



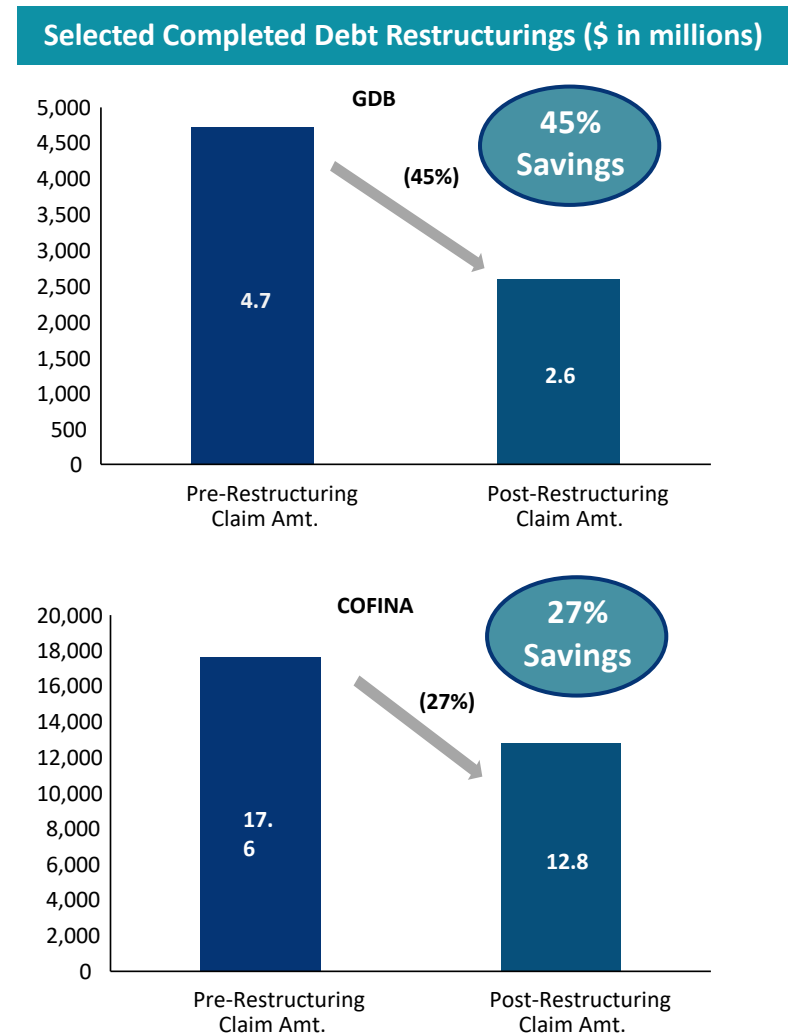
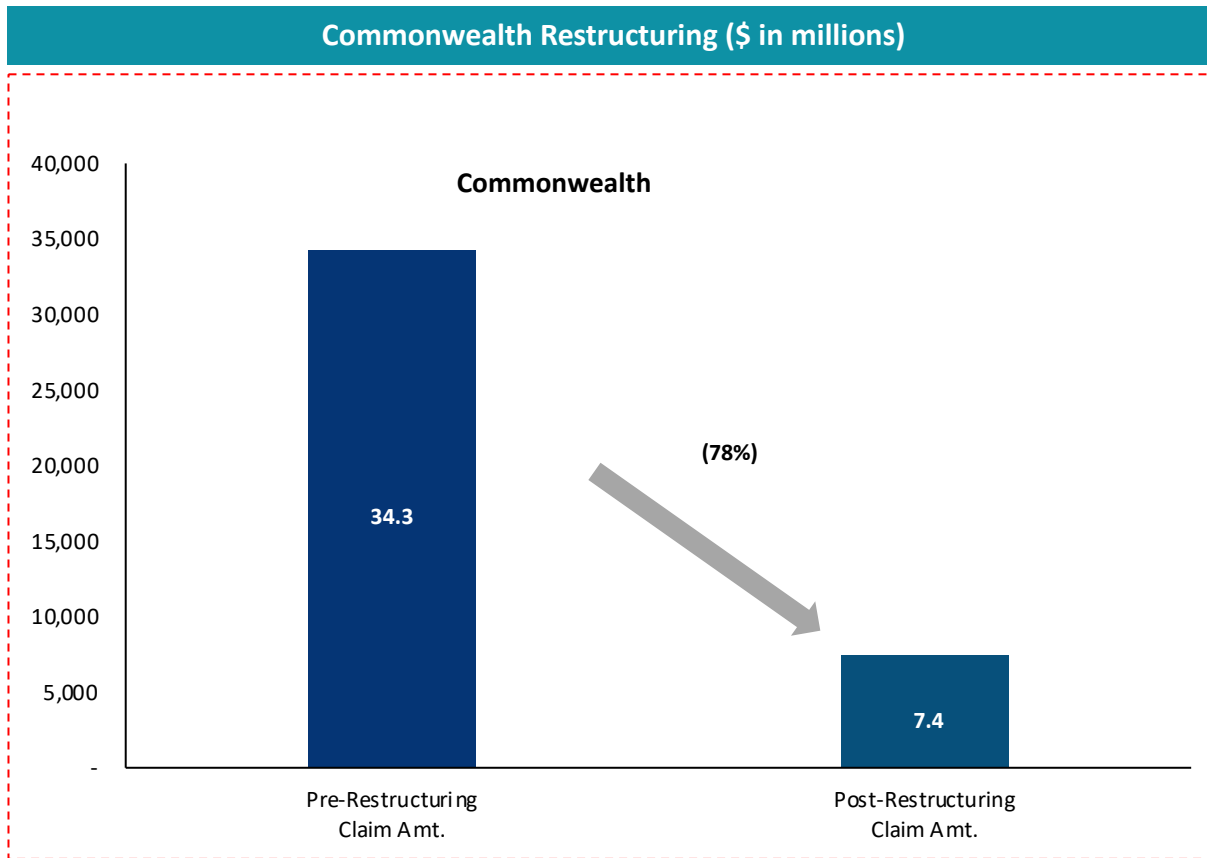
PUERTO RICO
**FISCAL AGENCY
& FINANCIAL ADVISORY
AUTHORITY**

Puerto Rico Chamber of Commerce

October 29th, 2021

The End of Bankruptcy

This week, legislation was approved to enable the debt restructuring under the Plan of Adjustment, which will slash the central government's debt from \$34 billion to \$7.4 billion and provide a consensual framework to restructure Puerto Rico's debt so it can emerge from bankruptcy by the end of 2021.



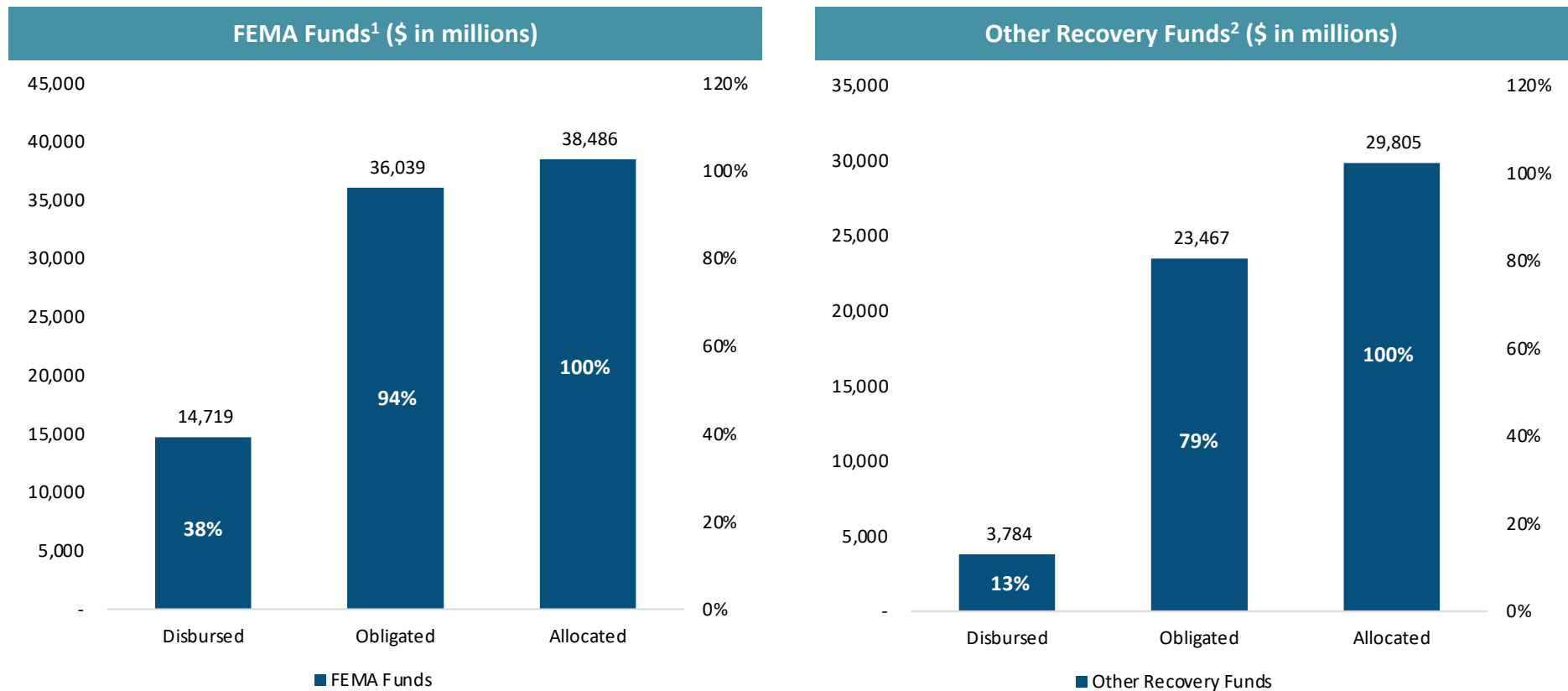
Return to Economic Growth: Structural Reforms

The role of the Government is to create the conditions that allow the private sector to thrive, grow, create jobs and foster economic opportunities for all.

| | |
|---|---|
| HUMAN CAPITAL AND WELFARE REFORM | Increase labor participation by ensuring the Puerto Rico workforce has the skills for the jobs of today and tomorrow. Revamp workforce development programs. The government also needs to be more proactive in educating residents about the Earned Income Tax Credit (EITC), a major incentive for people to seek and maintain employment in the formal economy. |
| K-12 EDUCATION REFORM | Improve the quality of public education through systematically collecting, managing, and leveraging education statistics, launching evidence-based curriculum reform, and boosting family engagement. |
| EASE OF DOING BUSINESS REFORM | Improve the business climate and make it easier to establish and operate businesses in Puerto Rico. Improving Puerto Rico's ranking not only allows us to showcase Puerto Rico to the world as a good place to live and invest, but also implies, for example, that a young entrepreneur who wants to start a small business on the island will not be burdened by overly bureaucratic and outdated government processes. |
| INFRASTRUCTURE REFORM | Improve the quality of Puerto Rico's roads and transportation infrastructure by prioritizing projects for economic impact. The poor quality of transport infrastructure contributes to congestion and hurts the ease of doing business. |
| POWER SECTOR REFORM | Improve the reliability, cost, and sustainability of electricity in Puerto Rico. Puerto Rico now has a strong, independent energy regulator, and PREPA reached an agreement with a private operator to manage the grid. |
| TAX REFORM | Ensure a competitive tax environment that allows local companies and businesses to thrive, grow and create jobs and helps attract external direct investment both from elsewhere in the U.S. and the world. |

Return to Economic Growth: FEMA and Other Recovery Funds

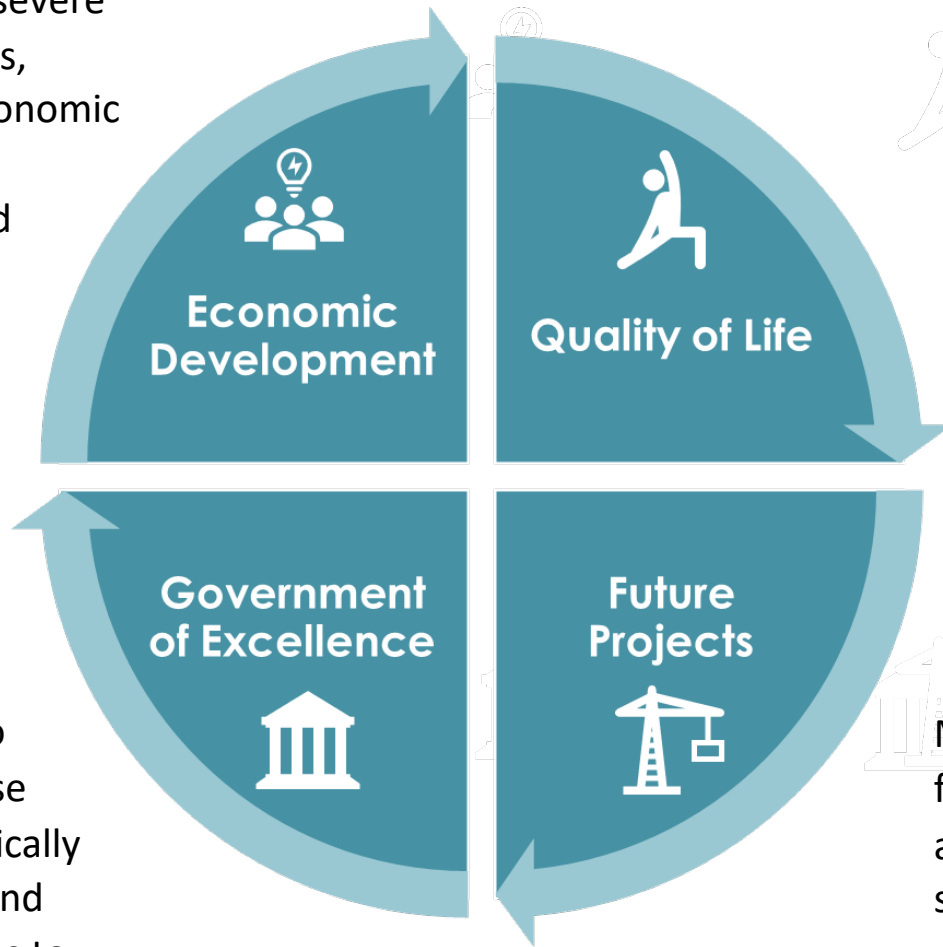
The Federal Government has allocated over \$68 billion in order to assist Puerto Rico in its recovery and rebuilding efforts. As illustrated below, the Government has rapidly, and transparently, disbursed funds.



Return to Economic Growth: Puerto Rico's CSFRF Strategic Priorities

Ensure that necessary economic stimulus is delivered to persevere through these difficult times, while investing in future economic prosperity, especially in economically disadvantaged communities





Provide valuable services to residents with many of these services impacting economically disadvantaged individuals and protect government services to build a sustainable future



Ensure an equitable and strong public health recovery from the COVID-19 pandemic by improving the health and quality of life of its citizens, especially those with low incomes and those who have sacrificed so much to serve our community in this time of great need

Make necessary investments for future growth and prosperity by allocating targeted funding for strategic infrastructure and related long-term projects

Return to Economic Growth: Current Allocations to Strategic Priorities

| | Phase I (\$M) | Phase II (\$M) | Total (\$M) | % of Total CSFRF |
|--|--------------------|-------------------|----------------|---------------------|
|  <p>Economic Development Focus on Tourism and other key industries to accelerate economic recovery and workforce development</p> | 280.6 | 239.4 | 520.0 | 21.05% |
|  <p>Quality of Life Respond to public health issues and provide support and growth opportunities for disadvantaged communities</p> | 381.5 | 213.5 | 595.0 | 24.09% |
|  <p>Future Projects Make long term infrastructure investments</p> | 544.7 | 55.3 | 600.0 | 24.29% |
|  <p>Government of Excellence Ensure sustainability of government operations</p> | 450.2 | 79.9 | 530 | 21.46% |
| Total | 1,657.0 | 588.1 | 2,245.1 | |
| Compliance, Transparency and Accountability | 225 | | 2,470.1 | |
| | Grand Total | | 2,470.1 | |

Return to Economic Growth: Promote Puerto Rico

Travel and tourism is one of the most important and fastest growing economic sectors in the world, with global growth of 3.5% experienced in 2019¹ alone. For this reason, and due to Puerto Rico’s natural and cultural charms, we bet on tourism and the visitor's economy as one of the most important pillars for our economic development and job creation.



The **Promote Puerto Rico** program is allocating **\$120 million** and consists of five projects. Puerto Rico tourism was significantly affected by the COVID-19 closures. To accelerate the recovery of tourism, the Promote Puerto Rico program will allocate resources to promote Puerto Rico as a tourist destination, attract conferences and events, and allocate funds to revitalize tourist attractions and natural resources.

| Project | Promote Puerto Rico Projects | Investment |
|---------|---|---------------------|
| I | Promote Puerto Rico as a tourist destination for residents of the continental United States and other countries | \$50,000,000 |
| II | Revitalize over a dozen natural tourist attractions , such as the natural resources of Camuy Caverns and the Mayagüez Zoo and Balnearios including La Monserrate in Luquillo Boquerón in Cabo Rojo, among others | \$30,000,000 |
| III | Promote Puerto Rico as a tourist destination for residents of Puerto Rico through the promotion of local tourism, highlighting Puerto Rico’s culture by promoting agricultural, ecological, nautical, gastro, and sports tourism | \$20,000,000 |
| IV | Promote Puerto Rico as a destination for conventions and events , as well as highlight the entertainment that the island has to offer by elevating the image of the Puerto Rico Convention Center and Convention District | \$10,000,000 |
| V | Market Puerto Rico as an investment opportunity for foreign investors , as well as to attract new businesses to the island through the creation of a competitive investment jurisdiction and elevation of Puerto Rico’s strategic assets | \$10,000,000 |