



The Philippine Economy Taking Center Stage Amid Headwinds



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ABOUT THE DEPARTMENT OF FINANCE

The Department of Finance (DOF) is the government's steward of sound fiscal policy. It formulates revenue policies that will ensure funding of critical government programs that promote welfare among our people and accelerate economic growth and stability.

The Department envisions that the effective and efficient pursuit of the critical tasks under its wings—revenue generation, resource mobilization, debt management and financial market development—shall provide the solid foundation for a Philippine economy that is one of the most active and dynamic in the world.

The fact that the birth of the Department of Finance predated

that of the Philippine Republic is testimony to its importance. Founded on April 24, 1897 by the Philippine Revolutionary Government, the DOF has undergone various structural and functional overhauls, but has nonetheless remained a key department. At present, the critical tasks of revenue generation, resource mobilization, and fiscal management rest on the shoulder of the Department of Finance.

The government must provide the citizenry with infrastructure, education, health, and other basic services; and the DOF must be ready with the funds for them. Likewise, the DOF must steer fiscal programs toward an investment-friendly environment, which is the catalyst for growth.

VISION AND MISSION

VISION

- A strong economy with stable prices and strong growth;
- A stable fiscal situation with adequate resources for government projects, infrastructure, education, health, and other basic services;
- A borrowing program that is able to avoid the crowding-out effect on the private sector and minimizes costs;
- A public sector debt profile with long maturities and an optimum mix of currencies that minimizes the impact of currency movements; and
- A strong economic growth with equity and productivity.

MISSION

Our economy must be one of the most dynamic and active in the world, globally competitive and onward looking. The DOF shall take the lead in providing a solid foundation for the achievement of this objective by building a strong fiscal position, through the:

- Formulation, institutionalization, and administration of sound fiscal policies;
- Improvement of tax collection efficiency and non-tax revenue efforts;
- Mobilization of adequate resources on most advantageous terms to meet budgetary requirements;
- Sound management of public sector debt; and
- Initiation and implementation of structural and policy reforms.

POWERS AND FUNCTION



- 1 Formulate goals, action plans, and strategies for the Governments resource mobilization effort
- 2 Formulate, institutionalize, and administer fiscal and tax policies
- 3 Supervise, direct, and control the collection of government revenues
- 4 Act as custodian of, and manage all financial resources of Government
- 5 Manage public debt
- 6 Review and coordinate policies, plans, and programs of GOCCs
- 7 Monitor and support the implementation of policies and measures on local revenue administration
- 8 Coordinate with other government agencies on matters concerning fiscal, monetary, trade, and other economic policies
- 9 Investigate and arrest illegal activities such as smuggling, dumping, illegal logging, etc. affecting national economic interest

INTRODUCTION

2023 Economy At The Center Stage

The Philippines has taken center stage as one of the fastest growing economies in ASEAN in 2023. It weathered economic headwinds from geopolitical tensions, imposition of trade restrictions, to extreme weather events resulting in high inflation, especially for rice and fuel.

The economy has displayed resilience, growing by 5.5% and outpacing its ASEAN neighbors including China. The economic expansion was driven by robust domestic demand, strong labor market, increase in Overseas Filipinos' (OF) remittances, and broad-based expansion in all production sectors.

The reconstitution of the Economic Development Group (EDG) and the creation of the Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO) in 2023 further strengthened the all-of-government approach in the implementation of coherent macroeconomic policies and game-changing structural reforms.

The enactment of the Public-Private Partnership (PPP) Code and the Maharlika Investment Fund (MIF) positioned the country as a prime destination for investments. The PPP Code optimizes public-private collaborations and promotes high-quality infrastructure and services to reach the government's target infrastructure spending of 5.0% to 6.0% of GDP annually.

Moreover, the ratification of the Regional Comprehensive Economic Partnership (RCEP) and other Free Trade Agreements (FTAs), such as the Philippines and South

Korea FTA, is expected to facilitate trade diversification and expand the country's market access for goods and services, attract more investments, and create more and better jobs.

Inflation rate remained 6.0% in 2023 despite global concerns on rising commodity prices. The government was quick to implement direct measures to augment domestic supply, address logistical bottlenecks, and arrest uncompetitive practices in key commodity markets. The Bangko Sentral ng Pilipinas (BSP) also hiked its key policy rate by a cumulative 100 basis points to 6.5% to help anchor inflation expectations.

The banking sector was well-positioned to support the economy with capital adequacy ratios above regulatory requirements of the BSP and BSP-supervised institutions.

As for the external sector, the country's balance of payments position rebounded to a surplus at 0.8% of GDP in 2023 on the back of improved balance of trade and higher net inflows from Overseas Filipino-remittances and trade in services. Gross international reserves reached USD 103.8 million as of end-2023, providing a sufficient external liquidity buffer equivalent to 7.7 months' worth of imports of goods and payments of services and primary income.

The continued inflows of OF remittances, export revenues from business process outsourcing firms, tourism receipts, and foreign direct investments provided stable sources of foreign exchange.

Moreover, fiscal policy remained supportive of the country's growth objectives under the fiscal consolidation program. The National Government (NG) debt-to-GDP ratio improved to 60.2% from 60.9% in 2022 while the deficit-to-GDP ratio dropped to 6.2% from 7.3% in 2022. These fiscal ratios indicate that we are on track to achieving our Medium-Term Fiscal Framework (MTFF) targets.

Key tax reforms that are already in the advanced stages in the House of Representatives (HOR) include the rationalization of the mining fiscal regime and the motor vehicle road user's tax, which were approved on third and final reading in 2023. The Automatic Income Classification of Local Government Units (LGUs) Act was also passed.

The continued strong macroeconomic fundamentals and policies helped reduce the poverty incidence to 15.5%. The government will also continue to implement measures to improve the lives of every Filipino in the years to come.

Credit rating agencies and market analysts express confidence in the country's macroeconomic fundamentals, as shown by the affirmation of our investor-grade credit ratings amid a sea of downgrades in other economies, including the US. Multilateral organizations have acknowledged the MTFF as a firm commitment of the Marcos, Jr. administration to gradual fiscal consolidation and affirmed a bright outlook for the Philippines as one of the fastest growing economies among the major economies in Asia in 2024 and 2025.



MESSAGE OF THE SECRETARY

I am pleased to present the 2023 Annual Report of the Department of Finance (DOF) – a testament to the dedication and integrity of the women and men of the DOF and its attached bureaus and agencies. Throughout a tumultuous year of recovery for the Philippine economy, the DOF charged forward in its commitment to sound fiscal policy and management.

In 2023, economic growth was sustained, with a 5.5 percent expansion driven by robust household spending and a flourishing services sector. Despite falling short of the 6-7 percent growth target, the Philippine economy grew faster than its regional counterparts, including Vietnam, Indonesia, Malaysia, Thailand, and Singapore.

The Marcos Jr. administration's economic team, headed by the DOF, adopted a comprehensive whole-of-government approach to managing inflation and protecting the most vulnerable sectors through the Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO). While headline inflation stood at 6 percent in 2023, the inflation rate dropped to its lowest for the year at 3.9 percent in December 2023.

Revenue collections reached unprecedented heights in 2023, totaling PhP3.824 trillion, a 7.9 percent increase from the previous year. This remarkable achievement was propelled by sustained tax and non-tax collections, with taxes accounting for 89.7 percent of total revenues.

The combined efforts of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) contributed to the continuing strength of our revenue base.

BIR collections reached PhP2.517 trillion, up by 7.8 percent compared to 2022, driven by its intensified taxpayer compliance and tax enforcement activities, such as the Run After Fake Transactions (RAFT) program.

Meanwhile, the BOC collected PhP 883.213 billion in 2023, a 1.0 percent increase from last year even as world crude prices dropped and as a result of its strict enforcement of anti-smuggling measures and staunch promotion of trade digitalization.

Non-tax revenues amounted to PhP 394.8 billion, up by 21.4 percent. This sharp increase was driven by the 47.1 percent upsurge in the income of the Bureau of the Treasury (BTr) brought by higher remittances of dividends from GOCCs, income from investments, interest on NG deposits, as well as NG share in PAGCOR profit.

Notably, the fiscal deficit-to-GDP ratio decreased to 6.2 percent, and the debt-to-GDP ratio dipped to 60.2 percent, aligning with our medium-term fiscal consolidation plan and demonstrating our commitment to financial stability.

In line with our commitment to modernizing government processes, we embraced digital transformation initiatives aimed at enhancing efficiency and transparency from top to bottom.

Digitalization significantly augmented our revenue performance. For instance, the BIR bolstered its Digital Transformation (DX) Program, which streamlines tax processes to enhance taxpayer experience and eventually, has increased taxpayer compliance. Similarly,

the BOC has digitalized 161 out of 166 customs processes, resulting in a 97-percent digitalization rate. These efforts allowed the Bureau to enhance its trade facilitation.

We continue to diversify financing sources and promote greater financial inclusion.

The Philippines raised USD 1 billion in its maiden issuance of Sukuk Bonds, marking the government's first venture in the global Islamic financial markets. Sukuk allows the country to expand its financing base by tapping Islamic-focused investors in the Middle East.

In addition, the BTr launched the country's first-ever tokenized treasury bonds (TTBs) to promote greater financial inclusion and broader participation in the bond market. The maiden offering was met with enthusiasm, with the book size reaching P31.426 billion – more than three times the target issue size of P10 billion.

In 2023, the DOF championed the enactment of three key legislative priorities, including the Public-Private Partnership (PPP) Code, the Automatic Income Classification of Local Government Units Act, and the Maharlika Investment Fund (MIF) Act. When fully implemented, these new laws shall be key catalysts of infrastructure investment and sustainable economic growth.

In line with our commitment to climate resilience, we approved substantial funding for climate adaptation projects and pushed the envelope in championing the Philippines' participation in global climate finance discussions.

As we take stock of the milestones and achievements of 2023, may we look back with pride on the past year and harness the lessons learned towards a better, faster, and stronger DOF in the years to come.



Benjamin E. Diokno
SECRETARY OF FINANCE

2023 MILESTONES

SEPTEMBER 20, 2022

Finance Secretary Benjamin E. Diokno Joined PBBM to Spotlight Philippines as a premier Asian Investment Hub at NYSE Business Forum

Finance Secretary Benjamin E. Diokno joined President BongBong Marcos at the New York Stock Exchange (NYSE) Business Forum where Marcos touted the Philippines as a top Asian investment destination.



JUNE 17, 2023

Government initiated Sweeping Reforms in PPP Framework within First 100 Days of President's Term, Advocates for Passage of the PPP Act

Within the first 100 days of the President's term, the government revamped the Build-Operate-Transfer (BOT) Law's rules to bolster the Public-Private Partnership (PPP) Framework. Further actions included revising ICC Guidelines and NEDA Joint Venture Guidelines. The economic team advocates for the PPP Act's passage, a priority bill under the PBBM Administration.



OCTOBER 25, 2023

Finance Secretary Diokno Secured EUR60 Million Green Economy Programme Deal with EU

Finance Secretary Diokno signed a EUR60-m deal for the Green Economy Programme with EU Commissioner Urpilainen in Brussels.



NOVEMBER 10, 2023

Secretary Diokno Showcased Philippines' Strong Economic Growth and Investing Potential at Reuters NEXT

Secretary Diokno highlighted the Philippines' robust Q3 2023 economic growth, inflation outlook, and investment potential at Reuters NEXT. He proudly announced a 5.9% growth rate, surpassing regional peers like China, Indonesia, Malaysia, and Vietnam.



DECEMBER 1, 2023

Finance Secretary Diokno Participated at COP28 and Inaugurated Philippine Pavilion at Expo City, Dubai

Finance Secretary Diokno joined the country's delegation in a ribbon-cutting ceremony for the opening of the Philippine Pavilion at the Al Wasl Area in Expo City, Dubai, United Arab Emirates (UAE).



DECEMBER 15, 2023

Philippines and ADB Inked Landmark Loan Agreement for Bataan-Cavite Interlink Bridge Project

The Philippines and the Asian Development Bank (ADB) signed the loan agreement for the first tranche of the Bataan- Cavite Interlink Bridge (BCIB) Project, which is poised to become one of the world's longest marine bridges once completed.



MAY 29, 2023

Secretary Diokno Spotligthed Philippine Stock Exchange (PSE)'s Vital Role in Philippines' Growth and Financial Stability, Announced New Designation for IPO and Offering Ceremonies

Secretary Diokno emphasized the PSE's crucial role in sustaining the Philippines' growth and financial stability. The PSE Events Hall is now designated for IPO, follow-on offering, and stock rights offering ceremonies.



JULY 18, 2023

PBBM Inked Historic Maharlika Investment Fund (MIF) Act to Accelerate Economic Growth

Finance Secretary Diokno joined President Marcos, Jr. for the ceremonial signing of the Maharlika Investment Fund Act at the Malacañang Palace. The MIF aims to boost economic growth by optimizing government financial assets.



NOVEMBER 6, 2023

Finance Secretary Diokno Celebrated the Success of Retail Dollar Bond 2, Paving the Way for Long-Term Economic Growth and Financial Inclusion

At the bell-ringing Ceremony at Makati City, Secretary Diokno highlighted the success of the Retail Dollar Bond 2 (RDB 2) as its issuance will drive long-term economic growth and enable greater financial inclusion among Filipinos.



NOVEMBER 16, 2023

Finance Secretary Diokno and PBBM Led Philippine Economic Briefing in San Francisco, Unveiling Growth Strategies and Investment Opportunities Ahead of APEC Economic Leader's Week

Finance Secretary Diokno and cabinet officials hosted the Philippine Economic Briefing in San Francisco. President Marcos, Jr. highlighted the Philippines' growth strategies and investment areas ahead of the APEC Economic Leader's Week.



DECEMBER 8, 2023

Finance Secretary Diokno and Nasdaq Dubai and Dubai Financial Market (DFM) CEO Hamed Ali Celebrated Listing of Republic of the Philippines' 5.5- Year Dollar Sukuk

Finance Secretary Diokno and DFM CEO Ali rang the market opening bell at the Nasdaq Dubai MarketSite, commemorating the Republic of the Philippines (ROP)'s listing of its 5.5-Year dollar Sukuk in Nasdaq Dubai.





PART 1

GROWTH BY LEAPS AND BOUNDS

A. Economic Performance

The Philippines finished strong in 2023 outpacing major economies in Asia

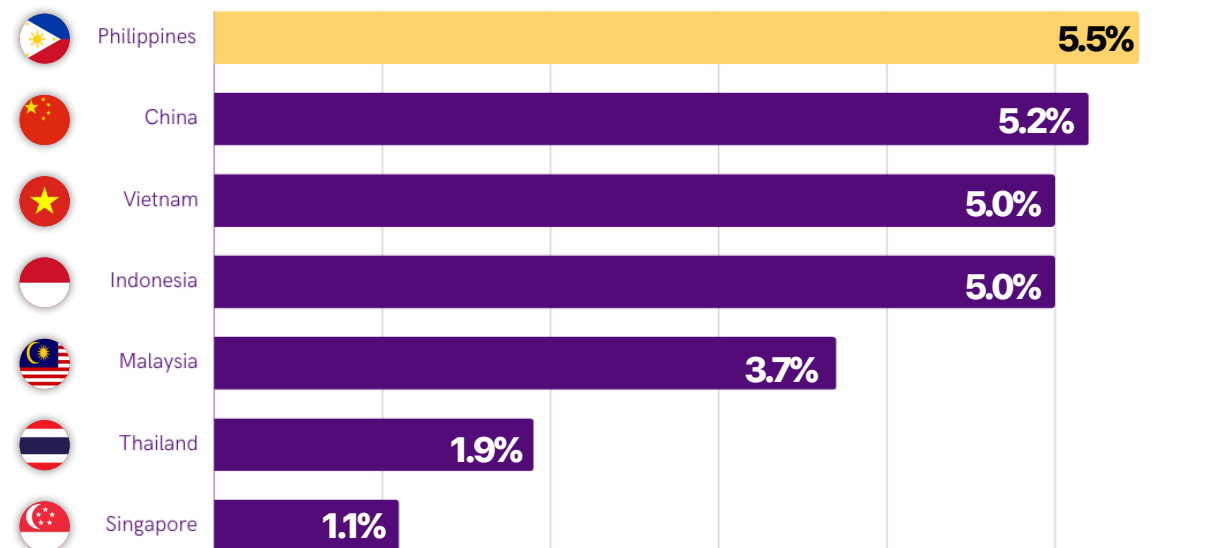


Figure 1. Philippine Full-Year Gross Domestic Product Growth versus Major Asian Economies
Source: Bangko Sentral ng Pilipinas (BSP) Report on Economic Indicators of Selected Countries and Philippine Statistics Authority (PSA)

The Philippines finished strong in 2023 with a full-year gross domestic product (GDP) growth rate of 5.5%, outpacing major economies in Asia, such as China (5.2%), Vietnam (5.0%), Indonesia (5.0%), Malaysia (3.7%), Thailand (1.9%) and Singapore (1.1%).

The economic performance in 2023 also exceeded or matched the forecasts of multilateral organizations and private analysts, such as the International Monetary Fund (IMF), the ASEAN+3 Macroeconomic Research Office (AMRO), and the World Bank (WB).

Domestic demand was fueled by higher household consumption and investments.

The robust household consumption reflects strong spending, supported by a healthy job market, consistent inflows of

remittances from overseas Filipinos, and a surge in demand for goods and services.

Faster private consumption in the fourth quarter (Q4) of 2023 was driven by restaurants, hotels, and transport, indicating that people are going out more and have more money to enjoy non-essential activities.

Public infrastructure under the Build Better More Program has reaped benefits in terms of its high multiplier effect on the economy. These economic breakthroughs are well manifested in the continuously improving employment conditions.

In December 2023, the Philippines recorded **the lowest unemployment rate since 2005 at 3.1%**, indicating sustained enhancement in the labor market as more Filipinos are being hired.

This brings the full-year 2023

unemployment rate to 4.3%, way below the government's 5.3% to 6.4% target for 2023 and within the 4.0% to 5.0% target for 2028 as laid out in the Philippine Development Plan (PDP) 2023-2028.

Apart from the increased number of employed individuals, the results showed that people are engaged in more quality jobs as underemployment continues to decrease, reaching 11.9% in December 2023 as compared to the 12.6% recorded in the same month in 2022.

In the same month, wage and salary workers continued to contribute the largest share of employed individuals at

62.7%, of which 49.2% came from private establishments.

Wage and salary workers are also the main contributors to the increase in employment during said month, translating to about 1.4 million out of 1.5 million created jobs for the period.

In absolute terms, the country's employed Filipinos in December reached 50.5 million, up by 889,000 from the previous month. On an annual basis, the country added 1.5 million jobs from 49 million in December 2022.



5.5%

Full-Year Gross Domestic Product Growth



PHP 3.824 trillion

Total revenues collected



60.1%

Debt-to-GDP



6.2%

Deficit-to-GDP

	2022	2023
Unemployment	5.4%	4.3 % ↓
Employment	94.6%	95.7 ↑
Underemployment	14.2%	12.3% ↓
Labor Force Participation	64.7%	64.9% ↑

Table 1. Labor Force Full-Year 2022 (final) vs. Full-Year 2023 (preliminary)

Source: Philippine Statistics Authority Labor Force Survey

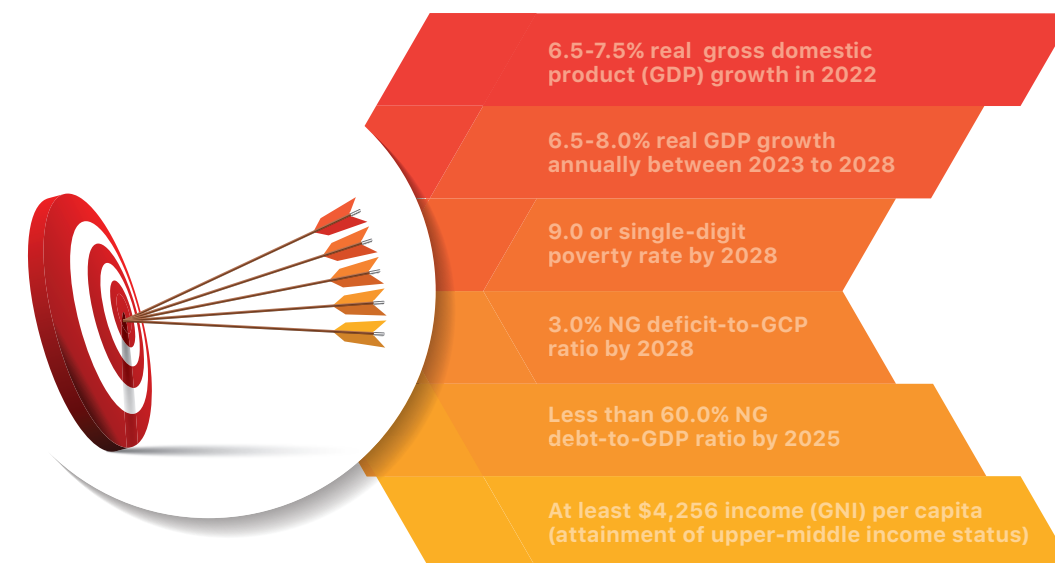
B. Medium-Term Fiscal Framework Targets

In 2023, multilateral organizations, particularly the IMF and the AMRO, recognized that the MTFF was a firm commitment of the Marcos administration to a gradual fiscal consolidation path that will anchor fiscal sustainability and restore fiscal space.

During consultation meetings and in a number of economic briefings, the DOF emphasized the MTFF as the Marcos administration's blueprint to reduce the country's fiscal deficit, promote fiscal sustainability, and enable robust economic growth.

The Philippine government committed to implementing the MTFF, which was one of the priorities of the President mentioned in the first and second State of the Nation Address (SONA).

Of the 2023 fiscal targets under the MTFF, the NG's fiscal deficit-to-GDP ratio further improved to 6.2% in 2023 from 7.3% in the previous year, albeit slightly higher than the 6.1% program and MTFF target. Meanwhile, the country recorded an NG debt-to-GDP ratio of 60.1% for 2023, well within the MTFF debt target of 61.2%.



C. Fiscal Performance

I. Fiscal Programs and Performance

Fiscal Performance For the Period Indicated

(In Billion Pesos)

Year-on-Year

Particulars	January to December p/ (Actual)			
	2022	2023	Diff	YoY
REVENUES	3,545.5	3,824.1	278.6	7.8%
Tax Revenues	3,220.3	3,429.3	209.0	6.4%
BIR ^{1/}	2,335.7	2,517.0	181.3	7.7%
BOC ^{2/}	862.4	883.2	20.8	2.4%
Other Offices	22.2	29.1	6.9	30.9%
Non-Tax Revenues	325.2	394.8	69.6	21.4%
BTr	154.8	227.6	72.9	47.0%
Other Offices	170.4	167.2	(3.3)	-1.9%
EXPENDITURES	5,159.6	5,336.2	176.6	3.4%
Interest Payments	502.9	628.3	125.5	24.9%
Others	4,656.8	4,707.9	51.1	1.1%
SURPLUS/ (DEFICIT)	(1,614.1)	(1,512.1)	102.0	-6.3%
Primary Surplus/ (Deficit)	(1,111.3)	(883.8)	227.5	-20.4%

Table 2. Fiscal Performance for January to December 2023

Source: Bureau of the Treasury Full Year 2023 Cash Operations Report

a. Revenues

In 2023, the government's total revenue soared to an impressive PHP 3.8 trillion, higher by 7.9% or PHP 278.6 billion from the previous year. This growth was driven by notable improvements across both tax and non-tax revenues.

The country's total revenue effort accounted for 15.7% of the GDP, higher than the 15.2% program.

Breaking down the figures, tax revenues, which constituted 89.7% of the total, reached PHP 3.4 trillion—a 6.5% year-over-year (YoY) growth.

The Bureau of Internal Revenue (BIR) demonstrated its capacity to generate substantial fiscal resources, collecting PHP 2.5 trillion for FY 2023. This marks a 7.8% increase from the previous year's PHP 2.3 trillion, showcasing the BIR's continued commitment to strengthening tax compliance and expanding its revenue base.

On the other hand, the Bureau of Customs' (BOC) full-year collections amounted to PHP 883.2 billion. This reflects a 2.4% increase, or PHP 20.8 billion, over the previous year's PHP 862.4 billion.

The BOC's success can be attributed to its enhanced revenue collection initiatives, intensified anti-smuggling operations, and the ongoing digitalization

of trade processes aimed at facilitating smoother transactions.

The tax effort was recorded at 14.1% of the country's GDP.

Non-tax revenues, which made up the remaining 10.3% of total revenue or PHP 394.8 billion, grew by 47.1% YoY.

The Bureau of the Treasury's (BTr) income in 2023 surged to PHP 227.6 billion, exceeding the previous year's outturn of P154.8 billion by 47.1% from P72.9 billion.

The robust non-tax revenues were due to higher remittances of dividends from GOCCs, income from investments, and interest on National Government deposits.

This made up 1.6% of the country's GDP.

b. Disbursements

2023 was a year of strategic spending for the Philippine government with its full-year disbursements reaching PHP 5.3 trillion. This is 3.4% or PHP 176.6 billion higher than in 2022.

To sustain economic momentum, primary expenditures which accounted for 88.2% of the total 2023 expenditures saw a steady increase to PHP 4.7 trillion, 1.1% higher than the PHP 4.7 trillion logged in 2022.

The reduction in National Tax Allotment shares for Local Government Units (LGUs) in 2023 was a notable factor that tempered

the growth of primary spending. However, this was offset by sustained investment in productive expenditures, particularly in infrastructure development and other capital outlays, as well as in personnel services expenses. These investments were pivotal in driving economic resilience and supporting key government initiatives throughout the year.

Interest payments (IP) for 2023 rose to PHP 628.3 billion, a 25% increase (PHP 125.5 billion) from the previous year. This was largely driven by the global tightening of funding conditions and the elevated borrowing needs that arose from pandemic-related stimulus measures.

The total expenditure was at 22.0% of GDP, surpassing the 21.3% target.

c. Deficit

In 2023, the national government's primary deficit, excluding interest payments, significantly narrowed to PHP 883.8 billion, reflecting a 20.5% reduction compared to the previous year.

This notable improvement underscores the government's commitment to fiscal discipline, as the primary deficit also came in slightly below the 2023 program by 0.6% or PHP 5.0 billion.

In 2023, the country's deficit stood at 6.2% of GDP, significantly below the 7.3% deficit-to-GDP ratio recorded in 2022.

II. Government Corporate Sector and Privatization

a. Government Corporate Sector

The Privatization and Corporate Affairs Group (PCAG) collected a total of PHP 100.7 billion in dividends from Government-Owned or -Controlled Corporations (GOCCs) in 2023, exceeding its collections of PHP 68.3 billion in 2022 by 46%.

The increased dividend collection is a result of fiscal discipline that the DOF continues to instill in GOCCs. These dividends will help manage our deficit and will be used to support the country's development needs.

A total of 52 GOCCs remitted dividends to the National Treasury as of December 31, 2023.

Rest assured, the DOF will remain steadfast in its commitment to strictly monitor the performance of our GOCCs, ensuring that they are well-run and are operating within the bounds of national development policies and programs.

GOCCS

1. Bangko Sentral ng Pilipinas	27. Food Terminal, Inc.
2. Philippine Deposit Insurance Corporation	28. Philippine Fisheries Development Authority
3. Philippine Amusement and Gaming Corporation	29. Philippine Crop Insurance Corporation
4. Philippine Ports Authority	30. Authority of Freeport Area of Bataan
5. Power Sector Assets and Liabilities Management Corporation	31. LBP Leasing and Finance Corporation
6. Philippine Charity Sweepstakes Office	32. National Electrification Administration
7. Philippine National Oil Company	33. Social Housing Finance Corporation
8. Subic Bay Metropolitan Authority	34. Laguna Lake Development Authority
9. National Transmission Corporation	35. LBP Resources and Development Corporation
10. Philippine Reclamation Authority	36. Partido Development Administration
11. Clark Development Corporation	37. Philippine Aerospace Development Corporation
12. Philippine Guarantee Corporation	38. Human Settlements Development Corporation
13. Philippine Economic Zone Authority	39. Philippine Mining Development Corporation
14. Metropolitan Waterworks and Sewerage System	40. National Housing Authority
15. PNOG Exploration Corporation	41. Philippine International Convention Center, Inc.
16. Bases Conversion and Development Authority	42. Batangas Land Company, Inc.
17. Cebu Port Authority	43. Small Business Corporation
18. Phividec Industrial Authority	44. DBP Data Center, Inc.
19. Philippine Retirement Authority	45. John Hay Management Corporation
20. Clark International Airport Corporation	46. Poro Point Management Corporation
21. National Home Mortgage Finance Corporation	47. Landbank Securities, Inc. (Formerly UCPB Securities, Inc.)
22. Manila International Airport Authority	48. Kamayan Realty Corporation
23. APO Production Unit, Inc.	49. Tourism Promotions Board
24. LBP Insurance Brokerage, Inc.	50. Alabang-Sto. Tomas Development, Inc.
25. Sugar Regulatory Administration	51. NDC- Philippine Infrastructure Corporation
26. National Development Company	52. Philippine Rice Research Institute

Table 3. List of Top Government-Owned and Controlled Corporations (GOCCs) Dividends Contributors in 2023

Source: Bureau of the Treasury (BTr)

The dividends have been a major source of non-tax revenues to fund the accelerated implementation of programs on infrastructure and various social and economic programs of the government.

b. Privatization Efforts

In 2023, the Privatization and Management Office (PMO) collected a total of PHP 1.9 billion from its privatization efforts, almost quadrupling its PHP 501 million proceeds from 2022.

The breakdown of the privatization proceeds are as follows:

SOURCE	AMOUNT (IN PHP THOUSANDS)
Sales	568,229,459.7
Al-Amanah Islamic Investment Bank	28,470,150.0
Development Bank of Rizal	10,100,000.0
Leyte Park Hotel	49,316,377.7
Nonoc Mining Industrial Corporation	320,889,400.0
Peninsula Development Bank	850,000.0
Radio Philippine Network	300,000.0
Technology Resources Corporation	158,303,532.0
Leases	147,733,952.2
Mile Long Complex	90,758,189.2
National Housing Authority Property Special Economic Zone Complex Caloocan City	21,293,971.2
Cultural Center of Philippines	33,587,566.4
Central Bank-Board of Liquidators	1,176,000.0
Leyte Park Hotel	61,310.4
Land Settlement Development Corp.	360,000.0
Elorde Sports & Tourism Development Corp.	496,915.0
Dividends	
Semirara Mining Corp.	1,019,265,223.2
Others (Claim Settlement)	206,091,826.9
Metro Manila Development Authority	183,404,454.9
Northern Cement Corporation	10,665,013.2
Golden Country Farms, Inc.	400,000
Development Bank of Rizal.	11,622,358.9
Interest	162,830.0
TOTAL	1,941,483,292.1

Table 4. Breakdown of Privatization Proceeds by end 2023

Source: Privatization Management Office (PMO)

D. Fiscal Reforms

To achieve our medium-term-fiscal goals, we are pursuing the passage of the following priority reforms.

PRIORITY REFORMS AND TARGET PASSAGE

No.	Subject/Title of the Bill	Salient Features of the Bill	House	Senate
1	Real Property Valuation and Assessment Reform (RPVAR) Act	This aims to promote the development of a just, equitable, and efficient real property valuation system.	House Bill (HB) 6558 Approved on 3rd reading on December 12, 2022	Senate Bill (SB) 2386/CR 99 Pending 2nd reading (Period of Interpellation since September 12, 2023)
2	Passive Income and Financial Intermediary Taxation	This complements the recently-passed Tax Reform for Acceleration and Inclusion Act (TRAIN) by making passive income and financial intermediary taxes simpler, fairer, more efficient, and more competitive regionally.	HB 4339 Approved on 3rd reading on November 14, 2022	SBs 900, 1347, 1364 and 1848 Pending in the Committee on Ways and Means since August 31, 2022
3	VAT on Digital Service Providers	The measure seeks to level the playing field between traditional versus digital businesses by clarifying the imposition of VAT on digital service providers (DSP); and between residents, who are already subject to VAT, versus non-resident DSPs, who are not yet subject to VAT.	HB 4122 Approved on 3rd reading on November 14, 2022	Unnumbered Substitute Bill to SB 250 Pending in the Committee on Ways and Means (5th TWG discussion on October 10, 2023) Pending submission of Committee Report since December 14, 2023

4	Excise Tax on Single-Use Plastic Bags	This environmental tax seeks to curb the high volume of mismanaged plastics in the country and promote more sustainable practices.	HB 4102 Approved on 3rd reading on November 14, 2022	SBs 1449 and 1844 Pending in the Committee on Ways and Means since November 22, 2022
5	Military and Uniformed Personnel Pension Reform	The measure aims to provide mechanisms that will ensure and maintain a viable pension system that is correspondingly valuable to the modernization of the State's national defense, in order to continuously enhance its capability of protecting our country.	HB 8969 Approved on 3rd reading on September 25, 2023	SB 2501/CR 173 Pending 2nd Reading (Sponsored on December 4, 2023)
6	Amendments to the Land Bank Charter	This aims to institutionalize its expansion as a corporate entity that will address the extent of its power to act, operate and take in investments.	HBs 3844 and 9280 Pending in the Committee on Banks and Financial Intermediaries since August 30, 2022	SBs 123 and 2760 Pending in the Committee on Banks, Financial Institutions and Currencies since August 1, 2022
7	Amendments to the Philippine Crop Insurance Corporation (PCIC) Charter	This bill seeks to amend the PCIC Charter to require insurance payment that reflects the actual cost incurred and/or the value of the projected harvest of our farmers.	HB 7387 Approved on 3rd reading on March 21, 2023	SBs 115, 766, 958, and 1666 Pending in the Committee on Government Corporations and Public Enterprises since August 1, 2022

Table 5. Legislative status of DOF priority bills in the 19th Congress
Source: Department of Finance Fiscal Policy and Monitoring Group (FPMG)

E. Fundraising Efforts

I. Financing Performance

The National Government was able to balance domestic and international borrowings despite challenges in interest rates as it was able to secure PHP 2.2 trillion in gross borrowings for 2023. These funds were crucial in addressing its PHP 1.5 trillion budget gap and fulfilling PHP 943.6 billion in refinancing needs.

PARTICULARS (IN PHP BILLION)	2023		ACTUAL VS REVISED		
	PROGRAM ^{1/}	REVISED PROGRAM ^{2/}	ACTUAL ^{3/}	DIFF	%
NET FINANCING	2,082.5	2,085.1	2,070.9	-14.2	-1%
External Borrowing (Net)	431.0	434.9	437.9	3.0	1%
External Borrowing (Gross)	553.5	553.5	559.0	5.5	1%
Project Loans	69.3	54.3	135.9	81.5	150%
Program Loans	219.2	279.2	204.2	-74.9	-27%
Bonds and Other Inflows	265.0	220.0	218.9	-1.1	-1%
Less: Amortization	122.5	118.6	121.1	2.5	2%
Domestic Borrowing (Net)	1,651.5	1,650.1	1,632.9	-17.2	-1%
Domestic Borrowings (Gross)	1,653.5	1,653.5	1,634.2	-19.3	-1%
Treasury Bills	54.1	54.1	119.5	65.5	121%
Treasury Bonds	1,599.5	1,599.5	1,514.7	-84.8	-5%
Less: Net Amortization	2.0	3.4	1,300.0	-2.1	-61%
Amortization	897.2	822.8	822.5	-272.0	0%
o/w Serviced by the BSF ^{4/}	895.2	819.4	821.2	1.8	0%
GROSS FINANCING	2,207.0	2,207.0	2,193.3	-13.7	-1%
Financing Mix (% of Total)					
External	25%	25%	25%		
Domestic	75%	75%	75%		

1/ Based on BESF 2023 Table D.1

2/ Based on BESF 2024 Table D.1

3/ Preliminary data sourced from BTr-Cash Operations Report (with actual data as Nov 2023)

4/ Actual redemption from Sinking Fund

Table 6. National Government Financing FY 2023

Source: Bureau of the Treasury

In alignment with its risk management goals and capital market development strategy, the government sourced PHP 1.6 trillion or 75% of its total financing from domestic markets. This figure was slightly below the revised target of PHP 1.7 trillion, primarily due to reduced Treasury bond issuances.

Treasury Bonds dominated the total domestic borrowings, contributing PHP 1.5

trillion through Retail Treasury Bonds (PHP 252.1 billion) coupled with an exchange program, Fixed Rate Treasury Bonds (PHP 1.18 trillion), Retail Onshore Dollar Bonds (PHP 71.8 billion), and Tokenized Bonds (PHP 15 billion). Meanwhile, the floatation of treasury bills contributed PHP 119.5 billion to the domestic funding effort.

On the external front, borrowings totaled PHP 559.0 billion, representing 25% of

total financing. Key components included PHP 218.9 billion from Global Bonds and Sukuk Bonds, and PHP 204.3 billion from program loans, primarily sourced from the International Bank for Reconstruction and Development (IBRD) and the Asian Development Bank (ADB).

Proceeds from project loans worth PHP 135.9 billion comprised the remaining 24% of the external financing effort, exceeding the PHP 54.3 billion updated program as the government ramped up the implementation of various infrastructure projects and programs. The largest source of project borrowings was Japan International Cooperation Agency (JICA) with PHP 66.8 billion while the ABD provided PHP44.8 billion.

Looking ahead to 2024, the government plans to maintain a 75:25 borrowing mix in favor of domestic sources to minimize exposure to foreign currency volatility while further developing the local bond market.

II. Domestic and Global Bond Issuances

The Bureau of the Treasury (BTr) continues to support the programs and projects of the National Government by efficiently raising funds for economic development through its successful local and international bond issuances in 2023, which underscores strong investor confidence in President Ferdinand R. Marcos, Jr.'s administration.

The country successfully returned to the international capital markets for the first time in January 2023 with the issuance of USD 3 billion (about PHP 167 billion) worth of 5.5-year, 10.5-year, and 25-year US dollar-denominated global bonds, with the latter a part of the Sustainable Finance Framework.

The 25-year sustainable bond offering is the fourth environmental, social, and governance (ESG) bond offering of the Philippines following the USD 2 billion (about PHP 111.4 billion) triple-tranche bond offering in October 2022, the JPY 70.1 billion (about PHP 27.5 billion) four-tranche Samurai bond in April 2022, and the USD 2.3 billion (about PHP 125.3 billion) triple-tranche bond offering in March 2022.

The rate of the 5.5-year and 10.5-year global bonds were priced at 105 basis points (bps) and 145 bps above similar tenor US Treasuries, with a coupon of 4.6 percent and 5 percent, respectively.

The coupon rates are 50 basis points tighter than the initial price guidance of 155 bps area and 195 bps area, respectively. Meanwhile, the 25-year Sustainability Bond was priced at 5.5 percent at par, 45 bps tighter than the initial price guidance of 6 percent area.

Before the end of 2023, the Philippines expanded its financing avenues to cater to Middle Eastern and Islamic instrument investors through the issuance of its maiden Sukuk bonds.

This involved leveraging real estate assets under Ijara and Wakala structures, along with incorporating a Commodity Murabaha element.

The issuance, amounting to USD 1 billion (about PHP 55.7 billion) in 5.5-year Sukuk, was priced at 80 bps above US Treasuries, equivalent to a rate of 5.0 percent.

The order book reached a peak oversubscription of 4.9 times. Notably, 30 percent of the certificates issued found buyers among Middle Eastern investors, underscoring the country's success in tapping the Islamic market.

Domestically, the BTr issued the 29th tranche of the Retail Treasury Bond (RTB 29) in February 2023 which raised PHP 283.7 billion during the nine-day offer period, achieving its target volume ahead of schedule.

During the nine-day offer period, orders reached PHP 130 billion per day on average.

The RTBs have promoted greater financial literacy and inclusion among Filipinos as they are easily accessible to the investing public through online channels.

The digitalization of the country's financial system through the BTr's Online Ordering Facility, as well as the LANDBANK, OFBank, and Bonds PH mobile applications played a crucial role in bringing in transactions worth PHP 311.0 million with 2,926 of them coming from 36 countries.

The second tranche of the Retail Dollar Bond (RDB 2), which was issued months later in October 2023, likewise received strong demand.

RDB 2 was able to raise a total of USD 1.3 billion (about PHP 70.1 billion), over six times the initial target of USD 200 million (about PHP 11.1 billion).

The support from retail investors yielded over USD 146 million (about PHP 8.1 billion) from over 3,900 transactions due to the lowered minimum investment amount from USD 300 (around PHP 16,000) to just USD 200 (around PHP 11,000), and in multiples of USD 100 (around PHP 5,000).

RDB2 had a tenor of 5.5 years and a gross interest rate of 5.8 percent per annum, payable every quarter until its maturity in 2029; and guaranteed final withholding tax on interest for RDBs by the Philippine government.

Moreover, it was accessible through convenient payment channels such as traditional and online platforms.

In particular, online platforms generated a total volume of USD 2.6 million (about PHP 142.5 million) from 1,126 transactions—more than triple the amount of what was raised during the maiden offering of the RDB. Of the total amount, USD 532,600 (about PHP 29.7 million) came from Overseas Filipinos residing in 32 different countries.

The following month, the Bureau issued the Philippines' first-ever Tokenized Treasury Bonds (TTBs) in November 2023.



TTBs are aimed at promoting greater financial inclusion and broader participation in the bond market.

Strong demand was seen from qualified institutional investors with the book size reaching PHP 31.4 billion, which is more than three times the target issue size of PHP 10 billion.

This allowed the BTr to upsize the issue to PHP 15 billion at 6.5 percent, aligned with the prevailing 1-year secondary market rates despite the non-tradability of the TTBs.

The TTBs, which settled on November 22, 2023, were issued in the form of digital tokens to be maintained in the BTr's Distributed Ledger Technology (DLT) Registry.

For the program, the BTr implemented a dual registry structure, with the DLT Registry running in parallel with the National Registry of Scripless Securities (NRoSS), with the NRoSS serving as the primary registry.

DOMESTIC OFFERINGS	INTEREST RATES
 Second Tranche of the Retail Dollar Bonds (September 2023)	5.5-year tenor investment with a gross interest rate of 5.750% per annum, payable every quarter until its maturity in 2029
 Tokenized Treasury Bonds (November 2023)	1 year fixed-rate government securities that pay semi-annual coupons, with the coupon rate set at 6.50%
 29th tranche of the Retail Treasury Bond (RTB 29) (February 2023)	Interest rate set as 6.1%, which allowed the BTr to raise PHP 283.7 billion during the nine-day offer period.



INTERNATIONAL OFFERINGS	RATES
 USD 1 billion 5.5-year Sukuk (December 2023)	Priced at T+80 bps, with a profit rate of 5.045%
 Triple-tranche global issuance valued at USD 3 billion (January 2023)	The offering encompassed three segments: USD 500 million in 5.5-year bonds, priced at T+105bps (4.6% coupon); USD 1.25 billion in 10-year bonds, priced at T+145bps (5.0% coupon); and USD 1.25 billion in 25-year sustainability bonds, priced at T+180.2bps, accompanied by a 5.5% coupon.

Figure 2 Domestic and International Bond Offerings
Source: Bureau of the Treasury

III. Loans and Grants Secured for Infrastructure and Development Programs

The DOF, through its International Finance Group (IFG), has successfully secured concessional financing for big-ticket infrastructure projects under President Ferdinand R. Marcos, Jr.'s Build Better More Program as well as grants for various development projects to support the country's rapid economic growth.

Since the beginning of the Marcos, Jr. administration, the DOF has been able to secure concessional financing for 16

project loans amounting to USD 6.5 billion to support the continuous implementation of key infrastructure projects and other priority initiatives of the government.

This includes 12 loans amounting to USD 5.2 billion to support the high-impact Infrastructure Flagship Projects (IFPs) under the Build Better More Program such as the Bataan-Cavite Interlink Bridge Project, supported by the Asian Development Bank (ADB) with pipelined co-financing from the Asian Infrastructure Investment Bank (AIIB), which is poised to become one of the world's longest marine bridges.

Financing was also secured for other IFPs including the North-South Commuter Railway Extension Project, Davao Public Transport Modernization Project, and the Three Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project from JICA, ADB, and Export-Import Bank of China, respectively.

Meanwhile, about USD 7.0 billion in budget support financing has been successfully secured by the government through Official Development Assistance (ODA) sources over the same period. Along with USD 6 billion in global bonds issued in coordination with the Bureau of the Treasury (BTr) and other budget support financing sources, loan proceeds help bridge the programmed fiscal deficit consistent with the MTFF.

As laid out in the Philippines' first-ever MTFF, the government aims to bring down the country's debt-to-GDP ratio to less than 60.0% by 2025, cut the deficit-to-GDP ratio to 3.0% by 2028, and maintain infrastructure spending at 5.0% to 6.0% of GDP annually.

Aside from loans, the IFG also processed grants, technical assistance, and other bilateral agreements between July 1, 2022 to December 15, 2023.

Among the grants include the Green Economy Programme in the Philippines from the European Union (EU); the Capacity Building for Higher Education and the Establishment of Genome

Agricultural Research Center at the University of Philippines Los Baños (UPLB) from the Korea International Cooperation Agency (KOICA); and the Programme for the Improvement of Socioeconomic Infrastructures in Bangsamoro Region from JICA.

Other grants secured will help the government accelerate the rollout of projects to strengthen communities' resilience against climate change; improve the livelihoods of Filipinos, particularly farmers and fisherfolks; enhance capacity building of government agencies to quicken the delivery of public services; improve the rice supply chain to ensure the quality of seeds and milled rice for distribution and buffer stocks in the Philippines; expand and enhance health and medical sciences in the country; and create a comprehensive and sustainable urban development master plan for Metropolitan Davao; among others.



Figures 3 to 5. Photos of Bataan-Cavite Interlink Bridge

PARTICULARS	IMPLEMENTING AGENCY	LOAN SIGNING DATE	AMOUNT (IN USD MILLION)
1. China Eximbank (Government Concessional Loan Agreement) Three Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project (Contract Package 1) (IFP)*[1]	DPWH	January 4, 2023	59.00
2. China Eximbank (Preferential Buyer's Credit Loan Agreement) Three Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project (Contract Package 1) (IFP)*	DPWH	January 4, 2023	58.51
3. China Eximbank (Government Concessional Loan Agreement) Three Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project (Contract Package 2) (IFP)*[2]	DPWH	January 4, 2023	40.44
4. China Eximbank (Preferential Buyer's Credit Loan Agreement) Three Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project (Contract Package 2) (IFP)*	DPWH	January 4, 2023	42.37
5. JICA North-South Commuter Railway Extension Project also referred to as 2nd tranche of the JICA loan for the NSCR Extension Project (IFP)[3]	DOTr	February 9, 2023	2,023.38
6. JICA North-South Commuter Railway Project (Malolos-Tutuban) (II) also referred to as Supplemental JICA Loan for the NSCR Phase I (IFP)[4]	DOTr	February 9, 2023	801.99
7. JICA Metro Rail Transit Line 3 Rehabilitation Project (II) also referred to as Supplemental Loan for the Metro Rail Transit Line 3 ("MRT 3") Rehabilitation Project (IFP)[5]	DOTr	May 26, 2023	130.40
8. ADB Davao Public Transport Modernization Project (IFP) [6]	DOTr	July 1, 2023	1,014.69
9. GCF Davao Public Transport Modernization Project (IFP)	DOTr	July 1, 2023	50.00
10. AIF Davao Public Transport Modernization Project (IFP)	DOTr	July 1, 2023	10.00
11. ADB Integrated Flood Resilience and Adaptation Project - Phase 1 (IFP)	DPWH	September 21, 2023	303.24
12. ADB Bataan-Cavite Interlink Bridge Project - Tranche 1 (IFP)	DPWH	December 15, 2023	650.00
TOTAL:			5,184.02

Table 7. Loans Secured for Infrastructure Flagship Projects under the Build Better More Program
Source: DOF International Finance Group (IFG)

1

*Also known as "Priority Bridges Crossing Pasig-Marikina River and Manggahan Floodway under Chinese Government Financing" | as approved by the NEDA Board.

[1] Amount in original currency: RMB405.759 million

[2] Amount in original currency: RMB278.084 million

[3] Amount in original currency: JPY270 billion

[4] Amount in original currency: JPY107.017 billion

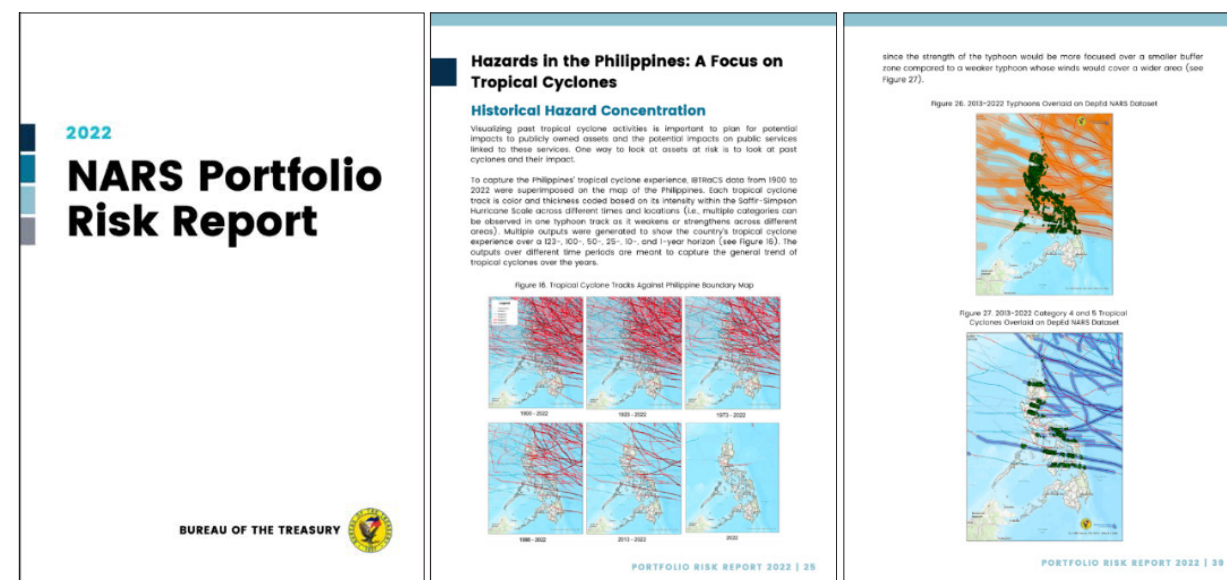
[5] Amount in original currency: JPY17.40 billion

[6] Loan package comprises three (3) loans - USD1,014.69 million from ADB, USD50 million from the GCF and USD10 million from ADB-administered AIF

IV. Other Developments

Publication of NARS Portfolio Risk Report to Strengthen Fiscal Risk Management

The DOF, through the BTr continues to innovate and maximize the use of its National Assets Registry System (NARS) of strategically important assets by leveraging existing Geographical Information Systems (GIS) to generate risk analytics in order to inform policy making and strengthen the capacity to manage fiscal risk. The portfolio risk report focuses on the Department of Education (DepEd) schools and analyzes the fiscal risk arising from these schools' exposure to natural hazards such as typhoons and earthquakes.



Reference: NARS Portfolio Risk Report | Bureau of the Treasury PH

Adoption of Global Standards on Securities Identification

Beginning June 1, 2023, the BTr adopted the Securities and Exchange Commission (SEC)-prescribed ISO compliant securities identifiers (i.e., ISIN, FISN, CFI) for domestic GS issuances of the BTr as the universally recognized standards for securities identification.

These standards are expected to allow the BTr to align with global standards, enhance market efficiency, interoperability, and increase investor confidence.

System Enhancements in NRoSS

To further diversify the investor base and manage the maturity profile of the government's debts, the following functionalities were developed in the BTr's registry system.

A. Inflation Linked Bonds (ILB) – A new financial instrument indexed to inflation designed to help protect investors from the effects of rising inflation in such a way that the principal and interest payments rise and fall with the rate of inflation.

B. Switch Tender for Price – This involves the issuance of new bonds to a successful bidder in exchange for the early redemption of an equivalent nominal value of a pre-specified issue of the Bonds.

F. Local Government Finance

LGUs Fiscal Performance in 2023

LGUs Total Operating Income

- The total current operating income of LGUs decreased by 8% in 2023 as compared to the same quarter the previous year, from PHP 1.1 trillion to PHP 1.0 trillion on the back of lower national tax allotment (NTA) shares of LGUs in 2023.

LGUS' OPERATING INCOME AS OF FY 2023, AMOUNTS (IN PHP BILLIONS)					
PARTICULARS	2022 IN PHP BILLIONS	% DIST -2022	2023 IN PHP BILLIONS	% DIST (2023)	% GROWTH (YOY)
Local Sources	281.8	25%	311.1	33%	17%
Tax Revenues	207.1	18%	241.9	24%	17%
Non-Tax Revenues	74.7	7%	89.2	9%	19%
External Sources	826.5	75%	687.3	67%	-17%
National Tax Allotment	765.9	69%	651.3	64%	-15%
Other External Sources	60.6	6%	36.0	3%	-41%
TOTAL OPERATING INCOME	1,108.4	100%	1,018.4	100%	-8%

Table 8. Breakdown of Local Government Units (LGUs) Operating Income as of FY 2022 versus FY 2023

Source: Bureau of Local Government Finance

Locally Sourced Revenue

- Revenues from local sources reached PHP 311 billion, contributing 33% to the LGUs' overall regular income for FY 2023.
- Cities were the top performers in terms of local revenues, recording collections of PHP 223.5 billion.
- On the other hand, provinces displayed a higher dependence on the NTA, with 78% of their total income derived from this source. Similarly, municipalities relied on the NTA for 78% of their revenue, while cities demonstrated a comparatively lower dependency of 44% on NTA funding during the same period.

LGUS' OPERATING INCOME AS OF FY 2023 (IN PHP BILLIONS)				
Particulars	Province	City	Municipality	Total
Local Sources	44.1	223.5	63.5	331.1
Real Property Tax	13.9	66.4	14.5	94.8
Business Tax	5.6	118.9	22.5	147.1
Regulatory Fees (Permits and Licenses)	1.1	12.4	6.1	20.5
Service/User Charges (Service Income)	14.4	12.8	8.4	35.6
Receipts from Economic Enterprises	7.2	8.6	9.4	25.1
Other Receipts	1.8	4.5	1.8	8.1
% Distribution	13%	68%	19%	100%
National Tax Allotment	186.1	189.7	274.7	651.3
Total Current Operating Income	238.8	426.9	352.7	1,018.4
Of which is NTA	78%	44%	78%	64%

Table 9. LGUs' NTA Dependence, by LGU Type as of FY 2023

Source: Bureau of Local Government Finance

Other initiatives:

- Passage of Republic Act (RA) No. 11964, or the "Automatic Income Classification of Local Government Units (LGUs)" on October 26, 2023.**
 - The Act enables the DOF to effectively and systematically determine the LGU financial capability and fiscal position reflective of the economy and local development.
- Issuance of the Guidelines on the Imposition of Local Taxes, Fees and Charges on Registered**

Business Enterprises (RBEs) Availing of Tax Incentives Prior to the Effectivity of the (CREATE) Act

- This aims to address the concerns of RBEs granted incentives before the effectivity of Republic Act (RA) No. 11534 or the CREATE Act, with respect to the imposition of local taxes, fees, and charges by LGUs notwithstanding their exemption therefrom pursuant to their registration agreements.

Issuance of Department Order 004.2023 on January 10, 2023

- Entitled "Establishing the Competency Framework for the Local Treasurers and Assistant Local Treasurers," this aims to instill and promote the highest quality of local treasury services, the knowledge and skills desired in every local treasurer and assistant local treasurers, defined according to competency title and proficiency level.

Achievements under the Local Governance Reform Project (LGRP)

1. Institutional development and policy support for property valuation strengthened

- Completion of the Idle Land Listing Guidelines
- Issuance of Department Order No. 088.2023 for the Updated Manual of Real Property Appraisal and Assessment Operations (MRPAAO)
- Continued Advocacy for the Real Property Valuation and Assessment Reform (RPVAR) Bill

2. Property tax valuation database and information systems implemented

- LGRP Partnership Agreements Secured with Prototype LGUs, the Land Registration Authority (LRA) and Bureau of Internal Revenue (BIR)
- Active and Sustained Collaborations with the Department of Information and Communication Technology (DICT) and the Anti-Red Tape Authority (ARTA)

3. Real property taxation of selected LGUs enhanced

- LGRP Partnership Agreements Secured with Pilot LGUs
- Ongoing Technical Assistance to said Pilot LGUs

4. Local Assessors and BLGF Staff Capacitated

- Approval of the Competency Framework for Local Assessors
- Executive Program on the LGRP held at the ADB
- Strengthening Partnerships with State Universities and Colleges (SUCs) and Other Institutions
- Enhancing the Capacity of Assessors: Roll-out on the Updating of the Schedule of Market Value

5. Approved 21 positions as part of it's Devolution Transition Plan (DTP)

- The Department of Budget and Management (DBM) approved the submitted DOF DTP and its annexes as prescribed under EO No. 138, its Implementing Rules and Regulations, and DBM-Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2021-2.
- DOF proposed the abolition of twenty-seven (27) positions and the creation of twenty-one (21) positions, which mostly comprise of technical positions in the BLGF Central Office and one (1) technical position in each of the Bureau's Regional Offices. The proposed positions are vital in implementing the core functions of the BLGF, being the oversight agency for the fiscal operations of LGUs.

6. ISO Certification for Issuance of Certificate of Net Debt Service Ceiling for Local Government Units (ISO 9001:2015)

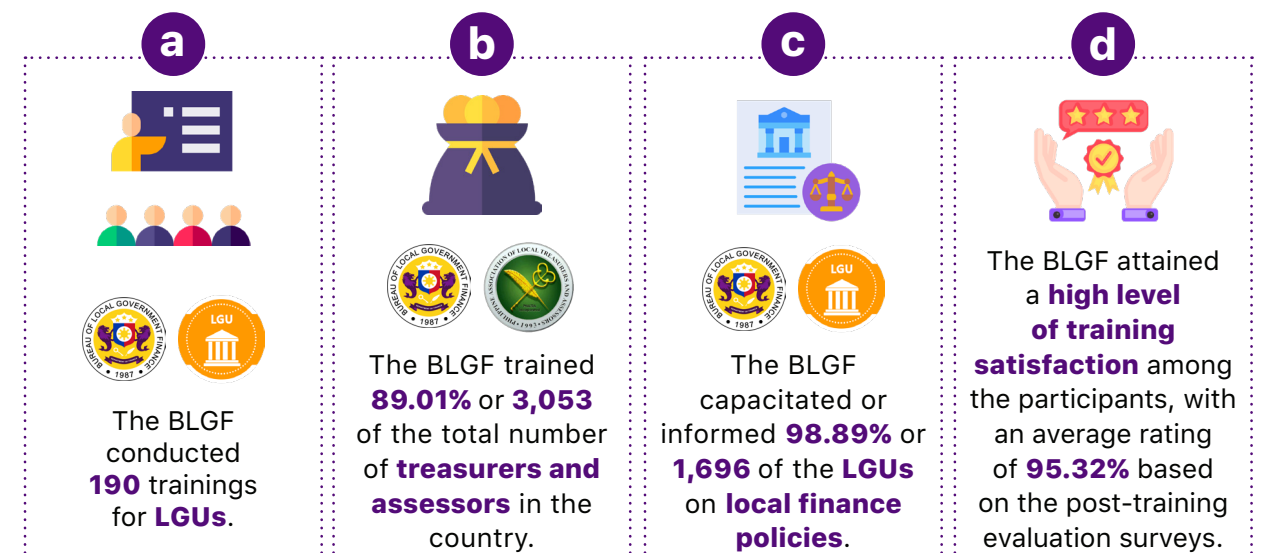
- The BLGF has implemented a Quality Management System (QMS) for issuing certificates of net debt service ceiling and borrowing capacity (CNDSC/BC). **The ISO certification is effective from May 25, 2023, until May 24, 2026.**

7. Capacity Building Programs for Local Treasurers and Assessors

- In 2023, the BLGF conducted various capacity-building interventions for local treasurers and assessors, such as training, workshops, seminars, orientations, and other technical assistance. These interventions covered topics such as local taxation, local revenue generation, local treasury operations, real property valuation and assessment, and local finance policy updates, among others.



The BLGF also achieved the following accomplishments in 2023:



These accomplishments demonstrate the BLGF's commitment to enhancing local treasurers' and assessors' capabilities and performance to attain fiscal sustainability of LGUs.

G. Business and Investment Climate

I. CREATE Act

In 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was passed into law, with the aim to improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages.

Hence, the law permanently reduced the headline corporate income tax (CIT) rate from 30% down to just 20%, for select micro, small, and medium corporations, and 25% for large corporations. It also temporarily reduced the minimum corporate income tax (MCIT) rates from

2% to 1%, as well as the special tax rates for proprietary educational institutions and hospitals from 10% to 1%.

In 2023, there were already 1,011 registered projects under the CREATE Act. Of the 1,011 total projects, the Fiscal Incentives Review Board (FIRB) approved 52 big-ticket projects, representing 5.1 percent. Meanwhile, the various Investment Promotion Agencies (IPAs) approved 964 projects, contributing 94.88% in terms of count.

The total committed investments from all approved projects amount to PHP1.1 trillion. From this amount, PHP845.7 billion (78.9%) represents committed investments from FIRB-approved projects, while the remaining PHP225.7 billion (21.1%) are from IPA-approved projects.

Fiscal Incentives Review Board (FIRB) Big ticket projects approved as of end December 2023		
	Approved applications	52
	Total committed investment capital	P845.65 billion
	Expected job generation	33,829

Figure 6. FIRB-approved Big Ticket Projects as of end December 2023




Investments Promotion Agencies (IPAs) (Approved Projects as of December 2023)		
	Approved applications	964
	Total committed investment capital	P225.65 billion
	Expected job generation	81,248

Figure 7. Investment Promotions Agencies (IPAs)-approved projects as of December 2023




Total registered projects under the CREATE Act		
	Approved applications	1,016
	Total committed investment capital	P1.07 trillion
	Expected job generation	115,077

Figure 8. Total registered projects under CREATE Act
Source: Fiscal Incentives Review Board



During its 24th FIRB Board Meeting last August 7, 2023, the FIRB approved the tax incentives application of four (4) projects in the manufacturing and healthcare industries with an estimated total investment capital of P14.7 billion.

The 1,011 approved projects are expected to generate 112,464 jobs across varying industries³. Of the 112,464 jobs, 33,775 (30%) represent committed jobs from FIRB-approved projects, while 78,689 (70%) are from IPA-approved projects.

These committed jobs offer more security and stability, with career growth prospects, as opposed to seasonal or contractual work, which generally lacks security of tenure and offers limited opportunities for career advancement.

³ The expected job generation is understated because the full employment commitment data for IPA-approved investments was only reported starting 01 December 2022. A one-time catch-up exercise will be undertaken by the FIRB secretariat to complete the dataset.

IPA	NUMBER OF PROJECTS	COMMITTED INVESTMENT CAPITAL (IN BILLIONS PHP)	COMMITTED JOBS ⁵
FIRB-APPROVED PROJECTS			
BOI	39	770.6	18,231
SBMA	11	53.8	15,220
PEZA	2	21.2	324
SUBTOTAL	52	845.7	33,775
IPA-APPROVED PROJECTS			
BOI	439	124.5	46,075
PEZA	474	89.7	25,266
BBOI	21	5.6	1,872
AFAB	9	1.7	559
SBMA	7	1.5	2,509
CDC	6	1.2	2,147
ZCSEZA	3	1.0	261
SUBTOTAL	959	225.2	78,689
GRAND TOTAL	1,011	1,070.9	112,464

Note: Total figures may vary due to rounding-off.

Table 10. Breakdown of projects approved by the FIRB and IPAs under CREATE Act

Source: FIRB

Tax subsidy applications approved

In 2023, the FIRB evaluated and approved tax subsidy applications from three (3) government agencies: the Philippine Deposit Insurance Corporation (PDIC), the Government Service Insurance System (GSIS), and the Armed Forces of the Philippines Commissary and Exchange Service (AFPCES). The total value of the granted tax subsidies amounted to PHP 5.1 billion.

PERFORMANCE MONITORING OF Create Act

As the CREATE Act was designed to enact a tax incentives system that is performance-based, targeted, time-bound, and transparent, the committed performance metrics of RBEs are now being closely monitored and validated, in support of the RBEs' continued enjoyment of tax incentives.

Performance commitments, such as

investment pledges, employment commitments, level of exports, and sector-specific performance metrics, are now being closely monitored by both the IPAs and the FIRB, through the FIRB secretariat.

Under the CREATE Act, registered projects are allowed to start commercial operations within three (3) years from the date of registration, unless stated otherwise under the Strategic Investment Priority Plan (SIPP) guidelines or as mandated by the FIRB.

In terms of job creation, among the 215 projects that started commercial operations, 79 projects have employment commitments to fulfill. These 79 projects reported a total employment count of 14,245 workers, collectively exceeding the total employment commitment by 84.4%. Of these 79 projects, 74, or 93.7%, met the committed employment targets, while five (5), or 6.3%, fell short of their commitments.

STATUS	NUMBER OF PROJECTS	COMMITTED EMPLOYMENT	ACTUAL EMPLOYMENT	PERCENT ACCOMPLISHED
FIRB-APPROVED PROJECTS				
Compliant	6	471	603	128.0%
Not compliant	1 ⁶	234	140	59.8%
SUBTOTAL	7	705	743	105.4%
IPA-APPROVED PROJECTS				
Compliant	68	6,663	13,502	202.6%
Not compliant	4	359	- ⁷	-
SUBTOTAL	72	7,022	13,502	192.3%
GRAND TOTAL	79	7,727	14,245	184.4%

Notes:

Total figures may vary due to rounding-off.

"Compliant" refers to those projects that either met or exceeded their employment commitments.

"Not compliant" refers to those projects that did not meet their employment commitments.

Table 11. Status of employment commitments of approved projects under the CREATE Act (as of 31 December 2023)

Source: Fiscal Incentives Review Board

⁴ Section 296 of the Tax Code.

⁵ Commitments for the projects approved by the IPAs and FIRB are those outstanding as of 2022 and 2023, respectively. Kindly note that the monitoring of performance commitments for FIRB-approved projects is performed at least twice a year. Thus, updates on FIRB-approved performance commitments are more recent (as of 9 August 2023) compared to the IPA-approved projects (as of 31 December 2022).

In terms of investment capital, among the 215 projects that started commercial operations, 21 projects have outstanding investment commitments. These 21 projects account for a total actual investment of PHP 36.1 billion, representing 37.1% of the overall committed investment.⁷

The total actual investment is understated as three out of the 12 big-ticket projects only submitted partial data. Among the 21 projects, nine (9) were fully compliant, investing a total of P9.2 billion. Six (6) projects did not submit their actual investment data, and the remaining three (3) non-compliant projects fell short by P220 million **(See Table 12).**

STATUS	NUMBER OF PROJECTS	INVESTMENT COMMITMENT (IN PHP BILLIONS)	ACTUAL INVESTMENT (IN PHP BILLIONS)	PERCENT ACCOMPLISHED
FIRB-APPROVED PROJECTS				
Compliant	3	7.6	7.8	102.2%
Submitted partial data	3	46.9	26.2	55.8%
No data reported	6	40.5	0	0.0%
SUBTOTAL	12	95.0	34.0	35.8%
IPA-APPROVED PROJECTS				
Compliant	6	1.4	1.4	101.1%
Not compliant	3	1.0	0.8 ¹⁰	76.9%
SUBTOTAL	9	2.4	2.2	91.3%
GRAND TOTAL	21	97.4	36.1	37.1%

Notes:

1. Total figures may vary due to rounding-off.

2. "Compliant" refers to those projects that either met or exceeded their investment commitments.

3. "Not compliant" refers to those projects that did not meet their investment commitments.

4. "Submitted partial data" refers to those with reported actual performance data but did not report complete information, as of the reporting date.

5. "No data reported" refers to those projects that have commitments to fulfill but have not submitted actual performance data.

Table 12. Status of investment pledges of approved projects under the CREATE Act (as of 31 December 2023)

Source: Fiscal Incentives Review Board

⁶ Commitments for the projects approved by the IPAs and FIRB are those outstanding as of 2022 and 2023, respectively. Kindly note that the monitoring of performance commitments for FIRB-approved projects is performed at least twice a year. Thus, updates on FIRB-approved performance commitments are more recent (as of 9 August 2023) compared to the IPA-approved projects (as of 31 December 2022).

⁷ The period to comply with investment commitments is generally spread across multiple years as investment drawdowns generally happen in a span of multiple years, as opposed to a one-time infusion. Thus, investment commitments will normally cover multiple years before the full amount falls due.

II. Doing Business Online

The SEC posted consistent growth for company registrations, a testament to the ease with which businesses can be established online.

The Commission set a record high company registration in 2023 with a total of 49,501 firms having successfully registered through the Electronic Simplified Processing of Application for Registration of Companies (eSPARC) and One Day Submission and Electronic Registration of Companies (OneSEC) systems, surpassing its previous record of 42,943 firms in 2022.



Figure 9. Number of Registered Firms in SEC from 2020 to 2023

The Philippines has been recognized as having one of the best company registration systems in the world, owing to the digital innovations put forward by the SEC through the eSPARC. The Commission received the **Corporate Registers Forum (CRF) 2023 Innovation Award** from the international body of corporate registries during a conference in Malta from October 17 to 20, 2023.



The SEC officials during the Corporate Registers Forum (CRF) 2023 Innovation Award during a conference in Malta from October 17 to 20, 2023.



Furthermore, in 2023, the SEC once again received a Plaque of Recognition for Ease of Doing Business from the Anti-Red Tape Authority (ARTA) in recognition of its steadfast and valuable contribution to shaping a more enabling and enhancing regulatory landscape in the Philippines.

In the past, the Commission received four (4) Ease of Doing Business Special Citations from the ARTA, during the Ease of Doing Business Summit in May 2021, for implementing regulatory reforms that resulted in the improvement of the ease of doing business in the country.

III. Investor Protection

In 2023, the SEC deployed 44 personnel deputized as Anti-money Laundering and Counter-terrorism Financing (AML/CFT) Financial Investigators, which processed 433 requests for information assisting investigations involving 2,090 corporations and 353 individuals. **As a result, the SEC reported the highest number of prosecution targets with 70 compared with other law enforcement agencies.**

The SEC Anti-Scam and Illegal Taking of Investments Group (SEC ASTIG), a network of government and private organizations dedicated to proactive and swift enforcement actions against investment scams and other exploitative practices facilitated through corporate misuse, was also launched during the year.

Among its pioneer members are the Department of the Interior and Local Government and the Department of Migrant Workers. The SEC ASTIG will work together to design and develop financial literacy programs and investment scam awareness activities to allow the public to gain knowledge on financial and debt management.

The Commission also intensified its enforcement actions against unauthorized and illegal investment scams that resulted in the following: 36 individuals convicted under the Securities Regulation Code (SRC) and FCPA; 98 individuals convicted under the Lending Company Regulation Act (LCRA); 712 total years of imprisonment; and over PHP 28 million total aggregate fine imposed.

INTENSIFY CONSUMER PROTECTION

by actively pursuing fraudsters and scammers

Convictions for violation of the SRC, FCPA, and LCRA



712

Total years of imprisonment imposed



36

Individuals convicted under Securities Regulation Code and Financial Products and Services Consumer Protection Act



PHP28.4 million

Total aggregate fine imposed



98

Individuals convicted under Lending Company Regulation Act and for falsification

Figure 10. Intensified Consumer Protection in Numbers

IV. Capital Market Development

In July 2023, President Marcos Jr. issued a Presidential Directive to shore up recommendations to boost the Philippine Stock Market which aligned with the Commission's direction towards more aggressive capital market reforms.

To date, the Commission has complied with and implemented the majority of the recommendations directed to the SEC such as the removal of the PHP 20 minimum broker's fees, compliance to the 45-day review period for IPO application, shortening of settlement cycle from T+3 to T+2, and the implementation of short selling in the Philippines, among others, with two remaining recommendations that have already been coordinated with and are under ongoing discussions with the Philippine Stock Exchange.

To further support and leverage the capital market reforms:

• Launch of the 888@88 initiative

- Aims to have at least 888 companies tap the capital market in time for the SEC's 88th anniversary in 2024. Presently, 686 companies or 77.3% of the 888@88 target have tapped the capital market, of which 346 are companies/issuers listed, while 340 are issuers through crowdfunding.

• Securing and Ensuring Capital for Hospital Entrepreneurs (SEC HOPES), and Securing and Expanding Capital for Farms and Agri-business Related Modernization Schemes (SEC FARMS) project

- Aims to expand access of certain industries to the capital market and to further harness the potential of the 888@88 initiative, by streamlined securities registration process for hospital owners, and agricultural businesses. Thus far, registered PHP 15.3 billion worth of securities by 16 hospitals.

FOSTER CAPITAL MARKET DEVELOPMENT

by implementing policies that help encourage industries to access the Philippine Capital market



SEC FARMS

Securing and Expanding Capital for Farms and Agri-business Related Modernization Schemes

Launched in June 2023, in accordance with President's initiatives on agriculture and food security

SEC HOPES

Securing and Ensuring Capital Hospital Entrepreneurs

PHP 15.3 billion

worth of securities registered by **16** hospitals

16 additional hospitals in the pipeline in various provinces nationwide

Figure 11. Progress of Securing and Ensuring Capital for Hospital Entrepreneurs (SEC HOPES), and Securing and Expanding Capital for Farms and Agri-business Related Modernization Schemes (SEC FARMS) Project

- The SEC FARMS simplifies the processes and criteria for agri-based businesses registering securities to raise money for agricultural initiatives, in keeping with the President's priority programs on food security and agriculture. Applications can be approved within 28 days from filing with the SEC, subject to the guidelines set by the Commission. Agri-based companies can raise up to PHP 500 million per project under the program.

• Expansion of funding options for Micro-, Small, and Medium-sized Enterprises (MSMEs)

- Funding options for MSMEs were expanded through the 11 "Roadshows on Capital Formation for MSMEs and Start-Ups" that promoted the capital market as an alternative funding avenue for startups and small enterprises, which attracted 9,553 participants, 314 crowdfunding leads, and 10 Philippine Stock Exchange Listing leads, which successfully raised PHP1.9 billion capital from 333 companies for 1,143 projects.

ROADSHOW CONVERSIONS AND LEADS

Intermediary / SRO	No. of Issuers (as of Dec. 2022)	No. of Issuers (as of Nov. 2023)	New Issuers	Roadshow Attendees who have raised capital	No. of leads (as of Nov. 2023)
Investree	122	166	44	17	73
Seedin	65	167	102	20	232
RoundOne	2	2	-	-	9
PSE	286	283	-	-	10
TOTAL			146		324

Figure 12. Roadshow Conversions and Leads

• Call-a-Friend and Engage with SEC (CAFE SEC) program • 3rd largest issuer of ASEAN-labeled Green, Social, and Sustainable Bonds

- To maintain the progress gained during the nationwide roadshows, this mechanism enables participants in the roadshow to get in touch with PSE and crowdfunding intermediaries with questions on their funding requirements and for further details about products and services based in the capital markets.
- SEC issued USD 10.1 billion in total, or 22% of all ASEAN issuances amounting to USD 42.5 billion. The sustainable finance industry in the Philippines has had significant market expansion driven by the private sector, which accounted for USD 6.2 billion, or 61.3%, of the total USD 10.1 billion in issuances.

The number of mutual fund client investment accounts surpassed one million in 2023 to 1,252,601 up from 941,307 in 2022.



PART 2

A CLIMATE- PROOF FUTURE

A. People's Survival Fund (PSF)

In 2023, the People's Survival Fund (PSF) Board approved grants totaling to PHP 889.6 million in order to help LGUs pursue their climate adaptation projects.

The approval of the new projects brought the total number of PSF-funded projects to eleven (11) climate adaptation initiatives and six (6) projects for the Project Development Grants (PDGs). This increased the PSF's utilization rate to 89%.

This left the PSF with a remaining balance of only PHP 110,351,149.6 or 11.0% of the initial Fund allocation of PHP 1 billion.

B. Green Climate Fund (GCF)

The Department of Finance, under the leadership of Secretary Benjamin E. Diokno, has led intensified climate action initiatives in 2023 amid escalating challenges of global warming.

In March, the Green Climate Fund (GCF) Board approved the Adapting Philippine Agriculture to Climate Change (APA) Project amounting to USD 39.2 million (about PHP 2.2 billion), financed by the GCF through a grant of USD 26.3 million (about PHP 1.5 billion) and Philippine government co-financing of USD 12.9 million (about PHP 718.8 million).

The Project builds on the Adaptation and Mitigation Initiative in Agriculture (AMIA) led by the Department of Agriculture (DA) through activities that will help the country shift towards a climate-resilient agricultural system and increase climate resilience in rural areas.

In January, the DOF and the Agence Française de Développement (AFD) had a ceremonial exchange of loan agreement following the signing of the EUR 150 million (about PHP 9.1 billion) policy-based loan for the Climate Change Action Program, Subprogram 1 (CCAP1) to help the Philippines heighten its efforts to mitigate and adapt to climate change.



Secretary Benjamin E. Diokno and other DOF officials with Ambassador of France to the Philippines H.E. Michèle Boccoz, with officials from the Agence Française de Développement (AFD) during the ceremonial exchange of a loan agreement following the signing documents of the €150 million to policy-based loan for the Climate Change Action Program, Subprogram 1 (CCAP1).

APPROVED PEOPLE'S SURVIVAL FUND PROJECTS WORTH OVER PHP 889.6 MILLION FOR CLIMATE ADAPTATION PROJECTS TO LOCAL GOVERNMENT UNIT BENEFICIARIES

Proponent	Project Title
Kitcharao, Agusan del Norte	 Establishment and Sustainable Management of River Ecosystem
San Francisco, Camotes Island, Cebu	 Building Resilience Through Community-Based Ecological Farming Project
Province of Sarangani	 Saub Watershed Ecosystem Rehabilitation and Flood Risk Reduction Project
Lanuza, Surigao Del Sur	 Disaster Risk Reduction and Management Response as Coping Mechanism to Resiliency Project
Del Carmen, Siargao Island, Surigao del Norte	 Siargao Climate Field School for Farmers and Fisherfolks
Gerona, Tarlac	 Promoting Resilience and Climate-Informed Gerona
Mountain Province	 Mountain Province Climate Field School for Farmers
Borongan City, Eastern Samar	 Reinforcement of Lo-om River Flood Protection System and Redevelopment for Resilient Communities and Livelihoods
Cabagan, Isabela	 Construction of Three (3) Solar-Powered Irrigation System on Different Barangays
Catanauan, Quezon Province	 Mangrove Rehabilitation Project
Maramag, Bukidnon	 Enhancing the Climate Adaptive Capacity of Communities through Establishing a Disaster Risk Reduction Management Approach in the River Ecosystem

Table 13. Approved People's Survival Fund (PSF) Projects in 2023
Source: Department of Finance Climate Finance Policy Group (CFPG)

The AFD and the Asian Development Bank (ADB) are supporting the Philippines' ambitions to scale up its climate action with a combined policy-based loan amounting to EUR 390 million (about PHP 23.7 billion), including the EUR 150 million (about PHP 9.1 billion) mobilized by AFD in addition to the USD 250-million (about PHP 13.9 billion) loan extended by the ADB for the CCAP1. The program aims to support the country in achieving its Nationally Determined Contribution (NDC) commitments and in its efforts to assist vulnerable sectors in the transition to a resilient, low-carbon economy.

C. Global Shield Against Climate Risks

In November, the World Bank (WB) approved a USD 500-million (about PHP 27.9 billion) development policy loan that the Philippine government can immediately draw upon in times of natural disasters and health crises, mitigating their impact on the economy.

In the same month, the Philippines, through the DOF, was formally inducted into the Board of the Vulnerable 20 Group of Finance Ministers (V20) – Group of Seven (G7) Global Shield Against Climate Risks.

Global Shield Against Climate Risks aims to make considerable progress towards providing and facilitating more and better pre-arranged protection against climate and disaster-related risks for vulnerable countries.

D. Green Policies

Furthermore, the government has actively implemented fiscal and economic policies to attract more sustainable investments

in the country such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, the Strategic Investment Priority Plan (SIPP), the Sustainable Finance Roadmap, the Energy Efficiency and Conservation Act, the Renewable Energy Act, and the Philippine Green Jobs Act.

With the Marcos, Jr. administration's ambitious Build Better More program, the government is heavily investing in high-impact, sustainable, and climate-resilient infrastructure projects through a financing mix of domestic resources, official development assistance (ODA), and public-private partnerships (PPP).

Through the Inter-Agency Task Force on Sustainable Finance (ITSF) or "Green Force", the DOF is building a sustainable finance ecosystem to synergize public and private sector investments.

Upon launching the Sustainable Finance Framework last year, the Philippines successfully issued 4 sustainable global bond offerings amounting to USD 3.6 billion (about PHP 197.9 billion).

The government has utilized the proceeds from the bonds to finance projects that support employment generation, access to essential services, COVID-19 expenditure, sustainable management of living and natural resources, renewable energy, and climate change adaptation.

The Bangko Sentral ng Pilipinas (BSP) and other financial regulatory agencies are currently developing principles-based Sustainable Finance Taxonomy Guidelines (SFTG), which will serve as a tool to determine whether an economic activity is environmentally or socially sustainable. This directs private sector investments

towards climate change adaptation and mitigation (CCAM) initiatives.

Meanwhile, Land Bank of the Philippines (LANDBANK) financed and took lead roles in the following select sustainability-related projects:

- USD 22-million climate adaptation project with PAGASA, featuring an impact-based forecasting and early warning system that empowers communities to take proactive measures against natural calamities.
- PHP 15-billion short-term loan line for the National Power Corporation's (NPC) operations that will help carry out its mission of power generation and distribution in areas not connected to the transmission system.
- PHP 20-billion loan to partially finance ACEN Corporation's general corporate requirements and investments in renewable energy. ACEN currently leads the region with a total attributable capacity of 4,500 megawatts (MW) from its various owned facilities in the Philippines, Vietnam, Indonesia, Australia and India and accounts for a 98% share in renewable energy.
- Joint Lead Arranger and Lender to the PHP 43-billion syndicated loan facility for the Power Sector Assets and Liabilities Management Corporation (PSALM) to meet the country's long-term energy demand.

LANDBANK was the Joint Mandated Lead Arranger and Bookrunner of the first Gender Bond issuance in the Philippines by ASA Philippines Foundation with a PHP5-billion syndicated corporate notes facility to

support credit expansion for underserved women to empower them through access to financing.

The DOF has also been aggressively pushing for the passage of several environmental fiscal measures.

The proposed imposition of **excise tax on single-use plastics (SUPs)** is expected to curb plastic usage and generate additional revenues for the country's development needs.

The proposed **rationalization of the mining fiscal regime** will capture the reasonable share of mining revenues without restricting mining investments.

Moreover, the DOF is exploring the implementation of a **Motor Vehicle User's Charge** applicable to all vehicle types as well as the consideration of a carbon tax and carbon pricing instruments.

The DOF is also conducting a study, in partnership with the World Bank, on the feasibility of complementary implementation of a **carbon tax** and an **emissions trading system**. The carbon tax will put a price on greenhouse gas emissions, while an emissions trading system will fix the quantity of greenhouse gas emissions.

In October 2023, the Republic of the Philippines published its **Sustainable Bond Allocation and Impact Report** in line with the established Sustainable Finance Framework ("Framework"). The Report details the projects and programs financed by the USD 3.55 billion ESG bond issuances from 2022 to 2023.



Reference: Sustainability Bond Allocation and Impact Report and Sustainability Framework | Bureau of the Treasury PH

The DOF also championed the Philippines' landmark initiatives for climate action and efficient mobilization of climate finance at the 2023 United Nations Climate Change Conference (COP28) from December 1 to 12, 2023 in Dubai, United Arab Emirates (UAE).

Secretary Diokno called for collective and decisive action from partner financing coalitions in catalyzing global public climate finance, thanking specifically the ADB for being a strong and reliable partner in the country's fight against climate change.

Secretary Diokno participated in several side events and engaged with various multilateral development banks and coalitions for climate action, such as the ADB, WB, and CFMCA. In these engagements, he showcased

key accomplishments of the national government with its publication of the National Adaptation Plan and NDC Implementation Plan, gender-responsive nature-based solutions, blended finance to increase climate investments, and safe cash transfers for climate action.

On November 24, 2023, the SEC and the PSE, in partnership with the Global Reporting Initiative (GRI), United Nations Development Programme (UNDP), and the Philippine Sustainability Reporting Committee (PSRC), held the 10th Annual SEC-PSE Corporate Governance Forum with the theme, "Philippine ESG: Navigating toward Interoperability," at The SEC Headquarters. The Forum sought to fortify corporate governance and sustainability in the country emphasizing the safeguarding of both physical and virtual corporate

governance spaces and preserving resources and capital. It provided a platform for the SEC and its stakeholders to discuss key regulatory updates and topics on corporate governance and sustainability, including (a) Interoperability of Global Sustainability Frameworks, (b) Social Challenges in Corporate Governance, and (c) Key Regulatory Updates on Corporate Governance and Sustainability/Introduction to the New Sustainability Report (SuRe) Form.

As the prime mover of sustainability reporting in the country, the SEC further reduced hard copy submissions with the issuance of guidelines on the submission of digital copies of applications, compliance documents, and other requests. Further, the Commission introduced the SuRe Form, incorporated with industry- or sector-specific materiality, to elevate transparency and disclosure standards in the corporate sector. This innovative approach resulted in a notable 95% compliance rate among Publicly Listed Companies.

The SEC walks the talk through the Sustaina-ALL initiative which advocates sustainability practices among its employees. The Commission integrated sustainable practices in its facilities, performance report, operations, and workplace culture through the Sustaina-ALL: "Environmental Movement for Innovative Living" (EMIL) Project which resulted in the following:

- GreEnBanc Meetings, the once-a-month sustainability-focused Commission En Banc sessions
- Inauguration of The SEC Headquarters and SEC E-Center on June 22, 2023
- Issuance of a policy commitment to the principles of sustainable use and the protection of the environment, economy, and society, including net-zero targets
- SEC Sustainability Week Celebration in April 2023
- SEC Green Public Procurement (GPP)



SEC's launched of it's first company sustainability week on April 17-21, 2023 at the SEC headquarters.

The SEC continues to champion good corporate governance and sustainability both in the corporate sector and within its organizational framework. The Commission's unwavering commitment to these principles as well as commendable efforts garnered the following international recognitions:

- **3G Advocacy and Commitment to Corporate Governance Award 2023**

In 2023, the SEC received the Global Good Governance (3G) award for the third consecutive year for upholding good corporate governance practices and pushing for sustainability.

- **3G Championship Award in ESG Practices 2023**

The SEC received the award on May 8 for championing emerging technologies and sustainable growth strategies while being mindful of their impact on society and aspiring for a better future.

- **Asia CEO Awards Circle of Excellence awardee in the Sustainability Company of the Year category**

The SEC was a finalist for the Sustainability Company of the Year award during the 2023 Asia CEO Awards held in Manila on October 24. The award recognizes organizations that achieve significant success in environmental causes and demonstrate commitment to sustainability.

- **GRIT-ESG Changemakers Award**

Commissioner Lee was awarded for being a driving force in promoting sustainable finance during the ESG

World Summit & GRIT Awards 2023 held in June. As the Supervising Commissioner of the Markets and Securities Regulation Department, he led the efforts to align the financial landscape for both people and the environment.

E. Philippine Extractive Industries Transparency Initiative (PH-EITI)

Under the leadership of the DOF, the Philippine Extractive Industries Transparency Initiative (PH-EITI) has made significant progress in enhancing the transparency and accountability of the country's extractives sector. This initiative is a critical component of the government's ongoing efforts to strengthen natural resource management.

PH-EITI operates as a multi-stakeholder group, bringing together representatives from government, industry, and civil society organizations (CSOs). The group is tasked with implementing the Extractive Industries Transparency Initiative (EITI), a globally recognized standard for the open and accountable governance of oil, gas, and mineral resources.

Beyond promoting public understanding and enhancing data transparency, PH-EITI plays a pivotal role in strengthening the management of the Philippines' natural resources. The initiative also seeks to amplify the extractive sector's contribution to sustainable development, ensuring that the industry's growth aligns with national and environmental interests. By aligning the goals and actions of all

stakeholders, PH-EITI supports the DOF's efforts to reform the Philippines' mining fiscal regime. These reforms are aimed at making the local mining sector more competitive and attractive to foreign investment, crucial for the country's economic growth.

In 2023, the Philippines has already attracted USD 6.8 million in investments for mining and quarrying, underscoring the sector's potential and the importance of continued transparency and good governance.



PART 3

A MODERN GOVERNANCE: DIGITALIZATION INITIATIVES

A. World-Class Taxpayer Experience

The BIR continues to lead the charge in modernizing tax administration in the country. Through the **Digital Transformation (DX) Program**, the BIR seeks to transform into a data-driven organization empowered to harness advanced digital technologies and infrastructure to innovate BIR services and elevate taxpayer experience.

These projects are designed to provide taxpayers with modern, convenient, and accessible tools, as well as improve the Bureau's internal processes to ensure efficient public service delivery. The following are some of the projects under the DX Program:

1. Online Registration and Update System (ORUS)

ORUS is a web-based system that will provide an end-to-end process for registration and updating of taxpayer registration information.

RMC No. 121-2023 announced the updated features and functionalities of ORUS. The following features of ORUS have been rolled out:

FEATURES	DATE ROLLED OUT
Application and issuance of Digital TIN ID	November 21, 2023
TIN inquiry	
Availability of MyEG as one of online payment facilities in ORUS	
TIN generation of non-business applicants under EO 98 and ONETT	July 6, 2023
Conversion of non-business taxpayers (e.g., Employee, E.O. 98) with existing TIN to business taxpayers	April 28, 2023
Registration of New Branch & New Facility	
Addition of Tax Type	
Registration of Additional Business/Trade Name, Line of Business	
Change in Registered Name of Non-Individual Taxpayers	
Update/Change in Registered Address or Transfer of Registration	
Update/Change of Civil Status	
Online Payment (e-Payment) of Annual Registration Fee (RF) for New Business Registrants	March 17, 2023
Online Inquiry of Registration Fee Payment for BIR Internal Users	
Application for Cancellation of Permit to Use (PTU) Loose-leaf and Acknowledgement Certificate of CAS	
Online Verification of TIN	
BIR Registered Business Search Facility	January 23, 2023
Update of registration information	
Submission of Application for Closure or Deregistration of Business, TIN Cancellation	
Registration of PTU Loose Leaf	
System Registration of Computerized Accounting System (CAS)	

Registration of business and issuance of Electronic Certificate of Registration (eCOR) and Authority to Print (ATP)	January 16, 2023
Application for an ATP or use of BIR Printed Receipt/Invoices (BPR/BPI)	
Employer Account Enrollment to facilitate the TIN issuance of employees	
Registration of Books of Accounts	December 2022
Issuance of TIN for foreign individuals	December 2022
Issuance of TIN for Nonresident Foreign Corporation	July 2022

Table 14. Features of Online Registration and Update System (ORUS)

Source: Bureau of Internal Revenue

2. Project 230X

This is a web-based system that will capture information on transactions subject to withholding tax, generate valid creditable withholding tax certificates, provide facility for electronic filing and payment of withholding tax, and provide reconciliation and discrepancy reports.

On December 20, 2023, the handover of documentation and User Acceptance Test (UAT) kick off was conducted. UAT is still ongoing.

3. Electronic Invoicing/Receipting and Sales Reporting System (EIS)

EIS is an electronic platform capable of processing and storing electronic receipts and invoices on a real-time or near real-time basis containing required taxpayer information. e-Sales reporting is an electronic platform capable of summarizing the electronic invoices stored by the e-Invoicing/e-Receipting System.

From pilot implementation until December 31, 2023, 63 taxpayers have transmitted 210.3 million invoices through EIS Application Programming Interface (API) while 3,558 invoices were issued using the EIS web application.

4. Online Tax Clearance

This is an online facility for the public to file, pay, and receive Tax Clearance Certificate (TCC) for various purposes and Delinquency Verification Certificate (DVC). This is currently undergoing system development and iterative testing.

5. BIR Assist App Project

This project aims to develop a customized BIR electronic tax calendar, announcements, appointment and reminder application, which shall be available to the public for download. The revised TOR has been routed for approval and the Revenue Special Order (RSO) No. 6-2024 was issued on December 22, 2023 reconstituting the project team.

6. Taxpayer's Ledger Portal

This portal gives taxpayers access to their records to view and verify the correctness of registration information and all information contained in their filed returns/payments made and other submitted documents.

It is now undergoing project planning. Initial functionalities have been defined, with ongoing discussions to determine other requirements as well as budget for the project.

7. E-Appointment (expansion for other services)

This introduces an online or digital medium accessible from the BIR website that taxpayers may use to book an appointment to avail of various services.

It is currently undergoing development and testing of e-Appointment for frontline services under Collection and Assessment Sections. e-Appointment for frontline services under Client Support Section rolled out nationwide as of February 2023.

8. Enhancement of One-Time Transaction (ONETT) System (Donor's Tax Module)

The project aims to have an additional facility in the processing and issuance of Electronic Certificate Authorizing Registration (eCAR) for Donor's Tax. This system will also provide taxpayers with an alternative and a more convenient way of transacting their ONETT applications.

Donor's Tax Module went live nationwide on November 6, 2023. With this new module, taxpayers can now use the system to transact ONETT for donation of real and personal properties. The system's first module was rolled out nationwide in October 2023. It covers ONETT transactions for the sale of real property and the Capital Gains Tax and Withholding Taxes arising therefrom.

9. Development of Cloud-Based Electronic Documentary Stamp (EDST) System

The re-architecture/development and implementation of the new eDST system will broaden the database and expand

the digitalization of enforcement and monitoring of collections from DST. The Notice of Award and Notice to Proceed were issued to the contractor in December 2023.

10. Enhancement of BIR Website Portal

This initiative aims to further improve the look and feel of the current BIR website, making it more user-friendly and responsive to users' needs. A UAT for content managers from the BIR National Office was conducted in December 2023. Development of the website is through the assistance of the Department of Information and Communications Technology (DICT).

11. Internal Revenue Stamp Integrated System (IRSIS) for alcoholic products and sweetened beverages

The IRSIS is a web-based application that manages the ordering, production, distribution, affixing, tracking, monitoring, and report generation of excise tax stamps for alcoholic products and sweetened beverages.

On December 28, 2023, the Application Letter for assistance from Project Development and Monitoring Facility (PDMF), along with the Project Concept Note (PCN) was submitted to the Public-Private Partnership (PPP) Center.

12. Development of E-Filing System

To further improve taxpayer service, the BIR aims to enhance the current e-filing and e-payment system of the Bureau. The revised TOR is now for submission to BAC, and the project proponent has requested for a supplemental budget for CY 2024.

Taxpayers who filed their taxes electronically versus manually comprised 69% of total filers as of November 2023, reflecting a breakthrough in the BIR's continuous efforts to make tax compliance more convenient and accessible for all.

13. Optimized Knowledge Management System for Chatbot Revie

This initiative is designed for the maintenance of the cloud-based Contact Center Solution and improvement of the contact center facility operations and chatbot Revie through various enhancements.

This includes an added queue management feature for TIN inquiry. A dedicated email was also created for customers who prefer to receive responses to their TIN inquiry via email. Corresponding issuance is being routed for signature.

14. Enhanced Queueing System (Digital)

To improve customer experience, the BIR aims to streamline the queueing process through The integration of online and manual queueing. This is undergoing preparation of TOR and gathering of quotations from prospective bidders.

15. Human Resource Information System (HRIS)

HRIS offers a solution that will digitize human resource processes such as employee information and performance management, payroll automation, and filling of vacancies through recruitment and promotion.

As of 2023, the BIR has completed developing the following modules: (i) User Management and Security, (ii) Personal

Data Sheet Module, (iii) System Logs, and (iv) Plantilla and Current Personnel Strength (CPS) Module. Testing is ongoing.

In addition to the initiatives of the BIR, the FIRB also introduced the **Fiscal Incentives Registration and Monitoring System (FIRMS)**, an online registration and incentives application portal designed to provide business enterprises with a convenient registration and application experience and a centralized monitoring platform for the FIRB, IPAs, and other agencies granting incentives. In 2023, the following modules in FIRMS were developed:

1. Manual submission module where RBEs will be able to upload their ATIR and ABR submissions (i.e. Excel ATIR and ABR template) within the FIRMS platform;
2. Layered evaluation module specifically for the IPAs, which will enable the IPAs to configure the evaluation workflow for tax incentive applications and assign evaluators at each level of review, up to the approval of the IPA Board, as well as endorsement to the FIRB secretariat, as applicable; and
3. Ongoing development of the ATIR and ABR data entry and submission module where RBEs will directly input all their data into the FIRMS platform and will no longer use the prescribed Excel templates.

In addition to the above, with the successful deployment of the Certificate of Entitlement to Tax Incentives (CETI) module in FIRMS last year, SBMA and Poro Point Management Corporation are now fully adopting the use of the FIRMS platform for the processing of CETI applications and its issuance. To date, 432 CETIs have been issued through FIRMS for pre-CREATE and CREATE projects.

B. Taxpayer Compliance

The improved collection performance in 2023 was the result of intensified programs and initiatives to encourage taxpayer compliance, as well as the continuous implementation of tax enforcement activities. These include the following programs and initiatives:

1. Run After Fake Transactions (RAFT)

The BIR aims to identify and file criminal cases against sellers and users of commercial invoices/receipts used to support fake transactions to evade payment of internal revenue taxes; collect lost revenue from fake transactions; and suspend or cancel the Certificate of Accreditation of Tax Practitioners and initiate administrative complaints for the suspension or revocation of professional licenses of certified public accountants (CPAs) involved in fake transactions.

The BIR was able to file cases versus:

- **4 ghost corporations** with estimated tax liabilities of **PHP 25.5 billion**
- **3 Corporate Buyers and their Officers, Accounting Firms, and Certified Public Accountants (CPAs)** with total estimated tax liabilities of **PHP 17.9 billion**
- **15 criminal cases** against buyers and sellers of ghost receipts were filed and legal proceedings against a total of 69 respondents at the Department of Justice have commenced, **covering estimated tax liabilities totaling PHP 1.8 billion**

2. Enforcement Operations on Illicit Trade

The Bureau's strict nationwide **enforcement operations on the illicit trade** of cigarettes, vape, and other excisable articles as well as sweetened beverages, perfumes, and toilet water also led to increased tax collections.

From January to December 2023, the BIR collected a total of **PHP 137.18 million** and issued **1,096 mission orders**.

3. Run After Tax Evaders (RATE) Program

The BIR aims to generate the maximum deterrent effect on the taxpaying public by impressing the fact that tax evasion is a crime and violators will be caught and punished; enhance voluntary compliance among taxpayers; promote the confidence of the public in the tax system; and to help increase revenue collection, particularly focusing on delinquent accounts.

- **221 cases** were filed with the DOJ with estimated tax liabilities of **PHP 13.2 billion**
- **38 cases** filed with the Court of Tax Appeals (CTA) with estimated tax liabilities of **PHP 5.1 billion**

4. The Oplan Kandado Program

This aims to strengthen the BIR's imposition of prescribed administrative sanctions through enforcement of at least one (1) closure order issued or one (1) taxpayer's compliance and payment for every semester per Revenue District Office (RDO).

- Collected **PHP 987.7 million**
- Issued **179 closure orders**

5. Increased Number of Registered Business Tax Payers

To further broaden the tax base, the BIR is tasked to increase its registered business taxpayers by 3.0%. From 2016-2022, there is an annual average increase of 8.7% in the number of registered business taxpayers.

- Registered taxpayers increased by **5.4% or 281,552**
- Total number of registered business taxpayers reached **5,499,979**

The Tax Compliance Verification Drive (TCVD) is one of the measures that helps the BIR to increase the number of active registered business taxpayers. From January to November 2023, TCVD teams of BIR:

- Visited a total of **199,529 establishments**
- Collected **PHP 274.9 million**

6. Increased Number of ISO-Certified Business Offices

With the commitment to upgrade the quality of frontline services, the BIR continues to increase the number of its offices that have passed the ISO Certification for Business Registration Process. As of December 2023:

- **22 out of 23** revenue regulations are ISO Certified
- **125 out of 131** RDOs are ISO Certified

The BIR undertook an enhanced campaign for taxpayers to avail of Estate Tax Amnesty to maximize collection of tax arrears and collections from unfiled/unpaid estate tax. This has aided many

Filipinos who failed to comply with the tax regulations on time. From June 2019 to December 2023, **the BIR collected:**

- **PHP 8.9 billion** from the **173,099** who availed of the Estate Tax Amnesty

C. Trade Facilitation

In steadfast pursuit of a modern and credible customs administration, the BOC has achieved a **97% digitalization rate or 161 out of 166 customs processes** reflected in the Citizen's Charter. In 2023, the BOC introduced the following projects:

1. Customs Integration into the Philippine One-Stop Electronic Travel (E-Travel) Declaration System, which was launched on November 21, 2023.

2. The Overstaying Cargo Tracking System, which is a monitoring system that provides updated data on disposition activities, such as the auction, condemnation, or donation of all overstaying containers in all ports.

3. The National Customs Intelligence System (NCIS), which is a web portal that gathers intelligence data from various sources to pave the way for informed decision-making analysis and more responsive policies. The NCIS aims to foster a robust exchange of information with the BOC.

Several initiatives in the pipeline are as follows:

- **e-Pay Portal System** - A web service portal that will allow the settlement of miscellaneous fees, which shall integrate into different online payment channels available 24/7.

- **e-Auction System** - A web portal that shall enhance transparency in the auction of seized goods, thereby promoting integrity and accountability throughout the auction process.
- **Automated Export Declaration System (AEDS)** - This will allow the electronic submission or transmittal of all authorized Export Declaration-Single Administrative Documents from the AEDS of Economic Zone, Freeport Processing Zone, or Investment Promotion Agencies to the BOC E2M AEDS, for loading at all international seaports and airports.

The BOC also continues to make significant progress in other ongoing initiatives:

1. ASEAN SINGLE WINDOW Implementation

The Philippines, in partnership with the other nine ASEAN Member States (AMS), Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, and Vietnam use the the ASW Gateway to exchange trade-related documents, such as the ATIGA e-Form D (e-CO), ASEAN Customs Declaration Document (ACDD), electronic Phytosanitary (e-Phyto) Certificate and other documents in the future. Officially all ten (10) AMS were able to join the Live Operation in 2019 with the Atiga e-Form D. The AMS have begun talks on the possibility of exchanging trade-related documents with Dialogue Partners, including China, Japan, the Republic of Korea, and the United States through the ASW environment.

In 2023, the Philippines was able to upgrade the Philippines's ASW gateway hardware and software to the latest versions. This upgrade provides better security measures keeping the system

free from potential security threats and access to the latest software provider's technical support. In addition, the new features and security protocols may be used to test the Philippine's ASW systems with some of the potential Dialogue Partners in 2024 based on preliminary review of the systems.

2. Atiga e-Form D or electronic Certificate of Origin (e-CO)

The AMS use of the Atiga e-Form D within AMS provides preferential tariff treatment when exporting/importing within the region. The Preferential Tariff Treatment reduces and eliminates import duties on certain eligible products exported by the AMS. The electronic exchange also provides a layer of security from false documentation and time-saving as the transmission is done through the internet.

In 2023, growth was observed for both inbound and outbound exchanges that can be attributed to the familiarization of the users and the increased demand to exchange goods among ASEAN countries.

Specifically, the Philippines received 116,450 e-COs from other AMS in 2022. They received a total of 157,832 e-COs in 2023, or a growth rate of 35% and are expected to continuously increase in the coming years as trading becomes more efficient. However, the Philippines had difficulty in sending the e-CO before the end of 2023 which resulted in low electronic outbound exchange but higher manual hardcopies were sent to its ASEAN counterparts. Only 18 e-COs were sent in 2022, and 105 in 2023, wherein the bulk of which came at the end of 2023 when the new e-CO Portal was brought online.

Philippines 2022 e-CO exchange			Philippines 2023 e-CO exchange		
ASEAN Member State	To Philippines (Inbound eCOs)	From Philippines (Outbound eCOs)	ASEAN Member State	To Philippines (Inbound eCOs)	From Philippines (Outbound eCOs)
Brunei	0	2	Brunei	24	0
Cambodia	1,384	0	Cambodia	3,786	0
Indonesia	39,036	7	Indonesia	41,710	24
Lao PDR	0	0	Lao PDR	0	0
Malaysia	23,158	4	Malaysia	32,721	40
Myanmar	1,112	2	Myanmar	2,519	0
Singapore	0	0	Singapore	2,592	0
Thailand	34,686	1	Thailand	37,870	28
Vietnam	17,074	2	Vietnam	36,610	13
TOTAL	116,450	18	TOTAL	157,832	105

Table 15. Inbound and outbound eCOs between the Philippines and other ASEAN member countries in 2022 versus 2023

Source: Bureau of Customs

The Philippines was able to meet its commitment to the ASW and has begun a fully electronic Certificate of Origin (e-CO) exchange with the ASEAN countries as of January 1, 2024. Hardcopy COs were no longer issued to ASEAN countries after 2023 barring any technical issues/concerns. Currently, the Bureau of Customs has begun using a new e-CO portal in sending the Atiga e-Form D. In the meantime, the e-CO module in Tradenet is still being used to accept Atiga e-Form D from the other AMS before it transitions to using the e-CO portal for both sending and receiving of the Atiga e-Form D. Additionally, the e-CO portal is ready to adapt the new e-CO format later this year once a Go Live date has been determined and agreed upon among the AMS.

3. ASEAN Customs Declaration Document (ACDD) Exchange

The ACDD is used to communicate the origin of the product and its relevant tariff, to allow customs and regulatory

authorities to calculate what duty is payable and understand applicable restrictions, furthermore, participating traders may receive benefits that include a potential reduction in Customs clearance time for consignments. For the ACDD exchange in 2023, a slightly lower amount of ACDD was sent to the Philippines in 2023 from 2022, while the Philippines only began utilizing the ACDD system to send the ACDD to other AMS in 2023. A total of 118,227 ACDD was received by the Philippines in 2022 and 102,274 in 2023 which is about a 14% decrease from the previous year. Since the Philippines did not send any ACDD in 2022 and 348 ACDD were sent towards the end of the year, that would be a 100% increase from the previous year. We expect an increase in ACDD count in 2024 once traders begin to more frequently use the ACDD for the entire year.

Philippines 2022 ACDD exchange			Philippines 2023 ACDD exchange		
ASEAN Member State	To Philippines (Inbound ACDD)	From Philippines (Outbound ACDD)	ASEAN Member State	To Philippines (Inbound ACDD)	From Philippines (Outbound ACDD)
Brunei	234	0	Brunei	214	120
Cambodia	1,458	0	Cambodia	1,101	29
Indonesia	4,103	0	Indonesia	6,109	0
Lao PDR	0	0	Lao PDR	0	72
Malaysia	67,209	0	Malaysia	49,797	0
Myanmar	2,079	0	Myanmar	1,982	95
Singapore	12	0	Singapore	6	18
Thailand	42,001	0	Thailand	43,045	14
Vietnam	1,131	0	Vietnam	20	348
TOTAL	118,227	0	TOTAL	102,274	348

Table 16. ASEAN Customs Declaration Document (ACDD) exchange 2022 versus 2023

Source: Bureau of Customs

The ACDD exchange among all AMS with the exception of Vietnam and Lao PDR has been live since 2022. Since then, only 1 minor update has been introduced and implemented to the Live ACDD systems among these AMS. In the first year of its operation, the Philippines faced some challenges in raising the interest of our stakeholders to utilize the new ACDD systems due to the stakeholder's belief that it lacked any major benefits to them. The BOC remedied this by campaigning to the stakeholders on the benefits of using the ACDD and since then there has been an increase in its usage in the later part of 2023.

4. e-Phytosanitary Certificate (e-Phyto)

An electronic phytosanitary certificate is a tool that transitions paper phytosanitary certificate information into a digital phytosanitary certificate or "e-Phyto". This electronic exchange of e-Phytos between

National Plant Protection Organizations between countries makes trade safer, faster, and cheaper.

Currently, only Indonesia and Thailand are exchanging the e-Phytosanitary document through the ASW Gateway. The Philippines originally intended to go live before the end of the 3rd Quarter of 2023. However, due to a slew of technical challenges during the Philippines' testing with Indonesia and Thailand, the Philippines rescheduled to go live in December 2023 but will further be moved on or before the 2nd Quarter of 2024 based on the success of the final testing stages.

D. Ease of Doing Business

The SEC has continued to champion the ease of doing business through a growing set of digital transformation initiatives.

Under its **Digital-All initiative**, the

Commission's first wave of digital transformation focused on its core services, including company registration, reports submission, and payments. These services have been fully transitioned to the online platform, significantly contributing to the ease of doing business in the country.

1. Electronic Simplified Processing of Application for Registration of Companies (eSPARC)

An automated system developed by the Commission to provide a faster and easier company registration process, has processed a total of 76,037 applications in 2023. Moreover, the SEC reduced the company registration process from 16 steps in 34 days to 3 days.

2. One Day Submission and Electronic Registration of Companies (OneSEC)

A subsystem of the eSPARC, has processed a total of 9,476 applications in 2023. Further, the OneSEC sped up the process and posted a record time of 1 minute and 14 seconds from the start of the application to the receipt of a digital Certificate of Incorporation.

3. Electronic System for Payments to the SEC (eSPAYSEC)

A system that enables SEC clients to pay their registration and other transaction fees online beginning in 2021, catered to 289,894 transactions in 2023. As part of its zero face-to-face policy, the SEC

fully shifted to eSPAYSEC and closed its cashier's offices in the SEC Headquarters and Extension Offices beginning 01 February 2023.

4. Electronic Filing and Submission Tool (eFAST)

Shifted the submission of covered reports such as Audited Financial Statements (AFS) and the General Information Sheet (GIS) online. In 2023, a total of 692,385 submissions were accepted.

5. MC 28 Submission Portal

An online system for the submission and processing of compliance with the requirements under MC No. 28, series of 2020, received a total of 284,633 submissions since its launch in 2022.

6. Unified Company Database (UniComDB)

The central repository of company registration and amendment information for ease of monitoring, contains records of over 1.2 million companies and over 6 million officers/incorporators from 1998 to 2023.

CHAMPIONING EASE OF DOING BUSINESS THROUGH DIGITAL TRANSFORMATION

Second Wave of Digital Initiatives



Enhanced SEC Universal Registration Environment (eSECURE)



Electronic SEC Education, Analysis, and Research Computing Hub (eSEARCH)



SEC API Marketplace



Electronic Registry Application for Market Participants (eRAMP)



SEC Check App 2.0

Figure 13. SEC Digital Initiatives in 2023

The SEC has also led businesses further in the path of digitalization, in line with the government's efforts toward a digital-first future. President Ferdinand R. Marcos, Jr. led the launch of the Commission's second wave of digital initiatives during the 85th anniversary of the SEC as corporate registrar and the inauguration of The SEC Headquarters held on 22 June 2023.

1. Enhanced SEC Universal Registration Environment (eSECURE)

Electronically authenticates clients' identities, preventing unauthorized access to confidential company information, perpetration of investment scams and money laundering, and improving financial integrity and accountability. From its launch in January to 31 December 2023, the system has

created 10,355 accounts and credentialed 941 accounts.

2. Electronic SEC Education, Analysis, and Research Computing Hub (eSEARCH)

Serves mainly as a tool for research and discovery, and a channel for authenticated documents, allowing investment evaluation and vetting of contracting parties to commence in minutes. As of 31 December 2023, a total of 12,517 documents were purchased through the system.

3. SEC API Marketplace

Allows the direct sending and ingestion of data from one system to another, expediting the availment of financial services, promoting financial inclusion, ensuring financial stability, and addressing consumer protection concerns.

4. Electronic Registry Application for Market Participants (eRAMP)

Caters to the online registration of capital market professionals and institutions, and allows real-time checking of market professionals' licenses, as part of efforts to widen the breadth of the capital markets while ensuring investor protection. As of 31 December 2023, the system has a total of 702 enrolled authorized users, 406 registered institutions and branches, and 10,488 registered professionals.

5. SEC CheckApp 2.0.

Allows the public to check with SEC for legitimate investment-taking, lending, financing, and other regulated activities, to stay in the know through a calendar of investor education programs, to check the availability of company names, and to get prompt answers through CAROL, the Commission's Customer Care Online Assistant. As of 31 December 2023, the application has a total of 30,088 downloads and installs.

The SEC's aggressive digitalization efforts garnered attention from both international and local communities:

- **CRF Innovation Award** from the Corporate Registers Forum recognizing the eSPARC as among the world's best business registration solutions.
- **Excellence in Digital Transformation Award** from GCash on 06 December 2023 in recognition of its efforts to drive financial inclusivity in the country.

- **Mansmith Innovation Award** by Mansmith and Fielders, Inc. was conferred to Chairperson Aquino on 17 November 2023 for pioneering the digital transformation of the country's corporate registrar and securities regulator.

- **Asia 200 Digital Leader Award** by SPARK Digital Leaders Award recognizes the exceptional achievements and innovative contributions made by business leaders, tech leaders, and tech solutions providers to the digital transformation landscape in Southeast Asia.

- **Asia's Most Admirable Young Leader Award** by the Asia Corporate Excellence & Sustainability Awards (ACES) recognized Commissioner Lee as Asia's Most Admirable Young Leader in November 2023 in consideration of his efforts in the Digital Transformation of the SEC.

President Ferdinand R. Marcos, Jr., also lauded the SEC as a reliable partner in the efforts to digitize government procedures and services when he launched the Commission's second wave of digital initiatives on 22 June 2023.

E. Financial Inclusion

Over at the Treasury, several digitalization initiatives are continuously being upgraded and enhanced to improve public service delivery and drive financial inclusion, with various programs on different stages of implementation.

Fully Implemented

1. Retail Bond Online Ordering Platform (BTr Website)

This is an online ordering facility on the BTr website that allows clients to conveniently invest in retail bonds during the primary offer period, without having to physically go to a bank branch.

2. Mobile App-based Retail Bond Ordering Platform

LBP Mobile Banking App, Overseas Filipino Bank Mobile Banking App, and Bonds.ph Mobile App have facilities/portals providing the investing public a more convenient access to retail bonds.



3. BTr Mobile Application

This is the Official Mobile Application of the BTr which contains information on BTr

Government Securities as well as links to the actual platform where investors can directly invest online. This is available in Google Play and iOS App Stores.

4. Financial Literacy for the Filipino (Fili App)

This is a webpage app that aims to streamline the financial planning journey of retail investors. A variety of investment tools are made available to beginners to help them discover their risk appetite, inform them on the basics of investments, help them project their cash flows, and help them determine their investible funds and optimal portfolio.



5. Bond Investment Tracker

The Bond Investment Tracker is a new addition to the set of applications in the FiLi webpage app. It is a web-based tool that allows users to determine the risk and return of their fixed-income investments by providing key statistics such as coupon earned, current P&L, duration, and value-at-risk. Through this new app, BTr aims to give retail investors an up-to-date picture of the returns and risks of their retail treasury and onshore dollar bond investment.

6. Digital Registry for Tokenized Treasury Bonds

The Distributed Ledger Technology (DLT) registry used during the launch of the Philippine's first-ever tokenized treasury bonds (TTB) last November 2023 is a permissionless, layer two (2) public blockchain. This blockchain will be used to maintain future TTBs running in parallel with the NRoSS. The digital wallet holding the tokens are maintained through the PDAX mobile app.

7. Digitization Service of the Existing Documents of the BTr - Central Office

The Bureau has implemented a digitization service that includes scanning, digital processing, indexing, and uploading of existing documents to the Bureau's current document management system storage repository for improved document management, convenient retrieval, and access to the digitized documents of the BTr Central Office.

The project has enabled the conversion of three million pages of selected physical documents into electronic documents using Optical Character Recognition (OCR) scanners.

Ready for Implementation

1. Enhancement of Public Financial Management Systems

The Bureau further enhanced the following systems as part of its effort

to digitally transform its existing operations:

- **National Government Accounting System (NGAS)**, a primary general ledger system that tracks all revenues and disbursements of funds of the National Government in the account of the Treasurer of the Philippines.
- **National Government Collection and Disbursement System (NGCDS)** automates submission of non-tax revenue collection information from Authorized Government Depository Banks and assists in automating the disbursement process.

2. Enhancement of Online Fidelity Bond System (OFBS)

OFBS is an online facility for the application and processing of Fidelity Bond for accountable public officers. Enhancement is underway to streamline information requested from applicants and improve reporting and analytical capability of the system.

3. Payroll Web System for BTr - Regional and Provincial Offices

The Bureau has internally developed a payroll system that aids in the archival and generation of the Payroll Reports and Payslips of the Bureau's employees in the Regional Offices and Provincial Offices.

The system is accessible through the Bureau's SD-WAN to secure employee payroll data. Furthermore, the latest version of the system generates reports that comply with the prescribed format of the Commission on Audit (COA).

Ongoing Development

1. Adoption of Digital Payments for Government Disbursement and Collections

In accordance with Executive Order (EO) No. 170, the BTr entered into a Memorandum of Agreement with DICT and LBP last 15 August 2023. As the Chair and Secretariat of the Technical Working Group on the Adoption of Digital Payments, the BTr is enjoined to develop and drive the implementation of strategy and programs to ensure effective and cost-efficient procurement of a Payment Service Provider (PSP) and other digital collection services in the government, as well as develop, recommend and/or implement appropriate mechanism to enforce full compliance of the agencies with the provisions of EO No. 170.

2. Enhancement of the National Registry of Scripless Securities (NRoSS)

The Bureau enhanced this system by integrating the Monetary Operation System (MOS) and Intraday Settlement Facility (ISF) of BSP with NRoSS to automate process flow for the BSP Securities, Overnight Lending Facility, Reverse Repurchase and ISF operations, ensuring the efficiency of real-time settlement transactions that are settled through the RTGS system.

3. Upgrade of Debt Monitoring and Financial Analysis System (DMFAS) to Version 6.2

The Debt Management and Financial Analysis System (DMFAS) records

external and domestic debt of the National Government. It likewise includes guaranteed loans and on-lending exercises to GFIs/GOCCs. The upgrade to Version 6.2 offers more robust reporting capabilities, analytical tools, and other latest features.

4. Shared Cybersecurity Defense

This Shared Cyber Defense will cover the Insurance Cluster composed of the BTr, the Government Service Insurance System (GSIS), the Social Security System (SSS), and the Philippine Deposit Insurance Corporation (PDIC).

The proposed Common Cyber Defense Solution will have a two (2) year subscription for the provision of Security Monitoring and Management, Vulnerability Management, Threat Intelligence, and Incident Response. This is primarily focused on the National Institute of Standards and Technology (NIST) Cybersecurity Framework – Identify, Protect, Detect, Respond and Recover.

5. National Asset Registry System (NARS)

The NARS is the primary facility or inventory of the strategically important and critical assets of the whole National Government. It is a consolidated database of the non-financial assets of the NG that aims to provide data and information for more efficient asset and risk management. The information included in the NARS is grouped as general; location; legal/ownership; financial; insurance; and technical.



PART 4

SECURITY WITHIN REACH: CASTING SOCIAL SAFETY NETS

Through policy reforms, digitization efforts, consumer protection, and financial inclusion programs, the Insurance Commission (IC) continues to protect the interests of industry participants and the insuring public.

A. Industry Performance

The insurance industry is performing well as it continues to gain more investments. In the case of the HMO industry, it has some notable exceptions in the area of the Health Maintenance Organization because of the trends in medical utilization as a consequence of the COVID-19 pandemic.

INSURANCE INDUSTRY (Life, Non-life, and Mutual Benefit Associations)

The total assets of the insurance industry surged to PHP 2.3 trillion during the reporting period, marking an 8.0% increase from PHP 2.1 trillion in the previous year. Notably, the performance of invested

assets showed a remarkable uptrend year over year, with a substantial 12.5% rise from PHP 1.8 trillion as of 2022 to PHP 2.1 trillion as of 2023. The aggregate net worth across the three sectors climbed from PHP 446.8 billion at the end of 2022 to PHP 460.8 billion in 2023.

As of end-2023, the total premiums generated by the insurance industry increased by 2.4% to PHP 389.6 billion from PHP 380.6 billion compared to the same period of the previous year. Despite the increase in premiums, insurance penetration stood at 1.6% as of the fourth quarter of 2023. Insurance penetration represents the premium volume, net of reinsurances, reported by the sectors as a share of GDP at current prices. Despite the increase in its total number in 2023, the growth of total premiums by percentage was slower than the growth of GDP, resulting in the decrease in insurance penetration by 0.1% from 1.7% in Q4 2022. This is also a continuing effect of the financial behavior of Filipinos who consider insurance the least among their priorities.

Meanwhile, the industry net income experienced a 3.8% increase year on year, reaching PHP 48.5 billion as of 2023 from PHP 46.7 billion as of 2022. The increase can be attributed solely to the non-life sector, which showed an increase of 30.1% or PHP 1.8 billion this year.

The amount of premium per capita or average spending of each individual on insurance is at PHP 3,450.97 in 2023, which is higher by almost PHP 50.00 from 2022.

PRE-NEED INDUSTRY

The total assets of the Pre-Need industry continued to increase from PHP 141.1 billion as of Q4 2022 to PHP 152.3 billion in the same reporting period in 2023, representing a 8.0% increase.

Investment in the Trust Fund accounted for 84.0% of the total assets and experienced a 7.4% increase from the previous year. The

investment in the Trust Fund of the Pre-Need industry remains sufficient to cover the Pre-Need Reserves, including Benefits Payable, with a surplus of PHP 5.7 billion as of Q4 2023, reflecting a 4.4% increase from the same period in 2022.

The total liabilities of the industry increased to PHP 129.1 billion as of Q4 2023 from PHP 120.2 billion in the same reporting period of 2022, marking a 7.4% increase. Pre-Need Reserves accounted for 90.0% of the total liabilities, experiencing a 7.7% increase, while Benefit Payables constituted 4.8% in 2023, marking a 5.4% increase during the same reporting period.

The total net worth increased by 11.3% from PHP 20.9 billion as of Q4 2022 to PHP 23.2 billion this Q4 2023. The recorded deposit for future subscription increased by 80.7%, contributing 7.0% to the total net worth. Nine (9) out of 18 companies have reported increases in their net worth, with one (1) experiencing a 32.4% increase.

INSURANCE INDUSTRY PERFORMANCE as of the quarter ending December 2023 (In PHP Billion)			
LIFE AND NON-LIFE INSURANCE COMPANIES, AND MUTUAL BENEFIT ASSOCIATIONS	2022	2023	% Inc/(Dec)
Total Assets	2,138.3	2,309.8	8.0%
Total Liabilities	1,691.5	1,849.0	9.3%
Total Net Worth	446.8	460.8	3.1%
Total Net Income	46.7	48.5	3.8%
Total Investments	1,825.4	2,053.0	12.5%
Total Premiums	380.6	389.6	2.4%
Insurance Density	3,401.6	3,451	1.5%
Insurance Penetration	1.73%	1.60%	-7.3%
Based on Submitted Unaudited Enhanced Quarterly Report on Selected Financial Statistics (EQRSFS)			

Table 17. Insurance Industry Performance as of the quarter ending December 2023

2021 BSP Financial Inclusion Survey, <https://www.bsp.gov.ph/SitePages/InclusiveFinance/InclusiveFinance.aspx>

PRE-NEED INDUSTRY PERFORMANCE as of the quarter ending 31 December (In PHP Million)			
PRE-NEED COMPANIES	2022	2023	% Inc/(Dec)
Total Assets	141,088.6	152,341.9	7.9%
Total Trust Fund	119,209.8	128,027.8	7.4%
Total Liabilities	120,224.7	129,124.8	7.4%
Total Net Worth	20,863.9	23,217.1	11.3%
Total Net Income	429.6	2,085.4	385.4%
Total Premiums	21,180.1	22,725.4	7.3%
Total Surplus	5,459.9	5,700.1	4.4%
(Trust Fund vs Pre-Need Reserves)			
Based on Submitted Interim Financial Statements to Pre-Need Division			

Table 18. Pre-need Industry Performance as of the quarter ending December 2023.

The Pre-Need industry continues to flourish, reaching a net income of PHP 2.1 billion as of Q4 2023, compared to PHP 429 million in the same reporting period in 2022. The increase in net income is due to the significant increase in interest/income earned from the Trust Fund. Eight (8) companies reported increases in their net income, with three (3) of them recording increases of over 1,000%. The total premium income also grew by 7.3%, from PHP 21.2 billion as of Q4 2022 to PHP 22.73 billion as of Q4 2023.

HEALTH MAINTENANCE ORGANIZATIONS (HMO) INDUSTRY

The HMO industry saw a gradual increase of 9.0% in its total assets compared to the same period last year, from PHP 55.7 billion to PHP 60.7 billion. The increase in Net Membership Fee Receivable of 26.1% and Cash Equivalents of 72.5% greatly contributed to the increase of the industry's Assets. The total membership fees of the HMO industry increased by 16.2% from the reported PHP 55.9 billion as of 2022 to PHP 64.9 billion as of the same period in 2023. This account comprised 95.5% of the total HMO revenue.

Since Q3 2022, the HMO industry continuously reported net losses, recording an additional PHP 2.12 billion net loss as of the quarter ending December. The huge increase in their total expenses adversely affected their total net income by 197.9%. HMOs total equity dropped by 8.5% or PHP 1 billion compared to the same period last year. This drop was largely driven by the huge decline in Retained Earnings by 80.1% or PHP 4.7 billion. Consequently, HMOs total liabilities rose by 13.4% or PHP 6 billion.

After the lifting of the State of Health Emergency on July 21, 2023, Filipinos continue to seek better medical attention, translating to an increase in utilization of healthcare benefits and claims. Membership fees increased, underscoring that more Filipinos have sought HMO membership. This trend resulted in a significant decrease in net income of HMOs due to an increase in total expenses. Several factors contributed to the downturn, such as medical inflation or increase in the cost of healthcare goods and services, and rigid pricing of both membership and Administrative Service Only (ASO) fees.

MICROINSURANCE

The Microinsurance sector experienced a decrease of 2% in the total insured lives, from 57,750,895 in 2022 to 56,621,999 in 2023. Similarly, the MBA sector experienced a drop of 1.4% in the number of insured lives, from 29.0 million in the Q4 2022 to 28.61 million in Q4 2023. Meanwhile, the Life sector experienced a decline of 5.0% from 16.46 million insured lives in Q4 2022 to 15.6million in Q4 2023. However, the Non-Life sector

showed a slight increase of 0.9% from 12.3 million insured lives in Q4 2022 to 12.4 million insured lives in Q4 2023. In 2023, a total of 1,128,896 of insurance policies matured, causing the drop in the figures on insured lives.

Relative to the premium production/contribution, the Microinsurance providers were able to collect a total of PHP 13.5 billion in the last quarter of 2023, a notable 17.34% increase from the PHP11.5 billion in the same period in 2022.

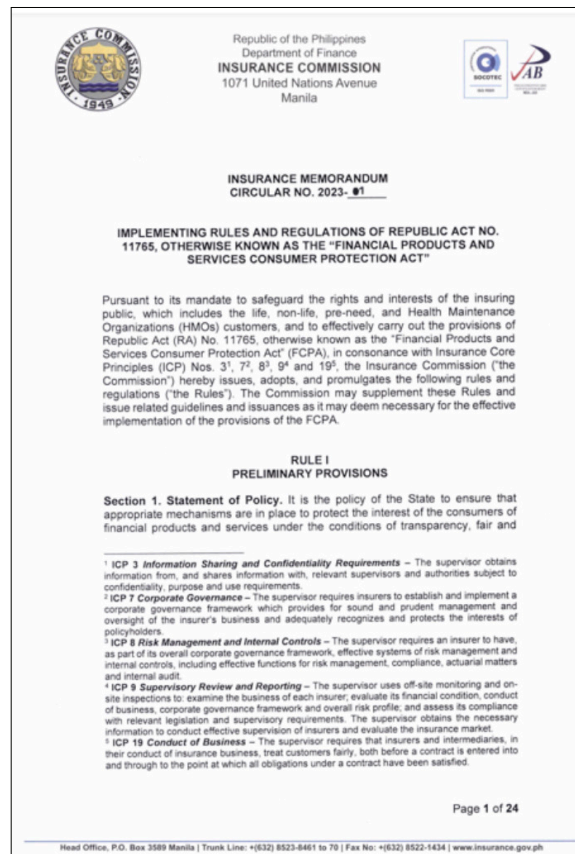
MICROINSURANCE SECTOR Based on the Number of Insured Individuals, Contributions, and Providers as of the Quarter ending December 2023				
INDICATOR	Sectors	2022	2023	% Inc/ (Dec)
Number of Filipino Lives Insured	Mutual Benefit Associations (MBAs)	29,023,912	28,617,205	1.4%
	Life	16,463,658	15,637,709	5.0%
	Non-Life	12,263,325	12,367,085	0.8%
	Total	57,750,895	56,621,999	1.9%
Contribution/ Premium Production	Mutual Benefit Associations (MBAs)	6,753,359,492	7,479,471,315	10.7%
	Life	3,200,986,482	3,661,871,692	14.4%
	Non-Life	1,580,064,306	2,393,989,139	5.5%
	Total	11,534,410,280	13,535,332,146	17.3%
Number of Micro insurance Providers	Mutual Benefit Associations (MBAs)	23	26	13.0
	Life	12	12	0%
	Non-Life	15	14	6.7%
	Total	50	52	4%
Based on the Microinsurance Statistical Report for the 4th Quarter of 2022 and 2023				

Table 19. Micro-insurance Sector Performance as of the quarter ending December 2023.

As of December 2023, there are a total of 52 entities actively engaged in providing Microinsurance products which are composed of 26 MBAs, 12 Life, and 14 Non-Life insurance companies. This recorded a 4% increase in the number of microinsurance providers from the same period of 2022, with only a total of 50 entities.

B. Consumer Protection Initiatives

Implementing Rules and Regulations of the FCPA



Insurance Memorandum Circular No. 2023-01 was issued in March 2023

The IC, through the Insurance Memorandum Circular 2023-01 issued on March 8, 2023, set the Implementing Rules and Regulations (IRR) of Republic

Act No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act," which applies to life, non-life, pre-need, and Health Maintenance Organizations (HMOs). The IRR aims to promote transparency, disclosure, protection against fraud, data privacy protection, among others, to expand the rights for financial service consumers.

Publicly and Readily Accessible List of Licensed Insurance Agents

The IC started the publication of the list of life and non-life insurance agents on its website in June 2023 which is being updated on a weekly basis. This allows the public to verify whether the agent transacting with them is duly licensed by the Commission. This aims to protect the public from being preyed upon by unlicensed and unscrupulous individuals. Further, the Commission has mandated all insurance companies to maintain and regularly update publicly available Registry of Licensed Insurance Agent in their respective websites.

Resolution of Informal Complaints and Requests of Assistance

Compared to 4,878 complaints in 2022, the Commission acted on 5,401 informal complaints in 2023, which is an increase of 10.8% in processed complaints. Incidentally, the Commission acted on 1,177 informal complaints, resulting in PHP 114,384,051.68 settled claims. The Commission continuously streamlines the processing of complaints through digitalizing the Assistance Form as required by the Financial Consumer Protection Act (FCPA).

Resolution of Formal Claims Cases

Out of 196 pending cases as of August 2022, the Commission resolved 69 cases as of December 2023, showing a disposition rate of 35.2%.

Public Assistance for Planholders of Companies under Conservatorship, Receivership, and Liquidation

As of the end of 4th quarter of 2023, the Commission facilitated the processing of claims amounting to PHP 734.9 million. The total amount of claims paid is still significant even though there was difficulty in converting real property assets into cash, and the general decline in the outstanding number of claimants due to previous payments. The Commission is handling 79 distressed companies. As of date, it has successfully concluded 12 liquidation proceedings. Meanwhile, out of the remaining 67 distressed companies, 12 are under conservatorship, five (5) under receivership, 45 under liquidation, and five (5) under servicing. This involves an estimated 800,000 claims against the 67 companies. From April 2023, the Commission placed three (3) companies under conservatorship.

C. Financial Inclusion Initiatives

Takaful Insurance

As part of promoting and developing Islamic Insurance, the IC will sign a Memorandum of Agreement with the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) to conduct financial literacy and inclusion activities in making Takaful insurance available to the Philippine market.

Procurement of Insurance, Pre-Need, and Microinsurance Products upon the Initiative of Overseas Filipinos Through Electronic Commerce

To ensure that Overseas Filipinos have access to financial protection, the Commission will implement guidelines on the provision of insurance, pre-need, and microinsurance products through

electronic commerce after consultation with the industry associations, stakeholders, and the Department of Migrant Workers (DMW). The guidelines will bolster financial inclusion by capitalizing on rapidly advancing digital platforms that allow wider access to financial products and services. The draft circular has circulated the draft guidelines to the concerned regulated entities for comments and suggestions. The IC and DMW will sign a Memorandum of Understanding before the end of the First Quarter of 2024.



The SEC continues to promote financial inclusion through various investor education initiatives. For World Investor Week and Investor Protection Week 2023, the SEC adopted the theme "From Struggling to SECure: Entering Your Financial Freedom Era Through Smart and Sustainable Investments."

Investor Education

As more scammers continue to defraud investors out of their hard-earned money, enhancing the financial literacy of all Filipinos has become the battle cry of the SEC. The Commission intensified its investor education campaign by expanding the membership of the SEC Capital Market Promotion and Awareness Inter-Agency Network (CAMPAIGN Network) and the reach of the SEC Communication, Advocacy and Network (SEC CAN!).

The **SEC CAMPAIGN Network** is a network of partner organizations from both the public and private sectors with a shared mission to promote financial literacy and inclusion among Filipinos. Moreover, it serves as a channel for the Commission and its partners to collaborate in developing information, education, and communication (IEC) materials aimed at raising awareness on business and capital markets, as well as encouraging participation in these areas. As of 31 December 2023, the SEC CAMPAIGN Network has expanded to 150 organizations and reached a total of 5.2 million individuals through the conduct of its year-long webinar series and other investor education activities throughout the country.

Financial Literacy

With its successful financial literacy initiatives, the SEC has been cited by the **World Economic Forum (WEF)** for embracing new channels and creative approaches for effective reach:

WORLD
ECONOMIC
FORUM

Government authorities such as the SEC in the Philippines and the CMF in Chile have made their own YouTube channels, created an investor education video series, and used Instagram and other interactive tools to educate consumers on various financial topics.

The SEC undertook research and development in support of financial literacy initiatives and helped firms become more appealing to investors and other enterprises seeking to grow. For this purpose, the Commission published the following reports online:

- **SEconomics.** A monthly electronic publication that provides periodical and accurate market and economic information.
- **SEC Data Analytics and Statistics Hub (DASH).** A monthly data analytics electronic newsletter that provides an overview of the Philippines' capital market and corporate sector performance indicators distributed to SEC Management and staff.
- **Philippines Top 1000 Corporations.** An annual publication that provides snapshots of the performance of the country's corporations across sectors and regions according to Gross Revenues (GR) which is a measure of a corporation's gross financial performance.

D. Accomplishments in Regulation

Philippine Classification for Sustainable Insurance Products: Setting the Benchmark for ASEAN

During the 26th ASEAN Insurance Regulators' Meeting (AIRM) on December 7, 2023, held in Ha Long, Vietnam, the ASEAN Insurance Regulators unanimously adopted the Philippine Government's method in categorizing insurance products, both for life and non-life, based on their contributions to the Sustainable Development Goals (SDGs).



5th ASEAN Insurance Summit held in Ha Long, Vietnam, December 2023

Philippine Intercompany Mortality Study (PICM)

Recognizing the need to review the mortality trends, the Commission and ASP has examined the life insurance industry's mortality experience from 2014 until 2021 compared to the 2017 PICM Table and impact of COVID-19 to the mortality claims experience.



Presentation of the Philippine Intercompany Mortality Study to the Insurance Commissioner, 24 October 2023

Compliance with the Capitalization Requirement for Insurance Companies

Pursuant to the Amended Insurance Code, the Insurance Commission ensured that all insurance companies complied with the PHP 1.3-billion net worth requirement. Based on the submitted Annual Statement as of 31 December 2022, all 32 non-life insurance companies and 20 of 22 life insurance companies were verified to be compliant with the said requirement.



PART 5

A TRUSTED STEWARD: ANTI-CORRUPTION EFFORTS

A. Anti-Graft Drive

The DOF, through its Revenue Integrity Protection Service (RIPS), has stepped up its anti-graft drive under the leadership of Secretary Diokno.

“Prudent fiscal management must be underpinned by transparency and accountability. As custodians of public resources, we cannot afford to leave any room for graft and corruption.”

*Finance Secretary
Benjamin E. Diokno*

RIPS is the DOF’s anti-corruption arm, created by virtue of Executive Order No. 259, series 2003 to conduct lifestyle checks, investigate allegations of graft and corrupt practices, and file criminal and administrative complaints, as necessary, against officials and employees of the DOF, its bureaus, and attached agencies.

From July 2022 to September 30, 2023, RIPS has initiated a total of 58 investigations against suspected erring officials and employees under its jurisdiction.

These include 23 investigations on the Bureau of Customs (BOC); 23 on the Bureau of Internal Revenue (BIR); six (6) on the Bureau of Local Government Finance (BLGF); one (1) on the Insurance Commission (IC); one (1) on the DOF; three (3) on the Securities and Exchange Commission (SEC); and one (1) on the Philippine Deposit Insurance Commission (PDIC).

It has filed five (5) cases with the Civil Service Commission (CSC) against employees of the BIR, BOC, and BLGF; filed six (6) cases with the Office of the Ombudsman (OMB) against employees of the BIR; and has received eight (8) favorable resolutions during the term of President Marcos, Jr.

To further strengthen the fight against corruption, RIPS has established a **Green Lane Committee** with the BOC and BIR; made improvements to its existing monitoring system—the **RIPS Alert System (RAS)**; and strengthened the capacity of its **RIPS Sumbong Website**.

B. Good Governance

The DOF also pursued initiatives for good governance, including the certification of processes in accordance with global standards and a significant push towards digitalization.

“Good governance starts from within. It is the result of responsible internal resource management, as well as improved systems performance, which allow the government to deliver quality public services.”

*Finance Secretary
Benjamin E. Diokno*

The DOF Revenue Office (RO)’s Granting of Tax Exemption on Importation has maintained certification under the International Organization for Standardization (ISO) 9001:2015 “Quality Management System” until October 7, 2024—indicating that the DOF adheres to global standards of quality assurance and business.

The PDMSG’s offices and their corresponding services, which include Human Resource Management, Asset Management, Information and Communications Technology (ICT) Management, Procurement Management, Financial Resource Management, and Documents and Records Management, were identified as support processes for this achievement.

On top of this, the Central Management Information Office (CMIO) has maintained its certification for compliance with ISO 27001:2013, the globally recognized standard for “Information Security Management System”, reflecting a commitment to robust information security practices.

Furthermore, PDMSG drafted the **DOF Digitalization Roadmap**, and monitored the digitalization efforts of the DOF and its attached agencies and bureaus in line with the directive of President Ferdinand R. Marcos, Jr.

The office has thus far monitored 94 initiatives which are in various stages of development and/or implementation. These initiatives are crucial in transforming government processes from paper-based to digital formats, thereby optimizing public service delivery.

The results of the good governance initiatives are demonstrated in the DOF 2022 Zero Backlog Report submitted to the Anti-Red Tape Authority (ARTA) on March 10, 2023, which underscores that **the DOF is clear of any pending transactions beyond the prescribed timeline due to its fast, efficient, and reliable delivery of services.**

“These initiatives are in line with the Marcos Jr. administration’s new brand of governance—Bagong Pilipinas, which calls for deep transformation and shaping a government that is truly responsive to the needs of the people.”

*Finance Secretary
Benjamin E. Diokno*



FINANCIAL STATEMENTS

Statement of Financial Position

All Funds as at December 31, 2023

(in Philippine Peso)

				2023	2022 (As Restated)
ASSETS					
CURRENT ASSETS					
	Cash and Cash Equivalent	5		1,243,730.85	2,560,039.84
	Receivables	7		12,075,903.81	15,132,840.77
	Inventories	8		4,745,046.07	8,765,913.78
	Other Current Assets	11		40,474,057.45	17,860,347.55
	TOTAL CURRENT ASSETS			58,538,738.18	44,319,141.94
NON-CURRENT ASSETS					
	Investments	6		282,744.40	282,744.40
	Receivables	7		7,521,615.01	9,433,273.08
	Property Plant and Equipment	9		1,209,276,784.68	1,236,776,154.06
	Intangible Assets	10		14,319,223.38	23,416,510.15
	Other Non-Current Assets	11		11,685,398.45	9,983,920.56
	TOTAL NON-CURRENT ASSETS			1,243,085,765.92	1,279,892,602.25
	TOTAL ASSETS			1,301,624,504.10	1,324,211,744.19
LIABILITIES					
CURRENT LIABILITIES					
	Financial Liabilities	12		60,192,227.49	26,854,775.69
	Inter-Agency Payables	13		22,834,121.73	20,384,104.06
	Trust Liabilities	14		8,023,678.27	7,761,200.25
	Deferred Credits/Unearned Income			660.00	
	Other Payables	16		3,096,690.45	628,469.92
	TOTAL CURRENT LIABILITIES			94,147,377.94	55,628,549.92
NON-CURRENT LIABILITIES					
	Financial Liabilities	12		1,406,575.99	1,453,918.66
	Inter-Agency Payables	13		4,517,797.50	3,968,804.47
	Trust Liabilities	14		2,828,231.81	4,257,578.65
	Deferred Credits/Unearned Income	15		0.00	0.00
	Other Payables	16		999,392.75	979,630.96
	TOTAL NON-CURRENT LIABILITIES			9,751,998.05	10,659,932.74
	TOTAL LIABILITIES			103,899,375.99	66,288,482.66
	TOTAL ASSETS LESS TOTAL LIABILITIES			1,197,725,128.11	1,257,923,261.53
NET ASSETS/EQUITY					
	Accumulated Surplus/(Deficit)	26		1,197,725,128.11	1,257,923,261.53
	TOTAL NET ASSETS/EQUITY			1,197,725,128.11	1,257,923,261.53

This statement should be read in conjunction with the accompanying notes.

Statement of Financial Performance

All Funds as at December 31, 2023

(in Philippine Peso)

		NOTE	2023	2022 (As Restated)
REVENUE				
	Service and Business Income	17	3,250,724.12	2,761,343.53
	Shares, Grants and Donations	18	2,402,000.00	552,206.04
	Non-Operating Income	19	105,379.79	199,059.32
	TOTAL REVENUE		5,758,103.91	3,512,608.89
LESS: CURRENT OPERATING EXPENSES				
	Personnel Services	20	494,980,987.96	532,104,817.19
	Maintenance and Other Operating Expenses	21	415,822,430.83	371,807,138.67
	Non-Cash Expenses	22	115,376,994.02	125,534,526.23
	Total Current Operating Expenses		1,026,180,412.81	1,029,446,482.09
	SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		(1,020,422,308.90)	(1,025,933,873.20)
	Net Assistance/Subsidy	23	975,732,974.15	1,079,714,782.20
	Gains	24	-	446,062.69
	Losses	25	(1,516,233.44)	(140,366.31)
	SURPLUS/(DEFICIT) FOR THE PERIOD		(46,205,568.19)	54,086,605.38

This statement should be read in conjunction with the accompanying notes.

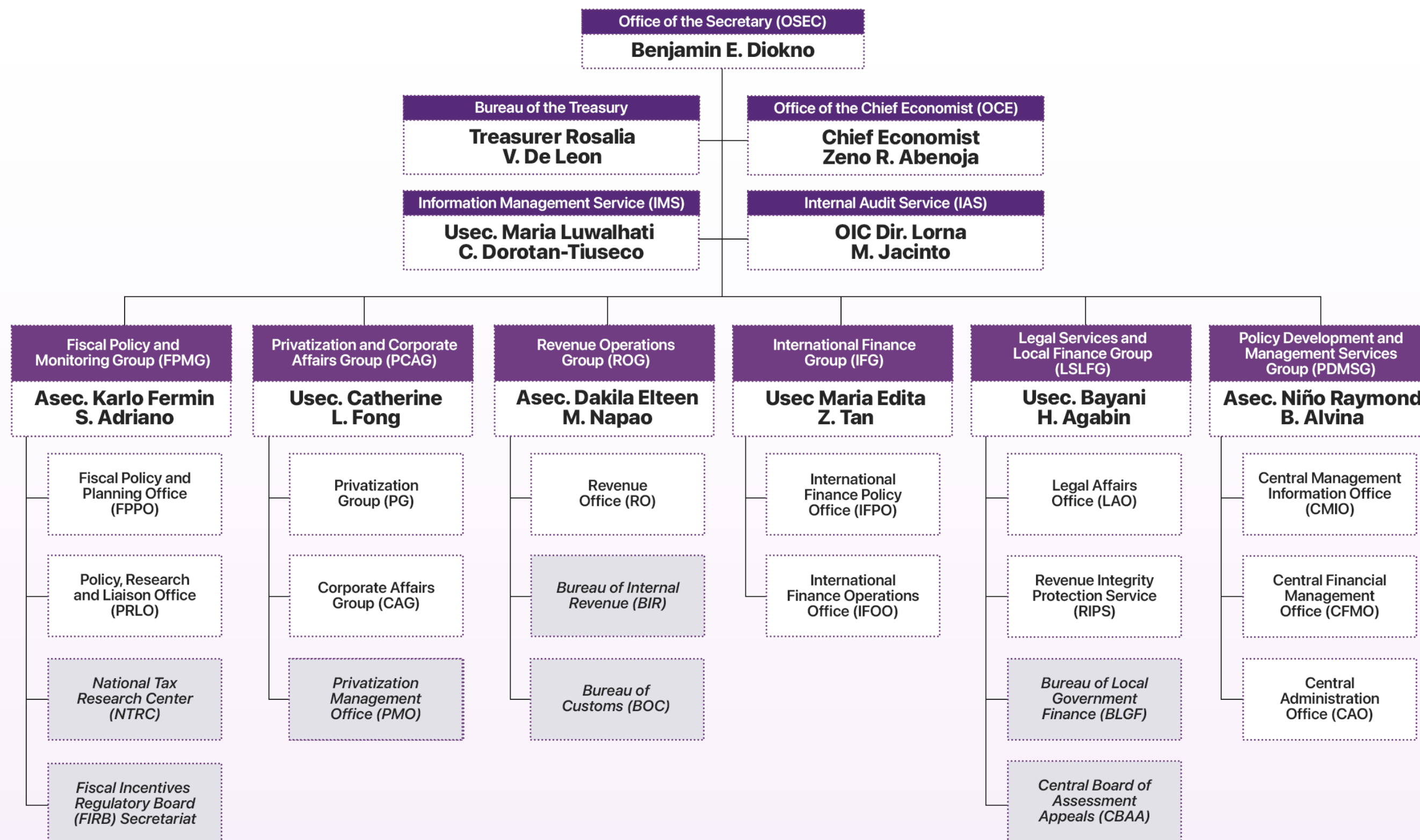
Statement of Changes in Net Assets/Equity

All Funds for the Year Ended December 31, 2023

(in Philippine Peso)

	Accumulated Surplus/(Deficit)	
	2023	2022 (As Restated)
BEGINNING BALANCE, JANUARY 1	1,257,923,261.53	1,231,654,453.32
Changes in Accounting Policy	0.00	0.00
Prior Period Adjustments	0.00	(9,648,704.04)
RESTATED BALANCE	1,257,923,261.53	1,222,005,749.28
CHANGES IN NET ASSETS/EQUITY FOR THE CALENDAR YEAR		
Surplus/(Deficit) for the period	(46,205,568.19)	54,086,605.38
Adjustment of net revenue recognized directly in net assets/equity	(13,992,565.23)	(18,169,093.13)
ENDING BALANCE, DECEMBER 31	1,197,725,128.11	1,257,923,261.53

2023 ORGANIZATIONAL CHART





2023 ANNUAL REPORT

The Philippine Economy
Taking Center Stage Amid Headwinds