



Philippine
Constructors
Association Inc.

Philippine Country Report 2023

Philippine Constructors Association, Inc.

53rd ACF Council Meeting



Table of contents

01

Philippine GDP

02

Plans for the Future

03

Issues in the
Industry

04

Labor Force Survey

05

Annual Increase of
CMWPI

06

Investment
Opportunities





01

Gross Domestic Products

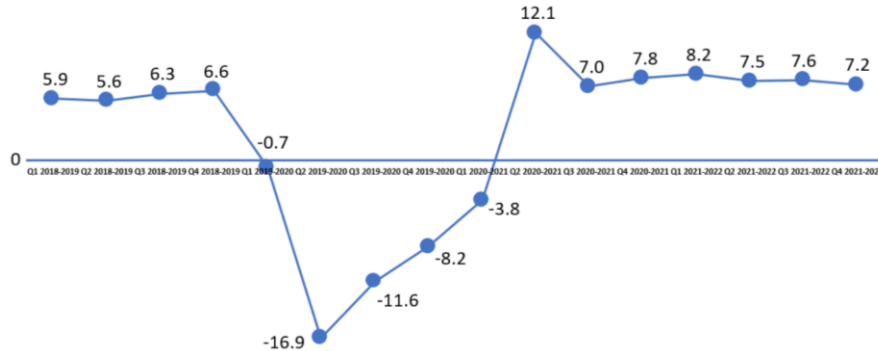
Overview of the Philippine GDP



GDP posts a 7.6 percent full-year growth



Figure 1. Gross Domestic Product (At Constant 2018 Prices)
Year-on-Year Growth Rates (in percent)
Q1 2018-2019 to Q4 2021-2022



8.7 Percent

Wholesale and retail trade; repair of motor vehicles & motorcycles



5.0 Percent

Manufacturing



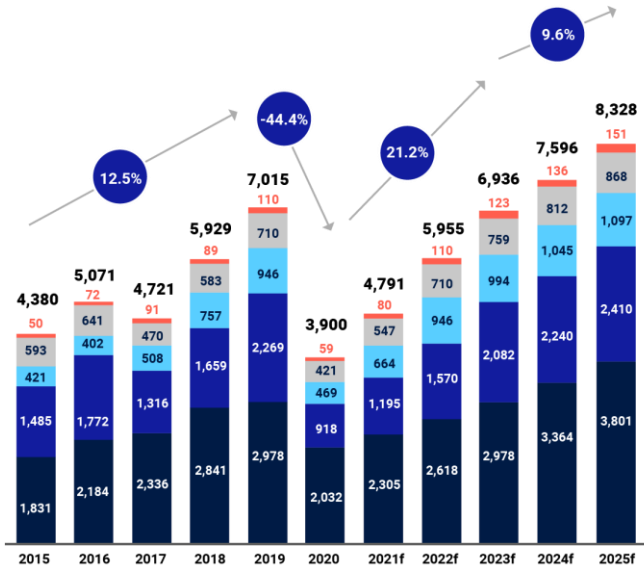
12.7 Percent

Construction

Year on Year Growth of Construction



New Construction Value in the Philippines, by Customer Segment
in USD Million



The construction industry's value add grew by 12.2% year on year in q3 2022, preceded by y-o-y growth of 19.5% in q2 and 14.7% in q1 2022.

The construction industry is expected to register an annual average growth of 7.3% from 2023 to 2026, to be supported by government investment in the infrastructure, transport, energy and residential sectors



02

Plans for the Future

Future Infrastructure Projects

Budget Allocation for Construction



- Php 398.5 B** Road Networks
- Php 212.2 B** Flood Control Systems
- Php 164.1 B** Development Fund of LGUs
- Php 105.3 B** Railways
- Php 52.3 B** Buildings
- Php 50.3 B** Right-of-Way Acquisitions
- Php 29.5 B** Irrigation Systems
- Php 16.8 B** Hospitals and Health Centers
- Php 13.9 B** School Buildings
- Php 5.3 B** Water Supply Systems
- Php 3.6 B** Power Supply Systems
- Php 2.5 B** Housing and Community Facilities
- Php 1.4 B** Reforestation Projects

Philippine Development Plan



Department of Public Works and Highways



DPWH STRATEGIC INFRASTRUCTURE PROGRAMS IN SUPPORT OF THE PRESIDENT'S 8-POINT SOCIOECONOMIC AGENDA

8-Point Socioeconomic Agenda	DPWH Key Priority Programs	Target Outcomes
<p>Near-Term Agenda (Protect the Purchasing Power of Families)</p> <ul style="list-style-type: none"> • Ensure Food Security • Reduce Traffic and Logistic Costs • Reduce Energy Costs <p>Medium-Term Agenda (Create more Jobs, Quality Jobs)</p> <ul style="list-style-type: none"> • Improve Infrastructure • Establish, Livable and Sustainable Communities 	<p>Traffic Decongestion Program</p> <ul style="list-style-type: none"> • High Standard Highways and Expressways • By-passes and diversion roads • Flyovers, interchanges and underpasses • Expansion / widening of national roads and bridges 	<ul style="list-style-type: none"> • Increase road network capacity • Expand the country's High Standard Highways / Expressways from 510 kilometers to 1,816 kilometers • Reduce travel time between Ilocos in the North and Bicol in the South from 20 hours to just 9 hours.
	<p>Integrated and Seamless Transport System Program</p> <ul style="list-style-type: none"> • Improve Daang Maharlika Highway • Construct Inter-Island Linkage/Mega Bridge Program • Connect gaps along national roads • Improve roads leading to growth corridors in Mindanao 	<ul style="list-style-type: none"> • Improve Inter-Region and Inter-Island Connectivity for a seamless transport system
	<p>Rural Roads Convergence Program</p> <ul style="list-style-type: none"> • Construct/upgrade access roads leading to designated tourism destinations, industry and trade corridors, RORO ports / seaports, railway stations and airports. • Construct Farm to Market/Farm to Mill Roads under the Agri-Infrastructure Support Program 	<ul style="list-style-type: none"> • Improve access to tourism destinations to increase tourism arrivals. • Improve access to industry corridors to lower transport costs. • Build FMRs based on FMR Masterplan to connect to national highways
	<p>Livable, Sustainable & Resilient Communities</p> <ul style="list-style-type: none"> • Flood Management Program • Integrated Water Resources Management Program • Bridges Seismic Improvement Program • Basic Social Infrastructure Support Program (Evacuation Centers and School Facilities) • Infrastructure Support for Marginalized Sectors (i.e. physically challenged, elderly, women, children) • Active Transport Program (Bike lanes and Pedestrian Infrastructure) 	<ul style="list-style-type: none"> • Protect lives and properties from natural disasters • Build disaster-resilient structures especially in calamity-prone areas • Promote zero carbon footprint.

Department of Energy



Energy Investment Requirements



USD 153 Billion
Total Required Energy Investments



UPSTREAM



USD 10.05 Billion
Oil and Gas Exploration
and Development



USD 13.12 Billion
Coal Exploration and Production



USD 510 Million
Renewable Energy
(Pre-Development Activities)

DOWNSTREAM



USD 2.94 Billion
Oil Distribution Depots and
Import Terminals



USD 1.78 Billion
Liquefied Natural Gas (LNG) Terminals

USD 2.38 Billion
Biofuels Production

POWER



USD 115.3 Billion
Construction of New Power
Plants

Conventional: USD 21.0 Billion
Renewable Energy: USD 94.3 Billion



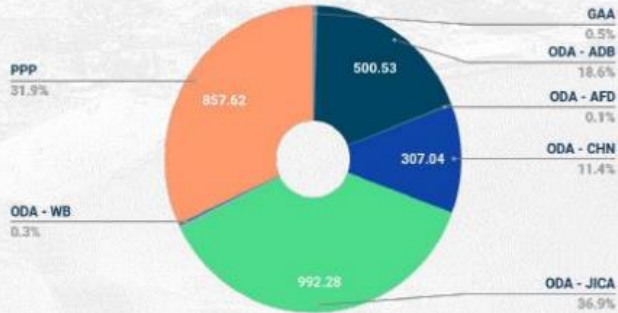
USD 6.97 Billion
Transmission Projects

Department of Transportation



BROADENING AND DIVERSIFYING FUNDING STRATEGIES

Projects Funding Mix 2022 (in B PHP)



Projects Funding Mix	2022	% of Total
ODA - JICA	992.3	36.91%
PPP	857.6	31.90%
ODA - ADB	500.5	18.62%
ODA - CHN	307.0	11.42%
GAA	13.1	0.49%
ODA - WB	7.8	0.29%
ODA - AFD	3.2	0.12%
ODA - KEXIM	6.2	0.23%
ODA - ADB (ASEAN-IF)	0.8	0.03%
TOTAL	2688.5	100.00%

ODA Funding Mix 2022 (in B PHP)



ODA Funding Mix	2022
ODA - JICA	54.59%
ODA - ADB	27.53%
ODA - CHN	16.89%
ODA - WB	0.43%
ODA - AFD	0.17%
ODA - KEXIM	0.34%
ODA - ADB (ASEAN-IF)	0.05%
TOTAL	100.00%

Legend:

- ODA-Official Development Assistance
- ADB-Asian Development Bank
- CHN- China
- WB- World Bank
- AFD-Agence Française de Développement
- KEXIM- Korea Eximbank
- ASEAN-IF-ASEAN Infrastructure Fund
- JICA-Japan International Cooperation Agency

Construction Project Updates



LIST OF PROJECTS (not exhaustive)						
						
PROJECT	New Manila Int'l Airport (Bulacan)	Clark Int'l Airport Expansion Project	Caticlan Airport Development Project	LRT-1 Cavite Extension	MRT-7	Taguig Integrated Terminal Exchange
Indicative Cost	PHP 735.60 Billion	PHP 12.55 Billion	PHP 2.506 Billion	PHP 64.915 Billion <i>(inc. ODA Component)</i>	PHP 77 Billion	PHP 5.20 Billion <i>(inc. access ramp & land cost)</i>
PPP Structure	BOT	BT	CAOT	BTO	BGTOM	BTO
Cooperation Period	50 years	None	25 years	32 years <i>(inclusive of construction)</i>	25 years	35 years <i>(inclusive of construction)</i>
Location	Region III	Region III	Region VI	NCR, Region IV-A	NCR, Region III	NCR
IA	DOTr	BCDA	CAAP	DOTr, LRTA	DOTr	DOTr
Private Proponent	San Miguel Aerocity Inc. 	Megawide-GMR Construction Joint Venture, Inc. 	Trans Aire Development Holdings Corporation 	Light Rail Manila Corporation 	SMC-Mass Rail Transit 7, Inc 	ARCA South Integrated Terminal Incorporated (ASITI) 



03

Issues in the Construction Industry

Construction Issues



Transparency in
government transactions



Absence of long-term
vision of infrastructure
projects



Right of way



Extra cost of doing
business



Price escalation



Productivity



04

Highlights of the Labor Force Survey

Status of the Philippine Labor Force

Highlights of the January 2023 Labor Force Survey



1. Unemployment rate in January 2023 was estimated at 4.8 percent, translating to 2.37 million unemployed Filipinos. This estimated rate is lower than the unemployment rate reported in the same month in 2022 at 6.4 percent.
2. The services sector continued to account for the largest share of employed person with 60.7 percent of the total employed persons in January 2023. The agriculture sector and industry sectors accounted for 22.2 percent and 17.1 percent of the total employed persons, respectively.
3. The construction industry employs some 4.1 million construction workers in January 2023, down from the 4.3 workers in December 2022.

Sectors/Industry	Current Minimum Wage Rate	New Wage Increase	New Minimum Wage Rates
Non-Agriculture	Php 537.00	Php 33.00	Php 570.00
Agriculture (Plantation and Non -Plantation)			
Service/Retail Establishments employing 15 workers or less	Php 500.00	Php 33.00	Php 533.00
Manufacturing regularly employing less than 10 workers			



05

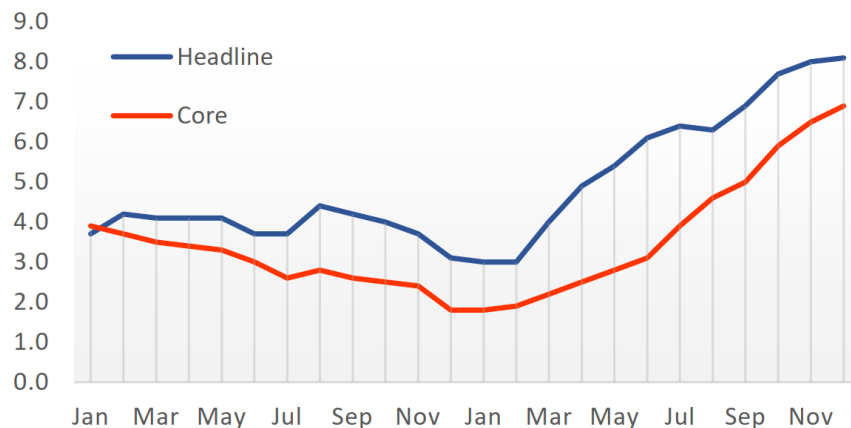
Construction Costs

Construction Materials Costs Overview

Philippine Inflation



Figure 1: Monthly Headline and Core Inflation (%)
January 2021 - December 2022

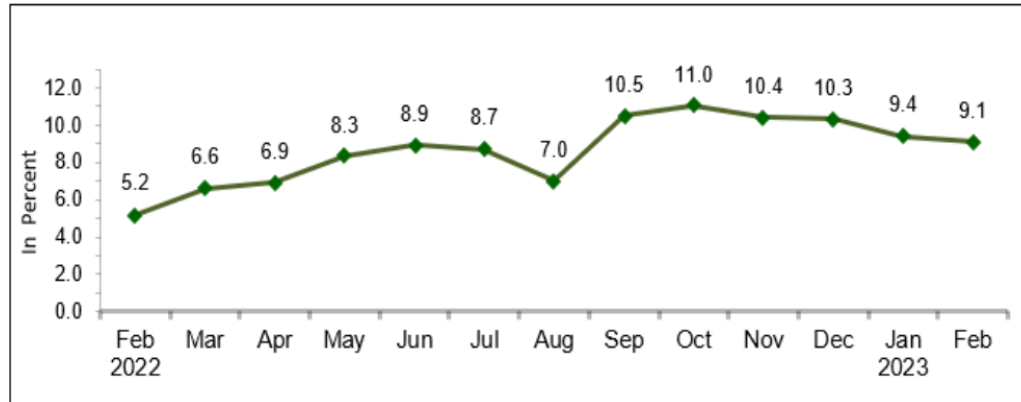


The Philippine inflation in December 2022 rose up to a 14-year high of 8.1%, placing the year average at 5.8% and breaching the central bank's goal of 2% to 4%. The central bank, which has aggressively raised interest rates, expects inflation to stabilize this year.



Annual Increase Of CMWPI

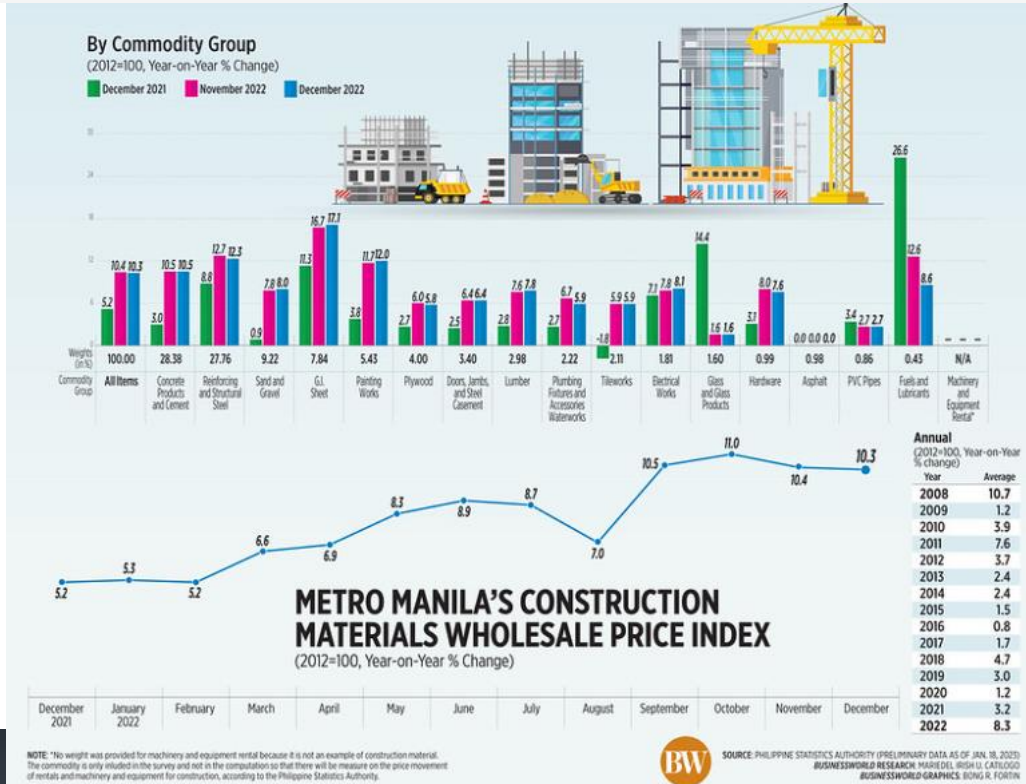
Figure 1. Year-on-Year Growth Rates of the CMWPI in NCR, All Items
February 2022 – February 2023
(2012=100)



Year-on-year change of average CMWPI for January to February, 2023 vs. 2022

Source: Philippine Statistics Authority
Survey of Wholesale Prices of Selected Construction Materials for the Generation of CMWPI

Construction Materials



An aerial photograph of a multi-lane bridge spanning a body of water. A single white car is driving on the bridge. The bridge has a blue railing and wooden posts along the edge. The water is dark, and there are some dry bushes and rocks on the shore.

06

Investment Opportunities

Business Opportunities



Consultancy



Joint Venture



Supplies



Technological
Innovations



Financing

