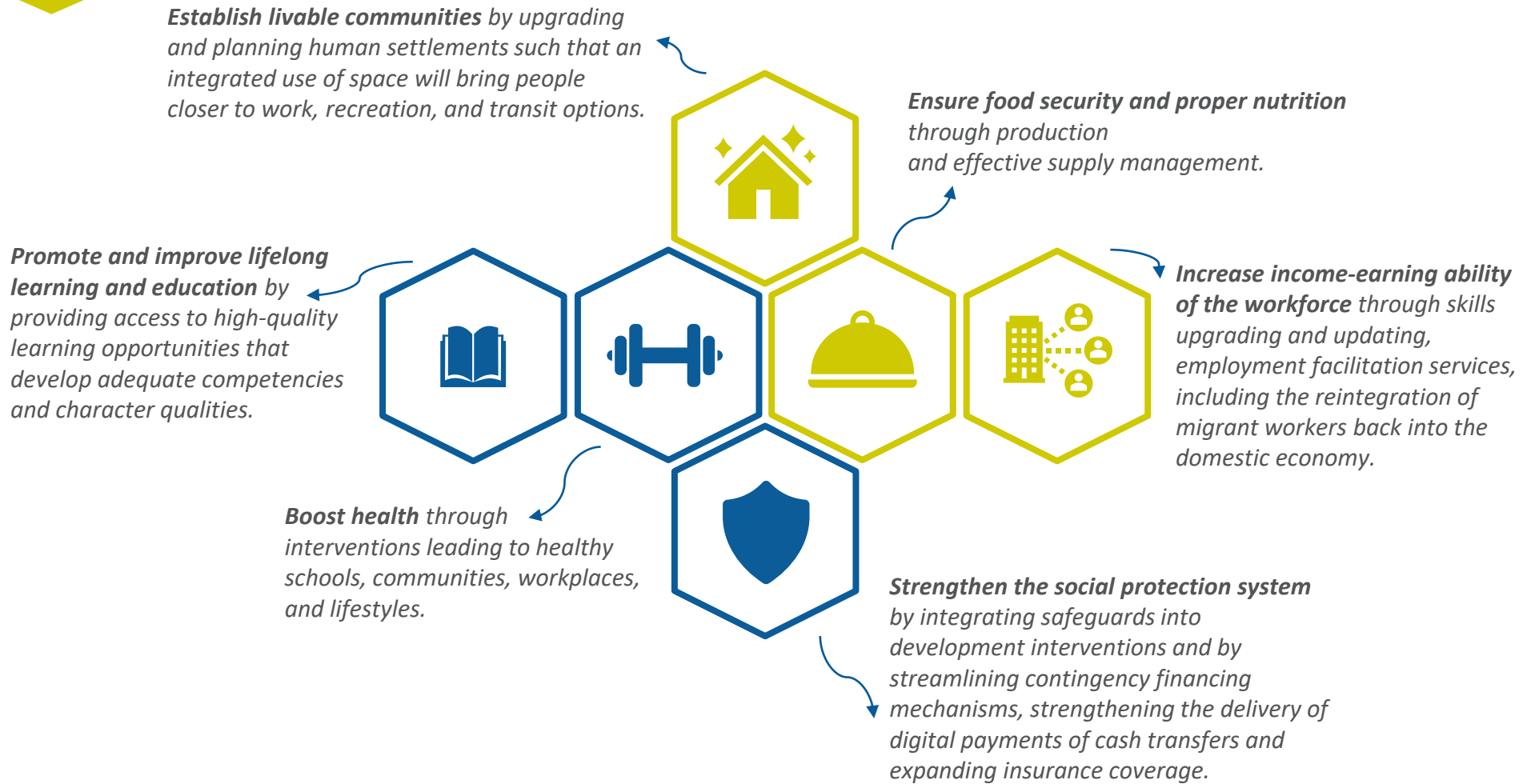
2

Social

# XI. Promoting Welfare and Expanding Opportunities



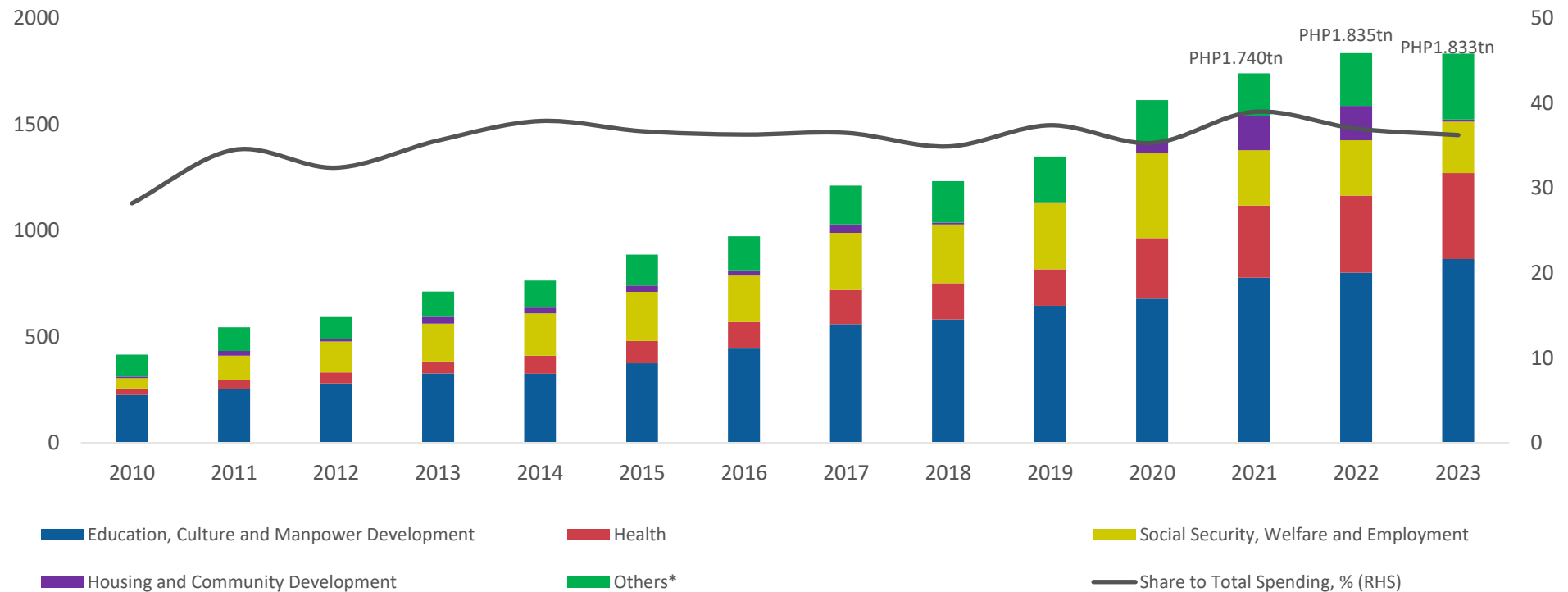
## Key strategies and approaches for the social and human development sector



## XII. Investing in Human Capital Development and Improving Social Inclusion

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

Public Sector Spending on Social Services Sector, 2010-2023  
In PHP bn, % share



Sources: NEDA, DBM, BESF various years, PCOO, PNA

\*includes Land Distribution under the Comprehensive Agrarian Reform Program, Other Social Services, and Subsidy to LGUs



## XII. Investing in Human Capital Development and Improving Social Inclusion

Major reforms to reduce vulnerability among poor households and marginalized communities, and promote social inclusion

**Mental Health Act**  
Republic Act (RA) 11036

**105-Day Expanded  
Maternity Leave**  
RA 11210

**National Feeding Program**  
RA 11148

**Universal Health Care  
(UHC) Law**  
RA 11223

**New Sin Tax Reform Law  
of 2020**  
RA 11467

**National Integrated  
Cancer Control Law**  
RA 11215

**Universal Access to Quality  
Tertiary Education Act**  
RA 10931

**Philippine Identification  
System Act**  
RA 11055

**First 1,000 Days Law**  
RA 11148

**An Act Providing  
Mandatory Philhealth  
Coverage for All Persons  
with Disability**  
RA 11228

**Malasakit Centers Act or  
One-Stop Shops in All  
DOH Hospitals**  
RA 11463

**An Act Institutionalizing  
the Pantawid Pamilyang  
Pilipino Program (4Ps)**  
RA 11310

**Magna Carta for the Poor**  
RA 11291

**Mandatory Reporting of  
Notifiable Diseases and  
Health Events of Public  
Health Concern Act**  
RA 11332

**National Human  
Resources for Health  
Master Plan**  
NHRHMP 2020–2040

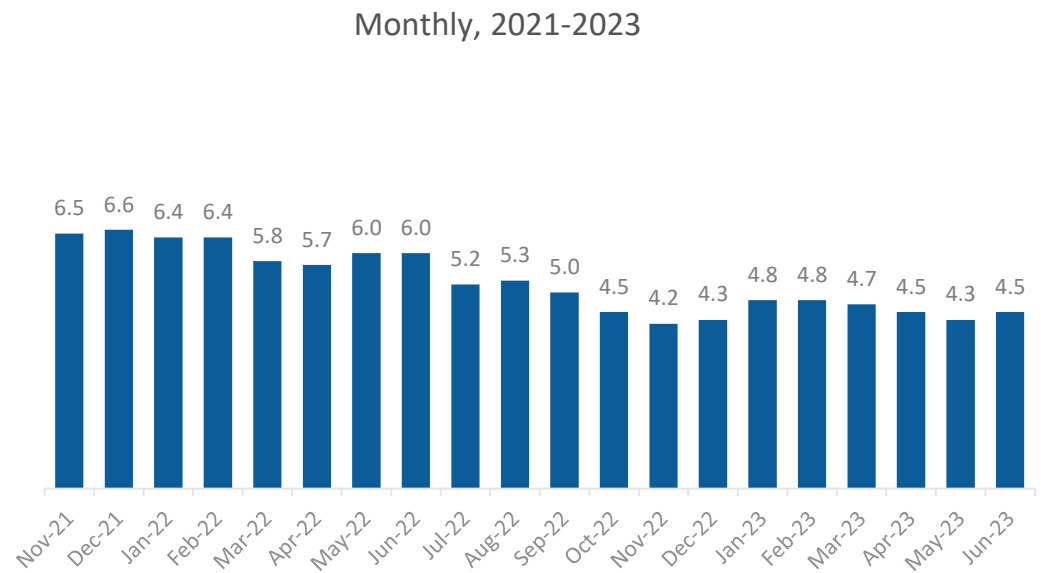
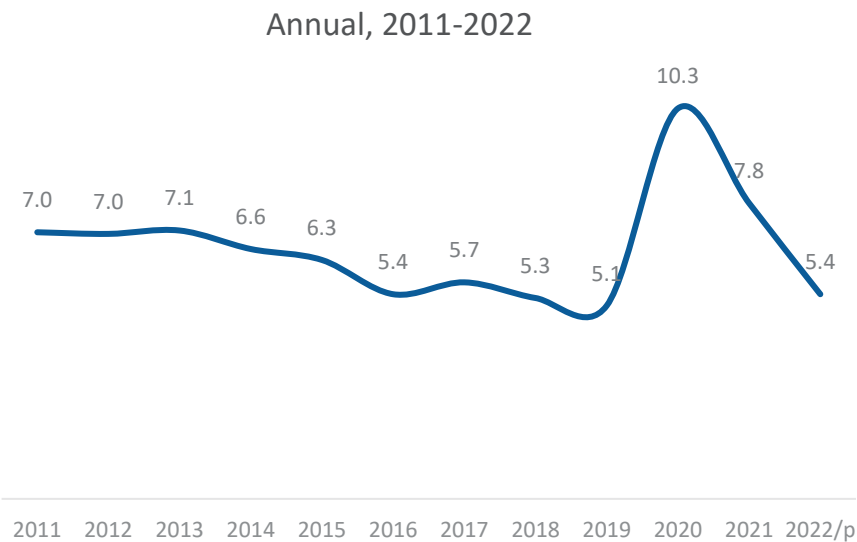
**Philippine Health  
Facilities Development  
Plan of 2020**  
PHFDP 2020–2040

**Alternative Learning  
System Act**  
RA 11510

## XII. Investing in Human Capital Development and Improving Social Inclusion

### Reopening of the economy eased unemployment

**Job market rebounds.** The number of unemployed persons in June 2023 decreased to 2.33mn from 2.99mn in June 2022, posting a y-o-y decline of 663K unemployed persons.



*Top five sub-sectors with highest y-o-y increase in the number of employed in June 2023:*

- a. Accommodation and food service activities (612K)*
- b. Agriculture and forestry (457K)*
- c. Wholesale and retail trade; repair of motor vehicles and motorcycles (358K)*
- d. Other service activities (268K)*
- e. Public administration and defense; compulsory social security (219K)*

# XIII. Enabling Regulatory Environment and Development of Digital Infrastructure to Support Financial Inclusion



Build Digital Infrastructure

The National Strategy for Financial Inclusion (NSFI) underpins efforts of government and the private sector toward the shared vision for financial inclusion in the country



Foster Trust and Financial Literacy



Cash-Based to Account-Based Digital Transactions

- Social cash transfers
- QR Ph Paleng-QR Ph Plus, E-Gov Pay, Bills Pay, Request to Pay, Direct Debit Facilities

- Digital Literacy Programs
- Consumer Protection Framework
- Financial education in partnership with private sector and government agencies
- Financial education for fisherfolk, firefighters, and policemen



Microfinance initiative	Total Amount (PHP mn)	
	Q4 2021	Q4 2022
Microenterprise loans	23,718.4	24,340.0
Microfinance Plus	821.5	864.6
Micro-Agri Loans	1,263.3	1,191.3
Housing Microfinance Loans	1,517.5	1,466.0

3

Governance

# XIV. 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 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



*Political Stability and Rule of Law are stronger than implied by the World Bank Governance Indicators (WGI) scores.*  
- Fitch Ratings, May 2023

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

# XV. Bolstering Public Accountability and Deepening Participatory Governance

## Strategy Framework to Practice Good Governance and Improve Bureaucratic Efficiency

### Practice Good Governance and Improve Bureaucratic Efficiency

#### Participatory Governance Deepened

- Ensure sufficient and functional participatory spaces
- Broaden public access to information
- Improve the quality of participation
- Increase inclusivity and accessibility of elections

#### Public Accountability and Integrity Bolstered

- Enhance public feedback loops
- Intensify transparency in public spending
- Strengthen implementation and monitoring of anti-corruption laws and programs
- Improve national governance assessments

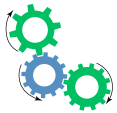
#### Government functions, systems, and mechanisms rationalized and strengthened

- Pursue rightsizing and the whole-of-government approach in re-engineering systems and procedures
- Accelerate digital transformation in government
- Raise the productivity performance of agencies

#### Competent, motivated, agile, and resilient public servants supported

- Guarantee complete and capable human resources in government
- Promote conducive working environments

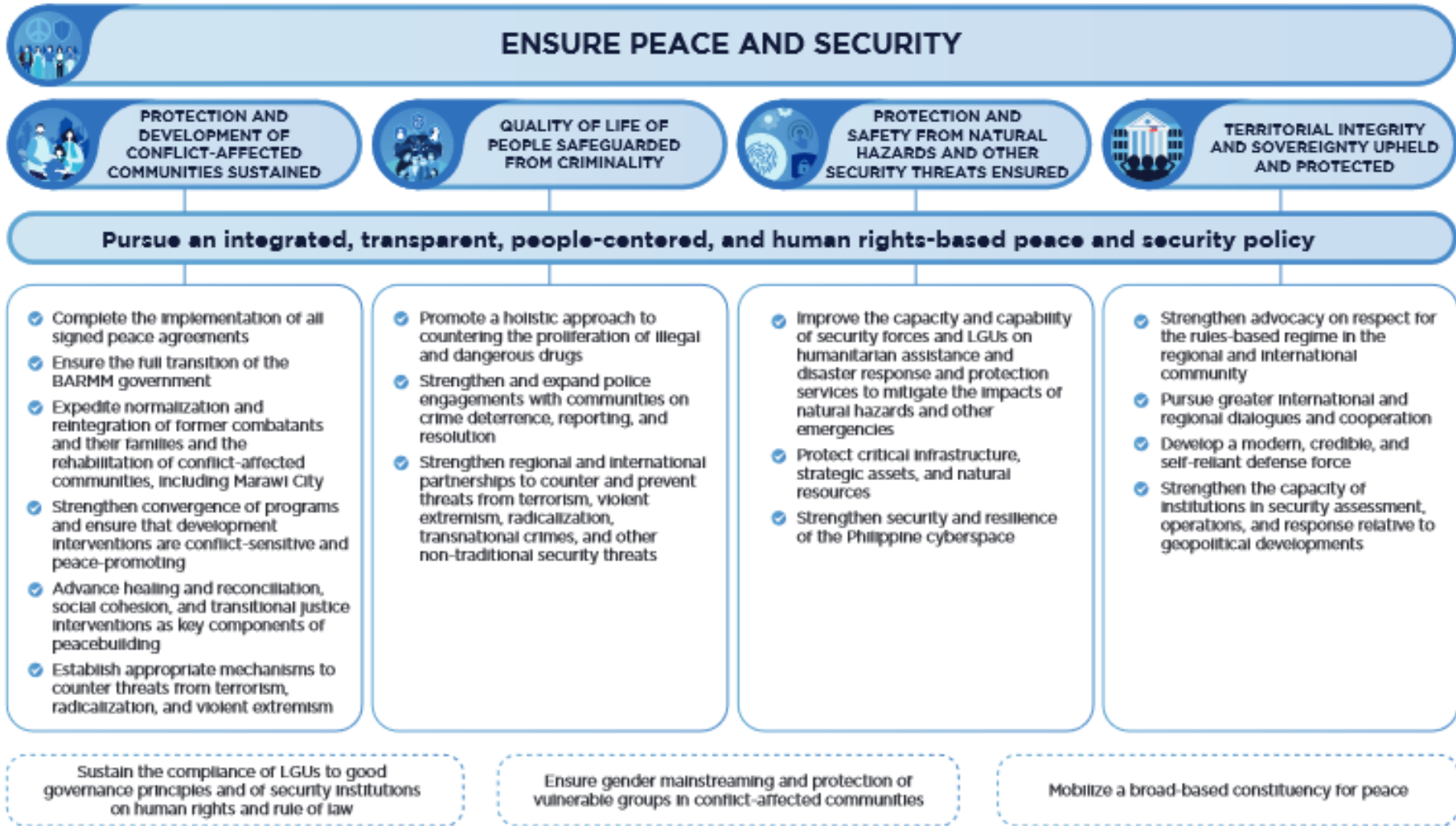
## Recent Measures to Improve Governance Standards



- Enhancements in the Philippine Government Electronic Procurement System
- Full disclosure and public financial management reforms brought about by the Seal of Good Local Governance Act of 2019 or Republic Act No. 11292
- Implementation of the Freedom of Information (FOI) policy
- National Government Portal and its subsequent provision of over 200 online government services
- Expansion of open-data features of government information
- Increase in free public Wi-Fi hotspots nationwide

# XVI. Sustaining Peace Process and Security

## Strategy Framework to Ensure Peace and Security

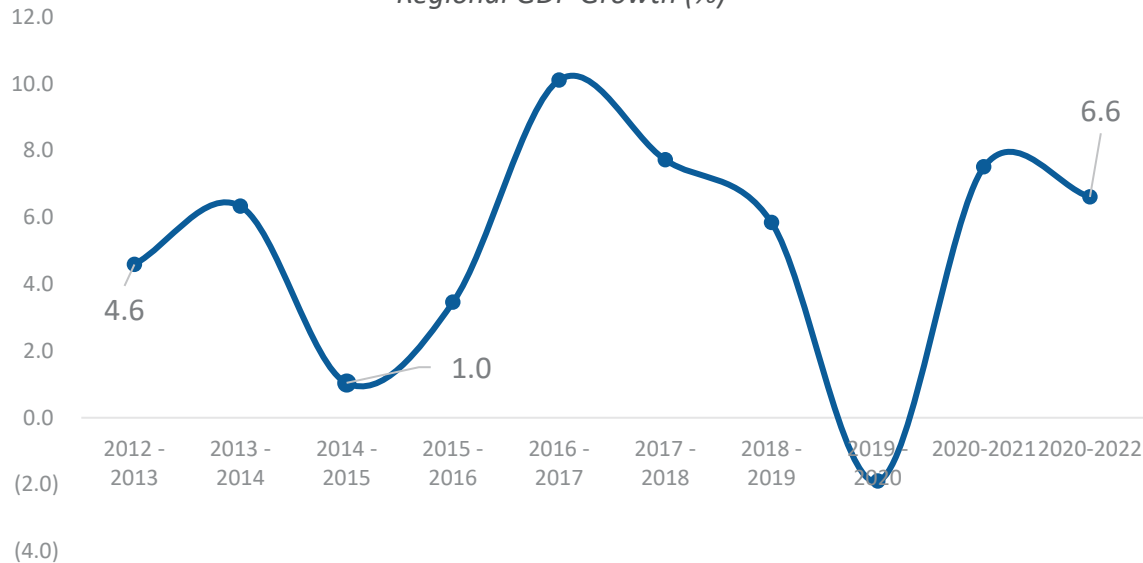


## XVI. Sustaining Peace Process and Security

Implementation of signed peace agreements and sustained law enforcement efforts have stabilized security in geographically isolated and conflict-affected communities, boosting economic activities.

### Bangsamoro region's improved economic performance

*Regional GDP Growth (%)*



- In 2022, the Bangsamoro Autonomous Region in Muslim Mindanao registered the 10th-highest economic growth (6.6%) among 17 regions in the country. Poverty incidence also declined significantly from 61.8% in 2018 to 29.9% as of 2021.
- The peace process is steadily moving forward with the implementation of the Bangsamoro Organic Law (Republic Act No. 11054) and the establishment of the Bangsamoro Transition Authority in 2019 as well as its extension to 2025. These have laid the critical foundation for a fully functioning autonomous region.

- The Bangsamoro Board of Investments generated a total of PHP1.3-bn worth of investments pledges in 2022.
- As a result, the region has generated a total of 1,052 employment in the same year.

### Investment pledges in 2022

<b>Pagana Kutawato Corp.</b>	PHP100mn
<b>Hanabana Construction and Equipment Corp.</b>	PHP96mn
<b>Usman Banana Farm</b>	PHP278mn
<b>Nama Concrete Phils. Corp.</b>	PHP341mn
<b>Mt. Kalatungan Agri-Ventures, Inc.</b>	PHP223mn
<b>Austrian Trade and Investments Group, Inc.</b>	PHP170mn
<b>Kaltimex Rural Energy Corporation</b>	PHP76mn



## XVI. Sustaining Peace Process and Security

The peace process with non-state armed groups and development interventions for affected communities are in various stages of implementation.

Support for Affected Communities and Surrenderers		
2017-2021	Payapa at Masaganang Pamayanan (PAMANA) Program	supported <b>4,000</b> projects, amounting to <b>PHP18.0bn</b>
	Barangay Development Program	<b>PHP16.4bn-worth</b> of infrastructure projects in <b>2,228</b> communist group-cleared barangays

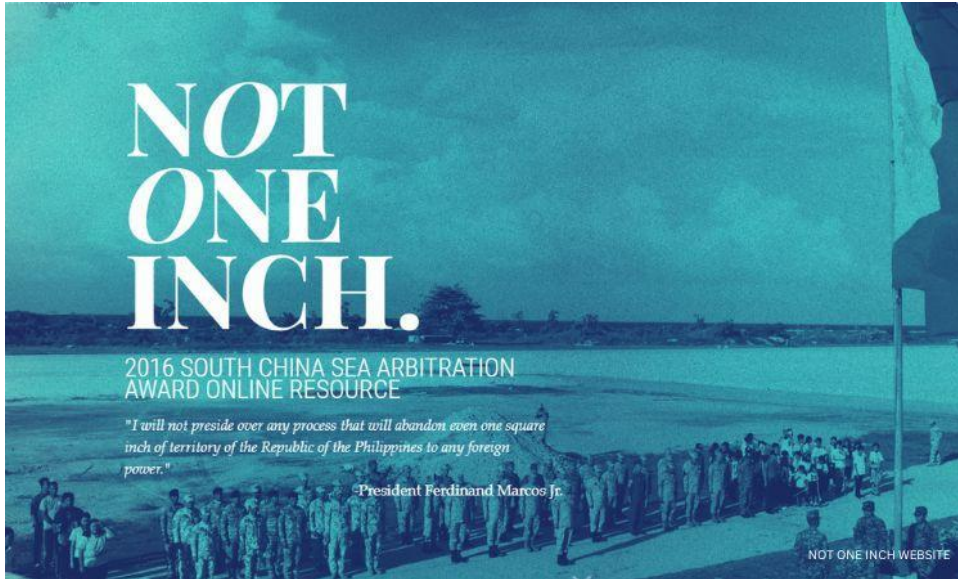
- The peace process between the Philippine government and the Cordillera Bodong Administration – Cordillera People's Liberation Army (CBA-CPLA) continues to gain momentum through livelihood and capacity building programs.
- Local peace engagements initiated in communities affected by the presence of the Communist Party of the Philippines–New People's Army–National Democratic Front (CPP–NPA–NDF). Surrendered communist rebels are provided with socioeconomic and legal assistance support.

### Intensified law enforcement efforts and increased capacity of security sector aim to reduce crimes and respond to disaster and security threats

- The Philippine National Police (PNP) Intensified Cleanliness Program addresses problems in the service.
- Interventions based on the Philippine Anti-Illegal Drugs Strategy institutionalize a convergence system among government agencies to achieve drug-free communities.
- The recently enacted Bureau of Fire Protection Modernization Act (Republic Act No. 11589) is expected to upgrade fire protection services in the country.
- The Bureau of Fire Protection also initiated the Oplan Ligtas na Pamayanan to capacitate barangays with systemic and comprehensive methods and procedures to prevent and respond to fires and other emergency and disaster risks.
- Training sessions on public safety were given to Barangay Peacekeeping Action Teams and non-government organization teams in areas.

## XVII. Upholding and Protecting Territorial Integrity and Sovereignty

Marcos Jr. administration's foreign policy: "A friend to all and an enemy to none."



- The Philippines' Department of Foreign Affairs (DFA) launched in July 2023 the "Not One Inch" microsite, which will serve as a central resource for information and the country's position on the 2016 arbitration win over the West Philippine Sea, including the material submitted to the Tribunal, statements of the DFA on the South China Sea Arbitration, and legal and geographic scope of the West Philippine Sea.
- According to the DFA, the website is in partial fulfillment of the Philippines' commitment to "promote better understanding of the 2016 Arbitral Award as a Philippine contribution to the peaceful settlement of disputes through international law."

### CHAPTER 13 OF THE PHILIPPINE DEVELOPMENT PLAN: Ensure Peace and Security and Enhance Administration of Justice



- Strengthen advocacy on respect for rules-based regime in the regional and international community
- Pursue greater international and regional dialogues and cooperation
- Develop a modern, credible, and self-reliant defense force
- Strengthen capacity of institutions in security assessment, operations, and response relative to geopolitical developments

# XVIII. Marcos Jr. Administration's Legislative Agenda to Further Strengthen Institutional Settings

20 Priority Bills for Passage by End of December 2023

## Health and Social Welfare



- National Disease Prevention Management Authority Bill (*Certified as urgent*)
- The Magna Carta of Filipino Seafarers
- Medical Reserve Corps Bill
- Virology Institute of the Philippines Bill
- Unified System of Separation, Retirement, and Pension Bill
- National Employment Action Plan

## Governance and National Security



- LGU Income Classification Bill
- The New Philippine Passport Act
- E-Governance Act/E-Government Act
- National Government Rightsizing Program
- Mandatory Reserve Officers' Training Corps (ROTC) and National Service Training Program

## Economy, Trade, and Industry



- Amendments to the Build-Operate-Transfer Law/Public-Private Partnership bill (*Certified as urgent*)
- Internet Transaction Act
- Ease of Paying Taxes
- Revitalizing the Salt Industry
- Anti-Financial Accounts Scamming Act
- Amendments to the Anti-Agricultural Smuggling Act
- Amendments to the Bank Deposits Secrecy Law
- Valuation Reform Bill

## Environment and Agriculture



- Waste-to-Energy Bill

## Signed into law



- SIM Registration Act
- Postponement of Barangay and Sangguniang Kabataan Elections
- Strengthening Professionalism in the AFP
- The Maharlika Investment Fund
- Condonation of Unpaid Amortization and Interests of Loans of Agrarian Reform Beneficiaries

# XIX. The Marcos Jr. Administration's Ample Political Capital to Sustain Reform Momentum

The President's high approval ratings and support from both Houses of Congress help provide a stable political environment.

Awareness and Performance Ratings of Top National Officials, March 2023  
(in %)

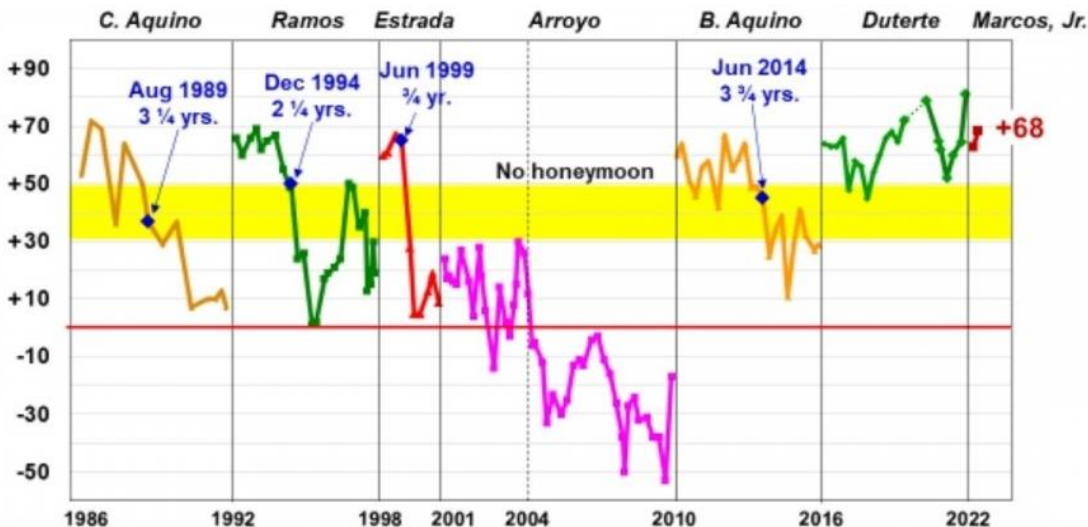
Top National Officials	Aware	Base: Aware		
		Approval	Undecided	Disapproval
<b>FERDINAND R. MARCOS JR.</b> (President)	100	78	16	5
SARA DUTERTE (Vice-President)	100	83	13	4
JUAN MIGUEL F. ZUBIRI (Senate President)	97	51	38	10
FERDINAND MARTIN G. ROMUALDEZ (Speaker of the House of Representatives)	88	51	37	12
ALEXANDER G. GESMUNDO (Supreme Court Chief Justice)	66	43	41	15



*"The high approval rating of President Ferdinand Romualdez Marcos Jr. contributes to maintaining a stable political environment."*

*-Rating and Investment Information, Inc. (R&I), August 2023*

Net Satisfaction Ratings of Philippine Presidents, March 1986 – December 2022



### Contact Information

For further information about the Investor Relations Group, or about the Philippine economy, please contact:

Investor Relations Group  
Bangko Sentral ng Pilipinas  
A. Mabini St. cor. P. Ocampo St.  
Malate Manila, Philippines 1004  
Tel: (632) 8708-7487 / (632) 5303-1581  
Email: [iro-semu@bsp.gov.ph](mailto:iro-semu@bsp.gov.ph)  
Webpage: <https://www.bsp.gov.ph/Pages/IRO.aspx>

For more reference materials please use the link below:



[ThinkGrowthThinkPhilippines](#)



[#ThinkGrowthPH](#)



[InfoIROatBSP](#)