

A stylized graphic of a globe, composed of several overlapping, curved lines in shades of blue and light blue, positioned in the bottom-left corner of the slide.

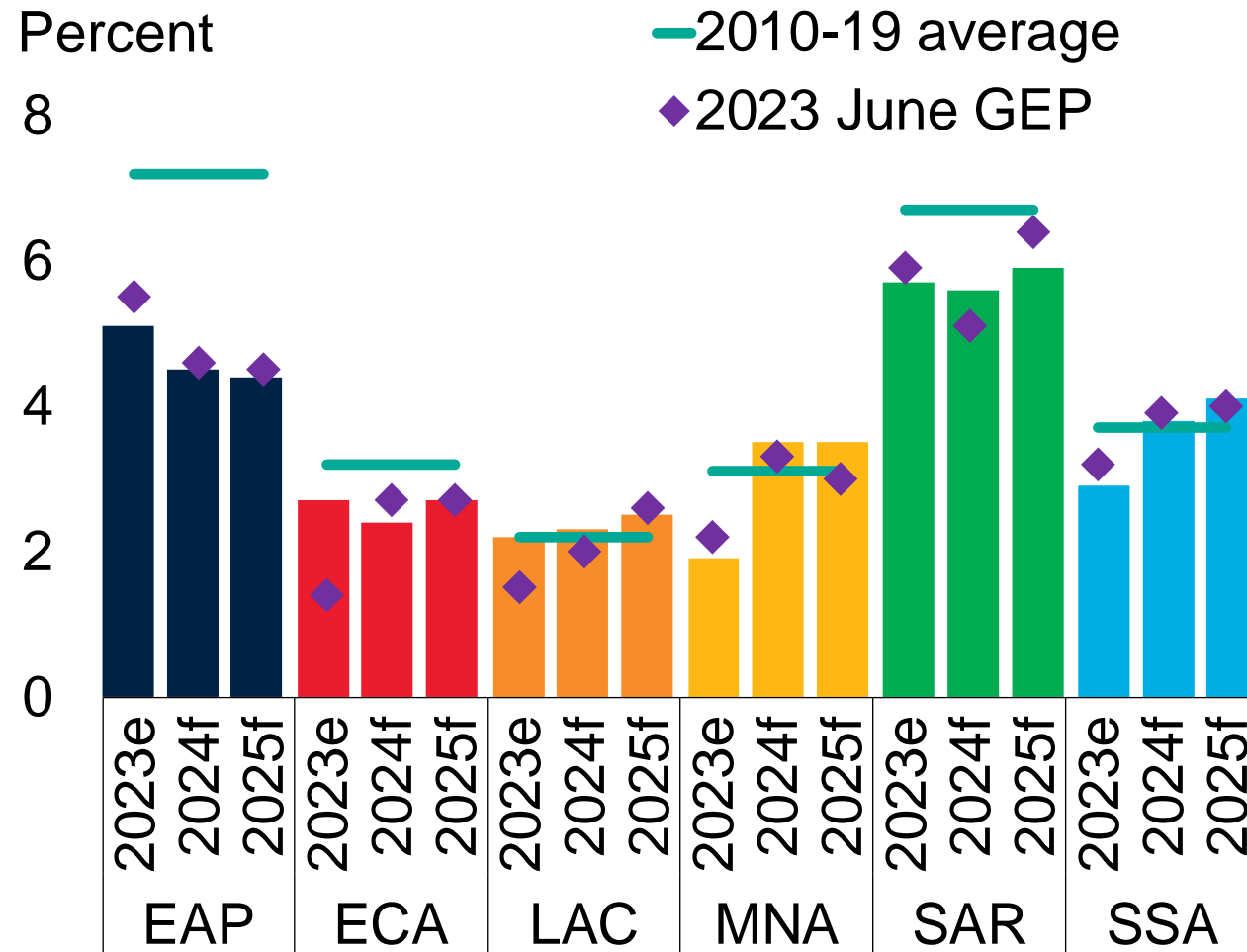
Domestic Resource Mobilization for the 21st Century: The Philippine Context

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The global economy is facing the weakest global growth performance of any decade since the 1990s.

Output growth

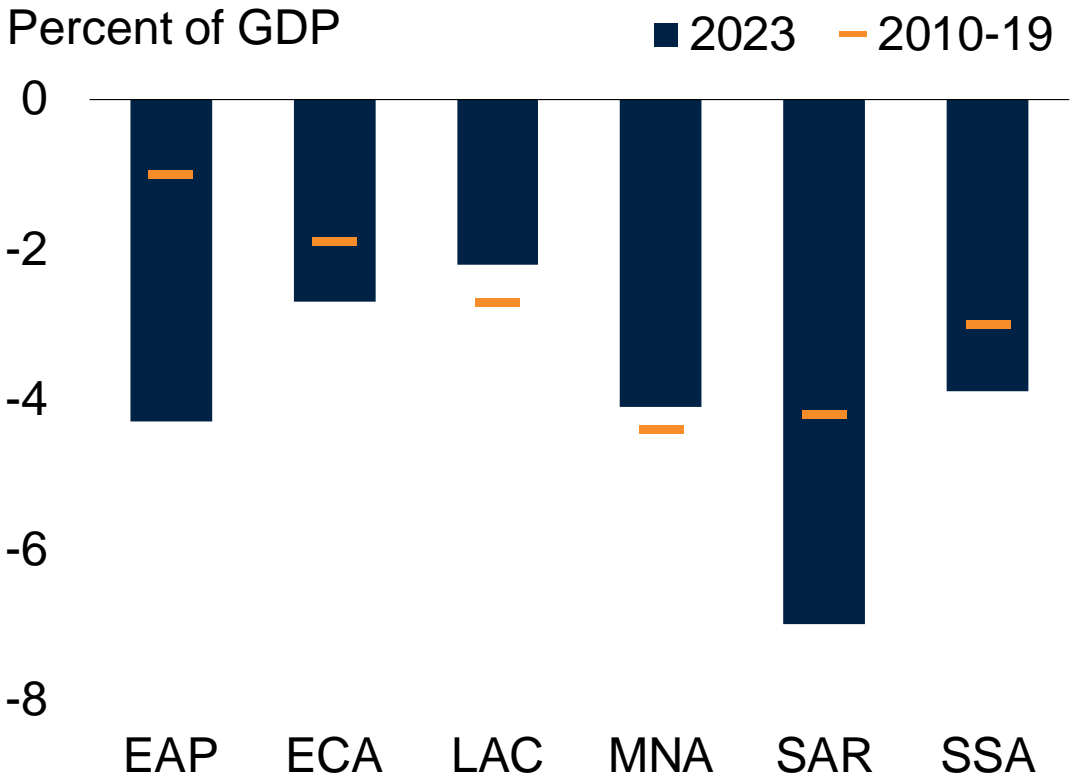


One out of four developing economies poorer than they were before the pandemic.

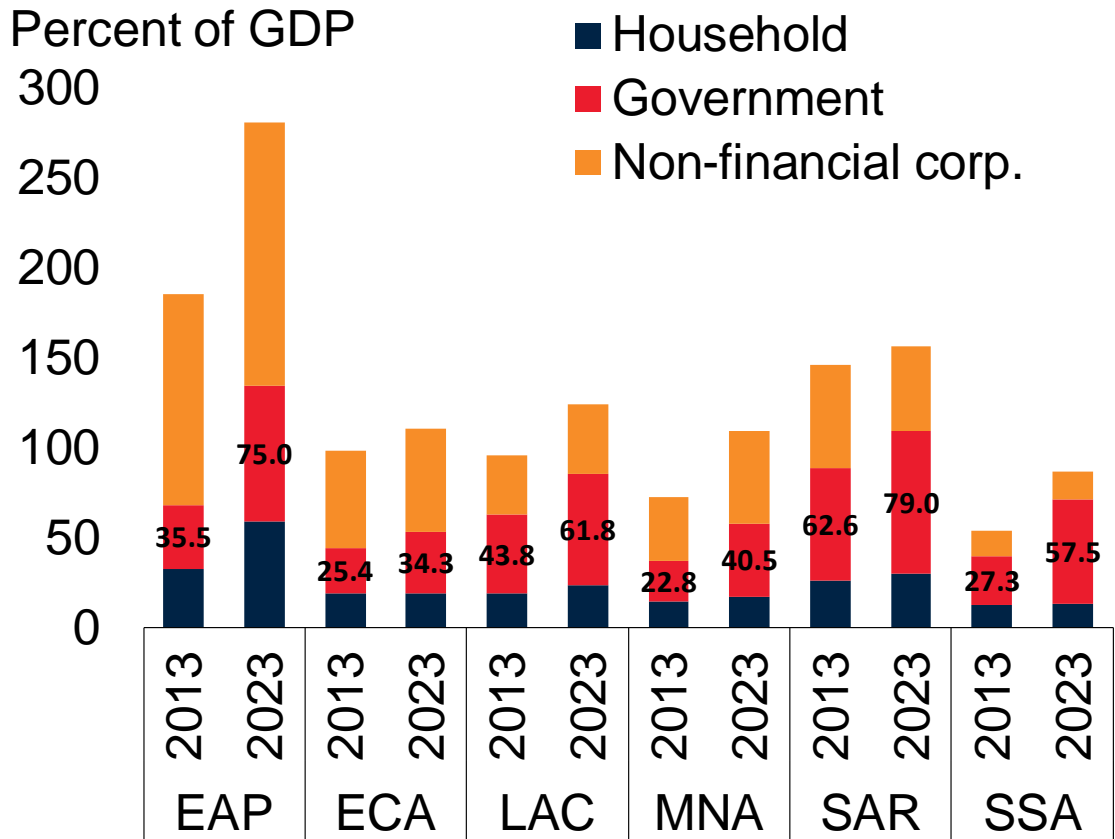


Elevated public debt and borrowing costs limit fiscal space needed to meet growing investment and service delivery needs.

Fiscal deficit



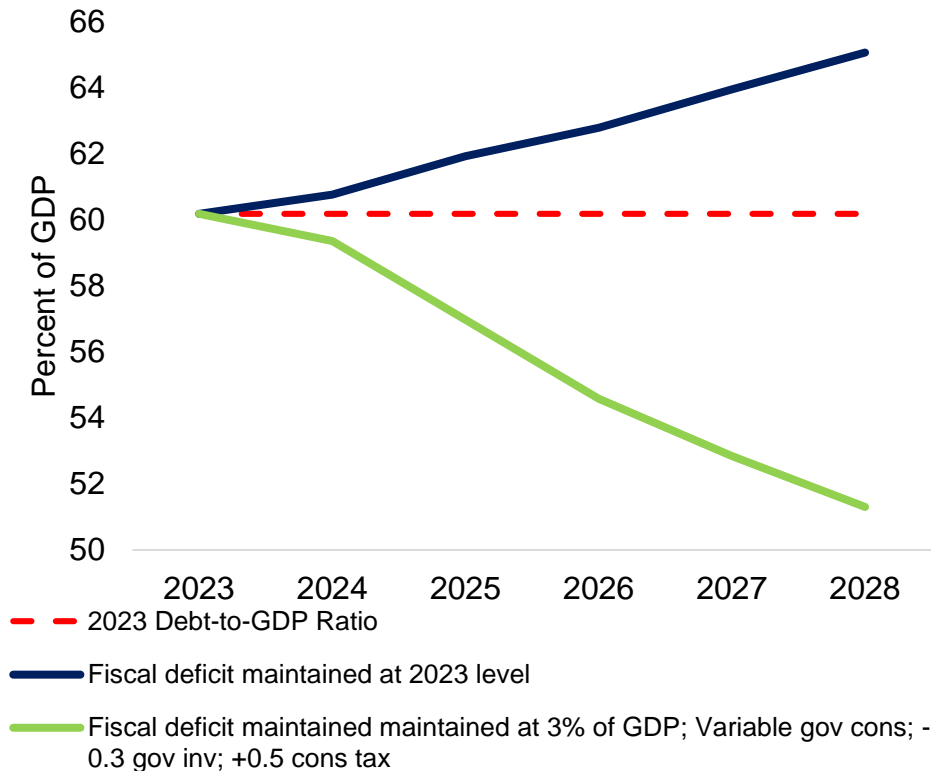
Debt



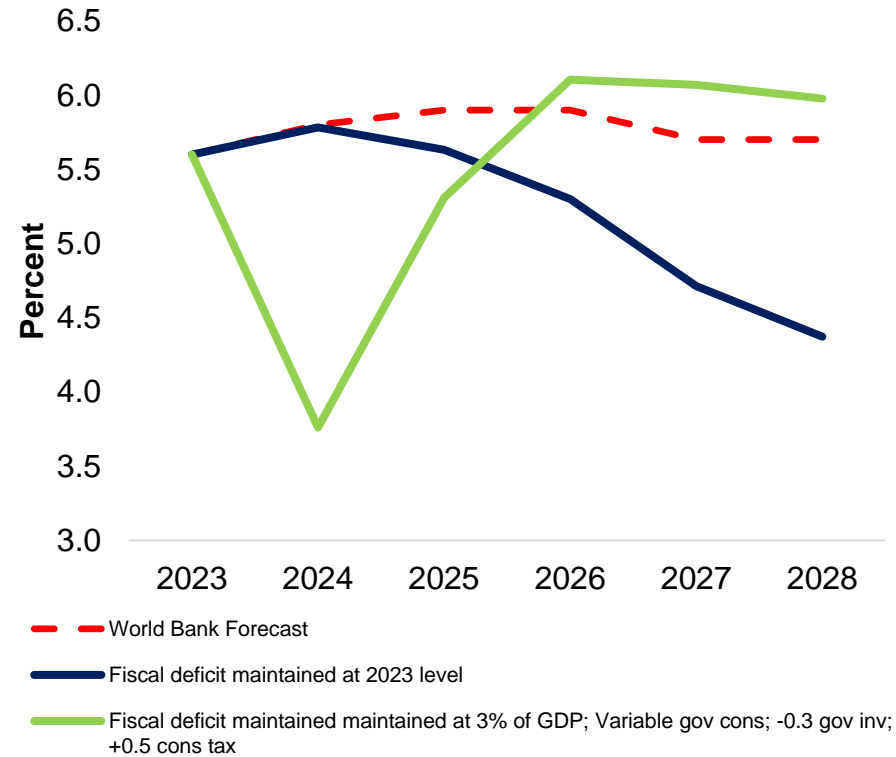
Kept unchecked, growing debt levels will negatively impact growth, but high-quality fiscal consolidation could strengthen growth prospects.

Preliminary results

Debt-to-GDP



GDP Growth



Ambisyon 2040: A long-term vision for the Filipino future

In 2040, we will all enjoy a stable and comfortable lifestyle, secure in the knowledge that we have enough for our daily needs and unexpected expenses, that we can plan and prepare for our own and our children's future. Our family lives together in a place of our own, and we have the freedom to go where we desire, protected and enabled by a clean, efficient, and fair government.



An ambitious yet achievable objective

GROWTH AND PRODUCTIVITY IN THE PHILIPPINES

WINNING THE FUTURE



Triple per capita income over the next two decades



Accelerating infrastructure investment



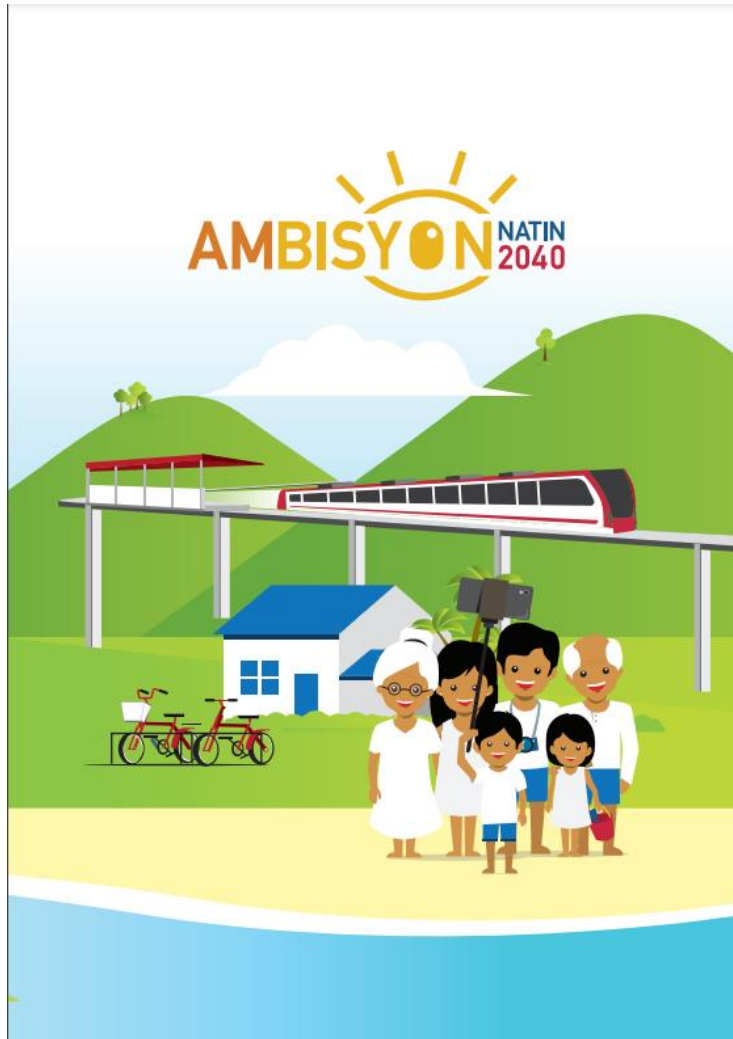
Sustaining high Total Factor Productivity growth

Prior to the pandemic, strong growth and tax reforms would enable an acceleration in public spending.

	2019	2022 (Pre-pandemic Target)	2022 (Actual)	2028 (MTFF)
Revenues	16.1	17.2	16.1	16.9
Expenditures	19.5	20.4	23.4	19.9
Infrastructure	5.4	6.3	5.8	6.0

Ensuring consistency between long-term development goals and budgeting requires a clear path forward

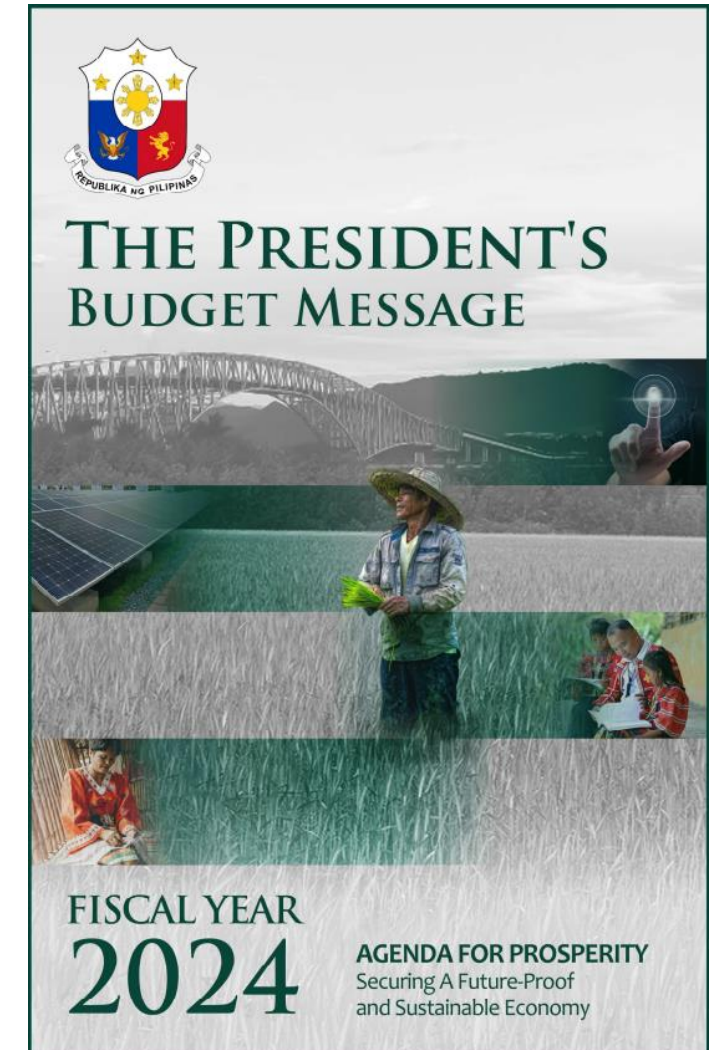
Long-term Development



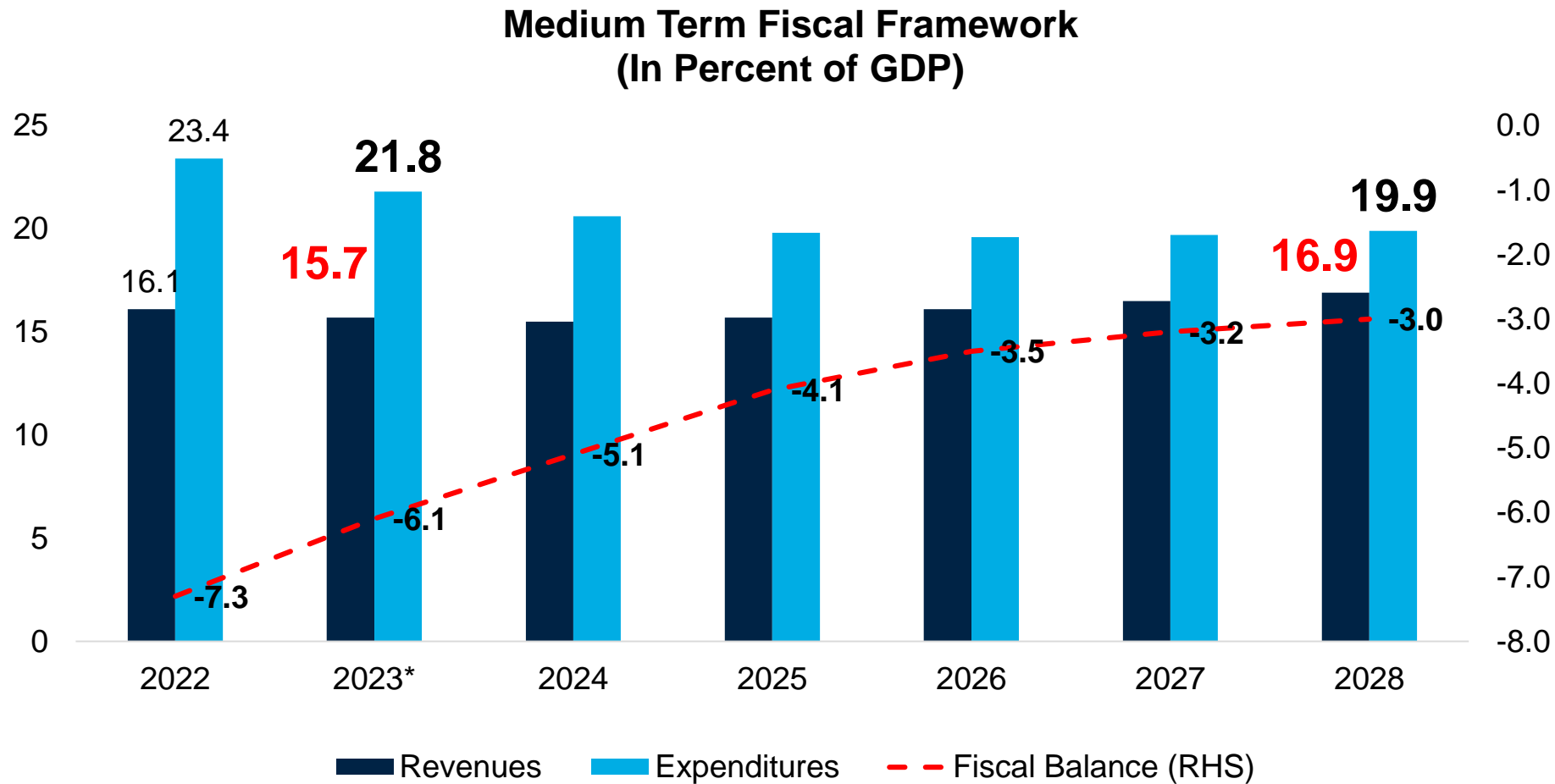
Medium-term plan



Annual Budget



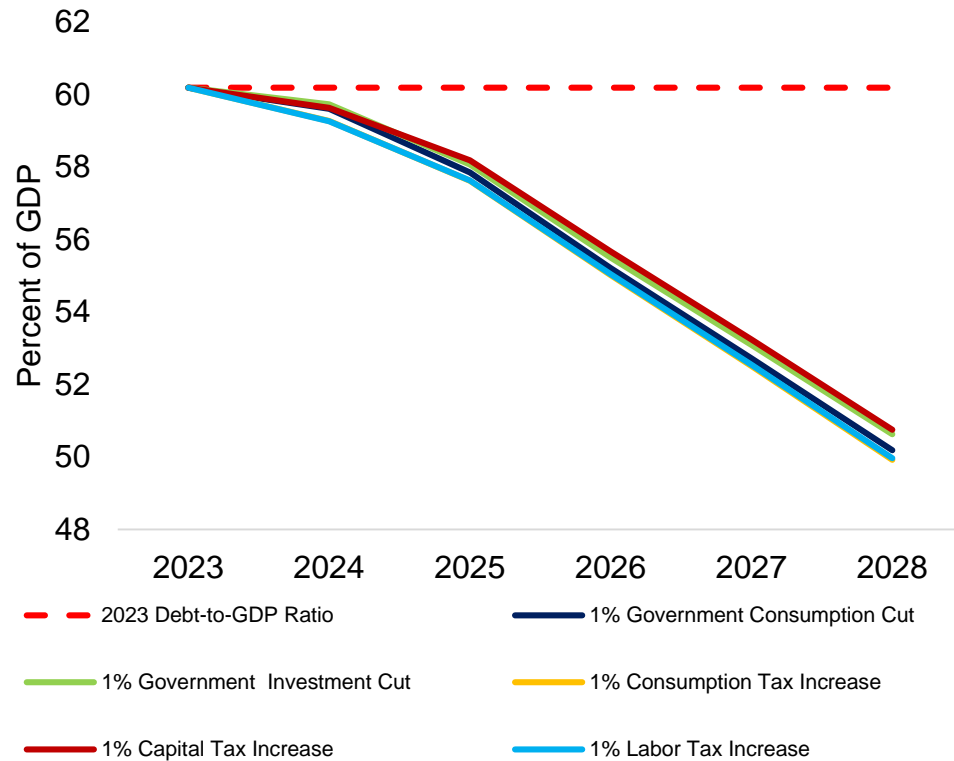
The Medium-Term Fiscal Framework provides a path forward, anchored on stronger Domestic Resource Mobilization



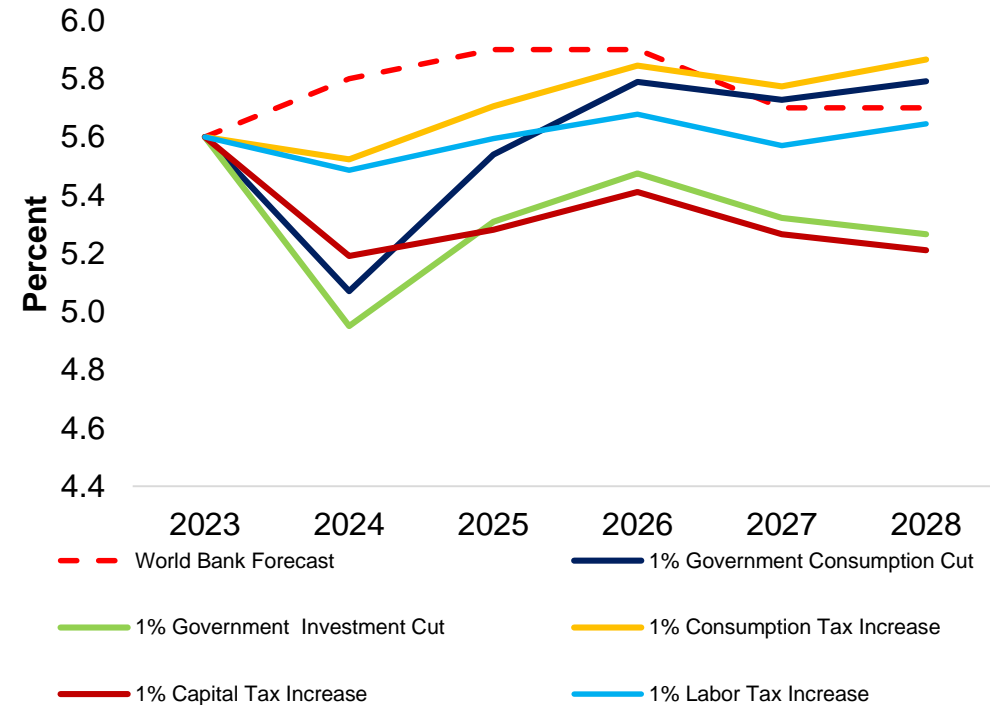
Consumption taxes and cuts to government consumption are the least distortionary to growth.

Preliminary results

Debt-to-GDP

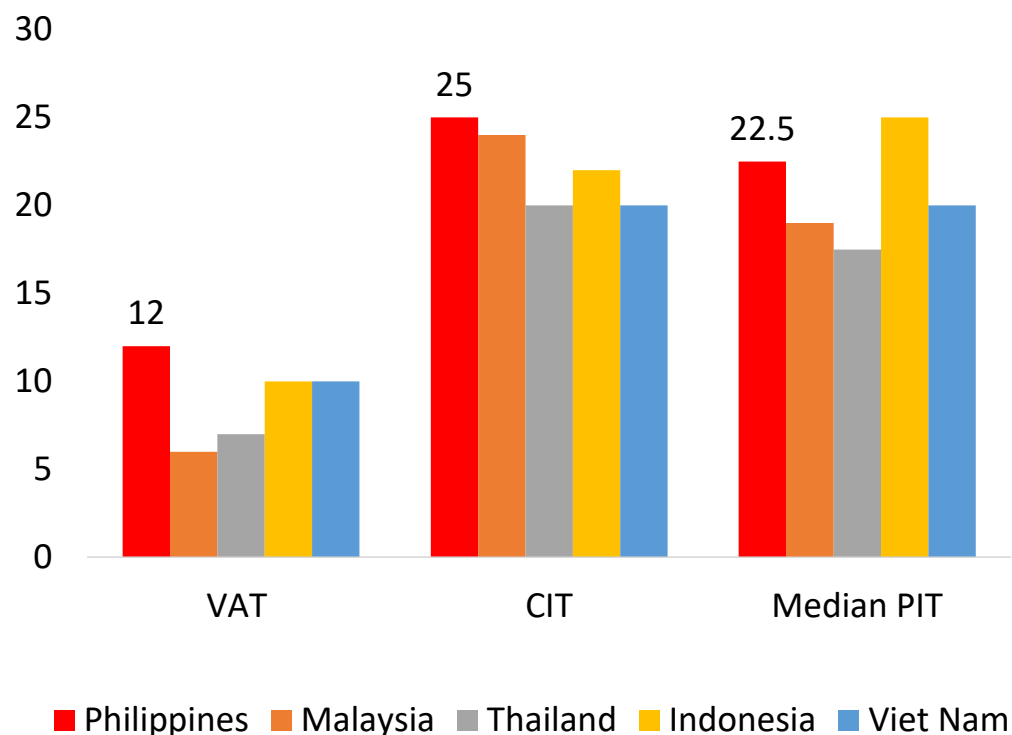


GDP Growth



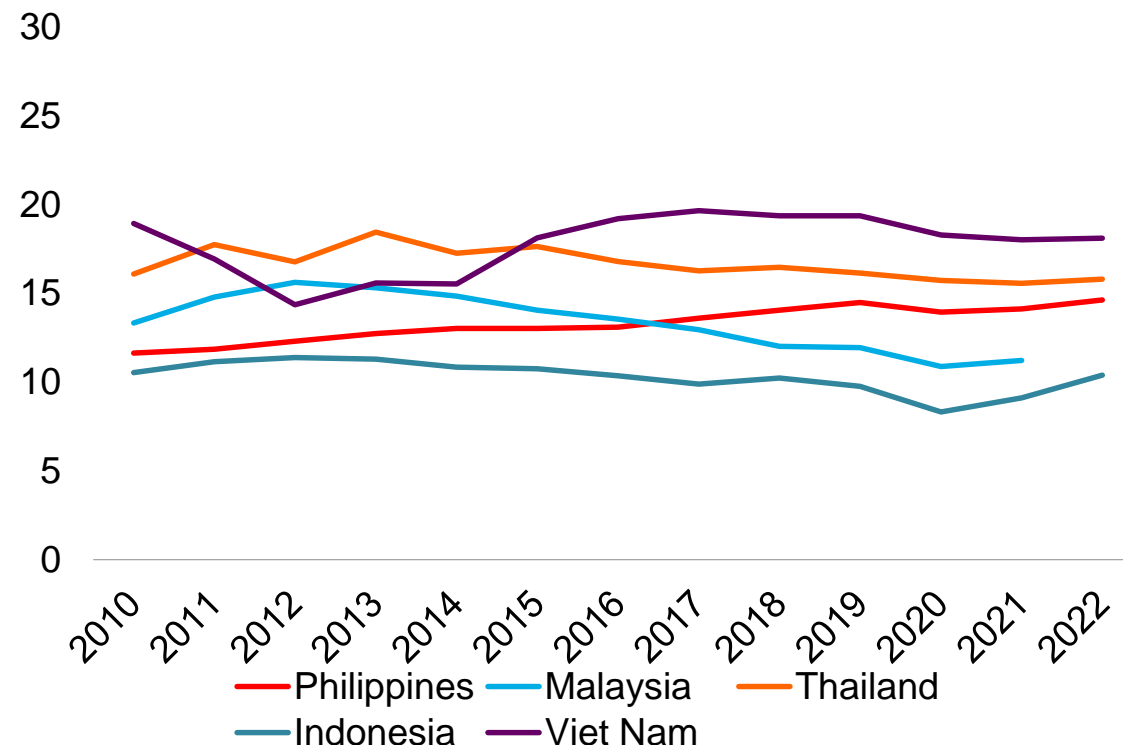
Philippines: High tax rates, yet not so high tax collections.

Tax Rates by Instrument (% , 2022)



Sources: PwC and Asian Development Bank (ADB).

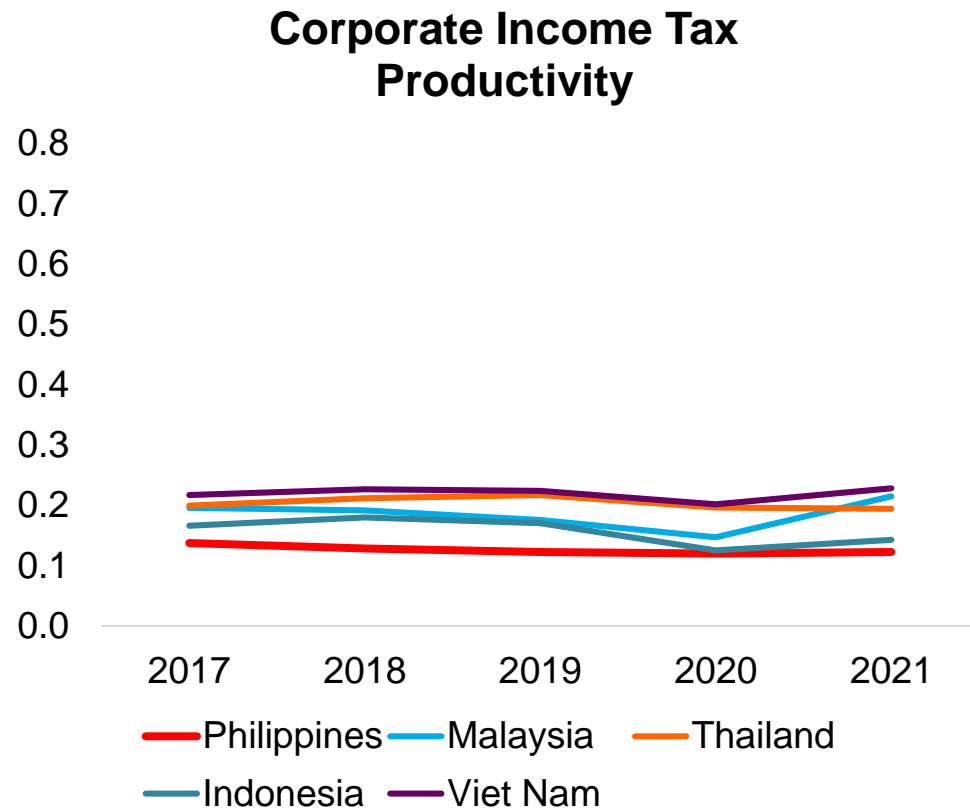
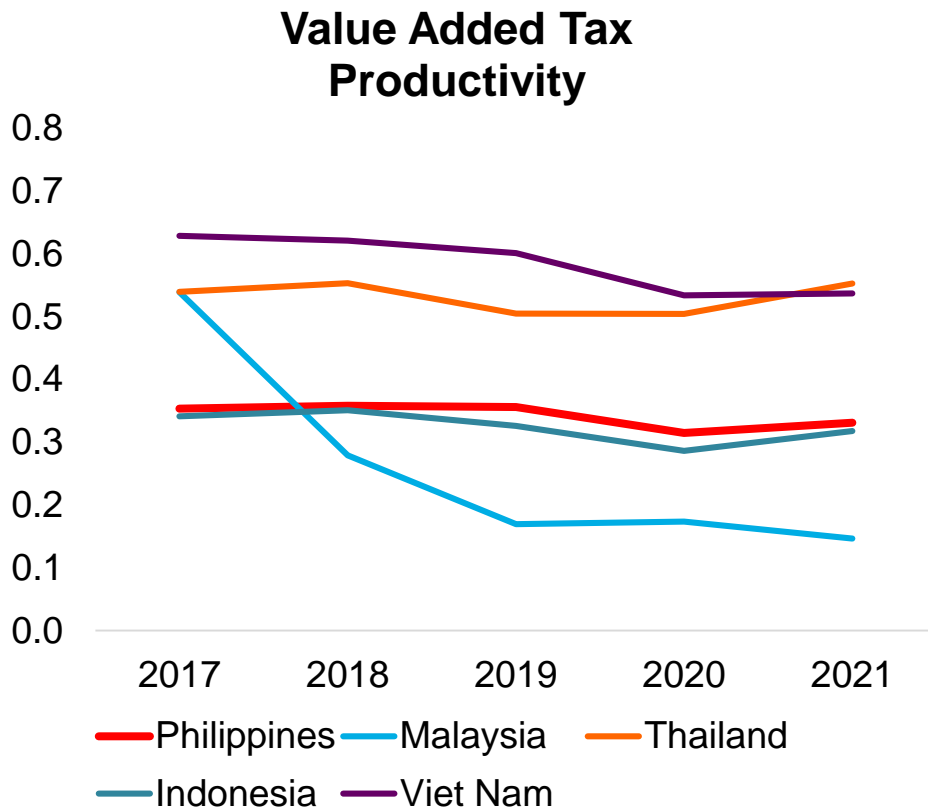
Tax collections (% of GDP)



Sources: Haver Analytics, Indonesia Ministry of Finance, Viet Nam General Statistics Office, Organization for Economic Cooperation and Development (OECD), and World Bank.

The low tax productivity for VAT and CIT suggest tax admin and base broadening measures could help increase revenue.

Tax productivity: Total tax collections in percent of GDP divided by the headline (or main) tax rate



Sources: OECD, Department of Finance Philippines, Ministry of Finance of Malaysia, Social Security Organisation of Malaysia (PERKESO), Ministry of Finance in Thailand, Fiscal Policy Agency of Indonesia, Ministry of Finance of Indonesia, BPJS Kesehatan (Social Security Administrator of Indonesia), BPJS Ketenagakerjaan (Employees Social Security System) of Indonesia, and General Statistics Office Viet Nam.

Note: Malaysia has Goods and Services Tax (GST) and Sales and Services Tax (SST) instead of value-added tax (VAT). Malaysia switched to the SST regime in 2018.

Sin tax reforms have helped strengthen revenue collection over the past decade, including Sugar Sweetened Beverages (SSBs).

