

# Media and Research - Speeches

## The ADB as the Philippines' Trusted Partner in Nation-Building

**Date:** May 04, 2023

**Occasion:** Opening Remarks for the Business Session at the 56th ADB Annual Meeting in Incheon

**Speaker:** -

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Let me start by expressing our appreciation to the ADB (Asian Development Bank) and the Republic of Korea for hosting this meeting. By the way, I walked around a lot since I arrived, and I am very impressed by Incheon's parks and buffers between vehicular noise in the highways and residential areas. I would like to thank the officials of Incheon and its people for their hospitality.

### **Bright growth prospects for the Philippines and developing economies**

The theme, "Rebounding Asia: Recover, Reconnect, and Reform" is the best way to summarize what Asian economies must do in the coming years.

Recent forecasts of various international and multilateral institutions, including the ADB, highlight the strong recovery of developing Asian economies.

The Philippines, for instance, grew by 7.6 percent last year. We expect GDP (gross domestic product) to grow by 6.0-7.0 percent this year and 6.5-8.0 percent in 2024 to 2028.

With regards to inflation, the latest outturns are still high, but we are quite confident that inflation – although it remains elevated – will revert towards the mid-point of our target by next year.

Nevertheless, the risk to inflation, especially because of possible global shocks and tensions, maybe even the El Niño, continue to lean toward the upside for 2023 and 2024. Therefore, going forward, the central bank remains vigilant against inflation risk over the policy horizon.

### **Policy priorities for sustained economic development**

In line with the Philippine Development Plan (PDP), the strategies of the Philippine government will focus on modernizing agriculture, expanding agribusiness, encouraging private sector participation in infrastructure development, promoting digital transformation, and enhancing the competitiveness of local industries, among others.

## **The ADB as a partner in nation-building**

We acknowledge that the ADB has been relentless in its efforts to alleviate poverty and social inequality, tackle climate change, enhance resilience and sustainability, and foster growth across the Asia-Pacific region.

For that, we thank the ADB for its continuous support to the Philippines.

In particular, the ADB has been a strong partner in the pursuit of the Philippines development agenda. Recently, the ADB held a consultation with our national government to present the Bank's proposed themes for new country partnerships focusing on intensifying climate action, which the Philippines needs, because we will no longer build new [coal-fired] power plants. In this regard, the ADB's energy transition mechanism is very important.

Second, it's investing in climate-smart transportation and digital transformation.

Third, of course is investing in Filipinos.

These clearly are well-within and quite consistent with ADB's policies and agenda.

## **Prudent fiscal management**

While the contributions of the ADB provide tremendous financing support, for our part, it is imperative that strong fiscal consolidation strategies be undertaken. This fiscal consolidation strategy will bring down our debt-to-GDP ratio from the current 63.5 percent to less than 60 percent by 2025 and cut the deficit-to-GDP ratio from the current 6.4 percent to 3.0 percent by 2028.

At the same time, the government will Build Better More as it remains committed to the goal of ramping up spending on public infrastructure and completing on schedule especially ongoing projects in all parts of the country within the next six years.

With target infrastructure disbursements carefully recalibrated in consideration of the available fiscal space, government spending in the [infrastructure] sector is expected to reach pre-pandemic levels by the end of the term of the current president. Coupled with the tighter fiscal program, this is expected to signal stronger economic growth in the medium-term.

Multilateral cooperation and concessional funding and assistance given to developing member countries will remain to be the most effective tools in ensuring a sustainable and inclusive recovery. We commend the ADB efforts in exploring initiatives that will increase its lending capacity.

## **Taking a whole-of-government and whole-of-society approach to public issues**

Climate action and navigating policy issues surrounding it require a whole-of-society approach. The ADB needs to find ways to seamlessly restructure finance in such a way that it will be a greater enabler for greener and more resilient growth for its member countries.

As we continue to see developments in this dynamic region, we will continue to see member countries [meet their] evolving needs. Let us continue to work together in envisioning our own path of development and ushering improved social and economic well-being for our people.

Thank you very much.