

# PHILIPPINE MACROECONOMIC PERFORMANCE AND OUTLOOK

Secretary Romulo L. Neri

National Economic and Development Authority

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# 2005 Macroeconomic Performance

(growth rates, in percent)

	Market Forecast*	Gov't.-DBCC forecast	Actual
GDP	4.8	5.3	5.1
GNP	5.0	5.5	5.7
NFIA	7.2	-	13.8

Source: NSCB



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# Policy Strategies for Economic Growth

- Accelerate and sustain macroeconomic growth through fiscal and financial reforms
- Upgrade transport, tourism, and digital infrastructure to decentralize development
- Develop agri-business and promote entrepreneurship via SMEs
- Support priority sectors of infrastructure, IT, automotive, electronics, mining, health care, tourism, housing and shipbuilding
- Pursue energy independence and competitive power rates



# Medium-Term targets

(growth rates, in percent)

	Actual 2005	2006		2007		2008		2009		2010	
		low	high	low	high	low	high	low	high	low	high
GNP	5.7	5.9	6.6	6.1	6.9	6.1	6.9	6.4	7.4	6.5	7.5
GDP	5.1	5.5	6.2	5.8	6.6	5.9	6.7	6.2	7.2	6.3	7.3
Agriculture	2.0	3.5	4.0	3.7	4.7	4.2	5.2	4.5	5.5	4.5	5.5
Industry	5.3	5.4	6.2	5.8	6.5	5.7	6.5	6.4	7.4	6.6	7.6
Services	6.3	6.4	7.0	6.7	7.5	6.7	7.4	6.8	7.7	6.8	7.7

Source: DBCC



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# Growth Drivers for 2006

Agriculture Growth Forecast: 3.5 percent

- Increased planting of hybrid rice
- Fishery sector to sustain a 6.0 percent expansion.
- Strong external demand for high value commercial crops



# Growth Drivers for 2006

Industry Growth Forecast: 5.4 percent

- Upbeat interest in the mining sector
- Private construction to be driven by OFW demand
- Expected positive growth of both domestic-oriented manufactures and export-oriented manufactures



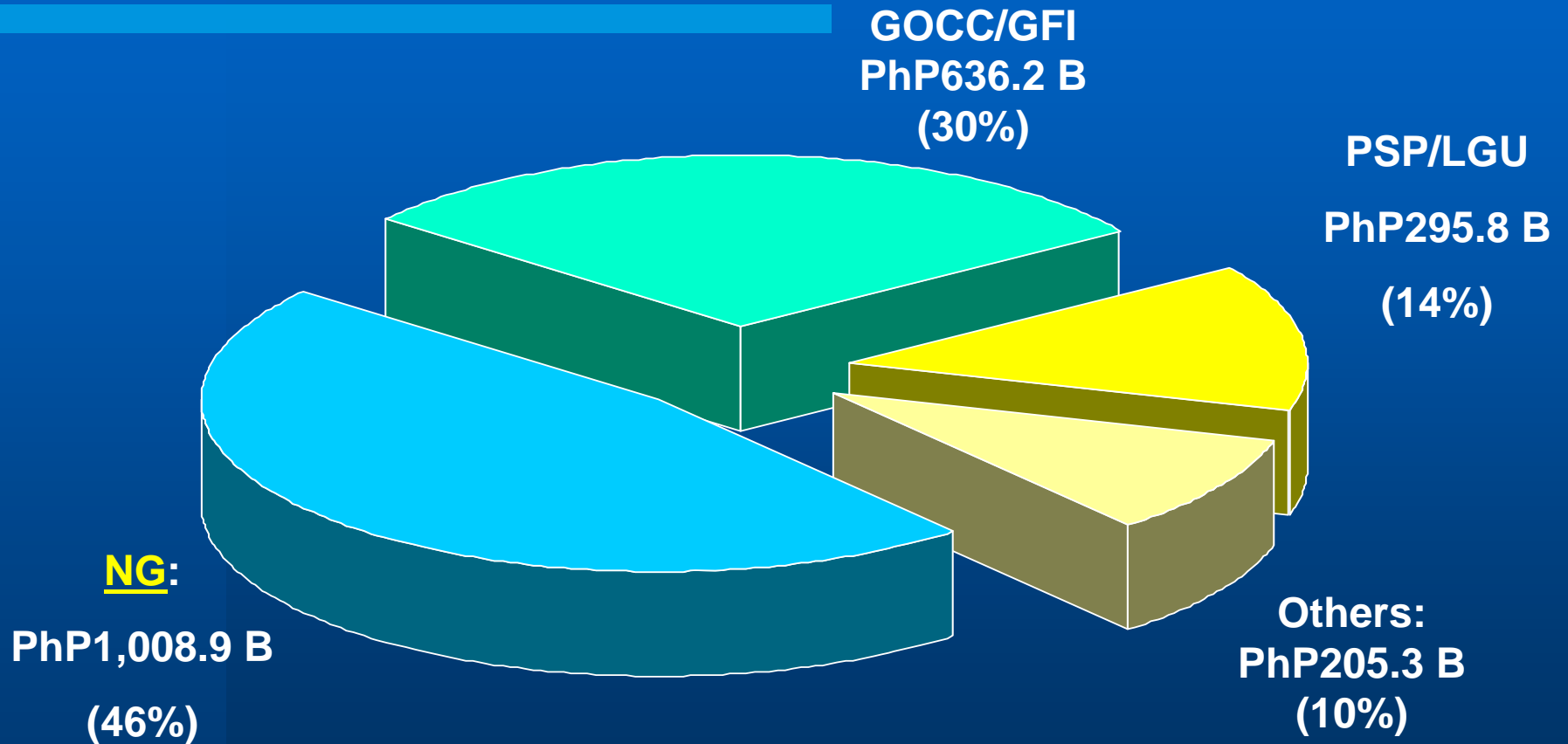
# Growth Drivers for 2006

Services Growth Forecast: 6.4 percent

- Booming call center and BPOs
- Growth of finance
- Faster growth in wholesale and retail trade
- Increase in tourist arrivals
- Growth of transport sector



# Updated MTPIP Requirements by Financing



# Infrastructure

- Increase infrastructure to GDP spending from 2.2 percent to 4-5 percent

Infrastructure Investment to GDP Ratio (in percent)



Years

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# Infrastructure

- Encourage stand-alone infrastructure projects
- Modalities of project financing
  - all government financed by own budget and multilateral institutions
  - all private sector without government guarantees
  - GOCCs: revenue-generating projects
  - hybrid or combination of above



# Infrastructure

- Implement and/or monitor priority infrastructure projects, especially those supportive of the 10-point agenda
  - Subic-Clark-Tarlac corridor
  - MRT/LRT Loop
  - Strong Republic Nautical Highway



# 2005-2010 MTPIP Investments Responsive to the 10-Point Agenda

	Cost in PhP Billion
1. Six to ten million jobs	492.1
2. Education for all	108.8
3. Balance the national budget	8.1
4. Develop transportation networks and digital infrastructure	211.3
5. Provision of power and water to all barangays	69.4
6. Decongestion of Metro Manila	179.5
7. Development of Clark and Subic as logistics centers in Asia	63.9
8. Automation of the electoral process	12.9
9. Just completion of the peace process	0.1
10. Closure of wounds caused by division due to EDSA 1, 2 and 3	Policy-oriented, thus no MTPIP type of activities
<b>TOTAL</b>	<b>1,146.3</b>



## 2005-2010 MTPIP Investments Responsive to the MDGs

	Cost in PhP Billion
1. Eradicate extreme poverty and hunger	145.8
2. Achieve universal primary education	122.4
3. Promote gender equality and empower women	11.4
4. Reduce child mortality	2.4
5. Improve maternal health	3.7
6. Combat HIV/AIDS, malaria and other diseases	1.9
7. Ensure environmental sustainability	205.6
8. Develop a global partnership for development	11.9
<b>TOTAL</b>	<b>505.5</b>



# Rural Development and Knowledge Diffusion

- Distribution of 4 million hectares of public uplands and grasslands
- More funding for farm productivity
- Rural investment interventions
- Income diversification or income-enhancing activities



# Conclusion

- Country program strategies aligned to government priorities
- Support for investment requirements
- Mobilizing greater private sector investments including public-private partnership
- MTPDP targets remain relevant, doable and attainable



# DEVELOPMENT AGENDA

