

Discussion

Session 3: Development Finance

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Four papers covering major areas in development finance

- ◆ Domestic Resource Mobilization
- ◆ Mainstreaming aid for tax reforms
- ◆ Infrastructure needs: AIIB- development finance for regional economic development and infrastructure connectivity through investment in infrastructure of Asia
- ◆ Bilateral and multilateral sources of development finance: evidence from Russia

They provide very useful insights and recommendations

Philippine context

- Largest share of development finance coming from domestic sources -- more than half in the past decade
- Improved government revenue performance (around 14% of GDP), and less reliance on domestic borrowing (around 2.5% of GDP)-- fiscal space
- Declining ODA as % of GDP
- Sustained remittances from Overseas Filipino Workers (OFWs)
- Improved FDI environment
- Public-Private-Partnership (PPP) projects gaining ground

Philippine context

Currently in a very good position to raise necessary financing for SDG agenda

- ◆ Good fiscal position (actual government deficit below 1% of GDP)
- ◆ Credit rating upgrades
- ◆ Improved financial condition- low inflation, financial stability and liquidity
- ◆ Continued OFW remittances

Strengthen complementarity and additionality of development finance flows

- ◆ In the first place, the country should build a strong domestic platform to maximize effectiveness of development finance – requires improved Philippine development plan
- ◆ Work closely with donors in exploiting an important emerging role for bilateral and multilateral donors in the provision of key public goods:
 - Develop strategy for convergence between government and donor development initiatives.
 - PDP to serve as platform for better complementarity and coordination of various country assistance programs of donors

Source: Llanto et al 2015

Strengthening complementarity and additionality of development finance flows

- ◆ Continue with reforms, e.g.,
 - ensuring competition, cost recovery tariffs,
 - making PPPs an attractive vehicle for infrastructure development
 - improving the country's tax system and administration, at the national and local level
- ◆ Strengthen the technical capacity of the different working groups of the Philippine Development Forum to ensure convergence of donor efforts with priorities established by the PDP and the Budget Priorities Framework.
- ◆ Monitor/assess development finance: need for capacity building
- ◆ Strengthen institutional arrangement for oversight of development finance and aid through better coordination and a convergent policy among government agencies.

Source: Llanto et al 2015

AIIB

- ◆ Good governance on the part AIIB
- ◆ Capacity building to identify bankable projects
- ◆ Close coordination with host economy- including monitoring



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