Department of Transportation

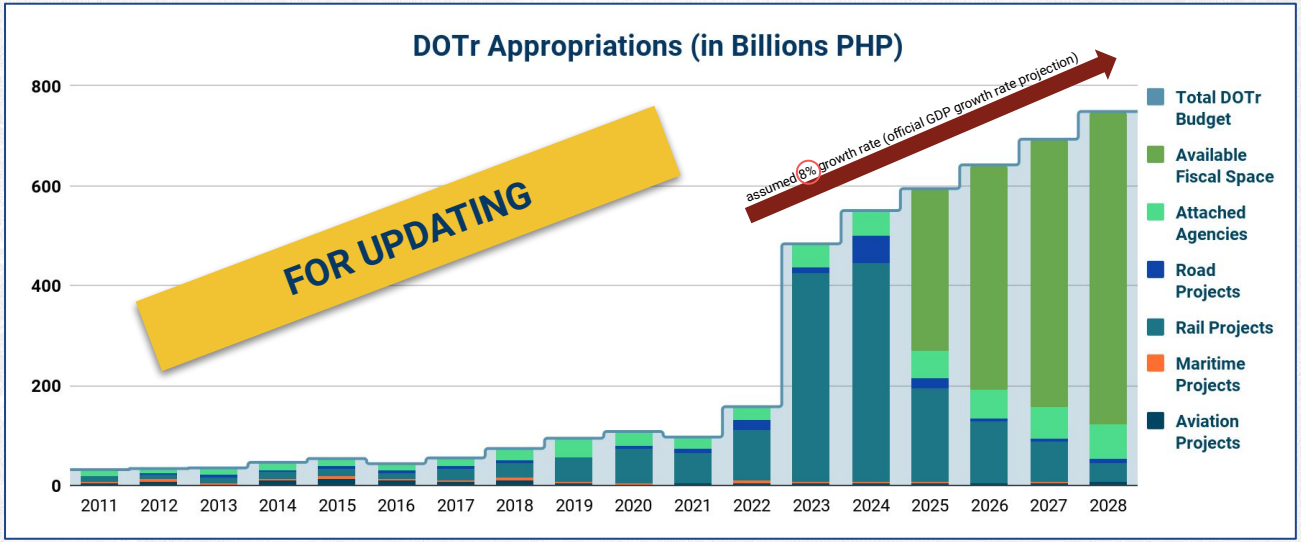
Regional Cooperation Mechanism on Low Carbon Transport: Identification and Development of Climate Financing Mechanism

Session 2: Discussion on Key Low Carbon Transport Financing Barriers and Challenges

16 May 2024 | 11:00 AM - 12:30 PM
Multifunction Hall 3, ADB Headquarters, Manila, Philippines

WALLEASTEIN L. SIGUI
Supervising Transportation Development Officer
Planning and Project Development Office

While **near-term fiscal space is occupied** by ongoing Rail Projects, projected **uncommitted fiscal space after peak rail disbursement** is **1.9 Trillion PHP**



Projected Estimated Uncommitted Fiscal Space (in Billions)

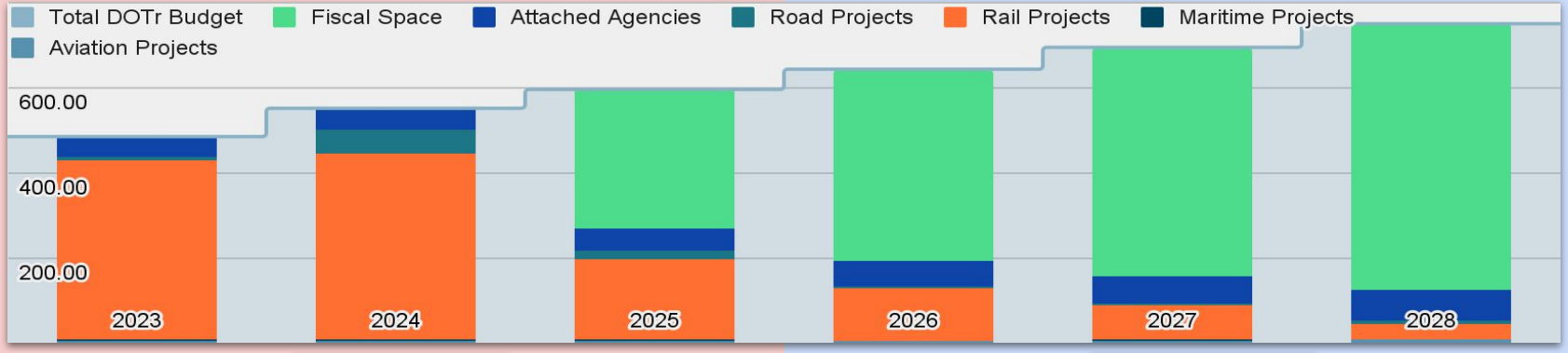
2025	2026	2027	2028	TOTAL
₱325	₱449	₱536	₱626	₱1,936
$5.91	$8.16	$9.75	$11.38	$35.2

TOTAL ESTIMATED UNCOMMITTED FISCAL SPACE

[1] 2024-2028 Projections for Aviation, Maritime, and Rail are based on an **8% annual growth**.
[2] 2024-2028 Projections for Road are based on **2023 Annual Fund Requirements**.

in Billions PHP	AQUINO ADMINISTRATION						DUTERTE ADMINISTRATION						MARCOS ADMINISTRATION					
Items	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Total DOTr Budget	0.57	0.61	0.64	0.84	0.98	0.79	1.00	1.34	1.72	1.96	1.76	2.87	8.80	10.01	10.81	11.67	12.61	13.61
Aviation Projects	0.09	0.12	0.05	0.17	0.25	0.17	0.12	0.18	0.07	0.04	0.09	0.07	0.06	0.06	0.07	0.08	0.09	0.11
Maritime Projects	0.04	0.10	0.04	0.06	0.10	0.04	0.08	0.10	0.03	0.02	0.01	0.09	0.06	0.08	0.07	0.02	0.02	0.02
Rail Projects	0.21	0.18	0.22	0.27	0.28	0.23	0.40	0.52	0.91	1.25	1.05	1.86	7.63	7.96	3.40	2.21	1.47	0.69
Road Projects	0.01	0.04	0.06	0.07	0.07	0.09	0.09	0.13	0.03	0.10	0.17	0.35	0.20	0.99	0.37	0.12	0.12	0.15
Attached Agencies inc. Non Project Items	0.23	0.19	0.27	0.28	0.28	0.26	0.30	0.42	0.67	0.54	0.44	0.49	0.85	0.92	0.99	1.07	1.16	1.25
													Present	*Projected*				

Characteristics and strategies for near-term and medium-term fiscal environment



Characteristics

Near-Term (2023-2025)	Medium-Term (2026-2028)
1. **Constrained fiscal space** due to **funding requirements of ongoing rail projects** 2. **Peak rail disbursement** programmed in **2024**	1. Assuming DOTr fiscal space v-a-v Nat'l. Gov't. budget continues, **substantial uncommitted fiscal space will become available** due to **winding down of funding requirements for ongoing rail projects**

Strategies

Near-Term (2023-2025)	Medium-Term (2026-2028)
1. Ensure **timely completion** of **ongoing projects** within budget 2. **Invest in project preparation** activities such as **master planning** and **feasibility studies** to **prepare projects for funding in the medium term** 3. Develop and implement **projects that do not require fiscal space** in the near term, such as **financially-viable PPPs**	1. **Implement projects** that were **prepared in the near term**, including PPPs that require fiscal space 2. **Continue project preparation** for projects to be implemented in future administrations (long term)

Ongoing projects	1.1. Implementation of GAA 2023 funded projects
Financially viable airport PPPs	2.1. NAIA, 2.2. New Bicol, 2.3. New Bohol, 2.4. Laguindingan, 2.5. Iloilo, 2.6. Puerto Princesa, 2.7. Bacolod-Silay, 2.8. Davao, 2.9. Kalibo, 2.10. Siargao
Prototype road transport projects	3.1. Cebu Bus Rapid Transit Project, 3.2. Davao Public Transport Modernization Project, 3.3. EDSA Greenways Project, 3.4. Makati-BGC Greenways Project
Rail PPPs that do not require fiscal space until completion	4.1. Rail unsolicited proposal projects, since Availability Payments do not begin until project completion
Maritime safety, security, and disaster response projects	5.1. Acquisition of PCG vessels, helicopters, aircraft, and maritime domain awareness projects
IT projects	6.1. PHL Automated Fare Collection System, 6.2.. PHL Transportation Database

Railways projects	1.1. LRT-2 West Extension, 1.2. MRT-4, 1.3. Subic-Clark Railway, 1.4. PNR South Long Haul (PNR Bicol), 1.5. Mindanao Railway Phase 1 (Tagum-Davao-Digos), 1.6. Other PPP and non-PPP Rail Projects in ProjDev Pipeline
PCG modernization	2.1. Acquisition of maritime, aerial, and land assets including capital ships, air assets, and support facilities; 2.2. construction and rehabilitation of Subic support facility, stations, lighthouses, and other facilities; 2.3. weapons and rescue equipment
Replication of prototype projects	3.1. Replication in other urban areas of successful prototype road projects such as Cebu BRT, Davao PTMP, and EDSA Greenways
Social and tourism ports	4..1. Farm-to-market ports and logistics facilities

DOTr will BUILD MORE by BUILDING BETTER

How are we *Building Better*?

Better Project Identification, Prioritization, and Preparation

- Gap Analysis vis-a-vis Existing Master Plans
- Updating and Development of New Master Plans
- Prioritization of Master Plan-Identified Projects
- More Robust Project Preparation

Broader and More Diversified Funding Strategy

- Diversifying Funding & Financing Partners
- Diversifying into PPP Funding
- Broadening Funding Resources

Better Project Implementation Strategies

- Continuity
- Strengthening of Institutional Capacity
- Strategic Contracting and Credible Procurement
- Environmental, Social, and Governance (ESG)
- Absorptive Capacity

THINK BIG

BIG SOLUTIONS FOR BIG PROBLEMS

DOTr will BUILD BETTER by

Better Project Identification, Prioritization, and Preparation

Broader and More Diversified Funding Strategy

Better Project Implementation Strategies



1 Pre-Investment Approval, Planning, and Project Development (PPD)

1.1. Master Planning & Project Identification | 1.2. Project Development | 1.3. Investment Evaluation

25+ AVIATION	25+ MARITIME
60+ RAILWAYS	27+ ROAD
27+ MULTISECTOR	

Investment Coordinating Committee and NEDA Board Approval + Financing

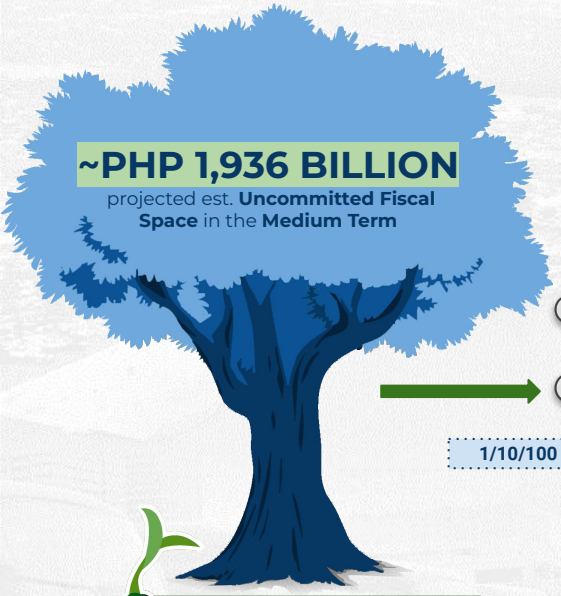
2 Investment Approved, Pre-Construction (IA-PC)

2.1. Design | 2.2. Procurement | 2.3. Right-of-Way

3 Investment Approved, Ongoing Construction (IA-OC)*

4 Operational Transport Infrastructure & Facilities

Pushing PPD projects into implementation requires Project Development resources



~PHP 19.36 BILLION
needed by DOTr in the near-term for Project Preparation and Development (PPD) activities
**Estimated based on average ~1% of Project Cost for DOTr and DPWH projects*

PHP 0.00
DOTr FS Budget under GAA 2023

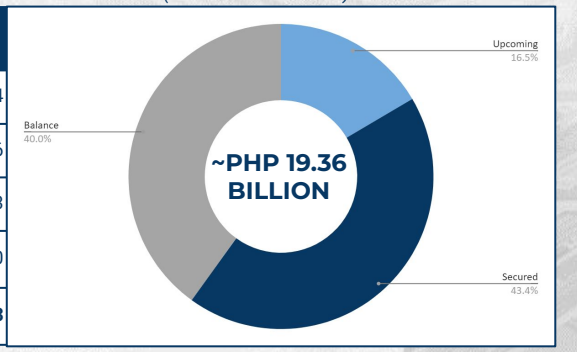
How are we addressing this?

- Diversifying ODA Partners to Access More PPD Resources
- Utilizing PPP Project Preparation Facilities

1/10/100 RULE — MEASURE TWICE, CUT ONCE

Planning and Project Development Resources *(as of December 2023)*

In Million PHP	Upcoming	Secured	Total
PPP	163.05	878.49	1,041.54
Loans	2,896.92	6,005,54	8,902.46
Grants	136.46	577,48	713.93
LFPs		950.00	950.00
	3,196,42	**8,411.51**	**11,607.93**



UPSTREAM AND MIDSTREAM LOAN FACILITIES

UPSTREAM PROJECT PREPARATION

MASTER PLANS

AIIB	BANK (AIIB) *Facility for Accelerating Studies for Infrastructure*	USD 44.0 MILLION

MIDSTREAM PROJECT PREPARATION

FEASIBILITY STUDIES · DETAILED DESIGN · PROCUREMENT SUPPORT

ADB	ASIAN DEVELOPMENT BANK *Infrastructure Preparation and Innovation Facility*	~USD 100 MILLION *OUT OF USD 200M SHARED WITH DPWH*

PPP RESOURCES

	WORLD BANK GROUP *International Finance Corporation (IFC)*	~USD 19 MILLION
ADB	ASIAN DEVELOPMENT BANK *Office of Public-Private Partnership (OPPP)*	
	PPP CENTER *Project Development and Monitoring Facility*	

LOCALLY-FUNDED

	LOCALLY-FUNDED	~USD 17 MILLION

DOTr is BUILDING BETTER by

Better Project Identification, Prioritization, and Preparation

Broader and More Diversified Funding Strategy

Better Project Implementation Strategies

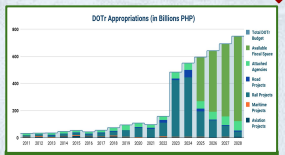
GOVERNMENT-FINANCED

PROJECT PREPARATION

~USD 0.35 BILLION
(~PHP 19 BILLION)

DOTr FS Fund / Project Preparation Grants / Technical Assistance / Technical Cooperation / Non-Reimbursable Facilities / Project Preparation Loans

PROJECT IMPLEMENTATION



PROJECTED EST. UNCOMMITTED FISCAL SPACE IN THE MEDIUM-TERM

to fund operations and project implementation of the four transportation sectors.



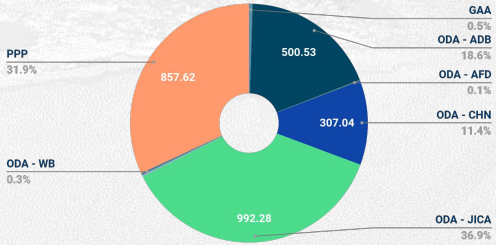
USD 35.2 BILLION
Uncommitted Fiscal Space in the Medium-Term

PRIVATE-FINANCED

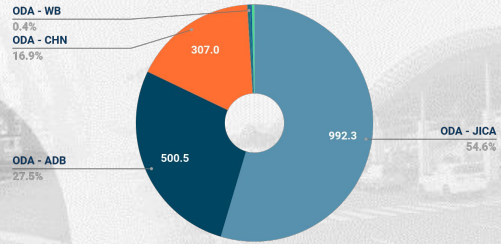
- **PPP CENTER** — Project Development & Monitoring Facility (PDMF)
- **ASIAN DEVELOPMENT BANK** — Office of Public-Private Partnership (OPPP)
- **WORLD BANK GROUP** — International Finance Corporation (IFC)

41+
Transportation PPP Projects

PROJECT FUNDING MIX



ODA FUNDING MIX



Projects Funding Mix (in Billions)	2022	% of Total
ODA	**USD 33.02**	**67.61%**
PPP	USD 15.59	31.90%
GAA	USD 0.24	0.49%
TOTAL	USD 48.88	100.00%

MOSTLY ODAs

ODA Funding Mix (in Billions)	2022	% of Total
JICA	**USD 18.04**	**54.59%**
ADB	USD 9.10	27.53%
CHN	USD 5.59	16.89%
WB	USD 0.14	0.43%
AFD	USD 0.05	0.17%
KEXIM	USD 0.11	0.34%
ADB (ASEAN-IF)	USD 0.11	0.05%
TOTAL	USD 33.05	100.00%

99% with 3 ODA Partners

1 USD = 55 PHP || 1 EUR = 60 PHP

PH Graduation to UMIC will limit access to below-market financing

TYPES OF PH BORROWING







	OPEN BORROWING	OFFICIAL DEVELOPMENT ASSISTANCE	EXPORT CREDIT AGENCY
LOAN TERM	MARKET RATE	BELOW-MARKET RATE	BELOW-MARKET RATE
ACCESS	-	Low and middle-income countries based on gross national income (GNI) per capita as published by the World Bank	ECA-QSF Utilization Framework yet to be developed for PH to access ECA financing
COVERAGE	-	May cover an entire project or a component of a project.	-

Diversifying Funding & Financing Partners

WHY DIVERSIFY?



Access Sufficient Project Preparation Assistance



Access Specialized Expertise



Ensure Debt Affordability



Avoid Cluster Risk



Upcoming Upper Middle Income Country

PARTNERSHIPS

CURRENT PARTNERS















PARTNERS WITH ONGOING DISCUSSIONS



Project Structuring Options

STRUCTURING OPTIONS

OPTION 1: PARALLEL JOINT CO-FINANCING

ODA partners finance **separate** contract packages

OPTION 2: DIRECT JOINT CO-FINANCING

All contract packages are jointly co-financed by the ODA Partners in **proportions** agreed upon

OPTION 3: HYBRID PPP

Private Partner undertakes and finances the design and construction, as well as the operation and maintenance upon project completion. Other project components are financed by the government through an ODA Partner.

OPTION 4: HYBRID INTEGRATED PPP

Government through an ODA Partner undertakes and finances the design, procurement, and construction. Private Partner undertakes the operations and maintenance. This resolves the legal compliance issues associated with Option 3.

OPTION 5: ECA-QSF UTILIZATION

Graduation into upper-middle income class will limit the country's access to ODA financing. ECA-QSF provides below-market rate alternative. ECA-QSF Utilization Framework is currently being developed with the Department of Finance.

OPTION 6: VERTICALLY-INTEGRATED PPP

Private Partner undertakes and finances the construction and operational elements of the project, capitalizing on the anticipated benefits from the synergies of these elements.

EXAMPLES

NORTH-SOUTH COMMUTER RAILWAY SYSTEM

ADB, JICA

LOAN AMOUNT

PHP **167.8 B** | PHP **325.29 B**

MALOLOS-CLARK
- CPN01
- CPN02
- CPN03
- CPN04
- CPN05
- CPS01

MANILA-CALAMBA
- CPS02
- CPS03A
- CPS03B
- CPS03C
- CPS04
- CPS05
- CPS06
- CPS07

MALOLOS-TUTUBAN
- GC
- CP01
- CP02
- CP03
- CP04

MALOLOS-CLARK & MANILA-CALAMBA
- GC
- NS01
- NS02
- NS03

CEBU BUS RAPID TRANSIT

WORLD BANK GROUP, AFD

LOAN AMOUNT

PHP **10.87 B** | PHP **1.38 B** | PHP **3.11 B**

COST ITEM	COST (PHP M)
Component 1: BRT Infrastructure and System (Packages 1, 2, and 3)	14,073.34
Component 2: Traffic Management	1,184.25
Component 3: Development and Dissemination of Urban Mobility Initiatives	253.38
Component 4: Urban Realm Enhancements	181.77
Component 5: Project Outcome Monitoring	275.41
Component 6: Project Management	1,068.58

LIGHT RAIL TRANSIT LINE 1 - CAVITE EXTENSION

JICA

LOAN AMOUNT

PHP **19.90 B**[1]

- Independent Consultant
- Rolling Stock
- Depot
- Depot Equipment
- Depot Equipment
- General Consultant

LIGHT RAIL MANILA CORPORATION

PRIVATE SECTOR
- Engineering, Procurement, and Construction
- Operations and Maintenance

DAVAO PUBLIC TRANSPORT MODERNIZATION PROGRAM

ADB

LOAN AMOUNT

PHP **59.1 B**
- Buhangin Depot, Calinan Depot, Calinan Driving School
- Toril Depot & Terminal, Bunawan Terminal, Calinan Terminal
- Bus Stops, Bus Lanes, and Other Pedestrian Improvement Works
- Sasa Depot and Sto. Nino Depot
- Bus Fleets - Diesel
- Bus Fleets - EV
- General Consultant
- System Administrator
- External Evaluation and Monitoring
- Communications
- Transaction Advisory

PRIVATE SECTOR (TBD)
- Operations and Maintenance
- Bus Refleeting

PHILIPPINE COAST GUARD ACQUISITION PROJECTS (POTENTIALLY)



- Prequalified suppliers put together their respective **Technical**, **Commercial**, and **Financial** solution offers responsive to DOTr's Request for Proposals.
- Prequalified suppliers may put together a **syndicate** of **ECA**, **Commercial Bank**, and/or **ODA** as their financial solution offers.
- In complex situations, the supplier may opt to have its own **ECA Coordinator/Manager** who will help put together a more competitive financial solution offer.

MRT LINE 7

MRT7 — SMC INFRASTRUCTURE

PRIVATE SECTOR

PHP **125.04 B**

Financing, design, construction, operation & maintenance of the 23-kilometer elevated railway line with 14 stations from San Jose Del Monte, Bulacan to MRT 3 North Avenue in Quezon City and the 22-kilometer asphalt road from Bocaue Interchange of the North Luzon Expressway (NLEX) to the intermodal terminal in Tala.

CONTRACTUAL SCHEME

Build-Gradual Transfer-Operate and Maintain (BGTOM)

PH Sustainable Financing Framework



SUSTAINABLE FINANCING FRAMEWORK

Established to support sustainability commitments of the Philippines, and to set out how it intends to raise Green, Social or Sustainability Bonds, Loans and other debt instruments that may follow, in order to contribute to the development of the Sustainable Financing market domestically.

SUSTAINABLE FINANCING ROADMAP

lays out the strategic action plan of the whole of government to promote sustainable finance in the Philippines and to address climate change and other environmental and social risks

- The need for a strong coordinating efforts in the financial ecosystem
- The Lack of awareness of the available resources to finance sustainable activities
- The need for transparency and a sustainable pipeline database

Pillar A: Creating a conducive environment (the Policy Pillar)	Pillar B: Mainstreaming sustainable finance (the Financing Pillar)	Pillar C: Developing a sustainable pipeline (the Investment Pillar)
• Integrating sustainability considerations into macroeconomic policies and regulations • Strengthening coordinating efforts within the financial ecosystem • Embedding sustainability into the risk management of the banking, insurance, and asset management sectors • Encouraging sustainability and climate-related disclosures • Conducting capacity building • Joining international initiatives on sustainable finance	• Promoting Sustainable Financial Products • Improving the Sustainable Finance definition and creation of a principles-based taxonomy • Tracking Sustainable Finance flows	• Driving sustainable investments • Financing Low Carbon Energy* • Establishing a sustainable pipeline database, both for public and private sector projects • Progress monitoring and regular updating, including linking sustainable pipeline to SDGs, PDP, and NDC targets

DOTr will BUILD BETTER by

Better Project Identification, Prioritization, and Preparation

Broader and More Diversified Funding Strategy

Better Project Implementation Strategies

Building Better with strengthened project implementation capacity

RAILWAYS HEADCOUNT PER CONTRACT PER YEAR



ONGOING ORG DEV INITIATIVE FOR ROAD SECTOR

ADB TA 9336-PHI

Strengthening Infrastructure Capacity and Innovation for Inclusive Growth - Organizational Planning Consultant to Support the Establishment of the EDSA Greenways Project and Davao Public Transport Modernization Project Management Offices

DOTr INSTITUTIONAL STRENGTHENING COMMITTEE

Office Order No. 2022-007

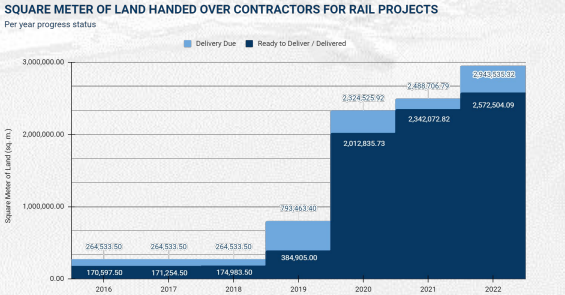
Implementing Guidelines on the Reorganization of the Department

Department Order No. 2022-013

Requirements and Timeline for the Submission and Review of the Documents Required under Office Order No. 2022-007

Building Better through responsive delivery of ROW

SQM OF LAND HANDED OVER TO CONTRACTORS (RAIL) PER YEAR



Projects	Total for Acquisition	through NVS[1]	through Expropriation	Total Acquired	% Voluntary Acquisition
L1CE	293	223	40	263	84.79%
MMSP	1,977	473	50	523	90.44%
N1	352	176	16	192	91.67%
N2	1,953	53	0	53	100.00%
SC	2,478	7	0	7	100.00%
MRP	3,603	5	0	5	100.00%
MRT7	121	18	4	22	81.82%
TOTAL	**10,777**	**955**	**110**	**1,065**	**89.67%**

PMO	Total for Relocation	without forced demolition	through Forced Demolition
L1CE	1,774	804	0
MMSP	251	188	0
N1	875	247	0
N2	2,448	38	0
SC	10,776	0	0
MRT-7	173	173	0
TOTAL	**16,297**	**1,450**	**0**

Advocating ESG as an implementation tool, not just a compliance checklist

PARITY TRACK RECORD IN RIGHT-OF-WAY ACQUISITION*

*ROW data for the Railways Sector



1 Relocation of 1,264 families

No forced relocation to date



2 80% Voluntary Acquisition

80% of Land Acquisition is done through **NEGOTIATED** and **VOLUNTARY SALE**



3 Disbursed PHP 165 Million

The DOTr has disbursed a total of PHP 165,585,215 to ensure that those **affected are given just entitlement**

There is a misconception that ESG Safeguards Slows Down Project Implementation

- Safeguards enhances overall Value for Money because of ancillary benefits
- Building capability in ESG compliance unlocks financing resources that have ESG conditions



THANK YOU.

PLANNING AND PROJECT DEVELOPMENT OFFICE